Stock Code: 3583

SCIENTECH CORPORATION

Parent Company Only Financial Statements and Independent Auditors' Report

2023 and 2022

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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.

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Independent Auditors’ Report

To SCIENTECH CORPORATION:

Audit opinion

We have audited the parent company only balance sheet of SCIENTECH CORPORATION as of December 31, 2023 and 2022, and the parent company only statement of comprehensive income, parent company only statement of changes in equity and parent company only statement of cash flows for the period from January 1 through December 31, 2023 and 2022, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of SCIENTECH CORPORATION as of December 31, 2023 and 2022, and its parent company only financial performance and cash flows for the period from January 1 through December 31, 2023 and 2022.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Parent Company Only Financial Statements section of our report. We were independent of SCIENTECH CORPORATION in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the parent company only financial statements of SCIENTECH CORPORATION for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these issues.

Key audit matters for SCIENTECH CORPORATION's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

SCIENTECH CORPORATION's 2023 operating revenue from manufacturing of machinery and from sale of machinery in the capacity of an agent is material to the overall presentation of the parent company only financial statements. Revenue from machinery should be recognized upon the fulfillment of obligations. Since the company might recognize product sale revenue when such revenue does not qualify for the recognition criteria, revenue recognition is thus listed as the key audit matter.

Our main audit procedures to address the said matter included testing the effectiveness of the design and implementation of the internal control system pertaining to the recognition of machinery sale and discussing with the management about whether the accounting policy for revenue recognition is appropriate and consistently adopted; we also sampled customer sales documents to verify the transaction terms on the order or sale contract and check the acceptance certificate signed off by customers, so as to assess the correctness of the recognized revenue.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the SCIENTECH CORPORATION'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 SCIENTECH CORPORATION 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 SCIENTECH CORPORATION's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 in these parent company only financial statements. Misstatements can arise from fraud or error. They 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only 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 SCIENTECH CORPORATION’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 SCIENTECH CORPORATION’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent company only 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 auditor’s report. However, future events or conditions may cause the SCIENTECH CORPORATION to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SCIENTECH CORPORATION to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit for SCIENTECH CORPORATION. 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 parent company only financial statements of SCIENTECH CORPORATION for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche Taiwan

CPA: HUI-MIN HUANG

CPA: CHIH-MING SHAO

Approval No. from the Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1070323246

Approval No. from the Securities and Futures Commission
Tai-Tsai-Cheng-Liu-Zi No. 0930128050

February 29, 2024

SCIENTECH CORPORATION

Parent Company Only Balance Sheet

As of December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets				
1100	Cash (Notes 4 and 6)	$ 2,948,723	20	$ 2,192,602	20
1110	Current financial assets at fair value through profit or loss(Notes 4 and 7)	7,529	-		
1170	Notes receivable and accounts receivable (Notes 4, 9, and 19)	534,241	4	648,697	6
1180	Accounts receivable - related parties (Notes 4, 9, 19, and 26)	11,797	-	5,152	-
130X	Inventories (Notes 4, 10, 23, and 26)	7,319,127	49	3,710,856	34
1410	Prepayments (Notes 26)	730,499	5	1,480,388	13
1470	Other current assets (Notes 14, 26, and 27)	13,631	-	11,344	-
11XX	Total current assets	11,565,547	78	8,049,039	73
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	210,136	1	138,562	1
1550	Investments accounted for using equity method (Notes 4 and 11)	1,278,290	9	1,048,879	10
1600	Property, plant, and equipment (Notes 4, 12, and 23)	1,489,494	10	1,495,749	14
1755	Right-of-use assets (Notes 4 and 13)	69,012	1	66,472	1
1785	Patent right (Note 4)	2,036	-	2,374	-
1840	Deferred income tax assets (Notes 4 and 21)	156,534	1	110,047	1
1915	Prepayments for equipment (Note 12)	67,518	-	14,492	-
1975	Net defined benefit assets, non-current (Note 4 and 17)	1,778	-	1,842	-
1990	Other non-current assets (Note 14)	39,553	-	32,328	-
15XX	Total non-current assets	3,314,351	22	2,910,745	27
1XXX	Total Assets	$ 14,879,898	100	$ 10,959,784	100

Code	Liabilities and Stockholders' Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 15)	$ 296,529	2	$ 424,979	4
2130	Lease liability (Notes 4, 19, and 26)	8,243,994	56	4,469,292	41
2170	Notes payable and accounts payable (Note 26)	1,346,615	9	1,784,239	16
2219	Other payables (Note 12, 16, and 26)	466,934	3	347,532	3
2230	Current income tax liabilities (Notes 4 and 21)	126,254	1	156,497	2
2252	Short-term warranty provision (Note 4)	32,110	-	32,560	-
2280	Lease liability (Notes 4, 13, and 26)	9,169	-	6,015	-
2399	Other current liabilities	15,916	-	17,105	-
21XX	Total current liabilities	10,537,521	71	7,238,219	66
	Non-current liabilities				
2570	Deferred income tax liabilities (Notes 4 and 21)	134,634	1	76,185	1
2580	Lease liability (Notes 4, 13, and 26)	62,718	-	62,894	-
2620	Long-term accounts payable to related parties (Notes 26)	155,772	1	-	-
25XX	Total non-current liabilities	353,124	2	139,079	1
2XXX	Total liabilities	10,890,645	73	7,377,298	67
	Equity (Notes 4 and 18)				
3110	Capital stock	803,280	5	811,390	7
3200	Capital surplus	685,901	5	728,964	7
	Retained earnings				
3310	Legal reserve	375,378	3	318,368	3
3320	Special reserve	33,380	-	14,306	-
3350	Unappropriated earnings	2,066,113	14	1,793,497	16
3300	Total retained earnings	2,474,871	17	2,126,171	19
	Other equity				
3410	Exchange differences arising in the translation of foreign operations	(10,578)	-	2,415	-
3420	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	35,779	-	(35,795)	-
3400	Total other equity interests	25,201	-	(33,380)	-
3500	Treasury stock	-	-	(50,659)	-
3XXX	Total stockholders' equity	3,989,253	27	3,582,486	33
	Total Liabilities and Equity	$ 14,879,898	100	$ 10,959,784	100

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

Chairman of the Board: HUNG-LIANG HSIEH Manager: MING-CHI HSU Accounting Manager: SHAO-CHE CHUANG

SCIENTECH CORPORATION

Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand; except earnings per share

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenue (Notes 4, 19, and 26)				
4100	Goods sales revenue	$ 3,800,173	96	$ 3,947,769	96
4600	Services revenue	138,898	4	133,126	3
4800	Other operating revenue	9,151	-	49,676	1
4000	Total operating revenue	3,948,222	100	4,130,571	100
5000	Operating cost (Notes 10, 20, and 26)	2,596,663	66	2,562,491	62
5900	Operating gross profit	1,351,559	34	1,568,080	38
5910	Unrealized gains on transactions with associates	(4,791)	-	(5,965)	-
5950	Realized operating gross profit	1,346,768	34	1,562,115	38
	Operating expenses (Notes 4, 9, 20 and 26)				
6100	Marketing expenses	532,868	14	542,007	13
6200	General and administrative expenses	136,554	3	143,291	4
6300	R&D expenses	340,589	9	283,858	7
6000	Total operating expenses	1,010,011	26	969,156	24
6900	Operating Income	336,757	8	592,959	14
	Non-operating income and expenses				
7010	Other income (Note 4, 8, and 26)	34,758	1	1,790	-
7020	Other gains and losses (Note 4)	(2,542)	-	(1,362)	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7030	Gains on disposals of investments(Notes 11)	$ 80,634	2	$ 1,284	-
7050	Financial cost (Notes 4, 20, and 26)	(4,529)	-	(3,263)	-
7070	Share of profit or loss of associates and subsidiaries accounted for using equity method (Notes 4 and 11)	268,068	7	34,511	1
7100	Interest income (Notes 4 and 26)	64,062	1	8,783	-
7630	Exchange gains or losses (Notes 4 and 30)	(7,617)	-	60,680	2
7670	Impairment loss (Notes 4 and 12)	(916)	-	-	-
7000	Total non-operating income and expenses	431,918	11	102,423	3
7900	Net profits before tax	768,675	19	695,382	17
7950	Income tax expenses (Notes 4 and 21)	118,373	3	126,799	3
8200	Net profit in the current year	650,302	16	568,583	14
	Other comprehensive (Note 4)				
	Items that will not be reclassified to profit or loss				
8311	Re-measurements of defined benefit plans (Note 17)	(217)	-	1,896	-
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	71,574	2	(46,319)	(1)
8349	Income tax related to items that will not be reclassified (Note 21)	43	-	(379)	-
8310		71,400	2	(44,802)	(1)

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(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Items that will be reclassified to profit or loss				
8380	Share of other comprehensive income of associates and subsidiaries accounted for using equity method (Note 11)	($ 16,389)	-	$ 34,068	-
8399	Income tax related to items that might be reclassified (Note 21)	3,283	-	(6,823)	-
8360		(13,106)	-	27,245	-
8300	Other comprehensive income (net after tax)	58,294	2	(17,557)	(1)
8500	Total comprehensive income for the year	$ 708,596	18	$ 551,026	13
	Earnings per share (Note 22)				
9710	Basic	$ 8.10		$ 7.08	
9810	Diluted	$ 8.05		$ 7.00	

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

Chairman of the Board: HUNG-LIANG HSIEH

Manager: MING-CHI HSU

Accounting Manager: SHAO-CHE CHUANG

SCIENTECH CORPORATION

Parent Company Only Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		Capital stock			Retained earnings			Other equity			
		Thousand shares	Amount	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	Treasury stock	Total stockholders' equity
A1	Balance January 1, 2022	81,139	$ 811,390	$ 625,640	$ 276,341	$ 11,775	$ 1,468,775	($ 24,830)	$ 10,524	($ 50,659)	$ 3,128,956
M7	Changes in ownership interests in associates	-	-	103,324	-	-	-	-	-	-	103,324
	Earnings distribution for 2021										
B1	Legal reserve	-	-	-	42,027	-	(42,027)	-	-	-	-
B3	Special reserve	-	-	-	-	2,531	(2,531)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(200,820)	-	-	-	(200,820)
D1	2022 net income	-	-	-	-	-	568,583	-	-	-	568,583
D3	Other comprehensive income (loss) after tax for 2022	-	-	-	-	-	1,517	27,245	(46,319)	-	(17,557)
Z1	Balance December 31, 2022	81,139	811,390	728,964	318,368	14,306	1,793,497	2,415	(35,795)	(50,659)	3,582,486
M3	Disposal of subsidiaries or investments accounted for using equity method	-	-	(12,761)	-	-	-	113	-	-	(12,648)
	Earnings distribution for 2022										
B1	Legal reserve	-	-	-	57,010	-	(57,010)	-	-	-	-
B3	Special reserves	-	-	-	-	19,074	(19,074)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(289,181)	-	-	-	(289,181)
L3	Retirement of treasury share	(811)	(8,110)	(30,302)	-	-	(12,247)	-	-	50,659	-
D1	2023 net income	-	-	-	-	-	650,302	-	-	-	650,302
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	-	(174)	(13,106)	71,574	-	58,294
Z1	Balance as of December 31, 2023	80,328	$ 803,280	$ 685,901	$ 375,378	$ 33,380	$ 2,066,113	($ 10,578)	$ 35,779	$ -	$ 3,989,253

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

Chairman of the Board: HUNG-LIANG HSIEH　　Manager: MING-CHI HSU　　Accounting Manager: SHAO-CHE CHUANG

SCIENTECH CORPORATION

Parent Company Only Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profits before tax	$ 768,675	$ 695,382
A20010	Income expenses		
A20100	Depreciation	113,237	105,767
A20200	Amortization expenses	338	324
A20300	Loss (Gain) on expected credit impairment	(7,449)	5,503
A20900	Financial cost	4,529	3,263
A21200	Income from interests	(64,062)	(8,783)
A21300	Dividend Income	(3,998)	(800)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	248	-
A22300	Share of profit or loss of associates and subsidiaries accounted for using equity method	(268,068)	(34,511)
A23100	Gain on disposal of investments	(80,634)	(1,284)
A23700	Impairment loss on non-financial assets	202,135	48,223
A23900	Unrealized gains on transactions with associates	4,791	5,965
A24100	Unrealized exchange loss (gain)	(53,306)	34,680
A29900	Defined benefit cost	(22)	-
A30000	Net changes in operating assets and liabilities		
A31150	Notes receivable and accounts receivable	120,639	52,675
A31160	Accounts receivable - related parties	(7,429)	52,501
A31200	Inventories	(3,855,221)	(1,989,646)
A31230	Prepayments	749,889	(1,034,494)
A31240	Other current assets	(2,287)	(986)
A32125	Contract liabilities	3,774,702	2,603,239
A32150	Notes receivable and accounts receivable	(391,479)	858,105
A32180	Other accounts payable	29,983	36,688
A32200	Short-term warranty provision	(450)	914
A32230	Other current liabilities	(1,189)	3,326
A32240	Net defined benefit liabilities	(131)	(100)
A33000	Cash flow from operating activities	1,033,441	1,435,951
A33100	Interest received	64,062	8,793
A33300	Interest paid	(4,583)	(3,227)
A33500	Income taxes paid	(133,328)	(107,783)

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Code		2023	2022
AAAA	Net cash flows from (used in) operating activities	$ 959,592	$ 1,333,734
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(18,631)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	38,716	-
B01800	Acquisition of investments accounted for using equity method	(9,970)	-
B01900	Proceeds from disposal of investments accounted for using equity method	48,940	1,868
B02700	Acquisition of property, plant and equipment	(56,659)	(398,356)
B04100	Decrease in other accounts receivable - related parties	-	5,000
B04500	Acquisition of patent right	-	(1,227)
B06700	Increase in other non-current assets	(7,225)	(12,348)
B07600	Dividends received	3,998	800
BBBB	Net cash flows from (used in) investing activities	17,800	(422,894)
	Cash Flow from Financing Activities		
C00100	Increase in short-term borrowings	326,684	242,328
C00200	Decrease in short-term borrowings	(449,363)	(59,170)
C03700	Increase in other payables to related parties	198,207	-
C04020	Repayment of principal of lease liabilities	(7,618)	(9,621)
C04500	Cash dividends paid	(289,181)	(200,820)
CCCC	Net cash flows from (used in) financing activities	(221,271)	(27,283)
EEEE	Net increase in cash	756,121	883,557
E00100	Opening Balance	2,192,602	1,309,045
E00200	Ending Balance	$ 2,948,723	$ 2,192,602

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

Chairman of the Board:	Manager:	Accounting Manager:
HUNG-LIANG HSIEH	MING-CHI HSU	SHAO-CHE CHUANG

SCIENTECH CORPORATION

Notes to the Parent Company Only Financial Statements

January 1 to December 31, 2023 and 2022

(All amounts are in NT$ thousand unless otherwise specified)

1. Company History

The Company was incorporated in October 1979. Mainly engaged in the research and development, production, sales, and maintenance of process equipment for semiconductors, liquid crystal displays (LCDs), light-emitting diodes (LEDs), and solar power generation; wafer reclaim; and general import and export, the Company was listed on the Taiwan Stock Exchange (TWSE) in March 2013.

The parent company only financial statements are stated in the functional currency of the Company, which is New Taiwan Dollars.

2. Date and procedures of approval of the financial statements

The parent company only financial statements were approved at the Board meeting on February 29, 2024.

3. Application of New Standards, Amendments, and Interpretations

(I) First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC interpretations (SIC) (hereinafter collectively referred to as "IFRSs") approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC") won't cause any material changes to the Company's accounting policies.

(II) Application of the FSC-endorsed IFRSs in 2024

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB
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
IAS 7 and IFRS 7 Amendments "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date.

Note 2: A seller-lessee is required to apply the amendments to IFRS 16 to any leaseback transactions arising after the date of initial application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the date when the parent company only financial statements were approved and issued, the Company assessed the said amended standards and interpretations and found them to have no significant effects on the Company's financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and promulgated by the IFRS

Application of New Standards, Amendments, 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025(Note 2)

Note 1: Unless otherwise specified, the above-mentioned new/ amended/ revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date.

Note 2: The amendments shall apply to the annual reporting period beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Consolidated Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

Up to the release date of the parent company only financial statements, the Company assessed the effects of the said amendments to the standards and interpretations on the financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

4. Summary of significant accounting policies

(I) Compliance statement

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the plan assets, the parent company only financial statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

When preparing the parent company only financial statements, the Group accounted for subsidiaries and associates using the equity method. To align the profit or loss, other comprehensive income, and equity in the parent company only financial statements with those attributable to owners of the Company stated in the consolidated financial statements, any differences resulting from the difference between parent company only basis and consolidated basis are adjusted through "Investment accounted for using equity method", "Share of profit or loss of associates and subsidiaries", "Share of other comprehensive income of subsidiaries and associates accounted for using equity method", and other related equity items.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;
2. liabilities that will be settled within 12 moths after the balance sheet date; and
3. liabilities whose due date cannot be unconditionally extended to more than 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When preparing the financial statements, the Company translated the transactions denominated in currencies other than its functional currency (i.e., foreign currencies) into its functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries, associates, or branch companies of which the countries they operate or the currencies they use are different from those of the Company) are translated into NTD at the exchange rate prevailing on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, work-in-progress, finished goods, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiary

The Company accounted for investment in subsidiaries using the equity method. Subsidiaries are parent company only entities controlled by the Company.

Under the equity method, the investment is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on profits distributed and the Company's shares of profit/loss and other comprehensive income in the subsidiaries. In addition, changes in subsidiaries' other equity attributable to the Company are recognized according to the shareholding percentage.

(VII) Investment in associates

An associate refers to a company over which the Company has a significant influence and which is not a subsidiary or joint venture.

The Company accounts for its equity in an associate using the equity method.

Under the equity method, the investment in associates is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on the profits distributed and the Company's shares of profit/loss and other comprehensive income in the associates and joint ventures. In addition, changes to the Group's equity in the associates are recognized based on our shareholding ratio.

When the Company does not subscribe to new shares issued by associates based on its shareholding ratio, resulting in changes in the shareholding ratio and consequently to the net equity value of investment, the Company accounts for such changes by adjusting capital reserves - changes in the net equity of associates recognized under the equity method and investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Company's shares of losses in the associates are equal to or exceed its equity in the associates (including the carrying amount of investment in the associate under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the associate concerned) , the Company does not recognize further losses. The Company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Company made payment on behalf of the associates.

For impairment evaluation, the Company tests the entire investment book value for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is also part of the investment book value. Any reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Company ceases to adopt the equity method from the date its investment ceases to be an affiliate, and its retained interest in the former affiliate is measured at fair value. The difference between the fair value and the price of disposal and the carrying amount of the investment on the date of cessation of the equity method is stated as included in the current year's profit or loss. In addition, all amounts recognized in other comprehensive income related to the affiliated enterprise shall be accounted for on the same basis as the basis for the direct disposal of the relevant assets or liabilities by the affiliated enterprise.

The profit or loss generated from the upstream, downstream, and side stream transactions between the Company and the associates is recognized in the parent company only financial statements only when such profit or loss is irrelevant to the Company's equity in the associates.

(VIII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation and accumulated impairment.

Except for the self-owned land, which is not depreciated, each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over their useful life. The Consolidated Company reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and prospectively recognizes the effect from changes in accounting estimates.

When property, plant, and equipment is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(IX) Patent right

Patent rights acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Patent rights are amortized on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimates.

(X) Impairments of property, plant, and equipment, right-of-use assets, and intangible assets

The Company assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are allocated on a reasonable and consistent basis to the smallest group of cash-generating units

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value shall not exceed the book value that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are initially recognized in the parent company only balance sheet when the Company becomes a party to the instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributed to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

   The arms-length transactions of financial assets are recognized and derecognized using the transaction date accounting method.

   (1) Type of measurement

      The Company's financial assets include financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and investment in equity instrument measured at fair value through other comprehensive income.

      A. Financial assets at fair value through profit or loss

         Financial assets measured at fair value through profit or loss refer to those mandatorily measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated to be measured at fair value through other comprehensive profit or loss, and investments in debt instruments not qualified for classification as measured at amortized cost or at fair value through other comprehensive income.

         Financial assets measured at fair value through profit or loss are measured at fair value; the dividends and interest derived therefrom are recognized in other income and interest income, respectively. Gains or losses from re-measurement are recognized in other gains and losses.

      B. Financial assets at amortized cost

         When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

         a. The financial assets are held within a business model whose objective is collecting contractual cash flows; and
         b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents and receivables [including those due from related party]) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any gain or loss from foreign currency translation is recognized in profit or loss.

Interest income is calculated as the effective interest rate times the total book value of financial assets, except under the following two circumstances:

a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
b. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets, in all subsequent periods following the period in which the impairment occurred.

Financial assets are deemed to be credit-impaired upon the occurrence of significant financial difficulties confronting the issuer or debtor; default; or the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization.

Cash equivalents include time deposits that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

C. Investment in equity instruments at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments that are held not for trading, that are not recognized by the acquirer in a business merger, and that have no consideration, at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity.

The dividends derived investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial assets

The Company assesses impairment losses on the financial assets (including accounts receivable [including those due from related parties]) measured at amortized cost based on the expected credit losses on each balance sheet date.

Loss allowance for accounts receivable is recognized based on the lifetime expected credit losses. The Group first assess whether the credit risk on other financial assets significantly has increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month expected credit losses; when the increase is significant, the loss allowance is recognized at the lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when any of the following circumstance occurs, without consideration of the collaterals held:

A. Any internal or external information indicates that a debtor is impossible to pay off the debts.

B. Any contractual payment is overdue, unless any reasonable and supportable information demonstrates that a more lagging default criterion is more appropriate.

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred to other entities.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction to equity. Purchase, sale, issuance, or cancellation of the equity instruments owned by the Company are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid are recognized in profit or loss.

(XII) Short-term warranty provision

The warranty obligation that ensures agreement between products and agreed specifications is management’s best estimate of the expenditure to settle the

Company's obligations, and is recognized at the time when revenue is recognized for underlying products.

(XIII) Revenue recognition

After identifying the performance obligations under a contract with customers, the Company allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled. The Company's revenue comes from equipment trading and wafer reclamation, and is recognized when products are accepted by customers; or when they are shipped or delivered to the place designated by customers, depending on the contractual terms. Before being recognized as revenue, advance receipts are recognized as contract liability.

(XIV) Lease

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

1. The Company is a lessor.

Classify it as an operating lease . Lease payments from an operating lease are recognized as revenue on a straight line basis over the lease term.

2. The Company is a lessee

When the Company is a lessee, the lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized in expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities. Right-of-use assets are separately presented in the parent company only balance sheet.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities is initially measured at the present value of lease payment (fixed payments). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When future lease payments change as a result of a change in the lease term, the Company re-measures the lease liabilities and adjusts the right-of-use assets accordingly. However, the residual remeasurements are recognized in profit or loss when the book value of right-of-use assets is reduced to zero. Lease liabilities are separately presented in the parent company only balance sheet.

(XV) Government grants

Government grants may be recognized only when it is reasonable to ensure that the Company will comply with the conditions incidental to the government grants and the subsidies may be received affirmatively.

Government subsidies related to income are recognized in other income on a systematic basis in the period in which the relevant costs intended to compensate are recognized as expenses by the Company. Government subsidies that are conditioned on the company purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred income, and are transferred to profit or loss during the useful life of the relevant assets on a reasonable and systematic basis.

If the government grants are intended to make up for the expenses or losses that have occurred, or immediately finance the Company without incurring any future cost, such grants are recognized in profit or loss during the period when they can be received.

(XVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-employment benefit

The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

Defined benefit cost under the Defined Benefit Pension Plan is calculated actuarially using the projected unit credit method. Service costs and net interest on net defined benefit assets are recognized as employee benefit expenses when they are incurred. Remeasurements are recognized in other comprehensive income and presented in retained earnings when they occurred, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit assets represent the appropriation surplus of the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refundable contributions from the plan or the reduced future contributions.

(XVII) Income tax

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when taxable income sufficiently enough to offset the deductible temporary differences is highly likely in the future.

Taxable temporary differences related to investment in subsidiaries and associates are recognized in deferred income tax liabilities except that the Company can control the timing of reversal of the taxable temporary differences and that such differences are not likely to be reversed in the foreseeable future. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized in the foreseeable future.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have adequate taxable income necessary for the recovery of all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income necessary for the recovery of all or part of the assets in the future, the book value thereof is increased.

Deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax consequences on the balance sheet date arising from the method that the Company expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss, or in other comprehensive income if they are related to the current and deferred income taxes designated to be recognized in other comprehensive income.

5. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the management, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates.

When the Company develops significant accounting estimates, it takes the development of the COVID-19 pandemic and its effect on the Taiwan economy into account when making significant accounting estimates for cash flows, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions.

Through an assessment, the management of the Company does not think an uncertainty exists in material accounting judgments, estimates, or assumptions.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 305	$ 505
Bank check and demand deposit	2,272,908	1,762,003
Cash equivalents		
Time deposit	675,510	430,094
	$ 2,948,723	$ 2,192,602

The annual interest rate for Time deposit whose initial maturity date will be due within 3 months was 5.06% ~ 5.30% and 4.0% ~ 4.8% on December 31, 2023 and 2022, respectively.

7. Current financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets at fair value through profit or loss		
Domestic investments		
Emerging stock market		
FORWARD SCIENCE CORPORATION	$ 7,529	$ -

The Company resigned as the representative of directors of FORWARD SCIENCE CORP. in July 2023 and lost significant influence. Therefore, the investment originally under the equity method was reclassified as financial assets at FVTPL. Please refer to Note 11 for relevant information.

8. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investment in equity instruments measured at fair value through other comprehensive income		
Domestic investments		
Shares of TWSE-listed companies through private placement		
SPIROX CORP.	$ 157,011	$ 89,205
Overseas investments		
Shares not traded on an exchange or OTC		
INFINITESIMA LIMITED	53,125	49,357
	$ 210,136	$ 138,562

The Company invested in the common shares of the aforementioned companies according to its medium-term and long-term strategies, and expected to gain profits through long-term investment. Since the Company's management deemed that the recognition of short-term changes in the investment’s fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

The dividend income of NT$3,998 and NT$ 800 thousand (recognized under other income) by the Company in 2023 and 2022,had to do with the shares held as of December 31, 2023 and 2022.

9. Notes receivable and accounts receivable (including those due from related parties)

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,214	$ 1,904
Accounts receivable (including those due from related parties)	561,897	679,467
	566,111	681,371
Less: loss allowance	20,073	27,522
	$ 546,038	$ 653,849

The Company’s average credit period for sales of goods is 120 days on average. Accounts receivable paid within 60 days after the invoice date or the sale date won’t be charged any interest. If accounts receivable are not paid within 60 days, the Group will assess the credit status of each individual transaction party on a business month to measure possible gains or losses and reduce possible losses.

The Company recognizes the loss allowance for notes receivable and accounts receivable (including those due from related parties) based on the lifetime expected credit losses. The lifetime expected credit losses are calculated by considering the customer’s default record and current financial position, and the industrial and economic conditions. When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount, the Company directly writes off related notes receivable and accounts receivable, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The Company recognizes the loss allowance for notes receivable and accounts receivable (including those due from related parties) as follows:

December 31, 2023

	0～180 天	181～273 天	274～365 天	366～540 天	541～730 天	731 天以上	合計
Total book value	$ 478,853	$ 23,046	$ 41,168	$ 10,929	$ 7,430	$ 4,685	$ 566,111
Loss allowance (lifetime ECL)	-	(1,152)	(4,117)	(4,918)	(5,201)	(4,685)	(20,073)
Amortized cost	$ 478,853	$ 21,894	$ 37,051	$ 6,011	$ 2,229	$ -	$ 546,038

December 31, 2022

	0～180 天	181～273 天	274～365 天	366～540 天	541～730 天	731 天以上	合計
Total book value	$ 588,197	$ 24,088	$ 28,947	$ 27,860	$ 4,644	$ 7,635	$ 681,371
Loss allowance (lifetime ECL)	-	(1,204)	(2,895)	(12,537)	(3,251)	(7,635)	(27,522)
Amortized cost	$ 588,197	$ 22,884	$ 26,052	$ 15,323	$ 1,393	$ -	$ 653,849

Changes in the loss allowance for notes receivable and accounts receivable (including those due from related parties) are as follows:

	2023	2022
Balance - beginning of period	$ 27,522	$ 22,129
Less: Impairment loss (reversed) in the year	(7,449)	5,503
	-	(110)
Balance - end of year	$ 20,073	$ 27,522

The Company did not hold any collateral against the balance of notes receivables and accounts receivables (including those due from related parties).

Customers who individually account for 10% of the Company’s total accounts receivable (including those due from related parties) are as follows:

December 31, 2023	December 31, 2022
Company A	Company A

10. Inventories

	December 31, 2023	December 31, 2022
Products	$ 5,877,850	$ 2,635,721
Finished-goods	286,228	162,397
Work-in-process	697,636	305,647
Raw materials	457,413	607,091
	$ 7,319,127	$ 3,710,856

	2023	2022
Cost of sales related to inventories	$ 2,596,663	$ 2,562,491
Loss on inventory devaluation	$ 201,219	$ 48,223

11. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investment in subsidiary	$ 1,271,776	$ 1,012,109
Investment in associates	6,514	36,770
	$ 1,278,290	$ 1,048,879

(I) Investment in subsidiary

	December 31, 2023	December 31, 2022
Companies not listed on TWSE and TPEx		
SCIENTECH INVESTMENT CORP.	$ 827,309	$ 536,864
TRANSCEND CAPITAL CORP.	416,932	457,959
SCIENTECH GMBH	20,971	10,259
ACROMASS TECHNOLOGIES, INC.	3,317	3,277
SCIENTECH MATERIALS CORPORATION	3,168	3,167
NATGEM INC.	79	583
	$ 1,271,776	$ 1,012,109

The profit or loss of SCIENTECH MATERIALS for 2023 and 2022 was computed based on the financial statements for the same period that were not audited by CPAs. The profit or loss of subsidiaries accounted for using the equity method for 2023 and 2022 was computed based on their financial statements for the same periods that were audited by CPAs. The management of the Company didn’t think that not having SCIENTECH MATERIALS’s financial statements audited by CPAs would cause any material impact.

Below are the Company’s ownership interests in subsidiaries and holding of voting shares in percentage terms on the balance sheet date:

	December 31, 2023	December 31, 2022
SCIENTECH INVESTMENT CORP.	100%	100%
TRANSCEND CAPITAL CORP.	100%	100%
SCIENTECH GMBH	100%	100%
ACROMASS TECHNOLOGIES, INC.	100%	100%
SCIENTECH MATERIALS CORPORATION (Note)	100%	100%
NATGEM INC.	100%	100%

Note : SCIENTECH MATERIALS was dissolved through a resolution reached at the Board of Directors meeting dated August 31, 2021. As of December 31, 2023, the liquidation process was not yet completed.

(II) Investment in associates

	December 31, 2023	December 31, 2022
Individually insignificant associate	$ 6,514	$ 36,770

Although holding less than 20% of the shares of some individually insignificant associates, the Company has a representative in their board of directors and thus has significant influence over them.

The Company disposed of 936,000 shares and 40,000 shares of FORWARD SCIENCE CORP. in January to July 2023 and the fiscal year of 2022, respectively. The disposal proceeds were NT$48,940 thousand and NT$1,868 thousand, respectively, and recognized disposal investment gains of NT$ 35,276 thousand and NT$1,284 thousand, respectively. In addition, the Company resigned as the representative director of FORWARD SCIENCE CORP. in July 2023 and lost significant influence. The Company held the remaining 3.25% of equity, the fair value of which was NT$52,736 thousand on the disposal date, transferred to the account of the fair value through profit and loss. and a gain on disposal of NT$51,600 thousand was recognized.

The said investment accounted for using equity method, and the Company's share of profit or loss and other comprehensive income in them were computed based on the financial statements not audited by CPAs. However, the management of the Company did not think that not having the financial statements audited by CPAs would cause any material impact.

Summary information on individually insignificant associates

	2023	2022
The Company's share		
Net profit (loss) for the year	($ 2,836)	($ 4,574)
Other comprehensive income	27	(46)
Total comprehensive income	($ 2,809)	($ 4,620)

12. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction	Total
Cost						
Balance as of January 1, 2023	$ 582,262	$ 952,511	$ 483,088	$ 40,869	$ 19,736	$ 2,078,466
Increase	-	22,058	16,825	15,228	-	54,111
Decrease	-	(15,031)	(46,528)	(1,185)	-	(62,744)
Reclassification	-	-	45,394	337	-	45,731
Balance as of December 31, 2023	$ 582,262	$ 959,538	$ 498,779	$ 55,249	$ 19,736	$ 2,115,564
Accumulated depreciation and impairment						
Balance as of January 1, 2023		$ 361,675	$ 206,702	$ 14,340	$ -	$ 582,717
Impairment loss recognized		-	916	-	-	916
Depreciation		32,317	62,166	10,698	-	105,181
Decrease		(15,031)	(46,528)	(1,185)	-	(62,744)
Balance as of December 31, 2023		$ 378,961	$ 223,256	$ 23,853	$ -	$ 626,070
Net amount on December 31, 2023	$ 582,262	$ 580,577	$ 275,523	$ 31,396	$ 19,736	$ 1,489,494
Cost						
Balance January 1, 2022	$ 280,062	$ 934,710	$ 441,281	$ 32,281	$ -	$ 1,688,334
Increase	302,200	39,719	46,972	12,588	19,736	421,215
Decrease	-	(21,918)	(12,485)	(4,285)	-	(38,688)
Reclassification	-	-	7,320	285	-	7,605
Balance December 31, 2022	$ 582,262	$ 952,511	$ 483,088	$ 40,869	$ 19,736	$ 2,078,466
Accumulated depreciation and impairment						
Balance January 1, 2022		$ 353,147	$ 162,832	$ 10,983	$ -	$ 526,962
Depreciation		30,446	57,582	7,642	-	95,670
Decrease		(21,918)	(12,485)	(4,285)	-	(38,688)
Reclassification		-	(1,227)	-	-	(1,227)
Balance December 31, 2022		$ 361,675	$ 206,702	$ 14,340	$ -	$ 582,717
Net amount on December 31, 2022	$ 582,262	$ 590,836	$ 276,386	$ 26,529	$ 19,736	$ 1,495,749

The Company's property, plant, and equipment is solely for own use.

In 2023, the Consolidated Company assessed that some of the equipment has no future use demand, so the recoverable amount was assessed as zero. Based on the future recoverable amount of the property, plant and equipment, the Consolidated Company recognized impairment loss of NT$916 thousand in 2023.

Depreciation is provided on a straight line basis over the following useful lives:

Buildings and structures	
Plant and main structures	20-50 years

Electrical, plumbing & air conditioning equipment	3–10 years
Machinery and equipment	5–10 years
Other facilities	3–5 years

The Company assessed the useful life of each significant component of property, plant, and equipment, and depreciated them individually.

Proceeds for acquisition of property, plant, and equipment include prepayments for equipment and equipment payables; Below is the reconciliation:

	2023	2022
Increase in property, plant and equipment	$ 54,111	$ 421,215
Increase (decrease) in prepayments for equipment	53,026	(31,292)
Decrease (Increase) in equipment payables (presented under other payables)	(50,478)	8,433
	$ 56,659	$ 398,356

13. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Right-of-use assets, net		
Land	$ 60,006	$ 64,584
Buildings and structures	8,065	987
Other facilities	941	901
	$ 69,012	$ 66,472

	2023	2022
Increase in right-of-use assets	$ 10,596	$ 2,291
Depreciation expenses - Right-of-use assets		
Land	$ 4,578	$ 3,942
Buildings and structures	1,637	4,116
Other facilities	1,841	2,039
	$ 8,056	$ 10,097

Except for the additions and depreciation expenses recognized listed above, there was no significant sublease or impairment of the Consolidated Company's right-of-use assets in 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 9,169	$ 6,015
Non-current	$ 62,718	$ 62,894

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	2.00%～3.00%	2.00%～3.00%
Buildings and structures	0.78%～1.50%	0.78%～0.98%
Other facilities	0.78%～0.92%	0.92%

(III) Material lease activities and terms

The Company leased land from Chairman HUNG-LIANG HSIEH to construct buildings as offices under a lease contract that has a lease term of 5 years, will automatically renew upon expiration of a lease term, and gives the Company the option right to rent and buy the buildings. The Company may not sublease or consign the underlying assets of the lease, in whole or in part, unless otherwise agreed by the Lessor.

(IV) Other lease information

	2023	2022
Short-term lease expense	$ 8,315	$ 4,838
Total cash outflow from leases	$ 17,272	$ 15,853

For property, plant, and equipment leases which qualify as a short-term lease, the Company elected to apply the recognition exemption to them and thus did not recognize right-of-use assets and lease liabilities for them.

14. Other assets

	December 31, 2023	December 31, 2022
Long-term prepayments	$ 35,795	$ 27,128
Restricted assets	4,415	3,683
Guarantee deposits paid	1,925	3,367
Other receivables	1,565	-
Others	9,484	9,494
	$ 53,184	$ 43,672
Current	$ 13,631	$ 11,344
Non-current	39,553	32,328
	$ 53,184	$ 43,672

15. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans		
Loans against letter of credits	$ 196,529	$ 224,979
Credit loans	100,000	200,000
	$ 296,529	$ 424,979
Annual interest rate	1.38%	0.50%～1.40%

The terms pertaining to the credit limits of some of the Company's bank borrowings mentioned above stipulate financial restrictions, with which the Company fully complied.

16. Other accounts payable

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 134,928	$ 122,825
Remuneration payable to employees and directors	79,000	66,000
Equipment payable	66,533	16,055
Others	186,473	142,652
	$ 466,934	$ 347,532

17. Post-employment benefit plan

(I) Defined contribution plan

The pension system that is specified in the "Labor Pension Act" and adopted by the Company is the defined contribution pension plan managed by the government. A pension equal to 6% of employee's monthly wage shall be contributed to the personal labor pension account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the "Labor Standards Act" is the defined benefit pension plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. The Company appropriates 3% of the total monthly wage of an employee as the pension and remits the amount to the Labor Pension Fund Supervisory Committee, which will deposit the amount in a dedicated account under its name with the Bank of Taiwan. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor, so the Company does not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the parent company only balance sheet are listed as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 5,444	$ 5,103
Fair value of plan assets	(7,222)	(6,945)
Net defined benefit assets	($ 1,778)	($ 1,842)

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 2023	$ 5,103	($ 6,945)	($ 1,842)
Financial cost			
Recognized in profit or loss - interest expense (income)	58	(80)	(22)
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(66)	(66)
Actuarial gain - change in demographic assumption	(25)	-	(25)
Actuarial gain - experience adjustment	308	-	308
Recognized in other comprehensive income	283	(66)	217
Contribution by employer	-	(131)	(131)
Balance as of December 31, 2023	$ 5,444	($ 7,222)	($ 1,778)
Balance January 1, 2022	$ 5,333	($ 5,179)	$ 154
Service cost			
Previous service cost and settlement gains			
Recognized in profit or loss - interest expense (income)	31	(31)	-
Recognized in profit or loss			

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(1,635)	(1,635)
Actuarial gain - change in financial assumption	(141)	-	(141)
Actuarial loss - experience adjustment	(120)	-	(120)
Recognized in other comprehensive income	(261)	(1,635)	(1,896)
Contribution by employer	-	(100)	(100)
Balance December 31, 2022	$ 5,103	($ 6,945)	($ 1,842)

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company's plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds leads to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation would be increased by an increase in the plan participants' salary.

The Company's present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.15%	1.15%

	December 31, 2023	December 31, 2022
Rate of expected salary increase	3.00%	3.00%

If there was any reasonably possible change to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 77)	($ 62)
Decrease by 0.25%	$ 80	$ 63
Rate of expected salary increase		
Increase by 0.25%	$ 73	$ 56
Decrease by 0.25%	($ 71)	($ 55)

Since the actuarial assumptions might be correlated to each other and it is unlikely that a single assumption changes alone, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
Expected contribution within 1 year	$ 176	$ 101
Average maturity of defined benefit obligations	5 years	4 years

17 Equity

(I) Common Stock

	December 31, 2023	December 31, 2022
Number of authorized shares (thousand shares)	100,000	100,000
Authorized capital	$ 1,000,000	$ 1,000,000
Number of issued shares fully paid (thousand shares)	80,328	81,139
Issued capital	$ 803,280	$ 811,390

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
1. Available for makeup of loss, distribution of cash dividends, or transfer into capital		
Additional paid-in capital	$ 464,029	$ 468,714
Consolidation excess	29,831	29,831
Treasury stock transactions	-	25,617
	493,860	524,162
2. Only available for makeup of loss		
Changes in equity of associates recognized under equity method	192,041	204,802
	$ 685,901	$ 728,964

1. These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.
2. Such capital reserves are either the effects of equity transactions recognized for changes in ownership interest in investees as a result of the Company’s falling to subscribe to or dispose of investees’ shares, or the adjustments of capital reserves of investees accounted for under the equity method.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the Company’s Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. However, in the event that the accumulated legal reserves are equivalent to or exceed the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside as special reserves, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus, shall decide whether to distribute the distributable dividends and bonus in cash or in shares, in whole or in part, by a supermajority resolution at a Board of Directors, and shall report its decision to the Shareholders' Meeting. However, dividend distribution in the form of new shares shall be subject to a resolution of the Shareholders' Meeting. For the distribution policy governing employee and director remuneration that is prescribed in the Company's Articles of Incorporation, please refer to Note 20 (4) Remuneration to employees and directors.

The Company’s dividend policy considers the environment it is in and the growth stage it is at. To cope with future capital requirements and long-term financial planning while maintaining shareholder interests and a balanced dividend policy, shareholder dividends will be distributed in shares or in cash, as appropriate, based on future capital expenditure requirements and the extent of dilution effect on earnings per share. Of the shareholder dividends distributed, no less than 10% shall be in cash. The actual distribution percentage shall be determined by the Board of Directors by considering the Company’s business planning, investment plan, capital planning, and the changes in internal and external environment.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds 25% of the total paid-in capital may be appropriated as capital or distributed in cash.

The Company provided or reversed special reserves by FSC’s official letter titled Jin-Guan-Zheng-Fa-Zi No.1090150022.

The earnings distribution proposals for 2022 and 2021 are as follows:

	2022	2021
Legal reserve	$ 57,010	$ 42,027
Special reserves provided (reversed)	$ 19,074	$ 2,531
Cash dividends	$ 289,181	$ 200,820
Cash dividends per share (NT$)	$ 3.60	$ 2.50

Proposals on the said cash dividends had been approved for distribution through a resolution at the Board of Directors meetings in March 2023 and March 2022. Other earnings distribution items had been approved through a resolution at the Board of Directors meetings in June 2023 and July 2022.

The earnings distribution proposal for 2023 drafted at the Board of Directors meeting dated February 29, 2024 is as follows:

	2023
Legal reserve	$ 63,788
Special reserves provided (reversed)	($ 33,380)
Cash dividends	$ 321,312
Cash dividends per share (NT$)	$ 4.00

The said cash dividends had been approved through a resolution at a Board of Directors meeting. Other distribution items are still pending a resolution at the Shareholders' Meeting to be held in June 2023.

(IV) Treasury stock

Through a resolution at the Board of Directors meeting in September 2018, the Company decided to buy back 811 thousand treasury shares to transfer them to employees. The buyback was completed in October 2018, with an average buyback price of 62.47 dollars.

In August 2023, the Company's Board of Directors approved the cancellation of all treasury shares for capital reduction in accordance with Article 28-2, paragraph 4 of the Securities and Exchange Act, and the record date for the capital reduction was set as October 17, 2023.

According to the Securities and Exchange Act, the treasury shares held by the Company may not be pledged; nor may they be entitled to dividend distribution or voting rights.

19. Revenue

	2023	2022
Goods sales revenue		
Manufacturing	$ 2,149,779	$ 2,014,840
Sale in the capacity of an agent	1,650,394	1,932,929
	3,800,173	3,947,769
Services revenue		
Commission	81,987	91,094
Maintenance	47,437	34,256
Others	9,474	7,776
	138,898	133,126
Other operating revenue	9,151	49,676
	$ 3,948,222	$ 4,130,571

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable (including those due from related parties) (Notes 9 and 26)	$ 546,038	$ 653,849	$ 761,624
Contract liabilities	$ 8,243,994	$ 4,469,292	$ 1,866,053

Changes in contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

The amount that comes from the contract liabilities at the beginning of the year and the amount that comes from the revenue recognized in the year in which performance obligations were fulfilled are as follows:

	2023	2022
Goods sales	$ 1,445,556	$ 981,414

20. Net profit

(I) Financial cost

	2023	2022
Interest on bank borrowings	$ 2,907	$ 1,869
Interest on lease liabilities	1,339	1,394
Interest on related parties(Notes 26)	283	-
	$ 4,529	$ 3,263

(II) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 105,181	$ 95,670
Right-of-use assets	8,056	10,097
	$ 113,237	$ 105,767
Summary of depreciation expenses by function		
Operating cost	$ 34,881	$ 30,800
Operating expenses	78,356	74,967
	$ 113,237	$ 105,767
Summary of amortization by function		
General and administrative expenses	$ 338	$ 324

(III) Employee benefit expenses

	2023	2022
Short-term employee benefits	$ 772,184	$ 724,168
Post-employment benefit		
Defined contribution plan	25,512	25,462
Defined benefit plan	(22)	-
	25,490	25,462
	$ 797,674	$ 749,630
Summary by function		
Operating cost	$ 236,266	$ 227,859
Operating expenses	561,408	521,771
	$ 797,674	$ 749,630

(IV) Remuneration to employees and directors

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee remuneration and director remuneration and allocate 5% – 15% of such profits as employee remuneration and another 2% or less as director remuneration. The Board of Directors meetings in February 2024 and March 2023 resolved on the employee remuneration and director remuneration estimated for 2023 and 2022, respectively - shown as follows:

Amount

	2023	2022
Employee remuneration	$ 70,000	$ 58,000
Directors' remuneration	9,000	8,000

Any amount that changes after the approval and publication date of the annual parent company only financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

The actually distributed amount of employee remuneration and director remuneration for 2022 and 2021 tallied with the amount recognized in the consolidated financial statements for 2022 and 2021.

The information about remuneration to employees and directors determined by the Board of Directors may be viewed at TWSE’s Market Observation Post System (MOPS).

21. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses:

	2023	2022
Current income tax		
Tax incurred in the year	$ 132,545	$ 157,275
Adjustments for the previous year	(29,460)	(22,105)
	103,085	135,170
Deferred income tax		
Tax incurred in the year	(15,288)	(8,371)
Adjustments for the previous year	-	-
	15,288	(8,371)
Income tax expenses recognized in profit or loss	$ 118,373	$ 126,799

Reconciliation of accounting income and income tax is as follows:

	2023	2022
Net profits before tax	$ 768,675	$ 695,382
Income tax expense derived from applying the pre-tax profit to the statutory tax rate	$ 153,735	$ 139,076
Expense and loss not deductible from tax	74	25
Tax exempt income	(16,218)	1,058
Additional levy on undistributed earnings	10,242	8,745
Adjustments for the previous year	(29,460)	(22,105)
Income tax expenses recognized in profit or loss	$ 118,373	$ 126,799

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Tax incurred in the year		
－Translation from foreign operations	$ 3,283	($ 6,823)
－Re-measurements of defined benefit plans	43	(379)
	$ 3,326	($ 7,202)

(III) Current income tax liabilities

	December 31, 2023	December 31, 2022
Current income tax liabilities		
Income tax payable	$ 126,254	$ 156,497

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

	2023			
	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Deferred income tax assets				
Temporary differences				
Allowance for inventory write-down	$ 55,341	$ 40,244	$ -	$ 95,585
Undistributed earnings of subsidiaries	20,679	5,582	1,876	28,137
Unrealized gains on transactions with associates	9,230	958	-	10,188
Provisions	6,512	(90)	-	6,422
Unrealized exchange losses	8,263	(1,020)	-	7,243
Allowance for doubtful accounts	4,159	(1,259)	-	2,900
Others	5,863	153	43	6,059
	$ 110,047	$ 44,568	$ 1,919	$ 156,534
Deferred income tax liabilities				
Temporary differences				
Undistributed earnings of subsidiaries	$ 76,185	$ 59,856	($ 1,407)	$ 134,634

	2022			
	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Deferred income tax assets				
Temporary differences				
Allowance for inventory write-down	$ 45,697	$ 9,644	$ -	$ 55,341
Undistributed earnings of subsidiaries	15,952	10,860	(6,133)	20,679
Unrealized gains on transactions with associates	8,037	1,193	-	9,230
Provisions	6,329	183	-	6,512
Unrealized exchange losses	3,959	4,304	-	8,263
Allowance for doubtful accounts	2,875	1,284	-	4,159
Impairment loss	6,262	(20)	(379)	5,863
Others	$ 89,111	$ 27,448	($ 6,512)	$ 110,047
Deferred income tax liabilities				
Temporary differences				
Undistributed earnings of subsidiaries	$ 56,418	$ 19,077	$ 690	$ 76,185

(V) Amount of deductible temporary difference and loss carryforwards of deferred income tax assets unrecognized in the parent company only balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 7,000	$ 7,000

(VI) Authorization of income tax

The Company's profit-seeking business income tax filings have been approved by the tax authority through 2021.

22. Earnings per share

Unit: NT$

	2023	2022
Basic earnings per share	$ 8.10	$ 7.08
Diluted earnings per share	$ 8.05	$ 7.00

Net profit in the current year

	2023	2022
Net profit of the Company	$ 650,302	$ 568,583

Thousand shares

	2023	2022
Weighted average number of common shares used for calculating basic earnings per share	80,328	80,328
Effect of potential diluted common shares:		
Employee remuneration	465	895
Weighted average number of common shares used for calculating diluted earnings per share	80,793	81,223

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating the diluted EPS, the Company assumes that all employee remuneration is distributed in shares and counts the potentially dilutive common shares - when deemed dilutive - in the weighted average number of shares outstanding. The Group continues to consider the dilutive effect of such potentially delusive common shares when calculating the dilutive EPS before the number of share dividends is to be resolved on in the following year.

23. Non-cash transactions

In 2022 , the Company transferred property, plant, and equipment in the amount of 1,850 thousand to inventory costs, with an accumulated depreciation of 1,227 thousand. In 2023 and 2022, the Company transferred 45,731 thousand and 9,455 thousand, respectively, from inventories to own-use property, plant, and equipment (refer to Note 12).

24. Capital risk management

The Company conducts capital management to ensure the Company can continue as a going concern while maximizing shareholders' return by optimizing the liability and equity balances.

The Company's capital structure is composed of its net debt and its equity.

The key management of the Company reviews its capital structure every year in terms of the cost and risks of each capital category. Based on the recommendation of the key management, the Company will balance its capital structure by paying dividends and issuing new debts or paying existing debts.

25. Financial instruments

(I) Fair value information－financial instruments not measured at fair value

Management of the Company thinks that financial assets and financial liabilities not measured at fair value have a book value approximate to their fair value.

(II) Fair value information－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 fair value through profit or loss				
Domestic emerging company stocks	$ 7,529	$ -	$ -	$ 7,529
Financial assets at fair value through other comprehensive income				
Investment in equity				

	Level 1	Level 2	Level 3	Total
instruments				
Shares of TWSE-listed companies through private placement	$ -	$ 157,011	$ -	$ 157,011
Foreign shares not traded on an exchange or OTC	-	-	53,125	53,125
	$ -	$ 157,011	$ 53,125	$ 210,136

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Shares of TWSE-listed companies through private placement	$ -	$ 89,205	$ -	$ 89,205
Foreign shares not traded on an exchange or OTC	-	-	49,357	49,357
	$ -	$ 89,205	$ 49,357	$ 138,562

There was no transfer of fair value measurements between Level 1 and Level 2 in 2023 and 2022.

2. Reconciliation of the financial instruments measured at Level 3 fair value

2023

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Balance - beginning of period	$ 49,357
Recognized in other comprehensive income	3,768
Balance - end of year	$ 53,125

2022

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Balance - beginning of period	$ 54,013
Purchase	18,631
Recognized in other comprehensive income	(23,287)
Balance - end of year	$ 49,357

3. Level 2 fair value valuation techniques and inputs

If there is no quoted price for the common shares issued by domestic TWSE-listed companies through a private placement, such common shares are evaluated by using valuation techniques. The assumptions and estimates used by the Company for the valuation techniques are the same as the assumptions and estimates accessible to the Company that are used by market participants for quoting a price for financial products.

The valuation technique the Company used for measuring the fair value is the Black-Scholes pricing model.

4. Level 3 fair value valuation techniques and inputs

When valuing the foreign shares not traded on an exchange or OTC, the Group used the income approach by which the present value of benefits expected to be derived from such investment is calculated by discounting the cash flows. Significant unobservable inputs are as follows. When liquidity discount decreases, the fair value of such investment will increase.

	December 31, 2023	December 31, 2022
Liquidity discount	32.24%	32.24%

If the following inputs are changed to reflect reasonably possible alternative assumptions while other inputs are held constant, the amount of the fair value of equity investment will increase (decrease) by:

	December 31, 2023	December 31, 2022
Liquidity discount		
Increase by 1%	($ 784)	($ 728)
Decrease by 1%	$ 784	$ 728

(III) Type of financial instruments

	December 31, 2023	December 31, 2022
Financial assets	$ 7,529	$ -
Financial assets at amortized cost (Note 1)	3,502,666	2,853,501
Financial assets at fair value through other comprehensive income	210,136	138,562
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	2,265,850	2,556,750

Note 1: The balance included financial assets measured at amortized cost such as cash and cash equivalents, notes receivable and accounts receivable (including those due from related parties), other receivables (presented under other current assets), restricted assets (presented under other current assets), and guarantee deposits paid (presented under other non-current assets).

Note 2: The balance included the financial liabilities measured at amortized cost such as short-term borrowings, notes payable and accounts payable, other payables, and guarantee deposits received (presented under other non-current liability).

(IV) Financial risk management purpose and policy

The Company's financial instruments mainly comprise equity investment, receivables, payables, borrowings, and lease liabilities. The financial management department of the Company provides services for each type of business and supervises and manages the financial risks incidental to the Company's operations by referencing the internal risk report in which risk exposure is analyzed based on the extent and extensiveness of risks. Such risks include market risk, credit risk, and liquidity risk.

The financial management department provides a report to the key management of the Company quarterly to reduce risk exposure.

The Company did not adopt hedge accounting.

1. Market risk

(1) Exchange rate risk

The Company is engaged in sales and purchase denominated in foreign currency, and thus is exposed to the exchange rate fluctuation risk.

For the book value of the Company's monetary assets and monetary liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 30.

Sensitivity analysis

The Company is affected primarily by fluctuation in the exchange rate of USD.

The sensitivity analysis includes only the foreign currency monetary items outstanding, which are translated at the end of year by using an exchange rate that could be adjusted by a maximum of 1%. When TWD appreciates/depreciates by 1% against the USD, the effects on the pre-tax net profit stated in the parent company only financial statements for 2023 and 2022 will be NT$13,559 thousand and NT$2,043 thousand, respectively.

The exchange rate fluctuation mainly affects the Company's bank deposits, as well as the payables and receivables denominated in USD that were still outstanding and were not hedged with a cash flow hedge on the balance sheet date.

(2) Interest rate risk

The interest rate risk facing the Company mainly comes from the Company's floating-rate bank deposits.

The book value of the financial assets and liabilities of the Company that were exposed to the interest rate risk on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
With cash flow interest rate risk		
- Financial assets	$ 2,272,908	$ 1,762,003
- Financial liabilities	100,000	200,000
With fair value interest rate risk		
- Financial assets	675,510	430,094
- Financial liabilities	196,529	224,979
-Lease liabilities	71,887	68,909

Sensitivity analysis

The following sensitivity analysis is based on the interest risk exposure of non-derivatives on the balance sheet date. Floating-rate liabilities are analyzed based on the assumption that the liability amount outstanding on the balance sheet date remains outstanding throughout the reporting period.

If interest rate increases/decreases by 1%, held other variables constant, the Company's pre-tax profit in the parent company only financial statements for 2022 and 2021 will change by NT$21,729 thousand and NT$15,620 thousand, respectively.

2. Credit risk

The credit risk means the risk of causing financial loss to the Company because the trading counterparty defaults on contractual obligations. As of the balance sheet date, the Company's maximum credit exposure to the financial loss caused by a trading counterparty's defaulting on his/her performance obligations mainly lies in the book value of the financial assets recognized in the parent company only balance sheet.

According to its policy, the Company only trades with reputational counterparties and requires provision of collateral where necessary to reduce the risk of financial loss due to default.

The Company exposes to the credit risk, which mainly comes from the customers who individually account for 10% or more of the Company's total accounts receivables. Refer to Note 9 for details.

3. Liquidity risk

The Company manages and maintains sufficient cash to support business operations and reduce the effect of the fluctuating cash flow. The management of the Company monitors the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank loans are one of the Company's important sources of liquidity. For the bank financing facility that the Company has not used, refer to relevant descriptions in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

December 31, 2023

	1–3 months	4 months – 1 year	More than 1 year
Non-derivative financial liabilities			
Non-interest bearing debt	$ 1,998,239	$ 11,839	$ 155,772
Floating rate	100,332	-	-
Lease liabilities	2,741	7,728	71,898
	$ 2,101,312	$ 19,567	$ 227,670

More information on the maturity analysis of lease liabilities:

	Less than 1 year	2–5 years	6–10 years	11–15 years	16–20 years
Lease liabilities	$ 10,469	$ 22,118	$ 22,800	$ 22,800	$ 4,180

December 31, 2022

	1–3 months	4 months – 1 year	More than 1 year
Non-derivative financial liabilities			
Non-interest bearing debt	$ 2,336,833	$ 19,917	$ -
Floating rate	200,396	-	-
Lease liabilities	1,977	5,348	73,260
	$ 2,539,206	$ 25,265	$ 73,260

More information on the maturity analysis of lease liabilities:

	Less than 1 year	2–5 years	6–10 years	11–15 years	16–20 years
Lease liabilities	$ 7,325	$ 18,920	$ 22,800	$ 22,800	$ 8,740

(2) Credit limit of financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank loan limit (extendable upon mutual agreement)		
- Employed capital	$ 336,805	$ 426,461
- Unemployed capital	1,083,195	853,539
	$ 1,420,000	$ 1,280,000

26. Related Party Transactions

In addition to those disclosed in other notes, transactions between the Company and related parties are described as follows.

(I) Name and relationship of related party

Name of related party	Relationship with the Company
ACROMASS TECHNOLOGIES, INC. (ACROMASS)	Subsidiary
NATGEM INC.	Subsidiary
SCIENTECH GMBH	Subsidiary
SCIENTECH ENGINEERING USA CORP. (SCU)	Subsidiary
TRANSCEND CAPTTAL CORP.	Subsidiary
SCIENTECH ENGINEERING CORP. (SHANGHAI)	Subsidiary
HUNG-LIANG HSIEH	Chairperson
XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. (XTEK SEMICONDUCTOR)	Associate
FORWARD SCIENCE PTE.LTD.	Associate
HONG LUN CULTRUAL CREATIVITY FUNDATION	Same key management

(II) Operating revenue

General ledger account	Name and type of related party	2023	2022
Goods sales revenue	Subsidiary	$ 2,655	$ 17,085
	Associate	110,443	68,826
		$ 113,098	$ 85,911
Service revenue	Subsidiary	$ 33	$ -
	Associate	16	-
		$ 49	$ -
Other operating revenue	Subsidiary	$ 2,043	$ 259
	Associate	79	22,824
		$ 2,122	$ 23,083

The price and payment terms for a sale transaction between the Company and related parties are determined based on the terms mutually agreed upon.

(III) Purchase

Name and type of related party	2023	2022
Subsidiary		
SCU	$ 32,879	$ 167,145
Others	922	5,437
	$ 33,801	$ 172,582

The price and payment terms for a purchase transaction between the Company and related parties are determined based on the terms mutually agreed upon.

(IV) Contract liabilities

Name and type of related party	December 31, 2023	December 31, 2022
Associate	$ 1,843	$ 54,246

(V) Receivables due from related parties (excluding funds loaned to related parties)

General ledger account	Name and type of related party	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary		
	SHANGHAI	$ 788	$ -
	Associate		
	XTEK SEMICONDUCTOR	11,009	5,152
		$ 11,797	$ 5,152
Other receivable (presented under other current assets)	Subsidiary	$ 19	$ 18
	Same key management	8	-
		$ 27	$ 18

No guarantee was requested for the outstanding receivables due from related parties. The balance of the allowance for receivables due from related parties as of December 31, 2023 and 2022 were NT$828 thousand and NT$377 thousand, respectively. The allowance for receivables due from related parties that was provided (reversed) in 2023 and 2022 amounted to NT$451 thousand and NT$(1,108) thousand, respectively.

(VI) Payables due to related parties

General ledger account	Name and type of related party	December 31, 2023	December 31, 2022
Payables due to related parties (presented under notes payable and accounts payable)	Subsidiary		
	SCU	$ 2,137	$ 3,858
	Others	86	176
		$ 2,223	$ 4,034
Other accounts payable	Subsidiary		
	SHANGHAI	$ 39,239	$ -
	Others	83	5,002
		39,322	5,002
	Associate	99	230
		$ 39,421	$ 5,232
Long-term accounts payable to related parties	Subsidiary		
	SHANGHAI	$ 155,772	$ -

The outstanding balance of the payables due to related parties was not secured against collateral.

(VII) Lease agreements

General ledger account	Name and type of related party	December 31, 2023	December 31, 2022
Lease liabilities	Chairperson	$ 62,221	$ 65,509

General ledger account	Name and type of related party	2023	2022
Interest expenses (presented under financial cost)	Chairperson	$ 1,273	$ 1,338

The rent charged for lease contracts signed between the Company and related parties was negotiated upon by referencing the market price; the payment term was the same as a general payment term.

(VIII) Funds loaned to related parties

Income from interests

Name and type of related party	2023	2022
Subsidiary	$ -	$ 18

Loans between the Company and subsidiaries are unsecured loans with an interest rate close to the market interest rate. Such loans are expected to be repaid in full within one year. Through an assessment, there are not expected credit losses.

(IX) Others

General ledger account	Type of related party	2023	2022
Rental income (presented under other income)	Subsidiary	$ 36	$ 36
	Same key management	24	24
		$ 60	$ 60
Operating expenses	Subsidiary	$ 3,900	$ 21,190
	Associate	1,133	-
		$ 5,033	$ 21,190
Interests expenses	Subsidiary	$ 283	$ -

(X) Remuneration to key management

	2023	2022
Short-term employee benefits	$ 55,105	$ 55,086
Post-employment benefit	850	889
	$ 55,955	$ 55,975

The remuneration to directors and other key management was decided by the Remuneration Committee according to personal performance and market trends.

27. Pledged and Mortgaged Assets

The following assets were provided to the Custom Office as collateral against the bonded goods and the payments and performance obligation of manufacturers.

	December 31, 2023	December 31, 2022
Pledged certificates of deposits (presented under other current assets)	$ 4,415	$ 3,683

28. Significant Commitments

The Company’s letter of credits issued but not used that were intended for purchase of goods and machinery and equipment, and for performance guarantee were NT$276 thousand and NT$1,482 thousand as of December 31, 2023 and 2022, respectively.

29. Significant Subsequent Events

In response to the future operation and development of the Company, the Board of Directors resolved on February 29, 2024 to issue and issue the first domestic unsecured convertible corporate bond and the second domestic unsecured convertible corporate bond, with a total face value of NT$1.2 billion.

30. Significant Assets and Liabilities Denominated in foreign currencies

The Groups’ significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies, and the related exchange rates between foreign currencies and respective functional currencies, are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 74,629	30.705 (USD:TWD)	$ 2,291,493
CNY	40,006	4.327 (JPY:TWD)	173,107
EUR	4,685	33.98 (EUR:TWD)	159,184
JPY	455,386	0.217 (JPY:TWD)	98,819
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	42,182	30.705 (USD:TWD)	1,295,184
EUR	617	33.98 (EUR:TWD)	20,971

Foreign currency liabilities	Foreign currency	Exchange rate	Book value
Monetary items			
USD	$ 30,471	30.705 (USD:TWD)	$ 935,624
CNY	45,068	4.327 (CNY:TWD)	195,011
JPY	356,942	0.217 (JPY:TWD)	77,456
EUR	1,342	33.98 (EUR:TWD)	45,607

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	58,744	30.71 (USD:TWD)	1,804,032
EUR	11,278	32.72 (EUR:TWD)	369,011
JPY	103,517	0.232 (JPY:TWD)	24,057
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	33,897	30.71 (USD:TWD)	1,040,975
Foreign currency liabilities			
Monetary items			
USD	52,090	30.71 (USD:TWD)	1,599,684
JPY	258,135	0.232 (JPY:TWD)	59,991
EUR	698	32.72 (EUR:TWD)	22,845

The realized and unrealized foreign currency exchange losses of the Company in 2023 and 2022 were NT$(7,617) thousand and NT$60,680 thousand, respectively. However, it was not feasible to disclose the exchange loss and gain of each significant foreign currency because the number of foreign currencies involved in foreign currency transactions varied.

31. Supplementary Disclosures

Except those disclosed in Appendix Table 1 through 7, there were no required disclosures.

SCIENTECH CORPORATION and Subsidiaries

Loans to others

2023

Appendix Table 1

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Highest amount in the year (Note 3)	Balance - end of year (Note 3)	Drawdown (Note 3)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Limit of loans to a single borrower (Notes 1 and 3)	Limit of total loaning of funds (Notes 2 and 3)
													Name	Value		
0	The Company	NATGEM INC.	Other receivables － Related party	Yes	2,000	2,000	-	1.2	Short-term financing	-	Working capital	-	－	-	$ 398,925	$ 1,595,701
		ACROMASS TECHNOLOGIES,INC.	Other receivables － Related party	Yes	8,000		-		Short-term financing	-	Working capital	-	－	-	398,925	1,595,701
1	SCIENTECH ENGINEERING (HONG KONG) LIMITED	SCIENTECH ENGINEERING CORP.(SHANGHAI)	Other receivables － Related party	Yes	24,564 (US$800 thousand)	24,564 (US$800 thousand)	-	1.2	Short-term financing	-	Working capital	-	－	-	24,564 (US$800 thousand)	358,727 (HKD91,302 thousand)
		SCIENTECH ENGINEERING USA CORP.	Other receivables － Related party	Yes	30,705 (US$1,000 thousand)	30,705 (US$1,000 thousand)	)	1.2	Short-term financing	-	Working capital	-	－	-	30,705 (US$1,000 thousand)	358,727 (HKD91,302 thousand)
		SCIENTECH GMBH	Other receivables － Related party	Yes	30,705 (US$1,000 thousand)	30,705 (US$1,000 thousand)	-	1.2	Short-term financing	-	Working capital	-	－	-	30,705 (US$1,000 thousand)	358,727 (HKD91,302 thousand)
2	SCIENTECH ENGINEERING CORP.(SHANGHAI)	The Company	Other receivables － Related party	Yes	194,715 (CNY$45,000 thousand)	194,715 (CNY$45,000 thousand)	194,715 (CNY$45,000 thousand)	1.5	Short-term financing	-	Working capital	-	－	-	194,715 (CNY$45,000 thousand)	319,093 (CNY73,745 thousand)

Note 1: The limit of loans to a single borrower is as follows:

1. The limit of loaning of funds to a single party with business relationship with Company should not exceed the total transactions amount between it and the Company. The said “Transaction amount” means the higher of purchase or sales therebetween.
2. Limit of loaning of funds to a company in need of short-term financing should not exceed 10% of the Company’s net worth.
3. Limit of loaning of funds to a foreign operation whose voting shares are fully held by the Company, either directly or indirectly, should exceed neither the amount approved by the Board of Directors nor the amount equal to 80% of the lending company’s net worth.

Note 2: The limit of total funds loaned to others is as follows:

1. Should not exceed 40% of the Company’s net worth.
2. The limit of total funds loaned by a foreign operation of which all the voting shares are directly or indirectly held by Scientech Engineering (Hong Kong) Limited via the Company should not exceed 80% of the foreign operation’s net worth.
3. Foreign companies in which Scientech Engineering (Shanghai) Limited directly or indirectly holds the voting shares or directly or indirectly holds 100% of the voting shares of Scientech Engineering (Shanghai) Limited via the Company should not exceed 40% of the foreign operation’s net worth.

Note 3: Converted at the exchange rate of US$1 against NT$30.705 , HKD$1 against NT$3.929 and RMB$1 against NT$4.327 on December 31, 2023.

SCIENTECH CORPORATION and Subsidiaries

Making endorsements/guarantees for others

2023

Appendix Table 2

Unit: NT$ thousand unless otherwise specified

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Notes 1 and 2)	Maximum balance for the period (Note 2)	Ending balance (Note 2)	Drawdown (Note 2)	Amount of endorsement/ guarantees collateralized by properties (Note 2)	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement (%)	Limit of endorsement/ guarantees collateralized by properties (Notes 2 and 3)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China
		Company name	Relationship										
0	The Company	SCIENTECH ENGINEERING (HONG KONG) LIMITED	Subsidiary	$ 1,994,626	$ 46,058 (US$1,500 thousand)	$ 46,058 (US$1,500 thousand)	$ -	$ -	1.2%	$ 3,989,253	Y	N	N
1	SCIENTECH ENGINEERING (HONG KONG) LIMITED	SCIENTECH ENGINEERING CORP.(SHANGHAI)	Parent company	224,205 (HKD57,064 thousand)	3,071 (US$100 thousand)	3,071 (US$100 thousand)			0.7%	448,409 (HKD114,128 thousand)	N	Y	Y

Note 1: The limit of endorsement and guarantee made by the Company or subsidiaries to a single entity should not exceed 50% of the entity's net worth.

Note 2: Converted at the exchange rate of US$1 against NT$30.705 and HKD$1 against NT$3.929 on December 31, 2023.

Note 3: Should not exceed 100% of the Company's or a subsidiary's net worth stated on the financial statements.

SCIENTECH CORPORATION and Subsidiaries

Marketable Securities Held at the End of Period

December 31, 2023

Appendix Table 3

Unit: NT$ thousand

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of year				
				Shares	Book value	Shareholding Percentage (%)	Fair value	Remarks
SCIENTECH CORPORATION	Shares							
	HITEKCORPS CO., LTD.	—	Financial assets at fair value through profit or loss	225,000	$ -	3.19	$ -	—
	AUENTER TECHNOLOGY CORP.	—	Financial assets at fair value through profit or loss	600,000	-	13	-	—
	AMCHAEL-GRAPHICS CORP.	—	Financial assets at fair value through profit or loss	700,000	-	33	-	—
	PROMOS TECHNOLOGIES INC.	—	Financial assets at fair value through profit or loss	4,662	-	-	-	—
	FORWARD SCIENCE CORPORATION		Financial assets at fair value through profit or loss	151,000	7,529	0.48	7,529	
	INFINITESIMA LIMITED	—	Financial assets at fair value through other comprehensive income - non-current	6,111,111	53,125	9.30	53,125	—
	SPIROX CORP.	—	Financial assets at fair value through other comprehensive income - non-current	4,000,000	157,011	3.50	157,011	—
SCIENTECH INVESTMENT CORP.	Shares							
	SIGLAZ	—	Financial assets at fair value through profit or loss	1,100,000	-	15.80	-	—

Note: For information on investment in subsidiaries and associates, refer to Appendix Tables 5 and 6.

SCIENTECH CORPORATION and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

2023

Appendix Table 4

Unit: NT$ thousand

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%) (Note)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable) (%)	
SCIENTECH CORPORATION	XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD.	Associate	Sales	$ 110,538	2.8	Net30	$ -	—	$ 11,009	2.0	

Note 1: Refers to the ratio to total purchase (sales), or to total receivables or payables, of an individual company.

SCIENTECH CORPORATION and Subsidiaries

Name and Territory of Investees and Other Relevant Information

2023

Appendix Table 5

Unit: NT$ thousand unless otherwise specified

Name of investor	Investee	Region	Main business line	Original investment amount		Shares held at the period-end			Profit or loss of investee in the period	Investment gains of losses recognized in the period	Remarks
				December 31, 2023	January 1, 2023	Shares	Percentage	Book value			
SCIENTECH CORPORATION	SCIENTECH INVESTMENT CORP.	Mauritius	Investment	$ 171,775	$ 171,775	5,540,000	100	$ 827,309	$ 299,157	$ 299,157	(Note 5)
	ACROMASS TECHNOLOGIES,INC.	Taipei City	General instrument and precision instrument manufacturing	270,000	270,000	27,000,000	100	3,317	40	40	(Note 5)
	SCIENTECH MATERIALS CORPORATION	Taipei City	Manufacturing and sale of energy-efficient products	205,000	205,000	1,400,000	100	3,168	1	1	(Notes 1, 2, and 5)
	NATGEM INC.	Taipei City	Sale of food and supplies	33,000	33,000	800,000	100	79	(504)	(504)	(Note 5)
	SCIENTECH GMBH	Austria	International trade	10,672	1,163	-	100	20,971	122	122	(Note 5)
	TRANSCEND CAPITAL CORP.	British Virgin Islands	Investment	417,289	416,829	14,290,000	100	416,932	(27,912)	(27,912)	(Note 5)
	FORWARD SCIENCE CORPORATION	Miaoli County	Maintenance service	-	19,600	-	-	-	9,202	(1,141)	(Note 2 and 3)
	RENORIGIN INNOVATION INSTITUTE CO., LTD.	Taipei City	Sale of biotech products	14,030	14,030	1,121,000	20	6,514	(8,587)	(1,695)	(Note 2)
	FORWARD SCIENCE PTE. LTD.	Singapore	Trading and maintenance of semiconductor equipment and peripherals	11,944	11,944	500,000	21	-	-	-	(Note 2)
SCIENTECH INVESTMENT CORP.	SIMPLE INVESTMENT CORP.	Mauritius	Investment	150,623 (US$4,906 thousand)	150,623 (US$4,906 thousand)	4,905,500	100	797,167 (US$25,962 thousand)	300,514 (US$9,646 thousand)	300,514 (US$9,646 thousand)	(Note 4 and 5)
	SCIENTECH ENGINEERING USA CORP.	California, US	Trading of semiconductor equipment and peripherals	9,212 (US$300 thousand)	9,212 (US$300 thousand)	300,000	100	27,564 (US$898 thousand)	(1,378) (US$(44) thousand)	(1,378) (US$(44) thousand)	(Note 4 and 5)
SCIENTECH ENGINEERING CORP.(SHANGHAI)	SCIENTECH ENGINEERING (HONG KONG) LIMITED	Hong Kong	International trade	5,859 (CNY$1,354 thousand)	5,859 (CNY$1,354 thousand)	-	100	448,409 (CNY$103,630 thousand)	148,587 (CNY$33,800 thousand)	148,587 (CNY$33,800 thousand)	(Note 4 and 5)

Note 1: SCIENTECH MATERIALS was dissolved through a resolution reached at the Board of Directors meeting dated August 31, 2021. As of December 31, 2023, the liquidation process was not yet completed.

Note 2: It was calculated based on financial statements in the same period that were not audited by CPAs.

Note 3: The Consolidated Company resigned as the representative of directors of FORWARD SCIENCE CORP. in July 2023 and lost significant influence. Therefore, the investment originally under the equity method was reclassified as financial assets at FVTPL.

Note 4:The amount was converted using the exchange rate of US$1＝$30.705 and RMB$1＝$4.327 on December 31, 2023. Investment gains or losses were converted using the average exchange rate of US$1=31.155 and RMB$1=4.396 during January 1, 2023 and December 31, 2023.

SCIENTECH CORPORATION and Subsidiaries

Information on Investments in Mainland China

2023

Appendix Table 6

Unit: NT$ thousand unless otherwise specified

Investee in Mainland China	Main business line	Paid-in Capital (Note 1)	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current year (Note 1)	Amount of investments remitted or recovered in current year		Accumulated amount of investments from Taiwan at the end of current year (Note 1)	Profit or loss of investee in the period (Note 2)	The Company's shareholding of direct or indirect investment (%)	Investment gains of losses recognized in the year	Investment book value at the end of the year (Note 2)	Profit received from investments as of the end of current year
					Remitted	Recovered						
SCIENTECH ENGINEERING CORP. (SHANGHAI)	Trading and maintenance of semiconductor equipment and peripherals	$ 149,533 (US$4,870 thousand)	Invested in a China investee through another investee in a third region (Note 3)	$ 149,533 (US$4,870 thousand)	$ -	$ -	$ 149,533 (US$4,870 thousand)	$ 300,513 (Notes2 and 6)	100	$ 300,513 (Notes2 and 6)	$ 797,733 (Notes2 and 6)	$ -
XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD.	Trading of semiconductor equipment and peripherals	2,545,016 (US$82,886 thousand)	Invested in a China investee through another investee in a third region (Note 4)	438,111 (US$14,268 thousand)	-	-	438,111 (US$14,268 thousand)	(161,568) (Notes2)	17.21	(27,813) (Notes2)	416,578 (Notes2)	-

Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 1)	Investment amount approved by the Investment Commission, MOEA (Note 1)	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA
$ 587,644 (US$19,138 thousand)	$ 587,644 (US$19,138 thousand)	$ 2,393,552

Note 1: Converted at the exchange rate of US$1 against NT$30.705 on December 31, 2023.

Note 2: It was calculated based on financial statements in the same period that were audited by CPAs.

Note 3: Investment in SCIENTECH ENGINEERING CORP. (SHANGHAI) via SIMPLE INVESTMENT CORP.

Note 4: Investment in XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. via TRANSCEND CAPITAL CORP.

Note 5: The balance of unrealized gains as of December 31, 2023 in the amount of NT$50,943 thousand was arising from sale of machinery and equipment and provision of services to XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. Realized gross profit during January 1, 2023 and December 31, 2023 was NT$5,043 thousand.

SCIENTECH CORPORATION

Information on Major Shareholders

December 31, 2023

Appendix Table 7

Name of major shareholder	Shares	
	Number of shares held (shares)	Ownership
HUNG-LIANG HSIEH	7,943,455	9.88%
FEN-CHING HSIEH-CHIU	6,095,072	7.58%
PARADIGM INVESTMENT CORP	4,197,721	5.22%

Note: The information on major shareholders are acquired from the data of the Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and preferred stocks of the Company that have been registered and delivered (including treasury stock) in dematerialized form on the last business day at the end of the current quarter. The share capital stated in the consolidated financial statements of the Company may be different from the number of shares that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

§ Schedule of Major Accounts §

SCIENTECH CORPORATION

Schedule of Cash and Cash Equivalents

December 31, 2023

Table 1 Unit: NT$ thousand unless otherwise specified

Item	Maturity Date	Annual Interest Rate	Amount
Cash			
Cash on hand and working capital			$ 305
Bank check and demand deposit(Note 1)			2,272,908
			2,273,213
Cash Equivalents			
Bank time deposit whose initial maturity date will be due within 3 months (Note 2)	113.1.21-113.1.28	5.06%～5.30%	675,510
			$ 2,948,723

Note 1:Including JPY453,986 thousand, RMB40,006 thousand, USD44,966 thousand, and EUR4,505 thousand, which were converted at the exchange rates of JPY$1＝$0.217, RMB$1=4.327, US$1＝$30.705, and EUR$1＝$33.98, respectively.

Note 2: Including USD22,000 thousand, which were converted at the exchange rates of US$1＝$30.705.

SCIENTECH CORPORATION

Schedule of Notes Receivables and Accounts Receivables

December 31, 2023

Table 2 Unit: NT$ thousand

Customer name	Amount
Notes receivable (Note)	$ 4,214
Accounts receivable	
Company A	221,618
Company B	32,306
Others (Note)	295,348
	549,272
Receivables due from related parties	12,625
Less: Allowance for doubtful accounts	20,073
	$ 546,038

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION

Schedule of Inventories

December 31, 2023

Table 3 Unit: NT$ thousand

Item	Amount	
	Cost	Net realizable value
Products	$ 6,126,707	$ 7,367,490
Finished-goods	321,366	404,276
Work-in-process	789,701	1,018,798
Raw materials	559,282	871,329
	7,797,056	$ 9,661,893
Less: Allowance for devaluation loss (Note)	477,929	
	$ 7,319,127	

Note: The allowance for devaluation loss cover the allowance for products in the amount of NT$248,857 thousand, for finished-goods in the amount of NT$35,138 thousand, for work-in-process in the amount of NT$92,065 thousand, and for raw materials in the amount of NT$101,869 thousand.

SCIENTECH CORPORATION

Schedule of Investments Accounted for Using Equity Method

2023

Table 4

Unit: NT$ thousand; unless, otherwise stated

Investee	Balance - beginning of period								Balance - end of year			
	Shares	Amount		Dispose of investment	Share of profit or loss of associates and subsidiaries accounted for using equity method	Capital surplus	Exchange differences arising from the translation of financial statements	Others	Shares	Shareholding %	Amount	
Investment in subsidiary												
SCIENTECH INVESTMENT CORP.	5,540,000	$ 536,864	$ -		$ 299,157	$ -	($ 8,712)	$ -	5,540,000	100	$ 827,309	
TRANSCEND CAPITAL CORP.	14,275,006	457,959	461		(27,912)	-	(8,785)	(4,791)	14,290,000	100	416,932	
SCIENTECH GMBH	-	10,259	9,509		122	-	1,081	-	-	100	20,971	
ACROMASS TECHNOLOGIES, INC.	27,000,000	3,277	-		40	-	-	-	27,000,000	100	3,317	
SCIENTECH MATERIALS CORPORATION	1,400,000	3,167	-		1	-	-	-	1,400,000	100	3,168	
NATGEM INC.	800,000	583	-		(504)	-	-	-	800,000	100	79	
		1,012,109	9,970		270,904	-	(16,416)	(4,791)			1,271,776	
Investment in associates												
FORWARD SCIENCE CORPORATION	1,960,000	28,561	-	(13,663)	(1,141)	(13,784)	27	-	-	-	-	(N
RENORIGIN INNOVATION INSTITUTE CO., LTD.	1,121,000	8,209	-	-	(1,695)	-	-	-	1,121,000	20	6,514	
FORWARD SCIENCE PTE. LTD.	500,000	-	-	-	-	-	-	-	500,000	21	-	
		36,770	-	(13,663)	(2,836)	(13,784)	27	-			6,514	
Investments accounted for using equity method		$ 1,048,879	$ 9,970	($ 13,663)	$ 268,068	($ 13,784)	($ 16,389)	($ 4,791)			$ 1,278,290	

Note 1: It was calculated based on financial statements in the same period that were not audited by CPAs.

Note 2: The increase in capital surplus was the adjustment for the effects arising from failure to subscribe to an associate’s follow-on offering; others were the unrealized gains from downstream transactions in the year.

Note 3: The Consolidated Company resigned as the representative of directors of FORWARD SCIENCE CORP. in July 2023 and lost significant influence. Therefore, the investment originally under the equity method was reclassified as financial assets at FVTPL.

SCIENTECH CORPORATION

Schedule of Notes Receivables and Accounts Receivables

December 31, 2023

Table 5 Unit: NT$ thousand

Name of manufacturer	Amount
Accounts payable	
Company 甲	$ 294,323
Company 乙	257,007
Company 丙	88,448
Others (Note)	704,614
	1,344,392
Payables due to related parties (Note)	2,223
Total	$ 1,346,615

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION

Schedule of Short-term Borrowings

December 31, 2023

Table 6 Unit: NT$ thousand

Name	Borrowing period	Balance	Credit limit of financing facilities	Pledged or collateralized	Remarks
Bank loans against a letter of credit					
Bank SinoPac	111.12.1-113.6.10	$ 187,982	$ 400,000	None	Note 2
CTBC Bank	112.12.15-113.1.31	8,547	720,000	None	Note 3
		$ 196,529	$1,120,000		
Bank credit loans					
DBS Bank Limited	112.10.3-113.10.2	$ 100,000	$ 300,000	None	Note 1

Note 1: The interest rate range is 1.38%.

Note 2: : The credit limit of Bank SinoPac medium term borrowing and Bank SinoPac loans against a letter of credit and deposit guarantee is accumulative, and amounted to NT$400,000 thousand.

Note 3: The credit limit of CTBC Bank credit loans and CTBC Bank loans against a letter of credit is accumulative, and amounted to NT$720,000 thousand.

SCIENTECH CORPORATION

Schedule of Lease Liability

December 31, 2023

Table 7 Unit: NT$ thousand

Name of manufacturer	Amount
Lease Liability	
Company C	$ 559,437
Company D	523,572
Company E	515,859
Others (Note)	6.645,126
Total	$ 8,243,994

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION

Schedule of Net Operating Income

2023

Table 8 Unit: NT$ thousand

Name	Quantity	Amount
Manufacturing	1,787,113	$ 2,149,779
Sale in the capacity of an agent	20,967	1,650,394
Commission		81,987
Maintenance		47,437
Others		18,625
		$ 3,948,222

SCIENTECH CORPORATION

Schedule of Operating Costs

2023

Table 9 Unit: NT$ thousand

Name	Amount
Cost to manufacture and cost of goods sold	
Raw materials - beginning balance	$ 667,648
Plus: material purchase	1,104,073
Work-in-process transferred in	833,054
Finished-goods transferred in	571,956
Others	188,647
Less: raw materials - ending balance	559,282
Transferred to products	26,782
Pick-up for R&D use	188,568
Direct raw material consumption	2,590,746
Direct labor	184,598
Manufacturing overheads	409,867
Manufacturing expenses	3,185,211
Add: work-in-process - beginning balance	398,073
Less: work-in-process - ending balance	789,701
Transferred to raw materials	833,054
Cost of finished-goods	1,960,529
Add: finished-goods - beginning balance	197,052
Others	11,467
Less: finished-goods - ending balance	321,366
Transferred to raw materials	571,956
Others	82,975
	1,192,751
Cost of goods sold	2,724,793
Products - beginning balance	4,749,892
Add: products purchased in the year	26,782
Raw materials transferred to products	6,126,707
Less: products - ending balance	175,263
Others	1,199,497
Add: Allowance for inventory devaluation loss	201,219
Add: Retirement of inventories	3,294
Add: Inventory shortage	(98)
	$ 2,596,663

SCIENTECH CORPORATION

Schedule of Operating Expenses

January 1 through December 31, 2023

Table 10

Unit: NT$ thousand

Item	Marketing expenses	General and administrative expenses	R&D expenses	Gains on expected credit impairment	Total
Salary expenses	$ 247,797	$ 88,731	$ 153,814	$ -	$ 490,342
Material cost	25,263	-	58,260	-	83,523
Depreciation	19,492	6,339	52,525	-	78,356
Freight charges	51,213	450	548	-	52,211
Insurance premium	22,959	6,559	12,712	-	42,230
Commission	41,974	-	-	-	41,974
Service fees	12,737	7,035	7,271	-	27,043
Others (Note)	118,882	27,440	55,459	(7,449)	194,332
	$ 540,317	$ 136,554	$ 340,589	($ 7,449)	$1,010,011

Note: No amount individually exceeds 5% of this account.

SCIENTECH CORPORATION

Summary Table by Function of Employee Benefits, Depreciation, and Amortization Incurred in the Year

2023 and 2022

Table 11

Unit: NT$ thousand

	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 193,925	$ 478,332	$ 672,257	$ 187,656	$ 446,688	$ 634,344
Labor insurance and health insurance expenses	20,224	36,036	56,260	18,936	32,285	51,221
Pension expenses	5,737	19,753	25,490	5,878	19,584	25,462
Directors' remuneration	-	12,010	12,010	-	9,090	9,090
Other employee benefit expenses	16,380	15,277	31,657	15,389	14,124	29,513
	$ 236,266	$ 561,408	$ 797,674	$ 227,859	$ 521,771	$ 749,630
Depreciation	$ 34,881	$ 78,356	$ 113,237	$ 30,800	$ 74,967	$ 105,767
Amortization expenses	$ -	$ 338	$ 338	$ -	$ 324	$ 324

Note 1: The number of the Company's employees in 2023 and 2022 is 659 and 634, respectively, of whom the number of directors not concurrently serving as an employee is both 6.

Note 2: (1) The average employee benefit expenses in 2023 and 2022 were NT$1,203 thousand and NT$1,179 thousand, respectively.

(2) The average employee salary expenses in 2023 and 2022 were NT$1,029 thousand and NT$1,010 thousand, respectively.

(3) The extent of average employee salary adjustment was 1.88%.

Note 3: There were no supervisor remuneration because the Company did not have supervisors in 2023 and 2022.

Note 4: The Company's independent directors are entitled to a fixed amount of remuneration. Other directors are entitled to no compensation other than the reimbursement of transportation expenses required for attending a Board meeting. In addition, according to Article 20 of the Company's Articles of Incorporation, no less than 2% of the annual earnings may be allocated as directors' remuneration. Such remuneration is firstly proposed to the Remuneration Committee in accordance with the Company's remuneration distribution principles; if the committee gives the approval, such remuneration proposal is then summited to the Board of Directors and, if approved, implemented.

Note 5: The salary structure of the Company's employees and managers mainly comprises base salary, job pay differentials, bonus, and monetary perks. The salary adjustment, year-end bonus, and bonus distribution therefor are determined based on the "Employee Promotion Regulations" and "Employee Bonus Distribution Principles", and are firstly proposed by the management executives with consideration given to personal performance and the Company's operational performance, then approved by the executives with the authority, then submitted to the Remuneration Committee for consideration, and, if approved, implemented.