BAOTEK INDUSTRIAL MATERIALS LTD.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

BAOTEK INDUSTRIAL MATERIALS LTD.

DECEMBER 31, 2023 AND 2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page/Number/Index

Contents	Page/Number/Index

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of BAOTEK INDUSTRIAL MATERIALS LTD.

Opinion

We have audited the accompanying balance sheets of BAOTEK INDUSTRIAL MATERIALS LTD. as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BAOTEK INDUSTRIAL MATERIAL LTD. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's financial statements of the current period are stated as follows:

Cut-off of warehouse sales revenue

Description

Refer to Note 4(22) for details of revenue recognition. The Company recognises sales revenue when goods are drop-shipped from factories directly and when customers accept the goods. The supporting documents of revenue recognition include reports or other information provided by warehouse custodians and inventory movement records of warehouses.

As there are hubs located in different countries with numerous custodians, the frequency and contents of statements provided by custodians vary, and as customers are in various locations around the world, the process of revenue recognition involves numerous manual procedures. Additionally, there are numerous daily revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we consider the revenue cut-off as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Obtained an understanding of the Company's operations and industry, and assessed the reasonableness of the policy and procedures to recognise revenue.
2. Assessed and checked the appropriateness of cut-off of sales revenue around the balance sheet date, and verified the statements provided by the warehouse custodians.

3. Confirmed the inventory quantities with warehouse custodians and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies and accounting records and tested the reconciling items made by the Company in order to confirm whether the significant differences have been adjusted.
4. Confirmed the inventory quantities by performing physical inventory count observation and agreed the results to accounting records.

Valuation of inventory

Description

Refer to Note 4(11) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of inventories. As of December 31, 2023, inventory and allowance for inventory valuation losses amounted to NT$520,891 thousand and NT$19,369 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of electronic glass fabrics. As the Company's inventories belong to a rapidly changing industry and are easily affected by the market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Thus, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Validated the accuracy of inventory aging report, sampled and confirmed the consistency of quantities and amounts indicated in the inventory listing, and verified the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realisable value, and examined the reasonableness of provision for allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Chiang, Tsai-yen	Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

BAOTEK INDUSTRIAL MATERIALS LTD.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 129,617	6	$ 140,920	7
1110	Financial assets at fair value through profit or loss - current	6(2)	785	-	1,233	-
1150	Notes receivable, net		-	-	20	-
1170	Accounts receivable, net	6(3)	212,131	9	288,775	13
1180	Accounts receivable - related parties	6(3) and 7	207,128	9	79,467	4
1200	Other receivables		8,293	-	5,971	-
1210	Other receivables - related parties	7	630	-	791	-
1220	Current tax assets		90	-	13	-
130X	Inventories	6(4)	501,522	22	396,654	18
1410	Prepayments		7,131	-	5,772	-
1470	Other current assets		11,935	1	7,836	1
11XX	**Total current assets**		1,079,262	47	927,452	43
	Non-current assets					
1600	Property, plant and equipment	6(5), 7 and 8	1,194,926	52	1,222,588	56
1755	Right-of-use assets	6(6)	8,982	-	13,504	-
1840	Deferred income tax assets	6(18)	10,702	1	16,102	1
1900	Other non-current assets		1,325	-	1,932	-
15XX	**Total non-current assets**		1,215,935	53	1,254,126	57
1XXX	**Total assets**		$ 2,295,197	100	$ 2,181,578	100

(Continued)

BAOTEK INDUSTRIAL MATERIALS LTD.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2150	Notes payable		$ 34	-	$ -	-
2170	Accounts payable		14,113	1	18,382	1
2180	Accounts payable - related parties	7	220,891	10	142,658	6
2200	Other payables	6(7)	101,518	4	82,208	4
2220	Other payables - related parties	6(7) and 7	5	-	25	-
2280	Current lease liabilities	6(21)	7,232	-	7,132	-
2300	Other current liabilities	6(11)	446	-	378	-
21XX	**Total current liabilities**		344,239	15	250,783	11
	Non-current liabilities					
2580	Non-current lease liabilities	6(21)	1,819	-	6,436	1
2640	Net defined benefit liability, non-current	6(8)	4,087	-	5,773	-
2645	Guarantee deposits received		34	-	34	-
25XX	**Total non-current liabilities**		5,940	-	12,243	1
2XXX	**Total liabilities**		350,179	15	263,026	12
	Equity					
	Share capital					
3110	Common stock	6(9)	1,948,940	85	1,948,940	89
	Accumulated deficit					
3350	Accumulated deficit	6(10)	(3,922)	-	(30,388)	(1)
3XXX	**Total equity**		1,945,018	85	1,918,552	88
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 2,295,197	100	$ 2,181,578	100

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(11) and 7	$ 1,232,147	100	$ 1,334,967	100
5000	Operating costs	6(4)(16)(17) and 7	(1,101,328)	(90)	(1,156,967)	(87)
5900	Net operating margin		130,819	10	178,000	13
	Operating expenses	6(16)(17) and 7				
6100	Selling expenses		(20,789)	(2)	(31,449)	(2)
6200	Administrative expenses		(65,393)	(5)	(67,575)	(5)
6300	Research and development expenses		(12,280)	(1)	(12,479)	(1)
6450	Impairment expected credit (loss) gain	12(2)	(19)	-	8	-
6000	Total operating expenses		(98,481)	(8)	(111,495)	(8)
6900	Operating profit		32,338	2	66,505	5
	Non-operating income and expenses					
7100	Interest income	6(12)	862	-	257	-
7010	Other income	6(13) and 7	6,197	1	7,544	1
7020	Other gains and losses	6(14)	(9,315)	(1)	30,816	2
7050	Finance costs	6(15)	(129)	-	(161)	-
7000	Total non-operating income and expenses		(2,385)	-	38,456	3
7900	**Profit before income tax**		29,953	2	104,961	8
7950	Income tax expense	6(18)	(5,017)	-	(20,692)	(2)
8200	**Profit for the period**		$ 24,936	2	$ 84,269	6
8311	Gain on defined benefit plan	6(8)	$ 1,913	-	$ 2,711	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)	(383)	-	(542)	-
8300	**Other comprehensive income for the period**		$ 1,530	-	$ 2,169	-
8500	**Total comprehensive income for the period**		$ 26,466	2	$ 86,438	6
	Basic and diluted earnings per share (in dollars)					
9750	Earnings per share	6(19)	$ 0.13		$ 0.43	

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Share capital - common stock	Accumulated deficit	Total equity
2022			
Balance at January 1, 2022	$ 1,948,940	($ 116,826)	$ 1,832,114
Net income	-	84,269	84,269
Other comprehensive income	-	2,169	2,169
Total comprehensive income	-	86,438	86,438
Balance at December 31, 2022	$ 1,948,940	($ 30,388)	$ 1,918,552
2023			
Balance at January 1, 2023	$ 1,948,940	($ 30,388)	$ 1,918,552
Net income	-	24,936	24,936
Other comprehensive income	-	1,530	1,530
Total comprehensive income	-	26,466	26,466
Balance at December 31, 2023	$ 1,948,940	($ 3,922)	$ 1,945,018

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 29,953	$ 104,961
Adjustments			
Adjustments to reconcile profit (loss)			
Net losses on financial assets or liabilities at fair value through profit or loss	6(2)	448	13
Depreciation expense	6(5)(6)(16)	112,070	116,358
Expected credit (gain) loss	12(2)	19	(8)
Losses on disposal of property, plant and equipment	6(5)(14)	5,955	2,211
Gain on lease modification	6(6)(14)	(4)	-
Interest income	6(12)	(862)	(257)
Interest expense	6(15)	129	161
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		20	(20)
Accounts receivable		76,664	10,842
Accounts receivable - related parties		(127,700)	14,184
Other accounts receivable		(2,322)	6,244
Other receivables - related parties		161	(39)
Inventories		(104,868)	(58,785)
Prepayments		(1,359)	6,142
Other current assets		(4,099)	2,770
Other non-current assets		-	21,325
Changes in operating liabilities			
Notes payable		34	(15)
Accounts payable		(4,269)	(2,614)
Accounts payable - related parties		78,233	(41,830)
Other accounts payable		5,907	(5,235)
Other accounts payable - related parties		(20)	7
Other current liabilities		68	55
Net defined benefit liability, non-current		227	166
Cash inflow generated from operations		64,385	176,636
Interest acquired		862	257
Interest paid		(129)	(161)
Income tax paid		(77)	(13)
Net cash flows from operating activities		65,041	176,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(20)	(72,228)	(111,519)
Proceeds from disposal of property, plant and equipment		2,941	101
Decrease in refundable deposits		607	21,417
Net cash flows used in investing activities		(68,680)	(90,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		100	10,100
Increase in short-term loans		(100)	(10,100)
Payment of lease liability	6(21)	(7,664)	(7,231)
Net cash flows used in financing activities		(7,664)	(7,231)
Net (decrease) increase in cash and cash equivalents		(11,303)	79,487
Cash and cash equivalents at beginning of year	6(1)	140,920	61,433
Cash and cash equivalents at end of year	6(1)	$ 129,617	$ 140,920

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

BAOTEK INDUSTRIAL MATERIALS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

BAOTEK INDUSTRIAL MATERIALS LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in high-end fiberglass fabrics for copper clad laminates of various electronic applications. NITTO BOSEKI CO., LTD. holds 47.65% equity interest in the Company through public tender offer on August 10, 2018, becoming the Company's major shareholder since that date. NITTO BOSEKI CO., LTD. holds more than half of the directors in the Company on June 21, 2019, becoming the Company's parent company since that date.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were authorised for issuance by the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7 , 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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 exchangebility'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

A. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(6) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	1 ~ 56 years
Machinery and equipment	1 ~ 15 years
Other equipment	1 ~ 51 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Amounts expected to be payable by the lessee under residual value guarantees.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(15) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(16) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from regulation of Income tax to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(20) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(21) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(22) Revenue recognition

Sales of goods

A. The Company manufactures and sells a range of high-end fiberglass fabrics. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. The sales usually are made with a credit term between 30~120 days, which is the same with the market practice, so the contract does not include a significant financing component.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. The valuation of inventories is principally based on the value of the historical experience for handling obsolete inventories. Therefore, there might be material changes to the valuation.

As of December 31, 2023, the carrying amount of inventories was $501,522.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and revolving funds	$	54	$	54
Checking accounts and demand deposits		129,563		140,866
	$	129,617	$	140,920

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	December 31, 2023		December 31, 2022	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Valuation adjustment	$	785	$	1,233

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31, 2023		Year ended December 31, 2022	
Financial assets mandatorily measured at fair value through profit or loss				
Derivatives	($	448)	($	13)

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
Derivative financial instruments	Contract amount (Notional principal in thousands)	Contract period
Current item:		
Forward foreign exchange contracts	USD 1,970	2023.12~2024.02

	December 31, 2022	
Derivative financial instruments	Contract amount (Notional principal in thousands)	Contract period
Current item:		
Forward foreign exchange contracts	USD 4,136	2022.10~2023.03

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

D. The Company entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of operating activities proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 212,197	$ 288,861
Less: Allowance for uncollectible accounts	(66)	(86)
	212,131	288,775
Accounts receivable - related parties	207,191	79,491
Less: Allowance for uncollectible accounts	(63)	(24)
	207,128	79,467
	$ 419,259	$ 368,242

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Up to 30 days	$ 135,209	$ 125,441
31 to 90 days	223,505	176,381
91 to 180 days	60,674	66,530
	$ 419,388	$ 368,352

The above ageing analysis was based on invoice date.

B. The Company does not hold any collateral for its accounts receivable as security.

C. As of December 31, 2023 and 2022, and January 1, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s accounts receivable were $419,259, $368,242 and $393,260, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 120,781	($ 1,413)	$ 119,368
Supplies	2,621	-	2,621
Work in progress	88,376	(683)	87,693
Finished goods	309,113	(17,273)	291,840
	$ 520,891	($ 19,369)	$ 501,522

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 92,231	($ 928)	$ 91,303
Supplies	3,395	(2)	3,393
Work in progress	66,881	(134)	66,747
Finished goods	242,480	(7,269)	235,211
	$ 404,987	($ 8,333)	$ 396,654

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	$ 1,092,042	$ 1,164,163
Loss (gain) on reversal of decline in market value	11,036	(5,117)
Revenue from sales of scraps	(1,750)	(2,079)
	$ 1,101,328	$ 1,156,967

For the year ended December 31, 2022, the Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold.

(5) Property, plant and equipment

	2023					
	Land	Buildings and structures	Machinery	Others	Construction in progress and equipment to be inspected	Total
At January 1						
Cost	$ 363,594	$ 554,646	$ 2,175,980	$ 268,709	$ 132,042	$ 3,494,971
Accumulated depreciation	-	(364,598)	(1,684,194)	(223,591)	-	(2,272,383)
	$ 363,594	$ 190,048	$ 491,786	$ 45,118	$ 132,042	$ 1,222,588
Cost:						
Opening net book amount as at January 1	$ 363,594	$ 554,646	$ 2,175,980	$ 268,709	$ 132,042	$ 3,494,971
Additions	-	5,166	30,615	10,197	39,653	85,631
Disposals	-	(1,545)	(169,418)	(2,657)	-	(173,620)
Transfers	-	3,687	882	169	(4,738)	-
Closing net book amount as at December 31	$ 363,594	$ 561,954	$ 2,038,059	$ 276,418	$ 166,957	$ 3,406,982
Accumulated depreciation:						
Opening net book amount as at January 1	$ -	($ 364,598)	($ 1,684,194)	($ 223,591)	$ -	($ 2,272,383)
Depreciation charge	-	(16,100)	(77,326)	(10,971)	-	(104,397)
Disposals	-	1,545	160,863	2,316	-	164,724
Closing net book amount as at December 31	$ -	($ 379,153)	($ 1,600,657)	($ 232,246)	$ -	($ 2,212,056)
At December 31						
Cost	$ 363,594	$ 561,954	$ 2,038,059	$ 276,418	$ 166,957	$ 3,406,982
Accumulated depreciation	-	(379,153)	(1,600,657)	(232,246)	-	(2,212,056)
	$ 363,594	$ 182,801	$ 437,402	$ 44,172	$ 166,957	$ 1,194,926

	2022					
	Land	Buildings and structures	Machinery	Others	Construction in progress and equipment to be inspected	Total
At January 1						
Cost	$ 363,594	$ 549,627	$ 2,015,414	$ 268,505	$ 218,072	$ 3,415,212
Accumulated depreciation	-	(345,601)	(1,611,620)	(222,045)	-	(2,179,266)
	$ 363,594	$ 204,026	$ 403,794	$ 46,460	$ 218,072	$ 1,235,946
Cost:						
Opening net book amount as at January 1	$ 363,594	$ 549,627	$ 2,015,414	$ 268,505	$ 218,072	$ 3,415,212
Additions	-	5,321	50,500	12,708	29,497	98,026
Disposals	-	(302)	(5,227)	(12,738)	-	(18,267)
Transfers	-	-	115,293	234	(115,527)	-
Closing net book amount as at December 31	$ 363,594	$ 554,646	$ 2,175,980	$ 268,709	$ 132,042	$ 3,494,971
Accumulated depreciation:						
Opening net book amount as at January 1	$ -	($ 345,601)	($ 1,611,620)	($ 222,045)	$ -	($ 2,179,266)
Depreciation charge	-	(19,299)	(77,792)	(11,981)	-	(109,072)
Disposals	-	302	5,218	10,435	-	15,955
Closing net book amount as at December 31	$ -	($ 364,598)	($ 1,684,194)	($ 223,591)	$ -	($ 2,272,383)
At December 31						
Cost	$ 363,594	$ 554,646	$ 2,175,980	$ 268,709	$ 132,042	$ 3,494,971
Accumulated depreciation	-	(364,598)	(1,684,194)	(223,591)	-	(2,272,383)
	$ 363,594	$ 190,048	$ 491,786	$ 45,118	$ 132,042	$ 1,222,588

A. For the years ended December 31, 2023 and 2022, there were no borrowing costs capitalised as part of property, plant and equipment.

B. Information on the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The Company acquired and owned a parcel of land, No. 0487-000 Ruiyuan Section, Yang-Mei District for the year ended December 31, 2017. The land is 2,782.35 square meters, which was for farming and grazing held by another person. The Company has acquired the landowners' mortgage registration to guarantee the rights of the uncompleted transfer of the land.

(6) Leasing arrangements－lessee

A. The Company leases various assets including buildings, other equipment, transportation equipment, and multifunction printers. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise parts of transportation equipment. Low-value assets comprise other equipment and multifunction printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Buildings	$	8,008	$	13,180
Transportation equipment		974		324
	$	8,982	$	13,504

	Year ended December 31, 2023		Year ended December 31, 2022	
	Depreciation charge		Depreciation charge	
Buildings	$	7,228	$	6,800
Transportation equipment		445		486
	$	7,673	$	7,286

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $3,718 and $16,190, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	129	$	158
Expense on short-term lease contracts		2,671		2,952

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $10,464 and $10,341, respectively.

(7) Other payables (including related parties)

	December 31, 2023		December 31, 2022	
Accrued salaries and bonuses	$	38,432	$	35,265
Payables for equipment		22,664		9,261
Estimated utility		6,790		7,738
Others		33,637		29,969
	$	101,523	$	82,233

(8) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 34,733)	($ 39,814)
Fair value of plan assets	30,646	34,041
Net defined benefit liability	($ 4,087)	($ 5,773)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 39,814)	$ 34,041	($ 5,773)
Current service cost	(567)	-	(567)
Interest (expense) income	(492)	423	(69)
	(40,873)	34,464	(6,409)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	275	275
Change in demographic assumptions	-	-	-
Change in financial assumptions	(123)	-	(123)
Experience adjustments	1,761	-	1,761
	1,638	275	1,913
Pension fund contribution	-	409	409
Paid pension	4,502	(4,502)	-
Balance at December 31	($ 34,733)	$ 30,646	($ 4,087)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 39,751)	$ 31,433	($ 8,318)
Current service cost	(538)	-	(538)
Interest (expense) income	(275)	219	(56)
Settlement profit or loss	-	-	-
	(40,564)	31,652	(8,912)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,696	2,696
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,673	-	1,673
Experience adjustments	(1,658)	-	(1,658)
	15	2,696	2,711
Pension fund contribution	-	428	428
Paid pension	735	(735)	-
Balance at December 31	($ 39,814)	$ 34,041	($ 5,773)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.20%	1.25%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2023 and 2022, the assumption regarding mortality rate in the future is set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 611)	$ 630	$ 617	($ 602)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 725)	$ 747	$ 732	($ 714)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $499.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 2,545
1-2 year(s)	2,856
2-5 years	9,666
Over 5 years	22,680
	$ 37,747

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $6,138 and $6,403, respectively.

(9) Share capital

A. As of December 31, 2023, the Company's authorised capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was $1,948,940 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. There are 29,000 thousand shares which were raised through private placement that are yet to be publicly issued.

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on June 13, 2007 adopted a resolution to raise additional cash through private placement with the effective date set on June 9, 2008. The shares to be issued through the private placement are 29,000 thousand shares at the price of $7.55 (in dollars) per share. The amount of capital raised through the private placement was $218,950 which had been registered.

C. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in shares)

	2023	2022
At January 1 (At December 31)	194,893,964	194,893,964

(10) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve amounts to the paid-in capital, this provision shall not apply. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. In the Articles of Incorporation, the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders during their meeting.

The Company is in the growth stage. Taking into account the future capital needs and fulfilling the shareholders' need for cash inflow, cash dividends shall account for at least 20% of the total cash and stock dividends distributed. The percentage can only be increased when the Company has sufficient cash to meet the liquidity requirements.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the years ended December 31, 2023 and 2022, the Company did not distribute retained earnings due to the accumulated deficit. On February 23, 2023, the Board of Directors proposed to offset the accumulated deficit as of December 31, 2023. The accumulated deficit of 2022 was resolved at the shareholders' meeting on June 16, 2023.

(11) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	$ 1,232,147	$ 1,334,967

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Year ended December 31, 2023	Taiwan	China	Japan	America	Others	Total
Revenue from external customer contracts	$ 251,983	$ 281,680	$ 377,648	$ 233,714	$ 87,122	$1,232,147
Timing of revenue recognition						
At a point in time	$ 251,983	$ 281,680	$ 377,648	$ 233,714	$ 87,122	$1,232,147

Year ended December 31, 2022	Taiwan	China	Japan	America	Others	Total
Revenue from external customer contracts	$ 223,180	$ 442,080	$ 340,003	$ 209,503	$ 120,201	$1,334,967
Timing of revenue recognition						
At a point in time	$ 223,180	$ 442,080	$ 340,003	$ 209,503	$ 120,201	$1,334,967

B. Contract assets and liabilities

(a) The Company has recognized the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities (shown as other current liabilities)	$ 27	$ 17	$ 25

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue recognized that was included in the contract liability balance at the beginning of the year	$ 17	$ 8

(12) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income:		
Interest income from bank deposits	$ 842	$ 247
Other interest income	20	10
	$ 862	$ 257

(13) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Others	$ 6,197	$ 7,544

(14) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Losses on disposals of property, plant and equipment	($ 5,955)	($ 2,211)
Gains arising from lease modifications	4	$ -
Foreign exchange (losses) gains	(41)	53,692
Losses on financial assets (liabilities) at fair value through profit or loss	(2,818)	(19,950)
Compensation losses	(505)	(711)
Miscellaneous disbursements	-	(4)
	($ 9,315)	$ 30,816

(15) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	$ 129	$ 161

(16) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	$ 228,095	$ 234,371
Depreciation	112,070	116,358
	$ 340,165	$ 350,729

(17) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 191,667	$ 197,248
Labour and health insurance fees	18,360	18,445
Pension costs	6,774	6,997
Other personnel expenses	11,294	11,681
	$ 228,095	$ 234,371

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

   The abovementioned distributable profit is pre-tax profit before deducting employees' compensation and directors' and supervisors' remuneration.

B. As of December 31, 2023 and 2022, the Company had an accumulated deficit hence no employees' compensation and directors' and supervisors' remuneration were accrued for the years ended December 31, 2023 and 2022.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ -	$ 549
Total current tax	-	549
Deferred tax:		
Origination and reversal of temporary differences	(2,211)	-
Impact of change in taxable loss	7,228	20,143
Total deferred tax	5,017	20,143
Income tax expense	$ 5,017	$ 20,692

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Remeasurement of defined benefit obligations	($ 383)	($ 542)

B. Reconciliation between income tax expenses and accounting profit:

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 5,991	$ 20,992
Expenses disallowed by tax regulation	1	13
Tax exempt income by tax regulation	-	-
Temporary differences not recognised as deferred tax assets	2,207	(1,023)
Other	(3,182)	710
Income tax expense	$ 5,017	$ 20,692

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Temporary difference				
Unused vacation pay	$ 1,611	$ 3	$ -	$ 1,614
Unrealised exchange loss	(107)	2,118	-	2,011
Unrealised financial instruments valuation loss (gain)	(246)	90	-	(156)
Net defined benefit liability	406	-	(383)	23
Taxable losses	14,438	(7,228)	-	7,210
	$ 16,102	($ 5,017)	($ 383)	$ 10,702

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Temporary difference				
Unused vacation pay	$ 1,761	($ 150)	$ -	$ 1,611
Unrealised exchange loss	295	(402)	-	(107)
Unrealised financial instruments valuation loss (gain)	(249)	3	-	(246)
Net defined benefit liability	948	-	(542)	406
Taxable losses	34,581	(20,143)	-	14,438
	$ 37,336	($ 20,692)	($ 542)	$ 16,102

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	$ 66,762	$ 25,973	$ -	2025

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2014	$ 113,744	$ 11,258	$ -	2024
2015	66,762	66,762	-	2025
	$ 180,506	$ 78,020	$ -	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 19,369	$ 8,333

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(19) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 24,936	194,894	$ 0.13

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 84,269	194,894	$ 0.43

(20) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 85,631	$ 98,026
Add: Opening balance of payable on equipment	9,261	22,754
Less: Ending balance of payable on equipment	(22,664)	(9,261)
Cash paid during the period	$ 72,228	$ 111,519

(21) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities
At January 1, 2023	$ -	$ 13,568
Increase in cash flow from financing activities		
- Short-term borrowings	100	-
Decrease in cash flow from financing activities		
- Short-term borrowings	(100)	-
Payment of lease liabilities	-	(7,664)
Increase in lease liabilities	-	3,718
Decrease in lease modifications	-	(571)
Interest payment of lease liabilities	-	(129)
Interest expense amortisation of lease liabilities	-	129
At December 31, 2023	$ -	$ 9,051

	Short-term borrowings	Lease liabilities
At January 1, 2022	$ -	$ 4,609
Increase in cash flow from financing activities - Short-term borrowings	10,100	-
Decrease in cash flow from financing activities - Short-term borrowings	(10,100)	-
Payment of lease liabilities	-	(7,231)
Increase in lease liabilities	-	16,190
Interest payment of lease liabilities	-	(158)
Interest expense amortisation of lease liabilities	-	158
At December 31, 2022	$ -	$ 13,568

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
NITTO BOSEKI CO., LTD.	Parent company (Note 1)
NITTOBO MACAU GLASS WEAVING CO., LTD.	Fellow subsidiary (Note 2)
NITTOBO TECHNO CO., LTD.	Fellow subsidiary (Note 2)
SOYO CO., LTD.	Fellow subsidiary (Note 2)
NITTOBO ASIA GLASS FIBER CO., LTD.	Fellow subsidiary (Note 2)
NITTOBO TAIWAN CO., LTD.	Fellow subsidiary (Note 2)

Note 1: Held more than half of the seats in the Company's Board of Directors.

Note 2: The Company is a subsidiary of NITTO BOSEKI CO., LTD.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of services:		
Parent company:		
NITTO BOSEKI CO., LTD.	$ 375,092	$ 335,647
Fellow subsidiary:		
NITTOBO TAIWAN CO., LTD.	120,128	67,419
NITTOBO MACAU GLASS WEAVING CO., LTD.	-	27,454
Others	2,556	3,645
	$ 497,776	$ 434,165

Goods are sold based on the price lists in force and terms that would be available to third parties. The above sales are made at terms with a collection period of 90 days, whereas the receivables from third parties were at terms with a collection period between 30~120 days and others were payment in advance.

B. Purchases:

	Year ended December 31, 2023		Year ended December 31, 2022	
Purchases of goods:				
Parent company:				
NITTO BOSEKI CO., LTD.	$	45,047	$	15,295
Fellow subsidiary:				
NITTOBO ASIA GLASS FIBER CO., LTD.		591,138		602,075
Others		14,253		21,182
	$	650,438	$	638,552

Goods purchased from related parties are not available from third parties, so the purchase prices are not comparable. The purchases were made at normal commercial terms and conditions. The payables to related parties arise mainly from purchase transactions, and payments were due in 90 days, whereas the payments for third parties were due in 60~120 days.

C. Receivables from related parties

	December 31, 2023		December 31, 2022	
Accounts receivable:				
Parent company:				
NITTO BOSEKI CO., LTD.	$	124,152	$	54,066
Fellow subsidiary:				
NITTOBO TAIWAN CO., LTD.		81,704		25,401
Others		1,272		-
		207,128		79,467
Other receivables:				
Parent company:				
NITTO BOSEKI CO., LTD.		613		774
Fellow subsidiary:				
Others		17		17
		630		791
	$	207,758	$	80,258

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Parent company:		
NITTOBO BOSEKI CO., LTD.	$ 13,325	$ -
Fellow subsidiary:		
NITTOBO ASIA GLASS FIBER CO., LTD.	204,525	140,643
Others	3,041	2,015
	220,891	142,658
Other payables		
Parent company:		
NITTOBO BOSEKI CO., LTD.	5	25
	$ 220,896	$ 142,683

E. Property transactions

Acquisition of property, plant and equipment:

	Year ended December 31, 2023	Year ended December 31, 2022
Fellow subsidiary:		
NITTOBO TECHNO CO., LTD.	$ 124	$ 21,545
NITTOBO MACAU GLASS WEAVING CO., LTD.	-	281
	$ 124	$ 21,826

F. Other revenues

	Year ended December 31, 2023	Year ended December 31, 2022
Parent company:		
NITTO BOSEKI CO., LTD.	$ 3,736	$ 4,146
Fellow subsidiary:		
NITTOBO TAIWAN CO., LTD.	192	192
	$ 3,928	$ 4,338

G. Other expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Parent company:		
NITTO BOSEKI CO., LTD.	$ 2,501	$ 2,413

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	$ 9,413	$ 8,814
Post-employment benefits	298	294
	$ 9,711	$ 9,108

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Land	$ 351,099	$ 351,099	Loan facilities
Buildings and structures	118,372	123,296	Loan facilities
	$ 469,471	$ 474,395	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023, the Company provided bank guarantee facilities of $4,000, to the Ministry of Finance as customs duty guarantee for 'Post-release Duty Payment' of imported goods.

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 32,452	$ 50,372

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company has to maintain sufficient capital to afford extending and upgrading the factories and equipment. Hence, capital management of the Company is to ensure that they have adequate financial resources and operating strategy to afford the operating funds, capital output and research and development expenses within twelve months from the balance sheet date. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the year ended December 31, 2023, the Company's strategy, which was unchanged from 2022, was to maintain the properly gearing ratio. The gearing ratios were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 350,179	$ 263,026
Total assets	$ 2,295,197	$ 2,181,578
Gearing ratio	15.26%	12.06%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 785	$ 1,233
Financial assets at amortised cost		
Cash and cash equivalents	$ 129,617	$ 140,920
Accounts receivable, net	212,131	288,775
Accounts receivable - related parties	207,128	79,467
Other receivables	8,293	5,971
Other receivables - related parties	630	791
Guarantee deposits paid	1,325	1,932
	$ 559,124	$ 517,856

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 34	$ -
Accounts payable	14,113	18,382
Accounts payable - related parties	220,891	142,658
Other accounts payable	101,518	82,208
Other accounts payable - related parties	5	25
Guarantee deposits received	34	34
	$ 336,595	$ 243,307
Lease liability	$ 9,051	$ 13,568

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management of the Company is to focus on unpredictable events in financial market and minimise any adverse effects on the financial performance of the Company. Derivatives are used exclusively for hedging purposes. Please refer to Note 6(2).

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The sales and purchases of the Company are mainly denominated in USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to manage the Company's foreign exchange risk against its functional currency. The Company is required to hedge the entire foreign exchange risk exposure with the Company treasury. To control the foreign exchange risk of future business transactions and recognized assets and liabilities, forward foreign exchange contracts are adopted by the Company's financial department. The foreign exchange risk arises from future business transactions, recognized assets and liabilities expressed in nonfunctional currency.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,093	30.71	$ 340,619
JPY:NTD	1,043	0.22	227
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	$ 558	30.71	$ 17,123
EUR:NTD	3	33.98	89
JPY:NTD	22,184	0.22	4,818
Non-monetary items: None.			

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,046	30.71	$ 339,235
JPY:NTD	392	0.23	91
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	$ 149	30.71	$ 4,585
EUR:NTD	3	32.72	86
JPY:NTD	58	0.23	13
Non-monetary items: None.			

ii. The total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to ($41) and $53,692, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	3%	$	10,219	$	-
JPY:NTD	1%		2		-
Financial liabilities					
Monetary items					
USD:NTD	3%	$	514	$	-
EUR:NTD	1%		1		-
JPY:NTD	1%		48		-

	Year ended December 31, 2022				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	3%	$	10,177	$	-
JPY:NTD	1%		1		-
Financial liabilities					
Monetary items					
USD:NTD	3%	$	138	$	-
EUR:NTD	1%		1		-
JPY:NTD	1%		-		-

Price risk

The company has no significant price risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments stated at amortised cost and bank deposits.

ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In accordance with the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Company, and approved by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customers' accounts receivable, in accordance with credit risk on trade and customer types. The Company applies the modified approach using the provision matrix to estimate expected credit loss.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecastability of the adjusted historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Not past due	Over 120 days past due	Over 180 days past due	Over 365 days past due	Total
At December 31, 2023					
Expected loss rate	0.03%	0.06%	50%	100%	
Total book value	$ 419,388	$ -	$ -	$ -	$419,388
Loss allowance	$ 129	$ -	$ -	$ -	$ 129

	Not past due	Over 120 days past due	Over 180 days past due	Over 365 days past due	Total
December 31, 2022					
Expected loss rate	0.03%	0.06%	50%	100%	
Total book value	$ 368,352	$ -	$ -	$ -	$368,352
Loss allowance	$ 110	$ -	$ -	$ -	$ 110

xii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023
	Accounts receivable
At January 1	$ 110
Provision for impairment	19
At December 31	$ 129

	2022
	Accounts receivable
At January 1	$ 118
Reversal of impairment loss	(8)
At December 31	$ 110

(c) Liquidity risk

The table below analyses the Company’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Non-derivative financial liabilities					
Notes payable	$ -	$ 34	$ -	$ -	$ 34
Accounts payable	11,834	2,279	-	-	14,113
Accounts payable - related parties	220,891	-	-	-	220,891
Other accounts payable	98,326	3,192	-	-	101,518
Other accounts payable - related parties	-	5	-	-	5
Lease liability	1,903	5,410	1,280	570	9,163
Derivative financial liabilities					
None.					

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 15,447	$ 2,935	$ -	$ -	$ 18,382
Accounts payable - related parties	142,658	-	-	-	142,658
Other accounts payable	79,406	2,802	-	-	82,208
Other accounts payable - related parties	-	25	-	-	25
Lease liability	1,847	5,378	6,467	-	13,692
Derivative financial liabilities					
None.					

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks and convertible bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investment in is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 785	$ -	$ 785
Liabilities				
Recurring fair value measurements:				
Financial liabilities at fair value through profit or loss	$ -	$ -	$ -	$ -

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 1,233	$ -	$ 1,233
Liabilities				
Recurring fair value measurements:				
Financial liabilities at fair value through profit or loss	$ -	$ -	$ -	$ -

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1, Level 2 and Level 3.

E. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 1.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 2.

I. Trading in derivative instruments undertaken during the reporting period: Refer to Notes 6(7) and 12(3).

J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Refer to table 3.

14. SEGMENT INFORMATION

(1) Segment information

The Company mainly manufactures and sells electronic fiberglass fabrics, and the nature of the manufacturing process and sales method of the products are similar. The single operating department allocates resources and assesses performance of the Company as a whole, therefore, the Company does not disclose the segment information.

(2) Information on products and services

The Company mainly manufactures and sells electronic fiberglass fabrics, and the nature of the manufacturing process and sales method of the products are similar. Therefore, the Company is not required to disclose the finance information of products.

(3) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 251,983	$ 1,203,908	$ 223,180	$ 1,236,092
China	281,680	-	442,080	-
Japan	377,648	-	340,003	-
America	233,714	-	209,503	-
Others	87,122	-	120,201	-
	$ 1,232,147	$ 1,203,908	$ 1,334,967	$ 1,236,092

(4) Major customer information

Major customer information of the Company for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	$ 375,092	The Company	$ 335,647	The Company
C	183,917	The Company	158,257	The Company
E	120,128	The Company	67,419	The Company
B	114,685	The Company	173,248	The Company
D	112,272	The Company	130,531	The Company

BAOTEK INDUSTRIAL MATERIALS LTD.

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

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
BAOTEK INDUSTRIAL MATERIALS LTD.	NITTOBO ASIA GLASS FIBER CO., LTD.	Fellow subsidiary	Purchases	$ 591,138	84%	Note 1	Note 1	Note 1	($ 204,525)	(87%)	
BAOTEK INDUSTRIAL MATERIALS LTD.	NITTO BOSEKI CO., LTD.	Parent	Sales	(375,092)	(30%)	Note 2	Note 2	Note 2	124,152	30%	
BAOTEK INDUSTRIAL MATERIALS LTD.	NITTOBO TAIWAN CO., LTD.	Fellow subsidiary	Sales	(120,128)	(10%)	Note 2	Note 2	Note 2	81,704	19%	

Note 1: Goods purchased from related parties cannot be purchased from third parties, so the price is not comparable. The payments were due in 90 days.

Note 2: Goods are sold based on the price list in force that would be available to third parties. The sales are made at terms with a collection period of 90 days

BAOTEK INDUSTRIAL MATERIALS LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date		Allowance for doubtful accounts	
						Amount	Action taken				
BAOTEK INDUSTRIAL MATERIALS LTD.	NITTO BOSEKI CO., LTD.	Parent	$	124,152	4.21	NA	NA	$	52,671	$	38

BAOTEK INDUSTRIAL MATERIALS LTD.

Major shareholders information

December 31, 2023

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
NITTO BOSEKI CO., LTD.	92,865,791	47.64%

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand		$ 54
Cash in banks		
Demand deposits		
-New Taiwan Dollars		119,228
-Foreign currencies	USD 328,657.92, foreign exchange rate 30.71	10,091
	JPY 1,042,925.00, foreign exchange rate 0.22	226
Check deposits		18
		$ 129,617

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount	Note
Third parties			
D		$ 47,440	
C		44,941	
B		36,566	
F		32,426	
G		25,174	
H		12,701	
Others		12,949	No balance of each remaining item is greater than 5% of this account.
		212,197	
Less: Allowance for uncollectible accounts		(66)	
		212,131	
Rleated parties			
NITTO BOSEKI CO., LTD.		124,190	
NITTOBO TAIWAN CO., LTD.		81,729	
Others		1,272	No balance of each remaining item is greater than 5% of this account.
		207,191	
Less: Allowance for uncollectible accounts		(63)	
		207,128	
		$ 419,259	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount: Cost	Amount: Net Realizable Value	Footnote
Raw materials		$ 120,781	$ 111,877	NOTE
Supplies		2,621	2,641	"
Work in progess		88,376	154,885	"
Finished goods		309,113	329,842	"
		520,891	$ 599,245	
Less: Allowance for valuation loss		(19,369)		
		$ 501,522		

Note: Net realisable value is based on the market value.
The above inventories were not pledged to others.

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Beginning Balance	Addition	Decrease	Transfer	Ending Balance	Collateral	Note
Land	$ 363,594	$ -	$ -	$ -	$ 363,594	Some pledged as collateral for short-term borrowings	
Buliding and structures	554,646	5,166	(1,545)	3,687	561,954	Some pledged as collateral for short-term borrowings	
Machinery	2,175,980	30,615	(169,418)	882	2,038,059	None	
Development equipment	1,227	-	(87)	-	1,140	None	
Transportation equipment	3,550	-	-	-	3,550	None	
Office equipment	8,874	570	-	-	9,444	None	
Other equipment	255,058	9,627	(2,570)	169	262,284	None	
Construction in progress and to be inspected devices	132,042	39,653	-	(4,738)	166,957	None	
	$ 3,494,971	$ 85,631	($ 173,620)	$ -	$ 3,406,982		

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Building and structures	$ 364,598	$ 16,100	($ 1,545)	$ 379,153	
Machinery	1,684,194	77,326	(160,863)	1,600,657	
Development equipment	1,228	-	(87)	1,141	
Transportation equipment	617	664	-	1,281	
Office equipment	7,834	425	-	8,259	
Other equipment	213,912	9,882	(2,229)	221,565	
	$ 2,272,383	$ 104,397	($ 164,724)	$ 2,212,056	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Client Name	Description	Amount	Note
Third parties			
A		$ 4,483	
B		3,358	
C		2,009	
D		798	
Others		3,465	No balance of each remaining item is greater than 5% of this account.
		14,113	
Rleated parties			
NITTO ASIA GLASS FIBER CO., LTD.		204,525	
NITTO BOSEKI CO., LTD.		13,325	
Others		3,041	No balance of each remaining item is greater than 5% of this account.
		220,891	
		$ 235,004	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Volume	Amount
Fiberglass fabrics	38,889 (In thousands of square meters)	$ 1,234,605
Less: Sales return	49 (In thousands of square meters)	(1,597)
Sales allowance		(861)
		$ 1,232,147

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount
Beginning balance of raw materials	$ 92,231
Add: Purchased during the year	665,127
Less: Ending balance of raw materials	(120,781)
Transferred to expenses	(118)
Used during the year	636,459
Beginning balance of supplies	3,395
Add: Purchased during the year	34,832
Less: Ending balance of supplies	(2,621)
Transferred to expenses	(5,534)
Used during the year	30,072
Direct labor	124,898
Manufacturing expense	409,110
Manufacturing cost	1,200,539
Add: Beginning balance of work in progress	66,881
Transfer from finished goods	322,752
Less: Transferred to expenses	(11,686)
Ending balance of work in progress	(88,376)
Cost of work in Progress	1,490,110
Add: Beginning finished goods	242,480
Less: Transferred to expenses	(8,683)
Transferred to work in progress	(322,752)
Ending balance of finished goods at December 31	(309,113)
Manufacturing and selling costs	1,092,042
Cost of goods sold	1,092,042
Gain on reversal of decline in market value	11,036
Revenue from sales of scraps	(1,750)
Operating costs	$ 1,101,328

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Description	Amount	Note
Utility expense		$ 104,186	
Depreciation		101,766	
Wages, salaries and other personnal expense		62,203	
Repairs and maintenance expense		49,012	
Heavy oil fee		31,940	
Consumables		24,949	
Gas expense		22,789	
Other expenses		12,265	No balance of each remaining item is greater than 5% of this account.
		$ 409,110	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Freight		$ 11,519	
Wages, salaries and other personnal expense		5,529	
Insurance expense		1,201	
Other expenses		2,540	No balance of each remaining item is greater than 5% of this account.
		$ 20,789	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		$ 26,323	
Freight		9,986	
Depreciation		9,264	
Professional service fees		7,657	
Other expenses		12,163	No balance of each remaining item is greater than 5% of this account.
		$ 65,393	

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Wages and salaries		$ 9,144	
Depreciation		1,040	
Research and development expenses		718	
Other expenses		1,378	No balance of each remaining item is greater than 5% of this account.
		$ 12,280	

BAOTEK INDUSTRIAL MATERIALS LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 156,258	$ 33,053	$ 189,311	$ 159,621	$ 34,785	$ 194,406
Labour and health insurance fees	15,191	3,169	18,360	15,181	3,264	18,445
Pension costs	5,291	1,483	6,774	5,120	1,876	6,996
Directors' remuneration	-	2,356	2,356	-	2,842	2,842
Other personnel expenses	10,359	935	11,294	10,680	1,002	11,682
Depreciation	101,766	10,304	112,070	105,337	11,022	116,359

Note:

1.As at December 31, 2023 and 2022, the Company had 315 and 328 employees, and 4 and 7 directors who were not employees, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(1) Average employee benefit expense in current year is $726.
Average employee benefit expense in previous year is $721.

(2) Average employee salaries in current year is $609.
Average employee salaries in previous year is $606.

(3) Adjustments of average employee salaries is 0.5%.

BAOTEK INDUSTRIAL MATERIALS LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

(4) Please disclose the company's remuneration policy (including directors, managerial officers and employees).

A. The remuneration of directors is fixed remuneration regarding to the peer industry, and there is no variance remuneration. Moreover, the remuneration policy follows the Company's Articles of Association.

B. The remuneration of the Company’s managers is based on the Company’s salary policy and the position in the peer industry market, within the Company’s scope of authority and responsibility for the position and the contribution to the Company’s operating goals.

C. Talent is an important asset of the Company. The salary and remuneration policy of the Company's employees is different according to job rank, position, attributes, or special conditions. The salary of the employees follows the labor laws and regulations, with the goal of creating a mutually beneficial relationship between the Company and its employees. Every year, the Company conducts promotions based on operating performance, team goal achievement and individual performance, skills certification, and market salary surveys to conduct salary adjustment policies to attract, motivate and retain outstanding talents, and employee bonuses are in accordance with the Company's Articles of Association.