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首利實業股份有限公司
Solytech Enterprise Corporation

2023 Annual Report

Printed on May 10, 2024

Solytech Enterprise Corporation Annual Report is available at:

<http://mops.twse.com.tw>

Corporate Website: <http://www.soly-tech.com>

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Website: <http://www.pwc.tw>
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V. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None.

VI. Corporate Website: <http://www.soly-tech.com>

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I. Letter to Shareholders

Dear Shareholders,

Thank you for your love and support for our company. We would also like to express our gratitude to all our colleagues for their hard work and contributions over the past year. In this report, we will provide an overview of our company's performance in the past year and our outlook for the 2024 fiscal year.

1. Operating Performance in 2023

Below is 2023 business report and the plans of subsequent years:

Unit: NT\$ thousand

Item\Year	2022	2023	Increase/Decrease	Variation ratio %
Revenue	237,989	256,642	18,653	7.84
Gross Profit (or Loss)	(2,555)	31,312	33,867	1,325.52
Operating Profit (or Loss)	(152,711)	(84,884)	67,827	44.42
Pre-tax losses Profit (or Loss)	(157,269)	(42,725)	114,544	72.83

The Company's 2023 business scopes mainly focused on the development, production, and sales of computer cases, power supply, and nano photocatalyst air purifier, which created a revenue of NT\$ 256,646 thousand, gross profit NT\$ 31,312 thousand, operating loss NT\$ 84,884 thousand, and pre-tax losses NT\$ 42,725 thousand. While the global industrial environment has undergone rapid changes in recent years, the Company remains committed to expanding and promoting its core related markets. Additionally, to address the issue of underutilized production capacity, the Company has been renovating and leasing out the plants that were not in operation, thereby obtaining a portion of operating funds. Looking ahead, the company will continue to focus on improving overall operational performance and enhancing working capital.

2. 2024 Business Plan

In recent years the Company has been facing challenges with regard to the rapid change of computer-related products, intense market competition, and consumers' behavior changes over digital products. In the following years, the Company will be steady toward success and holding the below guideline for management:

(1) Guideline for management

Integrate group resources to continue research & development in various electronic products and products that align with ESG principles.

(2) Goal of business

In addition to holding steady by focusing on the businesses of gaming and electronics products, the Company also extends the business scope to the products such as sedans, RVs, and large power cords used by engines and yacht shore power systems, which makes diversification. Furthermore, in the post-pandemic era, global emphasis on environmental purification has increased significantly. Solytech has joined the Taiwan Air Quality Health and Safety Association as a member and actively invested in development. The Company has pioneered the research and development of a series of photocatalyst purifier products, earning multiple patents for invention. This enables the Company to expand into more diversified markets.

(3) Policies on production & sales

The Company continues to expand its private label business and conduct an outsourcing approach to the low value-adding services such as stamping and assembling, in the aim of optimizing the production cost.

3. Strategic Growth Plan for the Future

(1) Market expansion on the basis of current core competences

The Company has established partnerships with mainstream e-sports brands and will focus on the development of high-end models and low-cost production to enhance its competitive advantage.

(2) Developments in new technology and new products

The Company's gaming brand, Apexgaming®, has been leading the e-sport market with the product innovation and investment in research & development.

Since the outbreak of the Covid-19 pandemic, in compliance with government health policies and to avoid crowded public spaces, the Company has developed an air purifier under the brand HYPURE. Therefore, the team of research & development has developed a non-light pollution of UV-A light of Nanoparticulate

titanium dioxide (TiO₂), to efficiently decompose the harmful substances. Co-developing with our partner who is the only company certified by Taiwan Photocatalyst Mark Certification, the Company has carried the nano-photocatalyst (TiO₂) on the nickel foam, which has a 3D cross pattern and achieves a high-area adhesion effect, aligning with non-light pollution of UV-A light to decompose the harmful substances such as CO₂ and H₂O. This product, therefore, features antibacterial and deodorizing properties, and achieves an outstanding mold-free air purification environment. The technology has been developed and has obtained eight utility model patents and three invention patents from The Intellectual Property Office in Taiwan.

(3) Business on Private Brand

eSports is an emerging and flourishing industry in recent years. To seize this market opportunity, the Company has collaborated with a US company, Apex, to have launched an eSports private brand, Apexgaming[®]. With the global distribution network in retail channels, the Company at this early stage is focusing on the markets in the US, China, and Europe. The Company has been dedicated to new technology in the development of photocatalyst products and spotting business opportunities that previously went unnoticed. Our R&D team has developed a series of products of various types, including desktop, portable, vehicle, and commercial types. In both 2022 and 2023, our photocatalyst products were honorably certified and awarded the first Gold Certification Mark of Air Purifiers.

4. Impacts on the competitive, legal, and general environment

- (1) In the face of fierce competition on production capacity, China–United States trade war, the Covid-19 pandemic, and global inflation, the arrangements of product development, resource allocation, and customer service shall be made in a proper manner. In addition, risk control and asset activation efficiency also play an important role.
- (2) The operations of the Company are handled in accordance with the law and regulations, and the Company consistently monitors policy adjustments and changes to adapt to market shifts. Therefore, regulatory changes are not expected to have any significant impact.
- (3) Careful studies have been conducted to track consumers' needs and the changes in the general environment. Proper coping strategies and policies will be adopted to beat the competition.

Wishing you all health and happiness
Sincerely,

Solytech Enterprise Corporation
President: Cheng, Chieh

II. Company Profile

1. Date of Incorporation: October 21, 1982

2. Company History:

1982 – Solytech Enterprise Corporation was established in 1982. Its main business was the trade of textile cloth.

1999 – The stock was listed on Taipei Exchange (TPEX)

2000 – The stock was transferred from TPEX to TWSE for trading and listing.

2002 – Established an electronic business department to increase the Company's competitiveness by enhancing its operational capability and increasing product diversity.

2003 – Reelected directors and supervisors, and Mr. Cheng Chieh elected as the new Chairman of the Company.

2004 – Obtained the approval of MOEAIC to indirect re-invest Deer Electronics (DONG GUAN) Co., Ltd in China.

2005 -- Obtained the approval of MOEAIC to indirect re-invest Supercase International Corporation. The Company carried out capitalized retained earnings in the amount of NT\$104,959 thousand dollars.

2006 -- This year, a total of 894 thousand shares were issued as a result of employee stock options exercised.

Reelected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.

MOEAIC approved the capital increase for Supercase International Corporation in China.

Carried out capitalized of retained earnings and employee bonuses for NT\$140,788 thousand dollars.

MOEAIC approved the capital increase for Deer Electronics (DONG GUAN) Co., Ltd in China.

2007 -- This year, a total of 381 thousand shares were issued as a result of employee stock options exercised.

Approved by Securities and Futures Bureau to increase capital through the issuance of 10,600 thousand common stock.

Approved by Securities and Futures Bureau to issue 6,000 thousand units of employee stock options.

Buyback 300 thousand treasury stock.

2008 -- Buyback 1,300 thousand treasury stock.

MOEAIC approved the capital increase for Supercase International Corporation in China.

MOEAIC approved the capital increase for Deer Electronics (DONG GUAN) Co., Ltd in China.

This year, a total of 153 thousand shares were issued as a result of employee stock options exercised.

2009 -- Reelected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.

MOEAIC approved the capital increase for Deer Electronics (DONG GUAN) Co., Ltd in China.

MOEAIC approved the establishment of Dongguan Solytech Co., Ltd in China.

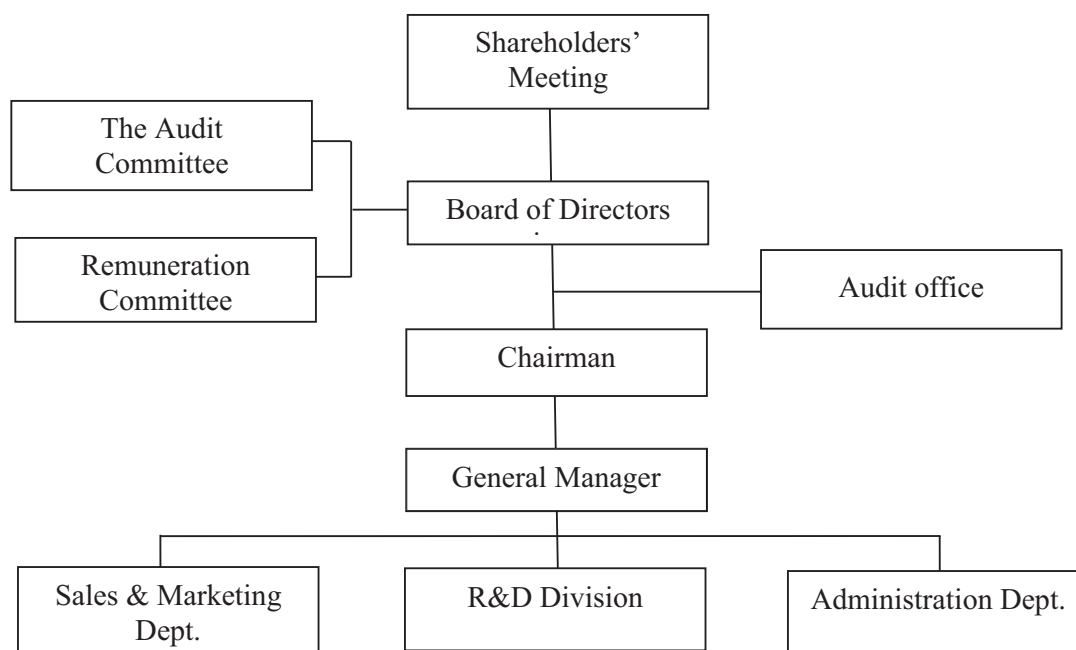
Approved by Securities and Futures Bureau to increase capital through the issuance of 20,000 thousand common stock.

- 2010 -- This year, a total of 1,304 thousand shares were issued as a result of employee stock options exercised.
The Company carried out capitalized retained earnings in the amount of NT\$47,117 thousand dollars.
Approved by Securities and Futures Bureau to increase capital through the issuance of 20,000 thousand common stock.
The amount of 1,600 thousand shares of treasury stock transferred to employees.
Physical stocks have been fully replaced by electronic stocks and no physical issuance will be made
- 2011 -- The Board of Directors established a Remuneration Committee.
- 2012 -- Re-elected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.
The Board of Directors appointed the second term of the Remuneration Committee.
MOEAIC approved the capital increase for Supercase International Corporation in China.
MOEAIC approved the capital increase for DONGGUAN SOLYTECH ENTERPRISE CORPORATION.
- 2015 -- Re-elected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.
The Board of Directors appointed the third term of the Remuneration Committee.
- 2017 -- The Company carried out a capital reduction of NT\$560,531,330.
Issuance of 5,000 thousand common stock through private placement of cash capital increase.
- 2018 -- Re-elected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.
The Board of Directors appointed the fourth term of the Remuneration Committee.
- 2020 -- MOEAIC approved to the establishment of DONG GUAN SHUN CHENG TRADE CO., LTD.
MOEAIC approved to the cancellation of Supercase International Corporation in China.
- 2021 -- Re-elected directors and supervisors, and Mr. Cheng Chieh was reappointed as the Chairman of the Company.
The Board of Directors appointed the fifth term of the Remuneration Committee.
Established an audit committee.
- 2022 -- MOEAIC approved the Company to dispose 50% equity of Deer Electronics (DONG GUAN) Co., Ltd in China.

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Major Corporate Functions

Department	Functions
Audit office	Responsible for auditing business operating status, abnormal analysis, and improvement suggestions.
Sales & Marketing Dept.	Responsible for planning and execution of marketing strategy and market research, planning of marketing channels, and extended and after-sales service.
Research & Development Division	Responsible for new product development and execution, and improvement of existing products' quality, function, and cost.
Administration Center	<p>Administration Dept. — Responsible for general administrative operations, including procurement and contracting operations, human resource recruitment and planning, personnel administration, education and training, business travel, compensation administration, stock affairs, legal affairs, and other related operations.</p> <p>Finance Dept. — Responsible for financial transactions, fund procurement, and other related matters.</p> <p>Accounting Dept. — Responsible for establishing an accounting system, and handling matters related to accounting, tax law, and cost accounting.</p> <p>IT Dept. — Plan and manage the internal and external computer networks of the Company, and establish and maintain information management systems.</p>

2. Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

(1) Directors

1. Directors information

04/21/2024; Unit: Thousand shares

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Position	Executives, Directors or Supervisors within Two Degrees of Kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%	Shares			%	Title	Name		Relation
Chairman	Republic of China	Cheng, Chieh	Male 51-60	07/29/2021	3	06/30/2003	9,290	6.17%	9,290	6.17%	205	0.14%	0	0%	Mechanical Engineering, Hungkuo Delta University of Technology Director of Deer Computer CO.,LTD.	(Note 1)	Director and General Manager Director	CHENG, HSIANG LUKAN-JUNG	Siblings Affinity	None	
Director	Republic of China	Cheng, Hsiang	Male 61-70	07/29/2021	3	06/30/2003	8,737	5.80%	8,737	5.80%	1,144	0.76%	0	0%	Tungnan University Chairman of Deer Computer CO.,LTD.	(Note 2)	Chairman and Chief Operating Officer Director	CHENG, CHIEH LUKAN-JUNG	Siblings Spouses	None	
Director	Republic of China	Cheng, Ken-Yi	Male 61-70	07/29/2021	3	06/19/2009	0	0%	0	0%	0	0%	0	0%	Accounting, Feng Chia University Deputy General Manager, M&A, Hsiang Venture Capital CO., LTD. Associates of Taiwan International Securities CO.,LTD.	(Note 3)	None	None	None	None	
Director	Republic of China	Lee, Kam-lung	Female 51-60	07/29/2021	3	06/30/2003	1,144	0.76%	1,144	0.76%	8,737	5.80%	0	0%	Open Junior College	None	Chairman and Chief Operating Officer Director and General Manager	CHENG, CHIEH CHENG, HSIANG	Affinity Spouses	None	
Independent Director	Republic of China	Chung, Yi-Hao	Male 51-60	07/29/2021	3	06/30/2016	0	0%	0	0%	0	0%	0	0%	Accounting, Chung Yuan Christian University PwC Taiwan KPMG KPMG International Limited	(Note 4)	None	None	None	None	
Independent Director	Republic of China	Ho, Mei-Ying	Female 51-60	07/29/2021	3	06/26/2018	0	0%	0	0%	0	0%	0	0%	Ph.D., Biochemistry, National Tsing Hua University Graduate Institute of Patent, National Taiwan University of Science and Technology Tsai, Lee & Chen Patent Attorneys & Attorneys at Law	(Note 5)	None	None	None	None	
Independent Director	Republic of China	Chang, Ke-Hao	Male 40-50	07/29/2021	3	07/29/2021	0	0%	0	0%	0	0%	0	0%	EMBA, National Chang Kung University Master of Laws, Fudan University Partner lawyer, Chen, Tsai & Partners Apprentice lawyer, Jaiace(T&T) International Law Office	(Note 6)	None	None	None	None	

Note 1: Chief Operating Officer of Solytech Enterprise Corporation, Director of Deer Computer CO.,LTD., Director of FONG YIN INVESTMENT CO., LTD., Representative of Ample Crown International Ltd., Representative of Suntech Trading Limited, Representative of Cosmos Treasure Holdings Ltd., Representative of Premier Action Trading Ltd., Representative of Giant Treasure Limited, Representative of Land Tycoon Limited, Representative of Sure Viva Limited.

Note 2: Chairman of Solytech Enterprise Corporation, Chairman of Deer Computer CO.,LTD., Chairman of FONG YIN INVESTMENT CO., LTD., Chairman of Metagene Biotech Inc., Representative of Ample Crown International Ltd., Representative of Suntech Trading Limited, Representative of Cosmos Treasure Holdings Ltd., Representative of

Note 3: Director of Fung Li Securities, Director of Leader Electronics Inc., Director of Metagene Biotech Inc., Independent director of Proflific Technology Inc., Independent director of Holy Stone Enterprise Co., Ltd., Independent director of SUN BA Power corp.

Note 4: Certified Public Accountant of HUIJEN & CO. CPAS.

Note 5: M. Y. HO & Partners, General Manager of M.Y.I.P Consulting Inc.

Note 6: Attorneys-at-law of Weland Attorneys-at-law, Independent director of SUN BA Power corp.

2. Major shareholders of the institutional shareholders: Not applicable.
3. Major shareholders of the Company's major institutional shareholders: Not applicable
4. Professional Qualifications and Independence Disclosure of Directors and Independent Directors:

Criteria Name	Qualifications and Experience	Independence (Note)	Number of Other Public Companies in Which the individual is Concurrently Serving as an Independent Director
Chairman Cheng, Chieh	Possesses working experience required for business and corporate business	Not applicable.	0
Director Cheng, Hsiang	Possesses working experience required for business and corporate business		0
Director Lee, Kan-Jung	Possesses working experience required for business and corporate business		0
Director Cheng, Ken-Yi	Possesses working experience required for business and corporate business		2
Independent Director Chung, Yi-Hao	CPA Certification; Possesses working experience required for business and corporate business	(1) Not been a person of any conditions defined in Article 30 of the Company Law. (2) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	0
Independent Director Ho, Mei-Ying	Patent Attorney Certification; Possesses working experience required for business and corporate business	(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of other directors (4) Not an employee of the Company or any of its affiliates. (5) Not a director or supervisor of the Company or any of its affiliates.	0
Independent Director Chang, Ke-Hao	Passed bar examination; Possesses working experience required for business and corporate business	(6) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (7) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 4 or any of the persons in 5 and 6 subparagraphs. (8) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (9) Less than half of the seats on the Board of Directors or voting rights are held by individuals who control the directors, supervisors, or employees of other companies. (10) Not being in a condition that the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (11) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (12) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.	1

5. Diversity and Indigence of The Board of Directors

(1) The Diversity of the Board of Directors

Based on the policy of diversification and strengthening corporate governance to promote the sound development of the composition and structure of the Board of Directors, the Company adopts a candidate nomination system following the provisions of the Company's articles of association to evaluate the academic and professional qualifications, professional background, integrity, or relevant professional qualifications of each candidate. After resolution by the Board of Directors, the Company submits the candidates to the shareholders' meeting for election. The composition of the Board of Directors should not exceed one-third of the total number of directors who also serve as the Company's executives. The Board of Directors should also develop appropriate diversification policies based on its operations, business models, and development needs, including but not limited to the following:

- A. Basic Conditions and Values: Gender, age, nationality, and culture.
 - B. Professional Acknowledge and Skills: Business judgment ability, accounting and financial analysis ability, management skills, crisis management ability, industry knowledge, international market insight, leadership ability, and decision-making ability.
- The Company's current Board of Directors consists of seven members, and the specific management goals and achievements to diversify the composition of the Board of Directors are as follows:

Management goals	Achievements
The board of directors includes at least one director of a different gender.	Achieved
The number of independent directors exceeds one-third of the total number of directors.	Achieved
The number of directors who are also executives of the Company should not exceed one-third of the total number of directors	Achieved
The term of independent directors shall not exceed three years.	Achieved
Sufficient and diverse professional knowledge and skills.	Achieved

The implementation of the Board of Directors' diversity policy is as follows:

		Basic Composition							Professional Background			Professional Knowledge and Skills							
		Nationality	Gender	Serve as employee	Age			Terms of Independent Director		Accounting	Industry	Finance	Technology	Ability to make operational judgments	Ability to conduct management administration	Ability to lead	Ability to conduct crisis management	Knowledge of the industry	International market perspective
					40-50 years old	51-60 years old	61-70 years old	Less than 3 years	3 to 6 years											Over 6 years
Director	Cheng, Chieh	R.O.C	Male	✓	✓					✓		✓	✓	✓	✓	✓	✓	✓	
	Cheng, Hsiang		Male	✓			✓				✓		✓	✓	✓	✓	✓	✓	
	Cheng, Ken-Yi		Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Lee, Kan-Jung		Female		✓					✓	✓	✓		✓	✓	✓	✓	✓	
Independent Directors	Chung, Yi-Hao		Male		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Ho, Mei-Ying		Female		✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	
	Chang, Ke-Hao		Male		✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	

(2) The independence of the Board of Directors:

The current Board of Directors of our company consists of 7 members, including 3 independent directors and 2 directors with employee status (making up 42.86% and 28.57% of the total board members, respectively). As of the end of 2023, all independent directors have met the requirements of the Financial Supervisory Commission Securities and Futures Bureau regarding independent directors, and there is no situation as described in Article 26-3, Paragraphs 3 and 4 of the Securities Trading Act among the directors and independent directors. The Board of Directors of our company is independent (please refer to pages 7-8 of this annual report for disclosure of professional qualifications of directors and independence of independent directors), and the directors have diverse backgrounds in terms of education, gender, and work experience (please refer to page 6 of this annual report for information on the directors).

(2) General Manager, Deputy General Manager, Assistant Manager, and Department Heads

04/21/2024; Unit: Thousand Shares

Title	Nationality	Name	Gender	Selected Date	Shareholding		Shareholdings of the spouse and minor children		Shareholding by Nominee Arrangement		Experience (Education)	Position Held in Other Company	Manager with spouse or relatives within the second degree of kinship			Remark
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relation	
General Manager	R.O.C.	Cheng, Hsiang	Male	2023/11/8	8,737	5.80%	1,144	0.76%	0	0%	Tungnan University Chairman of Deer Computer CO.,LTD..	(Note 1)	Chief Operating Officer	Cheng, Chieh	Siblings	None
Chief Operating Officer	R.O.C.	Cheng, Chieh	Male	2023/11/8	9,290	6.17%	205	0.14%	0	0%	Mechanical Engineering, Hungkuo Delin University of Technology Director of Deer Computer CO.,LTD..	(Note 2)	General Manager	Cheng, Hsiang	Siblings	None
Deputy General Manager and Finance and Accounting Manager	R.O.C.	Lin Ta-Chiun,	Male	2006/12/1	0	0%	0	0%	0	0%	School of Management at National Central University Finance director of Pivvue Electronics, Ltd. (Overseas Business)	(Note 3)	None	None	None	None
Assistant Manager	R.O.C.	Tseng, Shih-Hsin	Male	2016/1/1	0	0%	0	0%	0	0%	Taipei Municipal Nangang Vocational High School Special Assistant of Compucity Technology Co., Ltd.		None	None	None	None

Note 1: Director of Solytech Enterprise Corporation, Chairman of Deer Computer CO.,LTD, Chairman of FONG YIN INVESTMENT CO., LTD., Chairman of Metagone Biotech Inc., Representative of Ample Crown International Ltd., Representative of Suntech Trading Limited, Representative of Cosmos Treasure Holdings Ltd., Representative of Premier Action Trading Ltd.

Note 2: Chairman of Solytech Enterprise Corporation, Director of Deer Computer CO.,LTD, Director of FONG YIN INVESTMENT CO., LTD., Representative of Ample Crown International Ltd., Representative of Suntech Trading Limited, Representative of Cosmos Treasure Holdings Ltd., Representative of Premier Action Trading Ltd., Representative of Giant Treasure Limited, Representative of Land Tycoon Limited, Representative of Sure Viva Limited.

Note 3: Independent Director of Tai Twun Enterprise Co., Ltd., Supervisor of FONG YIN INVESTMENT CO., LTD.

3. Remuneration Paid to Directors, General Manager, and Deputy General Manager

(1) Remuneration Paid to Directors

12/31/2023 Unit: Thousand (NTD)

Title	Name	Remuneration				Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 7)		Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) (Note 7)		Remuneration from ventures other than subsidiaries or from the parent company (Note 8)	
		Base Compensation (A) (Note 1)	Severance Pay (B) (Note 1)	Directors Compensation I (Note 2)	Allowances (D) (Note 3)	Salary, Bonuses, and Allowance (E) (Note 4)	Severance Pay (F) (Note 4)	Employee Compensation (G) (Note 5)		The Company	Companies in the consolidated financial statements (Note 8)	The Company	Companies in the consolidated financial statements		
								Cash	Stock						Cash	Stock
Chairman	Cheng, Chieh	0	0	0	72	2,101	0	0	0	0	0	0	(5.03)	(12.34)	0
Director	Cheng, Hsiang	0	0	0	72	1,991	0	0	0	0	0	0	(4.78)	(12.23)	0
Director	Cheng, Ken-Yi	528	0	0	72	0	0	0	0	0	0	0	(1.39)	(1.39)	0
Director	Lee, Kan-Jung	528	0	0	72	0	0	0	0	0	0	0	(1.39)	(1.39)	0
Independent Director	Chung, Yi-Hao	528	0	0	72	0	0	0	0	0	0	0	(1.39)	(1.39)	0
Independent Director	Ho, Mei-Ying	528	0	0	72	0	0	0	0	0	0	0	(1.39)	(1.39)	0
Independent Director	Chang, Ke-Hao	528	0	0	72	0	0	0	0	0	0	0	(1.39)	(1.39)	0

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

According to Article 28 of the Company's bylaws, the remuneration of independent directors is determined separately by the Remuneration Committee, considering the participation, contributions to the Company's operations, attendance rate, and industry standards. The Committee will submit its recommendations to the Board of Directors for approval.

2. In addition to the above disclosure, any other compensation that was received by company directors in 2023 for services rendered (e.g. services rendered, as an advisor with non-employee status, to the parent company, to any company listed in the financial reports, or to any Solytech investee enterprise): None

Note 1: Refers to the salaries, duty allowances, and severance pay paid to the directors in 2023.

Note 2: Refers to the amount of directors' compensation approved by the Board of Directors in 2023.

Note 3: Refers to the expenses related to the business execution of the directors in 2023 (including transportation expenses, special expenses, various allowances, dormitories, vehicle provisions, etc.). When providing housing, cars, and other transportation or dedicated personal expenses, the nature and cost of the assets provided, the actual or fair market value of the rent, fuel costs, and other payments should be disclosed. If there is a driver involved, please provide an explanation of the relevant compensation paid to the driver, but this is not included in the directors' remuneration.

Note 4: Refers to the remuneration paid to the directors who also serve as employees (including those who hold positions such as general manager, deputy general manager, other executives, and employees), including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc. in 2023. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 5: Refers to those directors who also serve as employees (including general manager, other managers, and employees) and received employee remuneration (including stock and cash) in 2023, the amount of employee remuneration approved by the Board of Directors in the current year should be disclosed.

Note 6: The total remuneration paid by all companies in the consolidated statements (including the Company) to the Company's directors must be disclosed.

Note 7: The net income after-tax refers to the net income after-tax in the standalone financial statements of 2023.

Note 8: a. Specify the amount of remuneration received by the Company's directors from ventures other than subsidiaries or from the parent company in this field.

b. If the Company's directors receive remuneration from non-subsidiary equity investments, the amount of remuneration received by the Company's directors from non-subsidiary equity investments should be included in the remuneration table, and the column should be renamed "Parent Company and all Non-Subsidiary Equity Investments".

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the Company's directors who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Note 9: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

(2) Remuneration Paid to General Manager and Deputy General Manager

12/31/2023 Unit: Thousand New Taiwan Dollars

Title	Name	Salary(A) (Note 1)		Severance Pay (B)		Bonuses and Allowlist (C) (Note 2)		Employee Compensation (D) (Note 3)				Ratio of total Remuneration (A+B+C+D) to net income (%) (Note 7)		Remuneration from ventures other than subsidiaries or from the parent company (Note 8)
		The Company	Companies in the consolidated financial statements (Note 4)	The Company	Companies in the consolidated financial statements (Note 4)	The Company	Companies in the consolidated financial statements (Note 4)	The Company		Companies in the consolidated financial statements (Note 4)		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Operating Officer	Cheng, Chieh	1,320	3,318	0	0	853	2,007	0	0	0	0	(5.03)	(12.34)	0
General Manager	Cheng, Hsiang	1,320	3,459	0	0	743	1,819	0	0	0	0	(4.78)	(12.23)	0
Deputy General Manager	Lin Ta-Chiun	1,026	2,572	63	63	524	1,303	0	0	0	0	(3.74)	(9.12)	0

Note 1: Refers to the salaries, duty allowances, and severance pay paid to the general manager and deputy general manager in the most recent year.

Note 2: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with "IFRS 2 "Share-based "Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 3: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for general manager and deputy general manager in 2023.

Note 4: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers must be disclosed.

Note 5: Listed the total remuneration paid to the general manager and deputy manager, and the Company should disclose the name within the corresponding salary range.

Note 6: The total amount of remuneration paid to each general manager and deputy general manager by all companies (including the Company) in the consolidated statement should be disclosed. The names of the general manager and deputy general manager should also be disclosed within their respective salary ranges.

Note 7: The net income after-tax refers to the net income after-tax in the standalone financial statements of 2023.

Note 8: a. Specify the amount of remuneration received by the Company's general manager and deputy general manager from ventures other than subsidiaries or from the parent company in this field.

b. If the Company's general manager and deputy general manager receive remuneration from non-subsidiary equity investments, the amount of remuneration received by the general manager and deputy general manager from non-subsidiary equity investments should be included in Column E of the remuneration table, and the column should be "renamed "Parent Company and all Non-Subsidiary Equity Investments".

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Note 9: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 10: Cheng, Chieh was appointed as Chief Operating Officer since November 8, 2023, previously serving as General Manager.

Note 11: Cheng, Hsiang was appointed as General Manager since November 8, 2023, previously serving as Chief Operating Officer.

(3) Managerial officers with the top five highest remuneration amounts

12/31/2023, Unit: Thousand New Taiwan Dollars

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Alliances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total Remuneration (A+B+C+D) to net income (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Operating Officer	Cheng, Chieh	1,320	3,318	0	0	853	2,007	0	0	0	0	(5.03)	(12.34)	0
General Manager	Cheng, Hsiang	1,320	3,459	0	0	743	1,819	0	0	0	0	(4.78)	(12.23)	0
Deputy General Manager	Lin Ta-Chiun	1,026	2,572	63	63	524	1,303	0	0	0	0	(3.74)	(9.12)	0
Assistant Manager	Tseng, Shih-Hsin	1,152	1,152	70	70	202	202	0	0	0	0	(3.30)	(3.30)	0

Note 1: Managerial officers with the top five highest remuneration amounts refer to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance "it IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in 2023.

Note 5: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: The net income after-tax refers to the net income after-tax in the standalone financial statements of 2023.

Note 7: a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field.

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers with the top five remuneration amounts who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Note 8: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 9: Cheng, Chieh was appointed as Chief Operating Officer since November 8, 2023, previously serving as General Manager.

Note 10: Cheng, Hsiang was appointed as General Manager since November 8, 2023, previously serving as Chief Operating Officer.

(4) Comparison and Analysis of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents and Explain 'the Company's Policy, Standards, and Composition Regarding Remuneration, the Procedures for Determining Remuneration, and the Correlation between Business Performance and Future Risks:

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, General Manager and Deputy General Manager of the Company, to the net income.

Title	Year 2022		Year 2023	
	Ratio of total remuneration paid by the Company to directors, supervisors, president and vice presidents to net income (%)	Ratio of total remuneration paid by all companies included in the consolidated financial statements to directors, supervisors, president and vice presidents to net income (%)	Ratio of total remuneration paid by the Company to directors, supervisors, president and vice presidents to net income (%)	Ratio of total remuneration paid by all companies included in the consolidated financial statements to directors, supervisors, president and vice presidents to net income (%)
Director	(3.96)	(7.46)	(16.76)	(31.52)
Supervisor	(Note 1)	(Note 1)	(Note 1)	(Note 1)
General Manager and Deputy General Manager	(2.86)	(7.51)	(13.55)	(33.69)

Note 1: The Company established the Audit Committee following the legal requirements to replace the role of the supervisor on July 29, 2021.

2. The policy, standards, and composition of remuneration payments, the procedure for determining remuneration, and the relationship between business performance and future risks associated with remuneration payments.

A. The director's remuneration paid by the Company shall be determined by 'the Company's Articles of Incorporation and the Remuneration Committee Charter, referencing the usual industry standards, and adjusted according to the following actual circumstances of each director during their term of service.

- a. Term of the Board of Director
- b. Responsibility during the tenure of the Director
- c. Contribution made to the business operation of each Board of Director

B. The remuneration paid to the Company's General Manager and Deputy General Manager is divided into salary and bonus, which is handled following the relevant provisions of 'the Company's personnel regulations and according to the resolutions passed by the Board of Directors as stipulated in 'the Company's Articles of Incorporation and Remuneration Committee Charter. The remuneration paid to the Company's key management personnel include the following:

- a. Managers' Remuneration
- b. Employee bonuses: The distribution of employee bonuses and dividends is adjusted based on the following criteria.
 - (a) Operating status
 - (b) Individual performance of each level Manager
 - (c) Follows internal regulations to adjust the distribution

4. Corporate Governance Status

(1) Operations of the Board of Directors:

The 13th Board of Directors held a total of six meetings (A) from January 1st, 2023 to May 10th, 2024.

The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	Attendance on behalf	Attendance Rate (%) 【B / A】 (Note 2)	Remark
Chairman	Cheng, Chieh	6	0	100.00%	None
Director	Cheng, Hsiang	6	0	100.00%	None
Director	Cheng, Ken-Yi	6	0	100.00%	None
Director	Lee, Kan-Jung	4	2	66.67%	None
Independent Director	Chung, Yi-Hao	6	0	100.00%	None
Independent Director	Ho, Mei-Ying	6	0	100.00%	None
Independent Director	Chang, Ke-Hao	5	1	83.33%	None

From January 1 st , 2023 to May 10 th , 2024, attendance record of independent directors at each board meeting.							
O: Attendance in Person ☆: Attendance on behalf X: Absence							
Title	Name	1st	2nd	3rd	4th	5th	6th
Independent Director	Chung, Yi-Hao	O	O	O	O	O	O
Independent Director	Ho, Mei-Ying	O	O	O	O	O	O
Independent Director	Chang, Ke-Hao	O	O	☆	O	O	O

Other mendable items:

- If the operation of the Board of Directors falls under any of the following circumstances, the Company shall record the following matters relating to the state of its implementation of corporate governance: the date of the Board meeting, the period, the content of the resolution, the opinions of all independent directors, and 'the Company's countermeasures of the opinions of independent actors:

- (1) The matters listed in Article 14-3 of the Securities and Exchange Act:
- (2) Resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing:

Date of the Board meeting and Period	Content of Motion	Resolutions of the directors' meetings objected to by independent directors
3/30/2023 The 9th Board Meeting of the 13th term	<ol style="list-style-type: none"> 1. Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2022. 2. Evaluation of the Independence and Qualification of the Signing CPAs. 3. Proposed pre-approval of non-assurance services to be provided by the audit firm and its affiliates to our company and its subsidiaries. 4. Proposed payment of special bonuses to the Company's managers. 5. Proposed amendment of certain articles of the Company's Article. 6. Proposed amendment to certain articles of "Asset Acquisition or Disposal Processing Procedures" of the Company. 	Passed without objection
8/10/2023 The 11th Board Meeting of the 13th term	<ol style="list-style-type: none"> 1. Amendment to the assessment and appointment of the Signing CPAs. 2. Revision of the Internal Control System and Internal Audit Implementation Rules of the Company. 	Passed without objection
3/14/2024 The 13th Board Meeting of the 13th term	<ol style="list-style-type: none"> 1. Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2023. 2. Evaluation of the Independence and Qualification of the Signing CPAs. 	Passed without objection
5/8/2024 The 14th Board Meeting of the 13th term	Release the non-compete restrictions for newly appointed directors (including independent directors).	Passed without objection

2. If there is the Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

(1) On March 30, 2023, at the 9th meeting of the 13th Board of Directors, the proposal of "payment of special bonuses to the Company's managers" was discussed. The proceedings were as follows: "As this case involves the granting of special bonuses to managers of the Company, Directors Cheng Chieh and Cheng Hsiang, who also hold positions as managers, have their interests and should recuse themselves from discussion and voting according to the law. Chairman assigned Director Cheng Ken-Yi as the acting chairman." Except for Directors Cheng Chieh and Cheng Hsiang, who have conflicts of interest and did not participate in the discussion and voting due to recusal, the remaining attending directors agreed to pass the proposal after consultation by the acting chairman.

3. The status of self-evaluation of the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation items
Annual	01/01/2023 to 12/31/2023	The Board of Director	Self-evaluation of the Board of Director (Evaluated by the agenda working group)	1. Participation in the Operation of the Company 2. Improvement of the Quality of the Board of Directors' Decision Making 3. Composition and Structure of the Board of Director 4. Election and continuing education of the directors 5. Internal Control
Annual	01/01/2023 to 12/31/2023	Members of the Board of Directors	Self-evaluation of Board members	1. Alignment of the goals and missions of the Company 2. Awareness o' the Directors' Duties 3. The degree of their participation in and contribution to management of the institution 4. Management of internal relationship and communication 5. Professionalism and Continuing Education of the Director 6. Internal Control

4. Assent of the implementation status of strengthening the functions of the Board of Directors in the current and recent years: The "Rules of Procedure for the Board of Directors" have been established, and the Audit Committee and the Remuneration Committee have performed well.

(2) The status of operations of the Audit Committee

The first term of the Audit Committee was from January 1, 2023, to May 10, 2024. A total of 6 Audit Committee meetings (A) were held in 2022. Independent Director attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance on behalf	Attendance Rate (%) 【B / A】	Remark
Independent Director	Chung, Yi-Hao	6	0	100.00%	None
Independent Director	Ho, Mei-Ying	6	0	100.00%	None
Independent Director	Chang, Ke-Hao	5	1	83.33%	None

Other mentionable items:

1. If the operation of Audit Committee falls under any of the following circumstances, the Company shall record the following matters relating to the state of its implementation of corporate governance: the date of Audit Committee meeting, the period, the content of the resolution, the opinions of all independent directors, and the Company's countermeasures of the opinions of independent directors.

(1). The matters listed in Article 14-5 of the Securities and Exchange Act (Please refer to Note 1)

(2). Except for the aforementioned matters, any other resolution items passed by the Board of Directors with the approval of more than two-thirds of all directors, but without the approval of the Audit Committee: None.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.

3. Communication between the Independent Directors, internal auditing authorities and CPAs (including major items, mode and results of discussion about the Company's finance and business):

After the audit supervisor of the Company completes the audit report and follow-up report, they will submit the reports to each Independent Director before the end of the following month, and report at the Audit Committee meeting.

The communication between the two parties is smooth. The audit supervisor of the Company also maintains smooth communication with the CPA. The Company also has completed the reporting requirements including the next year's audit plan, the execution of the previous year's annual audit plan, and the improvement of internal control deficiencies and abnormal matters within the year according to the regulations of the competent authority.

Note 1:

Date of Audit Committee and Period	Content of motion	Content of objections, reservations, or significant recommendations raised by Independent Directors.	Resolution of Audit Committee	The Company's countermeasures of the opinions of Independent Directors
03/30/2023 The 8 th Audit Committee Meeting of the first term	<ol style="list-style-type: none"> 1. Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2022 2. The proposal of the 2022 Annual Business Report and financial statements, including the consolidated financial statements. 3. The Company's loss carryforward for the year 2022. 4. Evaluation of the Independence and Qualification of the Signing CPAs. 5. Proposed pre-approval of non-assurance services to be provided by the audit firm and its affiliates to our company and its subsidiaries. 6. Proposed amendment to certain articles of "Asset Acquisition or Disposal Processing Procedures" of the Company. 	None	Passed without objection	Submitted to the 9 th Board of Directors Meeting of the 13 th term and implemented according to the resolution.
05/11/2023 The 9 th Audit Committee Meeting of the first term	<ol style="list-style-type: none"> 1. Q1 consolidated financial statements for 2023. 			Submitted to the 10 th Board of Directors Meeting of the 13 th term and implemented according to the resolution.
08/10/2023 The 10 th Audit Committee Meeting of the first term	<ol style="list-style-type: none"> 1. Amendment to the assessment and appointment of the Signing CPAs. 2. Q2 consolidated financial statements for 2023. 3. Revision of the Internal Control System and Internal Audit Implementation Rules of the Company. 			Submitted to the 11 th Board of Directors Meeting of the 13 th term and implemented according to the resolution.
11/08/2023 The 11 th Audit Committee	<ol style="list-style-type: none"> 1. Q3 consolidated financial statements for 2023. 			Submitted to the 12 th Board of Directors Meeting

Meeting of the first term				of the 13 th term and implemented according to the resolution.
03/14/2024 The 12 th Audit Committee Meeting of the first term	<ol style="list-style-type: none"> 1. Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2023. 2. The proposal of the 2023 Annual Business Report and financial statements, including the consolidated financial statements. 3. The Company's loss carryforward for the year 2023. 4. Evaluation of the Independence and Qualification of the Signing CPAs. 			Submitted to the 13 th Board of Directors Meeting of the 13 th term and implemented according to the resolution.
05/08/2024 The 13 th Audit Committee Meeting of the first term	<ol style="list-style-type: none"> 1. Proposal of Q1 consolidated financial statements for 2024. 			Submitted to the 14 th Board of Directors Meeting of the 13 th term and implemented according to the resolution.

3. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
<p>1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?</p>	✓		None
<p>2. Shareholding structure & shareholders’ rights (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedure? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the Company establish internal rules against insiders trading with undisclosed information?</p>	✓		None
<p>3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the Company regularly evaluate the independence of CPAs?</p>	✓		None
<p>4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?</p>	✓		None

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			Abstract Illustration
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established departments such as Investor Relations and Share Services to communicate with stakeholders according to different situations. We also have a stakeholder section on the Company’s website (www.soly-tech.com) to provide a communication channel with the customers, suppliers, stakeholders and employees. The Company designates a professional shareholder service agency, Grand Fortune Secures, to deal with shareholder affairs.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(1) The Company has established a website (www.soly-tech.com) to disclose financial and corporate governance information and is updated irregularly for investors to review. (2) The Company has established a website in both Mandarin and English, and provides dedicated email addresses for each relevant business unit. The Company also appointed a spokesperson, a deputy spokesperson, and designated a specialist to handle information collection and disclosure. If there is a corporate briefing, the information will also be posted on the Company’s website and the “TWSE MOPS”. (3) The Company is required to announce and report the annual financial statements within three months after the end of each fiscal year. The Company also completed and announced its financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		The Company’s employee welfare measures, education, training, retirement rules, and their implementation, as well as the agreements between labor and management and the status of measures to protect employees’ rights and interests, all comply with the regulations of the Competent Authority. (1) Status of employee rights and employee wellness: A. Labor insurance: Following Labor Insurance Act. B. National Health Insurance: Following Enforcement Rules of the National Health Insurance Act. C. Employee Compensation: Distributed by the provisions of the Company’s articles of incorporation and approved by the Board of Directors, and reported to the shareholders’ meeting. D. Holiday Bonuses: Bonuses are issued for each employee on the Mid-Autumn Festival, Dragon Boat Festival, and Lunar New Year. The amount of the bonus is adjusted depending on the Company’s operating conditions. D. Year-end allowance: Allowances are given to each employee on the Mid-Autumn Festival, Dragon Boat Festival, and Lunar New Year. The amount of the allowance is adjusted according to the Company’s operating conditions. E. Insurance and Occupational Accident Insurance: We provide group life insurance, accident insurance, injury medical insurance, hospitalization

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>Abstract Illustration</p> <p>medical insurance, cancer medical insurance, and occupational accident insurance to provide employees and their families with complete protection.</p> <p>(2) Investor Relations: The Company discloses information fully through TWSE MOPS and the Company website to enable investors to understand the Company's operating status. The Company also communicates with shareholders through shareholders' meetings and the spokesperson system.</p> <p>(3) Supplier Relationship: The Company has established partnerships with suppliers based on the principle of equality and mutual and built a stable supply chain. We also conduct periodic audits to ensure quality.</p> <p>(4) Stakeholders' rights: A. Customer Responsibility: The Company provides quality products and values customer feedback. B. Shareholder Responsibility: Fully protecting shareholders' rights and interests is the Company's goal.</p> <p>(5) Directors' and supervisors' continuing education records: Please refer to 【Note 2】.</p> <p>(6) Status of risk management policies and risk evaluation: The Company has established management procedures for important management indicators and implements them accordingly.</p> <p>(7) The Implementation Status of Customer Policies: The Company adheres to the business philosophy of customer first.</p> <p>(8) Status of D&O insurance purchased for its directors and supervisors: The director and executive liability insurance coverage with a limit of 10 million US dollars that the Company underwrote in 2023 has not yet expired as of the date of the annual report publication. The renewal process will be completed before the expiration in June 2024, and important information related to the insurance coverage will be reported to the Board of Directors.</p>	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: (1) Improvements in the corporate governance evaluation for the fiscal year 2023; A. The board of directors includes two female members. B. The Corporate Governance Officer has been appointed this year. (2) Priority areas for future strengthening: A. The Company plans to establish a Sustainability and ESG Promotion Task Force to align with international trends and regulatory requirements, and to continuously address various ESG issues.			

【 Note 1 】

Solytech Enterprise Corporation
The 13th board meeting of the 13th term
Assessment Checklist for Evaluating the Independence of certified public accountant:

Independence	Yes	No
Has the certified public accountant ever served as a director or independent director of the Company or its related affiliates?	✓	
Has the certified public accountant served as a shareholder of the Company or its related affiliates?	✓	
Has the certified public accountant not received any salary from the Company or its related affiliates?	✓	
Has the certified public accountant provided services to the Company continuously for seven years?		✓
Has the certified public accountant confirmed that their affiliated accounting firm has complied with relevant independence regulations?	✓	
Has any of the practicing certified public accountants of the accounting firm to which the certifying accountant belongs resigned from a position as a director, officer, or someone who has significant impact on an audit case of the Company within one year?	✓	

Note: The Board of Directors of the Company regularly evaluates the independence of the auditor. This matter was approved during the Board Meeting on March 14, 2024.

Note 2:

Solytech Enterprise Corporation
Directors' and supervisors' continuing education records:

Title	Name	Date	Organizer	Course	Course Hours
Director	Cheng, Ken-Yi	04/26/2023	Corporate Operating and Sustainable Department Association	Regional Revitalization and Enterprise to Create a New Milestone for ESG	3.0
		05/17/2023		Low-Carbon Transformation: Practical ESG Management in Sustainability/Climate Finance	3.0
Independent Director	Chung, Yi-Hao	03/21/2023	CPA Associations R.O.C. (Taiwan)	Anti-Money Laundering Supervision for Accountants	3.0
		04/17/2023		Real Estate Accounting	3.0
		07/10/2023		Accounting Estimates and Related Disclosures	3.0
		07/20/2023		Enterprise Accounting Standard No. 15	3.0
		09/21/2023		Volunteer Basic Training course	6.0
		11/02/2023		Overview of Controlled Foreign Corporation	3.0

(4) Composition, Responsibilities and Operations of the Remuneration Committee:

A. In the first board meeting of the thirteenth term, held on July 29, 2021, independent directors Mr. Chung, Yi-Hao, Ms. Ho, Mei-Ying, and Mr. Chang, Ke-Hao was appointed as members of the fifth Remuneration Committee. On July 29, 2021, the Remuneration Committee elected Mr. Chung Yi-hao, an independent director, as the convener of the Remuneration Committee.

B. The function of this committee is to evaluate the Company's director and manager remuneration policies and systems from a professional and objective perspective and to provide recommendations to the Board of Directors for their decision-making reference.

C. Members of Remuneration Committee:

Title	Criteria		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
	Name	Professional Qualification Requirements and Work Experience		
Convener and Independent Director	Chung, Yi-Hao	Refer to pages 7-8 for disclosure related to the Directors' professional qualifications and independence of the Independent Director.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (6) Less than half of the seats on the Board of Directors or voting rights are held by individuals who control the directors, supervisors, or employees of other companies. (7) Not being in a condition that the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation, or a spouse thereof. (10) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of other directors. (11) Not been a person of any conditions defined in Article 30 of the Company Law.	0
Independent Director	Ho, Mei-Ying			0
Independent Director	Chang, Ke-Hao			0

D. Implementation Status of Remuneration Committee:

- (a) There are 3 members in the Remuneration Committee.
- (b) The fifth term of the Remuneration Committee starts from July 29th, 2021 to July 28th, 2024.
- (c) The remuneration committee held a total of two meetings (A) from January 1, 2023 to May 10, 2024. The membership and attendance of the committee are as follows:

Title	Name	Attendance in Person (B)	Attendance on behalf	Attendance Rate (B / A)	Remark
Convenor	Chung, Yi-Hao	2	0	100.00%	None
Committee member	Ho, Mei-Ying	2	0	100.00%	None
Committee member	Chang, Ke-Hao	2	0	100.00%	None

Other mentionable items:

1. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion: None.
2. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. The contents of motion and resolutions of the Remuneration Committee, and the Company's response to the Remuneration Committee's opinion:

Date of Remuneration Committee and Period	Content of Motion	Resolutions of Remuneration Committee Meeting	The Company's response to the remuneration committee's opinion
3/30/2023 The 5th Remuneration Committee Meeting of 5th term	1. Proposal to amend certain articles of the "Manager Compensation and Benefits Policy" of the Company. 2. Proposal of the payment of special bonuses to the Company's managers.	No objection was received after the chairman consulted all attending committee members. Therefore, the proposal was approved.	Apart from the directors Cheng Chieh and Cheng Hsiang, who had conflicts of interest and therefore abstained from participating in the discussion and voting of this case, the Board of Directors approved the proposal after the acting chairman consulted with the other attending directors and found no objections.
11/08/2023 The 6th Remuneration Committee Meeting of 5th term	1. Proposal for the disbursement of year-end and performance bonuses for the management team of the Company for 2023.	No objection was received after the chairman consulted all attending committee members. Therefore, the proposal was approved.	No objection was raised by all attending committee members in the Board of Directors meeting. Therefore, the proposal was approved.

5. This company has established the Remuneration Committee Charter. The committee shall faithfully conduct corporate affairs, perform the duty of care of a good administrator, and submit its recommendations to the Board of Directors for discussion.
 - (1) Conduct regular reviews of this regulation and propose suggestions for revisions.
 - (2) Develop and regularly review the annual and long-term performance goals for the directors and managers of the Company, as well as policies, systems, standards, and structures related to remuneration.
 - (3) Conduct periodic evaluations of the performance goals achieved by the Company's directors and managers, and establish the content and amount of their individual remuneration.
6. Nomination committee membership and operation information: None.

(5). Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TSE/GTSM Listed Companies"

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TSE/TPEX Listed Companies" and Reasons
	Yes	No		
1. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		Currently, the setup has not been completed. It is anticipated that in 2024, the Company will establish a "Sustainable Development Goals Task Force" in accordance with relevant sustainability reporting guidelines. The preliminary plan is to primarily recruit part-time members, with oversight from the Board of Directors.	The Company will establish a "Sustainable Development Goals Task Force" in 2024.
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		Currently incomplete, after establishing the Sustainable Development Goals Task Force in the future, the Company will formulate relevant risk management policies and strategies based on the materiality principles of the sustainability report.	The Company will establish the "Sustainable Development Goals Task Force" and formulate related policies or strategies.
3. Environmental Issues (1). Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		The main manufacturing facilities of the company have already obtained ISO 9001:2015 international certification (valid until November 2, 2025) and acquired the QC080000 Hazardous Substance Management System certificate (valid until November 23, 2025), each effectively implemented in accordance with procedures to execute environmental management systems.	The Company will implement environmental management in accordance with the guidelines outlined in the "Guidelines for Greenhouse Gas Emission Inventory" issued by the Environmental Protection Administration of the Executive Yuan.
(2). Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company actively promotes energy reduction measures, gradually phasing out obsolete equipment, adopting energy-saving lighting and air conditioning, and increasing the proportion of recycled materials in product materials to maximize the benefits of the circular economy.	No significant differences.
(3). Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		The Company is committed to sustainability, continuously integrating environmental protection, energy conservation, and air purification into product research and innovation. Climate change impacts are considered in overall operations, with plans regularly reviewed and adjusted as needed, with reporting to the Board as required.	The Company will be assessed and managed by the "Sustainable Development Goals Team" in the future.
(4). Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		While greenhouse gas emissions standards have not yet been quantified, energy-saving measures have been implemented in office and construction sites, including turning off lights when not in use and setting air conditioning temperatures in line with environmental policies, to achieve energy-saving and carbon reduction goals.	Starting from 2025, specific action plans, including assessments, will be carried out in accordance with the schedule outlined in the Financial Supervisory Commission's "Sustainable Development Action Plan."
4. Social issues (1). Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company acknowledges the human rights standards outlined in the "International Covenant on Civil and Political Rights" and has established personnel regulations in accordance with relevant labor laws to ensure compliance and safeguard employee rights. Continual attention is given to protection issues, with efforts made to promote awareness and enhance human rights protection.	No significant differences

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWE/TPEx Listed Companies” and Reasons
	Yes	No	
(2). Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		Employee rights are valued by the Company, which periodically evaluates employee salaries, bonuses, and welfare systems. Employees are entitled to legal holidays, and a Workers' Welfare Committee is established to provide benefits such as birthday allowances, marriage benefits, childbirth allowances, funeral subsidies, etc. Annually, in accordance with the articles of association, employee compensation and distribution measures are allocated if profits are made.
(3). Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The Company has implemented access control security measures and passed government fire safety inspections and system tests. In addition to statutory labor and health insurance, the Company provides group insurance for employees and regularly offers free health check-ups to establish a safe and healthy workplace environment.
(4). Does the Company provide its employees with career development and training sessions?	✓		There were no fire or occupational accidents reported in 2023. The Company offers relevant internal and external professional education and training to enhance employees' career skills.
(5). Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		Marketing and labeling of the Company's products and services comply with relevant regulations and international standards. Consumer rights are valued, and complete product information and post-sales service contact channels are provided to customers. A stakeholder section is also set up on the company website.
(6). Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		Before engaging with suppliers, the Company follows its Supplier Management procedures to ensure that suppliers meet requirements related to quality, product safety, ethical conduct, and privacy. Evaluations are conducted to determine whether suppliers qualify.
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?		✓	The company has not yet compiled a sustainability report or any other non-financial information disclosure report.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles and the corporate social responsibility Best Practice Principles for TWE/TPEx Listed Companies: This company has not yet established practical guidelines for sustainable development.			It is expected that a sustainability report will be prepared in 2025.
7. Other useful information for explaining the status of corporate social responsibility practices: None.			

The climate-related information of the company: (Companies meeting certain criteria should disclose climate-related information)
 1 Climate-related information implementation status

Items	Implementation Status																									
<p>1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>The Board of Directors plays a crucial role in overseeing the overall climate-related risks and opportunities of the organization. It should ensure that climate-related issues are integrated into the organization's overall risk management framework and strategic planning processes. As the highest governing body for climate risk management within the company, the Board should adhere to legal requirements, oversee the organization's overall climate-related risk management objectives, understand the risks faced by operations, and ensure the effectiveness of risk management efforts.</p> <p>On the other hand, management is responsible for assessing and managing climate-related risks and opportunities. The Company coordinates with relevant departments to comply with sustainability-related regulations, including those related to climate and domestic carbon rights, and executes sustainability initiatives accordingly.</p>																									
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short-term, medium-term, long-term).</p>	<p>1. In recent years, extreme weather events, climate change adaptation, and natural disaster response have emerged as primary concerns in assessing the likelihood and impact of global climate risks. These issues are considered particularly significant at present. Preliminary efforts have been made to identify short-term (1-3 years), medium-term (3-10 years), and long-term (over 10 years) climate-related risks and opportunities that are more relevant to the Company :</p>																									
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<p>2. Implications for the Company's business stemming from the identified climate risks and opportunities</p>	<p>(1) Implementation of greenhouse gas emission reduction management strategies (medium to long term)</p> <table border="1" data-bbox="352 264 496 1668"> <thead> <tr> <th data-bbox="352 1077 379 1668">Strategy</th> <th data-bbox="352 264 379 1077">Financial Impacts</th> </tr> </thead> <tbody> <tr> <td data-bbox="387 1077 467 1668">The key measures include: replacing lighting fixtures, gradually upgrading energy-efficient data centers, and conditioning units with high-efficiency models.</td> <td data-bbox="387 264 467 1077">Each year, there is a gradual reduction in carbon dioxide emissions. Although initial investment is required for equipment upgrades, after replacement, the energy efficiency of the equipment is improved, leading to reduced operational and financial costs related to electricity bills.</td> </tr> </tbody> </table> <p>(2) Climate Disaster Response Management Strategy (Short-Term)</p> <table border="1" data-bbox="539 685 683 1668"> <thead> <tr> <th data-bbox="539 1308 566 1668">Strategy</th> <th data-bbox="539 685 566 1308">Financial Impacts</th> </tr> </thead> <tbody> <tr> <td data-bbox="574 1308 654 1668">Assessing and developing the necessity of implementing emergency measures to mitigate extreme weather conditions.</td> <td data-bbox="574 685 654 1308">In 2023, there were no financial impacts such as operational disruptions or supply shortages caused by climate-related disasters. The office's disaster mitigation efforts prevented financial asset impairments.</td> </tr> </tbody> </table> <p>(3) Develop innovative strategies for low-carbon product research and development (medium to long term)</p> <table border="1" data-bbox="735 685 879 1668"> <thead> <tr> <th data-bbox="735 1308 762 1668">Strategy</th> <th data-bbox="735 685 762 1308">Financial Impacts</th> </tr> </thead> <tbody> <tr> <td data-bbox="770 1308 850 1668">Maximize the use of recyclable materials and environmentally friendly materials with minimal environmental impact.</td> <td data-bbox="770 685 850 1308">These contributions in end-product usage subsequently result in reduced environmental impact, enhancing consumer recognition of the Company's environmental efforts. As a result, business sales are less affected by the rising environmental consciousness.</td> </tr> </tbody> </table>	Strategy	Financial Impacts	The key measures include: replacing lighting fixtures, gradually upgrading energy-efficient data centers, and conditioning units with high-efficiency models.	Each year, there is a gradual reduction in carbon dioxide emissions. Although initial investment is required for equipment upgrades, after replacement, the energy efficiency of the equipment is improved, leading to reduced operational and financial costs related to electricity bills.	Strategy	Financial Impacts	Assessing and developing the necessity of implementing emergency measures to mitigate extreme weather conditions.	In 2023, there were no financial impacts such as operational disruptions or supply shortages caused by climate-related disasters. The office's disaster mitigation efforts prevented financial asset impairments.	Strategy	Financial Impacts	Maximize the use of recyclable materials and environmentally friendly materials with minimal environmental impact.	These contributions in end-product usage subsequently result in reduced environmental impact, enhancing consumer recognition of the Company's environmental efforts. As a result, business sales are less affected by the rising environmental consciousness.
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The key measures include: replacing lighting fixtures, gradually upgrading energy-efficient data centers, and conditioning units with high-efficiency models.	Each year, there is a gradual reduction in carbon dioxide emissions. Although initial investment is required for equipment upgrades, after replacement, the energy efficiency of the equipment is improved, leading to reduced operational and financial costs related to electricity bills.												
Strategy	Financial Impacts												
Assessing and developing the necessity of implementing emergency measures to mitigate extreme weather conditions.	In 2023, there were no financial impacts such as operational disruptions or supply shortages caused by climate-related disasters. The office's disaster mitigation efforts prevented financial asset impairments.												
Strategy	Financial Impacts												
Maximize the use of recyclable materials and environmentally friendly materials with minimal environmental impact.	These contributions in end-product usage subsequently result in reduced environmental impact, enhancing consumer recognition of the Company's environmental efforts. As a result, business sales are less affected by the rising environmental consciousness.												
<p>3. Describe the financial impacts of extreme weather events and transition actions.</p>	<p>The following are the potential financial losses caused by extreme weather events:</p> <ol style="list-style-type: none"> Asset Loss: Extreme weather events may damage office premises and equipment. Direct damage to buildings and equipment results in immediate impairment in valuation. Additionally, damage to official vehicles due to flooding or other reasons necessitates repair or replacement, incurring financial losses. Production Interruption: If production activities are not directly engaged in, there is no need to assess the direct losses from production interruption. Supply Chain Disruption: Extreme weather events affecting suppliers may damage their production facilities, disrupt the supply chain, and lead to labor shortages. Additionally, transportation networks may be impacted by extreme weather events, causing delays in the transportation of goods and supplier materials. These events can result in production delays, quality issues, and contractual disputes. Consequently, the company may incur increased business and operational costs due to delayed delivery, compensation for breach of contract, or order cancellations. Implementing climate transition measures may involve various costs related to equipment upgrades and providing training. These costs are crucial for the sustainable transformation of the Company. <p>Costs Associated with Climate Transition Measures:</p> <ol style="list-style-type: none"> Product Upgrades: Research and development costs may be required for product upgrades. Equipment Updates: Costs associated with gradually replacing office lighting with LED lighting and upgrading to high-efficiency air conditioning equipment. Training Expenses: Providing employees with training and education related to sustainable development incurs additional costs associated with climate transition measures. <p>In response to extreme weather events and transition actions, the Company will develop relevant financial planning and response strategies in the future.</p> <ol style="list-style-type: none"> Risk Assessment and Scenario Planning: Conduct thorough risk assessments to determine the potential vulnerabilities to extreme weather events and transition risks. Evaluate various climate-related scenario risks and their potential financial impacts on the business. Assess the likelihood and severity of risks, including physical risks (such as property damage, supply chain disruptions) and transition risks (such as regulatory changes, market shifts). Insurance and Risk Transfer: After assessment, consider utilizing appropriate insurance tools such as property insurance, business interruption insurance, etc., to mitigate financial losses caused by extreme weather events. 												

Items	Implementation Status
<p>4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.</p>	<p>3. Financial Allocation: Evaluate financial resources that can be allocated to climate adaptation costs, personnel training, etc., to enhance resilience to extreme weather events and transition risks.</p> <p>Identifying climate-related risks includes extreme weather events and climate policy changes, which will need to be evaluated for their impacts on the Company's operations, supply chain, and finances. The effective steps for identifying climate-related risks are as follows:</p> <ol style="list-style-type: none"> 1. Conducting climate risk assessment: Start by conducting a thorough assessment of climate risks to determine the potential hazards, vulnerabilities, and exposures relevant to the business scope and geographical location. Evaluate historical climate data, trend analysis, and future climate predictions to understand the likelihood and severity of extreme weather events. 2. Assessing physical risks: Identify physical risks associated with extreme weather events, including their direct impacts on infrastructure, assets, and operations. Consider the effects of climate-related disasters on assets, facilities, and supply chain networks. 3. Analyzing transition risks: Evaluate the transition risks arising from climate policies, regulations, and market dynamics that may affect business operations, investments, and market competitiveness. Monitor the dynamics related to carbon pricing, emission standards, and sustainability reporting requirements in relevant jurisdictions. 4. Engaging with stakeholders: Communicate with internal and external stakeholders and keep them updated on climate risks and trends. Properly utilizes risk management tools and models: <ol style="list-style-type: none"> 1. Utilizing probability models, scenario analysis, and other tools to quantify climate-related risks based on their potential financial impacts and likelihood, thus determining their priority. 2. Integrating environmental data and analysis: Incorporating environmental data and analysis into the risk assessment process to enhance understanding of climate-related risks and provide information for decision-making. 3. Keeping information up-to-date: Staying informed about scientific research on climate change, evolution of climate models, and regulatory updates to anticipate future risks and opportunities. Considering climate risks in business processes: Integrating climate risks into strategic planning, supply chain management, and operational risk assessment processes. This aims to establish governance frameworks and monitoring mechanisms to ensure that climate risk management is integrated into all levels of the organization. By following these steps and adopting a systematic approach to identify climate-related risks, the Company can enhance its climate resilience, mitigate financial losses, and leverage opportunities arising from efforts to address climate change. <p>Not applicable.</p>
<p>5. If resilience to climate change risks is assessed using scenario analysis, the scenario, parameters, assumptions, analysis factors, and primary financial impacts should be explained.</p> <p>6. If there is a climate risk management transformation plan in place, please describe its contents, as well as the indicators and objectives used to identify and manage physical and transitional risks.</p>	<p>Related Transformation Plan Details:</p> <ol style="list-style-type: none"> 1. Deliberate on increasing the ratio of purchasing renewable energy to reduce the costs of carbon emissions from energy generation and energy use. 2. Gradually replace office lighting and air conditioning equipment with high-efficiency, energy-saving equipment, conduct energy management, aiming to reduce greenhouse gas emissions, minimize environmental impacts, and enhance climate adaptation capabilities. Ensure the improvement of energy efficiency and optimize resource utilization to implement measures to reduce carbon emissions. 3. Evaluate and establish emergency response measures for extreme weather events to enhance the Company's resilience and adaptability to climate-related risks. 4. Assess infrastructure upgrades to protect assets and facilities from the impacts of extreme weather events. 5. Supply chain management: Considerations for business continuity plans and emergency response measures to mitigate the impacts of climate-related disruptions on operations. 6. Allocate appropriate financial resources to support expenditures for climate mitigation and adaptation. <p>According to the schedule planned by the competent authority, the parent company's individual greenhouse gas inventory will be completed in 2026 (with confirmation expected in 2028), and the merged subsidiary company's greenhouse gas inventory will be completed in 2027 (with confirmation expected in 2029). According to regulations, the greenhouse gas emission reduction targets for the merged parent and subsidiary companies will be set in 2027, based on the greenhouse gas inventory base year (including data from the parent-subsidiary consolidated financial statements for the year 2026). Indicators that may be used for evaluating climate risks and opportunities include electricity consumption, greenhouse gas emissions, water consumption, number of days of operational disruption due to climate disasters, etc. The base year for greenhouse gas emissions (including data from the parent-subsidiary consolidated financial statements for the year 2026) is expected to be used to establish carbon emission reduction targets in 2027.</p>

Items	Implementation Status
<p>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>Not applicable.</p>
<p>8. If climate-related goals are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning schedule, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the related goals, the source and quantity of the offset carbon emissions or the number of RECs exchanged should be specified.</p>	<p>Indicators and Goals:</p> <ol style="list-style-type: none"> 1. Greenhouse Gas Emissions and Related Risks: Based on the baseline year (including the consolidated financial report data of the parent and subsidiary companies for the year 2026), emission reduction targets will be established by 2027. 2. Expected Targets and Performance: <ol style="list-style-type: none"> (1) By 2027, carbon emission reduction targets will be set for Scope 1 and Scope 2 emissions compared to the baseline year (including the consolidated financial data of the parent and subsidiary companies for the year 2026). (2) Ensure the uninterrupted operation of key regional operations, including IT data centers; mitigating factors affecting normal personnel operations in general office environments to ensure the sustainable operation of the Company. (3) Implement a series of environmentally friendly and low-carbon practices continuously across office locations, gradually completing the replacement of LED energy-saving lighting in offices. Energy-saving electricity targets will be set for 2027 based on the 2026 baseline. (4) Future initiatives will include various measures to reduce water usage, with water conservation targets set for 2027 based on the water consumption in the baseline year 2026.
<p>9. Greenhouse gas inventory and verification status with reduction goals, strategies, and specific action plans.</p>	<p>Not applicable (The Company, being an individual parent company of a listed or over-the-counter company with a paid-in capital of less than NT\$5 billion, shall complete the inventory information disclosure starting from 2026 and the verification information disclosure starting from 2028; and the consolidated financial report subsidiary of a listed or over-the-counter company with a paid-in capital of less than NT\$5 billion shall complete the inventory information disclosure starting from 2027 and the verification information disclosure starting from 2029.)</p>

4. Environmental Expenditure Information

- (1) Total amount of losses and disposals due to environmental pollution in the most recent fiscal year and up to the date of printing of the annual report: The Company incurred no losses or fines from competent authority due to environmental incidents in 2023 and up to the date of printing of the annual report.
- (2) Current and future response measures and potential expenditures: Not applicable.

(6). Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status		Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have a Board-approved ethical corporate management policy and state in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?</p> <p>(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?</p>	✓		<p>(1) The Company adheres to the Company Act, relevant regulations for TWSE/TPEx Listed Companies, and other laws and regulations related to commercial activities as the basic premise for implementing ethical business practices.</p> <p>(2) This company irregularly assigns senior managers to attend business integrity-related seminars organized by competent authority to strengthen the integrity and ethical values of the Company's management, and to ensure the implementation of such values in internal management and external business activities.</p> <p>(3) The internal control system of this company clearly stipulates that when engaging in commercial activities, the Company and their directors, managers, employees, and persons having substantial control over such companies shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts, including the rebate, commission, facilitation payment, or other ways for purposes of acquiring or offering benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p>	✓		<p>(1) The Company upholds fair and transparent business practices. Before conducting any business transactions, the Company assesses the legitimacy and trustworthiness of the Company's agents, suppliers, customers, or any other business partners, and avoid conducting transactions with those who have a record of involvement in unethical conduct.</p> <p>(2) The Company has an audit room, where internal auditors regularly examine the operation of corporate governance and create audit reports presented to the Board of Directors.</p>

Evaluation Item	Implementation Status		Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	
<p>(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on operational integrity?</p>			<p>(3) The Company's directors and managers rescue due to conflicts of interest.</p> <p>(4) The Company has established an internal control system to ensure the continued effectiveness of its design and implementation. The internal audit personnel conduct annual reviews and revisions to implement a sound corporate governance and risk management system.</p> <p>(5) The Company currently does not hold regular internal or external training on the topic of business integrity.</p>
<p>3. Operation of the integrity channel</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the Company provide proper whistleblower protection?</p>	✓		None
<p>4. Strengthening information disclosure:</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and TWSE MOPS?</p>	✓		<p>(1) The Company has established a website and provides annual report information to disclose the implementation status of the Company's integrity management.</p> <p>(2) The Company has disclosed information to the regulatory authorities and the public through TWSE MOPS and the Company's website in a complete, appropriate, timely, and correct manner.</p>
<p>5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: There are no differences.</p>			
<p>6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies: None.</p>			

(7). If the Company has established corporate governance and related rules, please disclose the method for accessing them: The Company has established corporate governance codes, codes of ethics, codes of conduct for integrity in business, codes of conduct for corporate social responsibility and environmental responsibility, and other related regulations to implement and promote corporate governance. The relevant regulations are published on the Company's website and on TWSE MOPS.

(8). Other important information to facilitate a better understanding of the Company's ethical corporate management policies: None.

(9). Implementation Status of Internal Control System

A. Statement of Internal Control:

Solytech Enterprise Corporation
Statement of Internal Control

Date: 03/14/2024

Based on the self-assessment results, statement on the Internal Control System of the Company for the Fiscal Year 2023:

1. The Company hereby declares that it recognizes the responsibility of the Board of Directors and management for the establishment, implementation, and maintenance of the internal control system. The purpose of this system is to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset protection), reliable reporting, timely transparency, and compliance with relevant regulations and laws, providing reasonable assurance.
2. The internal control system has inherent limitations and can only provide reasonable assurance for achieving the above three goals, no matter how well-designed it is. Furthermore, the effectiveness of the internal control system may change due to changes in the environment or circumstances. However, the company's internal control system has a self-monitoring mechanism, and if any deficiencies are identified, corrective actions will be taken.
3. According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Criteria"), the Company judges the effectiveness of the design and implementation of our internal control system. The Criteria use the process of management control to divide the internal control system into five components: (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring. Each component also includes several elements, which are specified in the Criteria.
4. The Company has already used the aforementioned internal control system evaluation criteria to assess the effectiveness of our internal control system's design and implementation.
5. Based on the evaluation results in the previous item, the Company believes that its internal control system, including supervision and management of subsidiaries, as of December 31, 2023, which covers understanding the degree of achievement of operational effectiveness and efficiency goals, reliable reporting, timeliness, transparency, compliance with relevant regulations and laws, and other internal control system design and implementation, is effective. It can reasonably ensure the achievement of the aforementioned goals.
6. This statement will become the main content of the Company's annual report and public disclosure, and will be publicly available. If there are any false or hidden illegal activities in the aforementioned public content, it will involve legal responsibilities under the Securities and Exchange Act, including Articles 20, 32, 171, and 174.
7. This statement was passed by the Company's Board of Directors on March 14, 2024, with attendance of 7 directors, of which 0 had dissenting opinions, and all others agreed to the content of this statement. This statement is hereby declared.

Solytech Enterprise Corporation

Chairman: Cheng, Chieh

General Manager: Cheng, Hsiang

2. If an accountant is commissioned to review the internal control system, it should be disclosed in the accountant's review report: None

- (10). If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.
- (11). Major Resolutions of Shareholders' Meeting and Board Meeting during 2023 Year up to the Publication Date of the Annual Report

A. Resolutions and Implementation Status of Shareholders' Meeting of 2023

Meeting Date: 2023/6/20 (Tue) 9:00 AM

Proposals

Proposal No.1

Proposed by Board of Director

Proposal: Proposals of the 2022 Annual Business Report and financial statements of the Corporation.

Resolution: According to the voting results of the attending shareholders, the number of approval votes has exceeded the statutory threshold. The proposal was approved.

Total Votes	Voting Results	% of Attending Shareholders
82,977,501	Approval votes: 82,424,320 (electronic transmission: 453,187)	99.33%
	Disapproval votes: 68,612 (electronic transmission: 68,612)	0.08%
	Invalid votes: 0	0.00%
	Abstention Votes/No votes: 484,569 (electronic transmission: 484,569)	0.58%

Implementation Status: Disclosed on TWSE MOPS website after shareholders' meeting.

Proposal No.2

Proposed by Board of Director

Proposal: Approval of loss carryforward for the year 2022.

Resolution: According to the voting results of the attending shareholders, the number of approval votes has exceeded the statutory threshold. The proposal was approved.

Total Votes	Voting Results	% of Attending Shareholders
82,977,501	Approval votes: 82,420,765 (electronic transmission: 449,632)	99.32%
	Disapproval votes: 72,101 (electronic transmission: 72,101)	0.08%
	Invalid votes: 0	0.00%
	Abstention Votes/No votes: 484,635 (electronic transmission: 484,635)	0.58%

Implementation Status: Disclosed on TWSE MOPS website after shareholders' meeting.

Discussion Items

Discussion No.1

Proposed by Board of Director

Explanation: Discussion to amend certain articles of the Company's Articles of Incorporation.

Resolution: According to the voting results of the attending shareholders, the number of approval votes has exceeded the statutory threshold. The proposal was approved.

Total Votes	Voting Results	% of Attending Shareholders
82,977,501	Approval votes: 82,421,221 (electronic transmission: 450,088)	99.32%
	Disapproval votes: 68,658 (electronic transmission: 68,658)	0.08%
	Invalid votes: 0	0.00%
	Abstention Votes/No votes: 487,622 (electronic transmission: 487,622)	0.58%

Implementation Status: The Company change registration has been processed following the law. Approved by the Ministry of Economic Affairs under Official Letter No. 11230116510 on July 3, 2023.

Discussion No.2

Proposed by Board of Director

Explanation: Discussion to amend certain articles of the Company's "Asset Acquisition or Disposal Procedure".

Resolution: According to the voting results of the attending shareholders, the number of approval votes has exceeded the statutory threshold. The proposal was approved.

Total Votes	Voting Results	% of Attending Shareholders
82,977,501	Approval votes: 82,425,144 (electronic transmission: 454,011)	99.33%
	Disapproval votes: 68,743 (electronic transmission: 68,743)	0.08%
	Invalid votes: 0	0.00%
	Abstention Votes/No votes: 483,614 (electronic transmission: 483,614)	0.58%

Implementation Status: After the shareholders' meeting, relevant operations were announced on TWSE MOPS website following the law and processed per the revised management regulations.

2. Important Resolutions of the Board of Directors during 2023 and as of the date of publication of this annual report

Minutes of the 9th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 3/30/2023 (Thu) 11:00 AM

Proposal: Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2022.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: The proposal of the 2022 Annual Business Report and financial statements, including the consolidated financial statements.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: The Company's loss carryforward for the year 2022.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Evaluation of the Independence and Qualification of the Signing CPAs.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposed pre-approval of non-assurance services to be provided by the audit firm and its affiliates to our company and its subsidiaries.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal to amend certain articles of the "Managerial Remuneration Regulations" of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal : Proposed payment of special bonuses to the Company's managers.

Proceeding: As this case involves the granting of special bonuses to managers of the Company, Directors Cheng Chieh and Cheng Hsiang, who also hold positions as managers, have their interests and should recuse themselves from discussion and voting according to the law. Chairman assigned Director Cheng Ken-Yi as the acting chairman.

Resolution: Apart from the directors Cheng Chieh and Cheng Hsiang, who had conflicts of interest and therefore abstained from participating in the discussion and voting of this case, the Board of Directors approved the proposal after the acting chairman consulted with the other attending directors and found no objections.

Proposal: Proposed amendment of certain articles of the Company's Article.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposed amendment to certain articles of the "Asset Acquisition or Disposal Processing Procedures" of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposed amendment to certain articles of the "Standard Operating Procedures for Handling Director Requests" of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposed amendment to certain articles of the "Rules of Procedure for Board Meetings" of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Matters related to convening the 2023 annual shareholders' meeting of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Minutes of the 10th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 5/11/2023 (Thu) 11:30 AM

Proposal: Q1 consolidated financial statements for 2023

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore,

the proposal was approved.

Proposal: The establishment of a Corporate Governance Officer within the company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Minutes of the 11th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 08/10/2023 (Thu) 10:30 AM

Proposal: Proposal to apply for a short-term credit limit from the Chang Hwa Bank, Szuyuan Branch.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Amendment to the assessment and appointment of the Signing CPAs.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Q2 consolidated financial statements for 2023.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Revision of the Internal Control System and Internal Audit Implementation Rules of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Minutes of the 12th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 11/08/2023 (Wed) 10:30 AM

Proposal: Proposal to apply to E.SUN COMMERCIAL BANK, LTD for a credit comprehensive limit of thirty million New Taiwan Dollars.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Q3 consolidated financial statements for 2023.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal to formulate the "Internal Audit Plan for 2024".

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal to amend certain articles of the Company's "Directors and Managers remuneration Regulations"

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal for the distribution of year-end bonuses and performance bonuses to the Company's management team for 2023.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal to evaluate the compensation and benefits for directors and executives of the Company for 2024.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Appointment (Change) of the Company's General Manager and Chief Operating Officer.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal to lift the restrictions on non-compete agreements for the Company's management team.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Minutes of the 13th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 03/14/2024 (Thu) 10:30 AM

Proposal: Proposal to apply for a general credit limit from Bank of Taiwan, Xin-Zhuang Branch.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal of Assessment of the Effectiveness of Internal Control Systems and the Internal Control System Statement in 2023.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal of the Company's 2023 Annual Business Report, Financial Statements, and Consolidated Financial Statements.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Proposal of The Company's 2023 Fiscal Year Loss Compensation Plan.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Evaluation of the Independence and Qualification of the Signing CPAs.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Amendment to Certain Articles of the Company's "Board Performance Evaluation Procedures".

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Amendment to Certain Articles of the Company's "Audit Committee Organization Regulations".

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Amendment to Certain Articles of the Company's "Board Meeting Rules".

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Election of Directors for the 14th Term of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Proposal: Matters Related to Convening the 2024 Annual General Meeting of Shareholders of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors. Therefore, the proposal was approved.

Minutes of the 14th Meeting of the 13th term Board of Directors (excerpt)

Meeting time: 05/08/2024 (Wed) 10:30 AM

Proposal: Proposal to apply for a short-term credit limit from the Chang Hwa Bank, Szuyuan Branch.

Resolution: No objection was received after the Chairman consulted all attending Directors.

Proposal: Q1 consolidated financial statements for 2024.

Resolution: No objection was received after the Chairman consulted all attending Directors.

Proposal: Proposal to nominate and approve the list of candidates for the 14th Board of Directors and Independent Directors of the Company.

Resolution: No objection was received after the Chairman consulted all attending Directors.

Proposal: Proposal to lift the non-compete restrictions for newly appointed directors (including independent directors).

Resolution: No objection was received after the Chairman consulted all attending Directors.

- (12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
- (13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

T i t l e	N a m e	Commencement Date	Termination Date	Reason for resignation or dismissal
General Manager	Cheng, Hsiang	11/08/2023		Job reassignment
General Manager	Cheng, Chieh		11/08/2023	Job reassignment
C h i e f Operating Officer	Cheng, Chieh	11/08/2023		Job reassignment
C h i e f Operating Officer	Cheng, Hsiang		11/08/2023	Job reassignment

5. Visiting accountant's public expense information

Unit: Thousand (NTD)

The Accounting Firm	Name	Audit Period of the Accountant	Audit Fees (Note 1)	Non-Audit Fees (Note 2)	Total	Remark
PwC Taiwan	Atlan, Hsu	2023/1/1~2023/12/31	2,505	160	2,665	None
	Jen-Chieh, Wu					

Note 1: Audit fees refer to the fees paid by the Company to the auditing accountant for financial report auditing, review, re-audit, and tax certification.

Note 2: The non-audit public fee refers to the service fee for transfer pricing projects.

- (1). The Company should disclose the amount of audit fees and non-audit fees paid to the engagement auditor and its affiliated accounting firm and related enterprises, as well as the nature of non-audit services: None.
- (2). If the accounting firm is changed and the audit fees paid for the year of change are less than the audit fees for the previous year, the amounts and reasons for the change in audit fees before and after the change should be disclosed: None.
- (3). If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion, and reasons for the decrease in audit fees should be disclosed: None.
- (4). The audit fees referred to in the preceding paragraphs refer to the fees paid by the Company to the auditor for financial report audit, review, compilation, financial forecast review, and tax certification: NT\$2,505 thousand.

6. Information on changing of CPAs: There has been no change in CPAs up to the date of printing of this annual report.

7. The Chairman, General Manager, or manager responsible for finance or accounting affairs of the Company has worked in the auditing firm or its affiliated enterprises within the past year: None.

8. For the fiscal year 2022 and up until the date of printing of this annual report, disclose the changes in share ownership and pledge by directors, managerial officers, and shareholders who hold more than 10% of the shares:

(1) Changes in shareholdings of directors, managers, and major shareholders:

Unit: Share

Title	Name	2023		For the fiscal year 2023 and up until April 21th, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in pledged shares
Chairman and Chief Operating Officer	Cheng, Chieh	0	0	0	0
Director and General Manager	Cheng, Hsiang	0	0	0	0
Director	Cheng, Ken-Yi	0	0	0	0
Director	Lee, Kan-Jung	0	0	0	0
Independent Director	Chung, Yi-Hao	0	0	0	0
Independent Director	Ho, Mei-Ying	0	0	0	0
Independent Director	Chang, Ke-Hao	0	0	0	0
Deputy General Manager And Finance and Accounting Manager	Lin, Ta-Chiun	0	0	0	0
Assistant Manager	Tseng, Shih-Hsin	0	0	0	0
Corporate Governance Officer	Huang, Chia-Chun (Note)	1	0	0	0

Note: Appointed on May 11, 2023. Only changes after the appointment date are disclosed.

- (2) The related parties involved in the transfer of shareholding exceeding 10% by directors, managers, and shareholders: None.
- (3) Changes in the pledge of shareholding exceeding 10% by directors, managers, and shareholders: None.

9. Information on the relationships between the top ten shareholders who hold a significant proportion of shares and are related as family members within the second degree of kinship or are related parties:

Date: 4/21/2024; Unit: Thousand Shares; Percentage: %

Shareholder Name	Shareholdings		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who have related-party transactions or are spouses or close relatives within the second degree of kinship.		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Cheng, Chieh	9,290	6.17	205	0.14	0	0	Cheng, Hsiang Lee, Kan-Jung	Siblings Affinity	None
Cheng, Hsiang	8,737	5.80	1,144	0.76	0	0	Cheng, Chieh Lee, Kan-Jung	Siblings Spouses	None
Lin, Hui-Fen (Note 2)	1,470	0.98	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Wang, Wen-Ling (Note 2)	1,385	0.92	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Hsu, Jen-Chung (Note 2)	1,301	0.88	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Lee, Kan-Jung	1,144	0.76	8,737	5.80	0	0	Cheng, Hsiang Cheng, Chieh	Spouses Affinity	None
Hou, Hsien-Chung (Note 2)	1,040	0.69	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Chang, Ching-Hui (Note 2)	1,010	0.67	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Chuang, Chun-Chih (Note 2)	700	0.47	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None
Yen, Tzu-Chieh (Note 2)	600	0.40	(Note 2)	(Note 2)	(Note 2)	(Note 2)	None	None	None

Note 1: The shareholding ratio is calculated based on the shareholding data as of the latest record date of April 21, 2024, and calculated based on a total issued share of 150,414,536 shares.

Note 2: The shareholders did not provide relevant information.

10. The Company, its directors, managers, and businesses directly or indirectly controlled by the Company shall report their shareholding in the same investee, and the comprehensive shareholding ratio shall be calculated by consolidation:

Date: 12/31/2023; Unit: Thousand Shares; %

Investee	Investments by the Company		Investments by directors, managers, and businesses directly or indirectly controlled by the Company		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Ample Crown International Ltd. (Note 1)	64,390	100.00%	0	0	64,390	100.00%
FONG YIN INVESTMENT CO., LTD. (Note 1)	1,450	100.00%	0	0	1,450	100.00%
METAGONE BIOTECH INC. (Note 2)	6,946	19.52%	3,238	9.1%	10,184	28.62%

Note 1: Refers to investments accounted for using equity method by the Company.

Note 2: Refers to financial assets measured at fair value through profit or loss by the Company.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

A. Issued Shares

Unit: Except for the issued price, all other amounts are in thousands of NTD; Thousand shares

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Other
The year before 2000	10	149,000	1,490,000	117,128	1,171,280	Capital for company establishment, cash capital increase, retained earnings, and capital surplus to increase capitalization, etc.	0	None
10/2005	10	149,000	1,490,000	127,624	1,276,239	Capitalization of retained earnings and employee bonuses (Note 1)	0	None
05/2006	10	149,000	1,490,000	128,508	1,285,079	Conversion of employee stock options into new shares issuance (Note 2)	0	None
08/2006	10	149,000	1,490,000	142,587	1,425,867	Capitalization of retained earnings and employee bonuses (Note 3)	0	None
01/2007	10	149,000	1,490,000	142,597	1,425,967	Conversion of employee stock options into new shares issuance (Note 4)	0	None
05/2007	10	200,000	2,000,000	142,951	1,429,507	Conversion of employee stock options into new shares issuance (Note 5)	0	None
10/2007	10	200,000	2,000,000	153,573	1,535,727	Cash capital increase and conversion of employee stock options into new shares issuance (Note 6)	0	None
12/2007	10	200,000	2,000,000	153,578	1,535,777	Conversion of employee stock options into new shares issuance (Note 7)	0	None
05/2008	10	200,000	2,000,000	153,582	1,535,817	Conversion of employee stock options into new shares issuance (Note 8)	0	None
07/2008	10	200,000	2,000,000	153,731	1,537,307	Conversion of employee stock options into new shares issuance (Note 9)	0	None
08/2008	10	200,000	2,000,000	155,452	1,554,520	Conversion of employee stock options into new shares issuance (Note 10)	0	None
12/2009	10	200,000	2,000,000	175,452	1,754,520	Cash capital increase (Note 11)	0	None
05/2010	10	200,000	2,000,000	176,701	1,767,010	Conversion of employee stock options into new shares issuance (Note 12)	0	None
08/2010	10	200,000	2,000,000	181,468	1,814,677	Capitalization of retained earnings and conversion of employee stock options into new shares issuance (Note 13)	0	None
09/2010	10	250,000	2,500,000	201,468	2,014,677	Cash capital increase (Note 14)	0	None
12/2017	10	250,000	2,500,000	150,415	1,504,145	Reduce capital to make up losses and private placement of common stock for cash increase (Note15)	0	None
08/2019	10	350,000	3,500,000	150,415	1,504,145	Increase in Authorized Capital (Note 16)	0	None

Note 1: Approved by the letter No. 09401196710 issued on October 12, 2005.

Note 2: Approved by letter No. 09501080380 issued on May 1, 2006.

Note 3: Approved by the letter No. 09501184250 issued on August 22, 2006.

Note 4: Approved by letter No. 09601009740 issued on January 18, 2007.

Note 5: Approved by the letter No. 09601108660 issued on May 18, 2007.

Note 6: Approved by letter No. 09601249090 issued on October 12, 2007.

Note 7: Approved by letter No. 09601319330 issued on December 31, 2007.

Note 8: Approved by letter No. 09701113240 issued on May 19, 2008.

Note 9: Approved by letter No. 09701185470 issued on July 24, 2008.

Note 10: Approved by letter No. 09701220210 issued on August 29, 2008.

Note 11: Approved by letter No. 10601165660 issued on December 29, 2009.

Note 12: Approved by letter No. 09901096420 issued on May 14, 2010.

Note 13: Approved by letter No. 09901181170 issued on August 10, 2010.

Note 14: Approved by letter No. 09901199700 issued on September 2, 2010.

Note 15: Approved by letter No. 10601165660 issued on December 8, 2017.

Note 16: Approved by letter No. 10801092230 issued on August 7, 2019.

B. Type of stock

04/21/2024; Unit: Share

Type of stock	Authorized capital stock				
	stock outstanding			Unissued Stock	Total
	Listed stock	Private placement securities	Total		
Common Stock	145,414,536	5,000,000	150,414,536	199,585,464	350,000,000

C. Information regarding the comprehensive declaration system: Not applicable.

(2). Shareholder structure

Date: 04/21/2024

shareholder structure Number	Government agency	Financial institution	Other corporations	Foreign institutions and foreigners	Individual	Total
Number of people	0	1	176	42	44,712	44,931
Shareholdings	0	4,000	189,414	1,011,442	149,209,680	150,414,536
Percentage (%)	0.00	0.00	0.13	0.67	99.20	100.00

Note: The Company's stock transfer was suspended from April 21, 2024 to June 19, 2024.

(3). Shareholding structure

A. Common stock

Each share has a par value of NT\$10 dollars ; Date: 04/21/2024

Shareholding Classes	Number of shareholders	Shareholdings	Shareholdings %
1 to 999	27,655	1,654,969	1.10%
1,000 to 5,000	12,508	28,875,791	19.20%
5,001 to 10,000	2,571	21,194,551	14.09%
10,001 to 15,000	669	8,776,276	5.83%
15,001 to 20,000	525	9,847,942	6.55%
20,001 to 30,000	424	10,950,673	7.28%
30,001 to 40,000	182	6,540,256	4.35%
40,001 to 50,000	123	5,732,003	3.81%
50,001 to 100,000	182	13,018,761	8.66%
100,001 to 200,000	51	6,725,335	4.47%
200,001 to 400,000	22	6,099,502	4.06%
400,001 to 600,000	10	4,918,260	3.27%
600,001 to 800,000	1	700,000	0.47%
800,001 to 1,000,000	0	0	0.00%
1,000,001 and above (inclusive)	8	25,380,217	16.87%
Total	44,931	150,414,536	100.00%

Note: The Company's stock transfer was suspended from April 21, 2024 to June 19, 2024.

B. Special stock: None.

(4). List of Major Shareholders

Shareholders with a shareholding of 5% or more or the top ten shareholders by shareholding, including their names, shareholding amounts, and percentage of shareholding:

Date: 04/21/2024; Unit: Share

Major Shareholders	Share	Shareholdings	%
Cheng, Chieh		9,290,500	6.17%
Cheng, Hsiang		8,737,838	5.80%
Lin, Hui-Fen		1,470,732	0.98%
Wang, Wen-Ling		1,385,000	0.92%
Hsu, Jen-Chung		1,301,000	0.92%
Lee, Kan-Jung		1,144,661	0.76%
Hou, Hsien-Chung		1,040,000	0.69%
Chang, Ching-Hui		1,010,486	0.67%
Chuang, Chun-Chih		700,000	0.47%
Yen, Tzu-Chieh		600,000	0.40%

Note: The Company's stock transfer was suspended from April 21, 2024 to June 19, 2024.

(5). Recent two-year data on per-share market price, net asset value, earnings, dividends, and related information:

Item	Year		2022	2023	Fiscal year 2023 and up until 3/31/2024
	Market price per share (Note 1)	Highest		11.20	23.65	19.25
Lowest			6.40	7.59	14.60
Average			8.97	16.35	16.83
Net asset value per share (Note 2)	Before distribution		10.04	9.50	9.64
	After distribution		10.04	9.50	9.64
Earnings per share	Weighted Average Shares (Thousand shares)		150,415	150,415	150,415
	Earnings per share (Note 3)		(1.05)	(0.29)	0.04
dividend per share	Cash dividend		0	0	(Undistributed)
	Stock dividend	Stock dividends from earnings	0	0	
		Capital Surplus Stock Distribution	0	0	
	Accumulated unpaid dividends (Note 4)		0	0	
ROI Analysis	P/E Ratio (Note 5)		0	0	0
	P/B Ratio (Note 6)		0	0	(Undistributed)
	Cash dividend yield (Note 7)		0	0	

*If there is a stock dividend distributed by increasing capital from earnings or capital surplus, the market price and cash dividend information adjusted retroactively according to the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices of common stock for each year shall be listed, and the average market price for each year shall be calculated based on the trading value and volume for each year.

Note 2: Please use the number of shares issued at the end of the year as the basis and fill in according to the distribution decided at the shareholders' meeting for the following year.

Note 3: If there is a need for retroactive adjustment due to situations such as free stock dividends, the earnings per share before and after adjustment should be listed.

Note 4: If there are regulations in the issuance conditions of equity securities that the unpaid dividends until the end of the year shall be accumulated and distributed in a profitable year, the accumulated unpaid dividends up to the end of the year shall be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / Earnings per share for the year.

Note 6: P/B ratio = Average closing price per share for the year / Cash dividend per share for the year.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 8: The per-share net worth and per-share earnings should be filled in with the latest quarterly information audited (reviewed) by the accountant up to the date of printing of the annual report. The remaining fields should be filled in with data for the current year up to the date of printing of the annual report.

(6) Dividend Policy and Implementation Status

A. Dividend Policy: The dividend distribution policy of the Company is stipulated as follows in its articles of association:

The annual net profit after tax of the Company shall be distributed in the following order:

(a) To make good the deficit (or loss)

(b) Set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply.

(c) In accordance with laws and regulations, set aside or reverse special surplus reserves. For the provision of special surplus reserves, if it is the net decrease in other equity reduction items accumulated in previous periods and the net increase in fair value of investment properties, the same amount should be provided from the undistributed earnings of the previous period as special surplus reserves. If the undistributed earnings of the previous period are insufficient, the remaining amount shall be provided from the current year's after-tax net profit and other items outside the current year's after-tax net profit, and added to the number of undistributed earnings for the current period.

The remaining amount may be allocated as the distributable surplus, which shall be proposed by the Board of Directors and approved by the Shareholders' Meeting when distributed through the issuance of new shares.

According to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute dividends or legal reserve and capital surplus in cash which Article 240 of the Company Act stipulates, either in whole or in part, with a decision made by at least two-thirds of the directors in attendance and a majority of the attending directors. The resolution should be reported to the shareholders' meeting.

Considering the future funding needs, long-term financial planning, and shareholders' demand for cash inflows, the Company will allocate no less than 10% of the distributable profits to distribute shareholder dividends each year. However, if the accumulated distributable profits are less than 5% of the paid-in capital, no distribution is required. When distributing shareholder dividends, cash or stock may be used, with the cash dividend not less than 10% of the total dividend amount. If the cash dividend per share is less than one NT dollar, the entire cash dividend may be changed to be distributed as stock dividends.

B. Proposed Distribution of Dividend: The Board of Directors has decided not to distribute any remuneration to directors and employees for the fiscal year 2023, but it has not yet been resolved by the shareholders' meeting.

C. Explain if a material change in dividend policy is expected: None.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: The proposed resolution at this shareholders' meeting is not to distribute dividends, which have no impact on the Company's business performance.

(8) Compensation of Employees and Directors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Company's Articles

Article 28 of the Company's Articles of Incorporation stipulates that:

If the Company generates profits in a fiscal year, after setting aside the amount required for making up the accumulated deficit, the Company shall allocate 5% to 10% of the remaining balance for employee compensation and no more than 3% for director compensation. The allocation shall be determined by the Board of Directors and reported to the shareholders' meeting. The employee compensation mentioned above may be issued in the form of stocks or cash and may include employees of subsidiary companies who meet certain conditions. The relevant measures shall be authorized by the Board of Directors.

B. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation this year: The Board of Directors has decided not to distribute any remuneration to directors and employees for the fiscal year 2023.

C. Distribution of Compensation of Employees, Directors and Supervisors for 2023 Approved in the Board of Directors Meeting: The Board of Directors has decided not to distribute any remuneration to directors and employees for the fiscal year 2022.

D. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: None.

(9) Status of Share Buyback Program: None.

2. Bonds: None.

3. Issuance of Preferred Shares: None.

4. Global Depository Receipts: None.

5. Issuance of Employee Stock Options: None.

6. Issuance of New Restricted Employee Shares: None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: None.

V. Operational Highlights

1. Business Scope

(1) Business Scope

A. The main business of the Company:

The main business of the Company is the production and sale of power supplies, computer chassis, and electronic components.

B. Current products and business proportion:

Unit: Thousand (NTD)

Product	Sales revenue for the year 2023	Business proportion (%)
Power Supply	204,269	79.59%
Computer Chassis	48,340	18.84%
Other	4,033	1.57%
Total	256,642	100.00%

C. New products development:

Product Category	New Products under Development
Power Supply	<ul style="list-style-type: none"> · Develop and manufacture power supplies for the Company's in-house gaming brand, Apexgaming, building upon last year's high-wattage ODIN series with a full-bridge + LLC resonant + DC-DC circuit architecture. Utilizing cutting-edge industry technology, the Company further optimizes the circuit architecture to reduce the size and cost of the power supply. With wattage ranging from 1000W to 1200W, these power supplies achieve ultra-high efficiency certified by 80 PLUS Platinum. Compared to the ODIN series, they are 30% smaller in size, aligning with the trend of downsizing computer systems on the market, while being more cost-effective and competitively priced. · Power supplies rated at 80 PLUS Bronze efficiency level have been favored by the mid-to-low-range market for their affordability, making them a staple choice for major system integrators. The Company's Research & Development team aims to leverage industry-leading technology to develop power supplies with Silver certification, offering specifications higher than Bronze at a similar price point. With enhanced specifications and competitive pricing, the Company aims to capture market share in the mid-to-low-range segment and secure adoption by major system integrators. · Develop and manufacture a new generation of small-form-factor SFX power supplies, design to meet the latest specifications, including ATX 3.0 and PCIe 5.0, to support the latest generation of graphics cards in the market. · With the advent of the AI PC era, the Company is actively developing the AI POWER specification.
Chassis	<ul style="list-style-type: none"> · Design and develop computer chassis for our gaming brand, Apexgaming. · OEM/ODM server case products. · OEM/ODM slim chassis and ATX tower computer chassis.

Cooling fans and liquid cooling systems	Design and develop high-volume, low-noise cooling fans, and all-in-one water-cooling radiators for our gaming brand, Apexgaming.
Charging cables for RVs and yachts	·Design and develop our own brand Apex Sports power cords, including high-amperage power cords for use in RVs, motorhomes, generators, and shore power systems for yachts.
Photocatalyst air purifier	·Design and develop our brand, Hypure air purifiers, including a full range of desktop, portable, car-use, and commercial air purifier products. ·Utilizing the latest nano photocatalyst patented technology, our brand Apexgaming incorporates it into our power supplies, PC chassis, cooling fans, and other products, to create a healthy gaming environment where the air is purified.

2. Industry Overview

1. Current Status and Development of the Industry

(1) Power Supplies for AI servers

With the rapid development and widespread adoption of AI technology, the server market has undergone significant changes in recent years. The emergence of intelligent chatbots, such as ChatGPT, has driven the demand for powerful AI servers. These servers are specially designed and optimized, often equipped with one or more high-performance GPUs or NVIDIA AI accelerator cards. AI servers excel at processing large volumes of data and serve as essential infrastructure for storing vast amounts of data for businesses.

The power supply unit (PSU) inside AI servers plays a crucial role in their performance. This is because the hardware components within AI servers require significantly more power than conventional servers. Therefore, compared to standard servers, the power supply units for AI servers must provide higher power output to drive these high-performance components, while also offering sufficient redundancy to handle load fluctuations.

Considering these requirements, the Company's research and development team will continue to develop and introduce updated specifications for power supplies tailored specifically for AI servers. These power supplies will feature larger output wattages, higher efficiency conversion rates, enhanced safety protection mechanisms, and will be designed to withstand the rigorous operating environments of AI servers.

2024 marks the dawn of the AI PC era, and the Company's research and development team is actively planning the AI POWER specification to meet the demands of this new era.

In addition, the Company has established a partnership with professional power cord manufacturer to expand the product line for RVs and yachts, targeting the vast consumer markets of North America and China. Furthermore, due to the impact of COVID-19, maintaining social distance and avoiding crowded enclosed spaces has indirectly driven up the demand for RVs. The Company views this challenge as an opportunity and remains optimistic about the potential of this market.

(2) Chassis

In the computer chassis industry, related technologies have become mature and highly competitive. In addition to the Company's original metal processing process, the Company has also collaborated with multiple manufacturers in recent years to achieve horizontal integration, integrating applications of different materials and developing a more diversified range of related products.

(3) Gaming Computer Industry

With the flourishing development of smartphones and mobile communication devices, the purchasing behavior of PCs has changed, resulting in a sluggish PC market in recent years. However, the sales of gaming PCs have grown against the trend. The gaming industry not only drives sales in the post-PC era but also drives upstream and downstream peripheral industries, including computer chassis and power products.

Gaming PCs differ from ordinary computers, with gamers demanding high-quality hardware, greater flexibility, and personalization. The Company has complete design and production capabilities. In addition to collaborating with mainstream gaming brand manufacturers, the Company also launches its own brand, Apexgaming, to provide gamers with more diversified options to meet their needs.

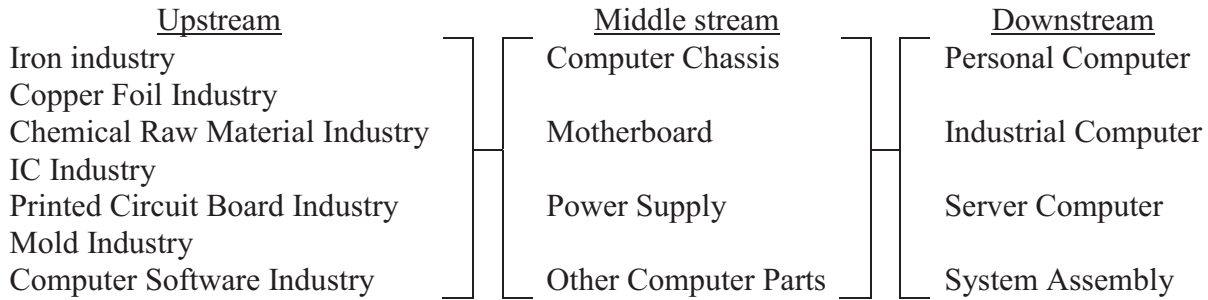
Furthermore, with the increasing awareness of health consciousness among the public, prolonged computer use for work or gaming can lead to many adverse health effects. Therefore, in addition to the gaming computer chassis and power supplies mentioned above, we have also simultaneously launched a series of products, including gaming chairs, electric height-adjustable desks, anti-electromagnetic radiation clothing, blue-light-blocking glasses, gaming wrist guards, nano photocatalytic power supply/fan modules, and desktop air purifiers. We hope to provide computer users with a comprehensive protection solution.

(4) Photocatalytic Air Purifier

Due to the global outbreak of COVID-19 in recent years, many people in Taiwan have purchased air purifiers to improve indoor air quality. Although various brands of air purifiers on the market claim to improve air quality and reduce the risk of viruses and bacteria, their solutions still rely primarily on dust-collecting filters, which require the replacement of consumables and are also not environmentally friendly. To replace air purifiers with dust-collecting filters, the Company is actively promoting sustainable development by improving energy efficiency and using environmentally friendly recycled materials. The Company has developed a nano photocatalytic air purifier. Considering patent and product planning, the product lines include a series of air purifier products, from portable to household to commercial use.

To provide customers with confidence and assurance, the Company's products have been awarded the "Air Purifier Gold Seal" by the Taiwan Air Quality and Health Safety Association. The certification mark is evaluated and awarded by industry experts based on criteria such as research and development, purification efficiency, quality assurance, and safety control. Only those who perform well in these evaluation categories can obtain this mark.

2. Relationship with Up-, Middle- and Downstream Companies



3. Product Trends and Competition

(1) Product Trends

A. Power Supply

According to Newzoo's estimates, the global gaming industry is currently valued at around USD\$160 billion, which is twice as much as the combined revenues of the film and music industries. Moreover, it is expected to grow at a rate of 9% annually.

High-End Power Supply Market: 1000W and above, Gold or higher efficiency products

As the gaming industry continues to expand, major hardware manufacturers such as Intel, AMD, and NVIDIA are continuously developing and releasing higher-performance hardware to meet the demands of the gaming PC and online gaming server markets. With the advent of more powerful hardware, there is also a growing need for larger output power supplies. Additionally, the rise of the AI industry has brought significant changes to the server market. Unlike conventional servers that rely mainly on CPU computing power, AI servers prioritize the computing power of multiple GPUs or AI chips. The power consumption of GPUs or AI chips is several times higher than that of CPUs, resulting in a much higher demand for power within AI servers. These industries often require power supplies with outputs of 1000W or higher to meet their needs. Furthermore, as hardware demands more power, it also leads to greater energy wastage. Therefore, the high-end market often opts for power supplies with 80 PLUS Gold or higher specifications.

Mid-Range Power Supply Market: 650W~850W, Gold efficiency products

The mid-range PC market primarily caters to consumers interested in high-definition multimedia, video editing, graphic design, industrial design, and moderate gaming. For example, NVIDIA recommends a 650W power supply for a mid-range RTX 4070 graphics card. Consumers in this market segment typically require power supplies ranging from 650W to 850W, with Gold efficiency being the main consideration.

Entry-Level Power Supply Market: 450W~650W, Bronze Efficiency Products

The entry-level PC market primarily caters to users engaged in web browsing, document processing, and general office applications. In this market segment, consumers have modest hardware power requirements and prioritize price when selecting power supplies. Typically, power supplies with outputs ranging from 450W to 650W, with Bronze efficiency rating, are preferred.

2024 marks the advent of AI PC era, and the Company's research and development team is actively planning AI POWER specifications.

B. Chassis cases and gaming peripherals

In addition to computer cases and gaming peripherals, the Company has developed our own brand and will focus more on shaping the concept of "gaming health" to differentiate ourselves from other brands in the future. The Company already launched

a product, an electric height-adjustable desk, which can prevent lower back pain caused by long periods of sitting.

C. Photocatalytic air purifier

In the post-pandemic era, people in Taiwan have become more aware of the importance of air purification and how to reduce the risk of being invaded by viruses again. Solytech has developed several products, including desktop, portable, and automotive air purifiers, based on several inventions and new patents. In addition, the Company has received Taiwan's first-ever photocatalytic air purifier certification, providing consumers with a reliable purchasing direction. In the future, the Company will continue to move towards the development of mobile and commercial air purifiers.

(2) Competitive Situation

In recent years, Taiwan's PC industry has moved to China, and the low technological threshold of this industry has caused Chinese PC manufacturers to become the main competitors of Taiwan's PC industry, leading to intense competition and a decrease in profits. However, due to relatively high specifications and quality in the high-end power supply market, there are still limited competitors in the market.

In response to industry competition, the same trade is focus on target low-margin production lines. The Company will focus more on high-margin products and the global market layout of our self-owned brand, Apexgaming.

(3) Overview of Research and development

A. R&D expenditures for the latest fiscal year and up to the date of printing of this annual report

Unit: NT\$ thousand dollars

Year	2023	2024/1 to 2024/3
R&D Expenditures	7,750	1,734

B. Successfully developed technology or product

Product category	Successfully developed technology or product
Power Supply	<ul style="list-style-type: none"> · Successfully developed a power supply unit with an output of up to 1650W. · Successfully developed the smallest 1650W power supply unit currently available on the market. · Successfully developed an ATX power supply unit compliant with the latest ATX 3.0 and PCIe 5.0 specifications. · Successfully developed an SFX power supply unit compliant with the latest ATX 3.0 and PCIe 5.0 specifications.
Chassis	<ul style="list-style-type: none"> · Developed several OEM mid- to high-level gaming chassis · Developed several slim chassis · Developed and applied special spray coatings · Developed several new designs of panels · Several server chassis
Electric adjustable desk	<ul style="list-style-type: none"> · Electric adjustable desk · Electric adjustable desk converter · Multiple monitor mount
Power Cord	<ul style="list-style-type: none"> · RV Use Extension Cord · Shore Power Use Extension Cord

Photocatalyst Air Purifier	<ul style="list-style-type: none"> · High-efficiency ATX PC power supplies which were awarded bronze and gold prizes with air purification function. · Cooling fan with air purification function · Computer chassis with air purification function · Desktop air purifier · Car-use air purifier · Portable air purifier · Wall-mounted smart nanometer photocatalyst air purifier · Air purifier that can be added to VRV and indoor air conditioning equipment · Smart mobile air purifier
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4. Long-term and Short-term Development

(1) Short-term Development

- a. Actively developing the Company's own gaming brand, Apexgaming.
- b. Actively developing the Company's own air purifier brand, HYPURE.
- c. Provide customers and the market with complete products and services and increase the market share.
- d. Master new product specifications and architectures to ensure the applicability of product specifications.
- e. Strengthen product integration, combine existing channels as the main sales channels, and perform bundled sales to extend the product sales period.

(2) Long-term Development

- a. Continuously improving the manufacturing process, enhancing production capability, upgrading production technology and product quality, and reducing costs to enhance the Company's competitiveness.
- b. Enhance product design capability and reduce mold development time.
- c. Continuously and actively develop important e-commerce platforms and major sales channels to increase market share.
- d. Persistently develop new products, devoting to product diversity and expanding the customer base.

2. Market and Sales Overview

(1) Market Analysis

A. Sales regions of major products

Unit: NT\$ thousand dollars

Region Year	Domestic sales	Export					Total
		Asia			Americas	Others	
		Taiwan	China	Hongkong	US	Others	
2022	40,199	5,743	118,795	-	54,077	19,175	237,989
2023	20,134	3,661	149,484	-	69,111	14,252	256,642

B. Market Share, Future Supply and Demand of the Market, and Growth Potential of the Company's Main Products

In addition to gaming peripherals, the Company's future product development direction will also combine our manufacturing advantages with external design to increase the production of power cords for RVs, ships, and other related industries, as well as a series of products such as nanometer photocatalyst air purifiers. The Company maintains our existing OEM/ODM markets and actively develops our brand, Apexgaming, to reduce uncertainty from brand customers. Currently, the Company's products are being actively promoted and sold in global markets.

To further develop the future potential of our nanometer photocatalyst air purifier product line, the Company has registered our brand, "HYPURE," and is actively investing in the development of products that promote healthy air quality.

C. Competitive Niches, Favorable and Unfavorable Factors Affecting the Company's Development, and Countermeasures to Deal with Such Factors

(1) Competitive Niches:

Power Supply	<ul style="list-style-type: none"> · The Company's robust R&D team stays abreast of the latest power supply design standards and technologies, continually pushing the boundaries of existing technology to create the most competitive products. The Company also provides customers with comprehensive design support and application technologies for overall product integration. · With a team of professional electromagnetic compatibility (EMC) and safety testing personnel, as well as dedicated laboratories, the Company conducts testing during the product development phase, ensuring compliance with regulations and effectively reducing product testing, shipping time, frequency, and costs. · Maintains excellent relationships with key suppliers, ensuring a stable supply chain with high-quality products, manageable lead times, and competitive pricing. · Through rigorous quality control and assurance measures, the Company continuously improves product design to enhance customer satisfaction.
Chassis Case	<ul style="list-style-type: none"> · Complete Product line: The Company has a complete range of desktop computer cases in various sizes and types and is also a professional manufacturer of power supplies that enables us to meet customers' needs for one-stop shopping, contributing to market expansion and revenue growth. · Stable Quality: The Company's main customers are mainly from the European and American markets which have high requirements for quality. And the customers are satisfied with our products, regardless of quality, delivery time, price, and development capabilities. Therefore, the Company has established a long-term and stable business relationship with the customers, which has helped us maintain steady growth. · Strong R&D department: The Company's R&D team members have many years of experience in product development, with capabilities in mold design, production and manufacturing, and appearance modeling. They can complete various new products in a short time.
Gaming Computer (Own Brand Business)	<ul style="list-style-type: none"> · With the advantages of design and manufacturing, the Company has established relevant business channels worldwide over the past 20 years. In recent years, due to the rise of e-commerce, the sales channels for information products have gradually shifted to e-commerce platforms, which presents a good opportunity for new brands. · For gamers, computer chassis and power supply products have already become standardized. Generally, gamers do not have a high dependence on existing brands. The Company has the advantages of production and cost, and aims to provide "self-production and self-sales to achieve the highest cost-performance ratio". By directly facing the distribution channels and consumers and cooperating with relevant marketing strategies, this approach has led to higher achievement in sales channels for our company.
Photocatalytic Air Purifier	<ul style="list-style-type: none"> · The Company's products have passed inspections by world-renowned certification organizations such as SGS and TUV. The Company is also the only company in Taiwan to receive certification from the Taiwan Photocatalyst Association for our photocatalyst products that meet the EU IEC/EN62471 photobiological safety standards. The Company has developed a series of high-efficiency photocatalysts air purifiers with ultraviolet UVA light, which is harmless to human eyes and skin. These air purifiers can effectively eliminate bacteria and odors. · The Company has been awarded a total of 3 invention patents and 8 utility model patents, and these have been actively promoted by government agencies.

(2) Favorable Factors:

- The Company continues to invest in the research of application support technology for our products, training professional talents, and investing in equipment to provide integrated technology for power supply mainframes and peripheral accessories.
- With the ability to design and develop key components, the Company ensures a stable source of future profits.
- The Company has established stable supply relationships with the major raw material suppliers with good quality, controlled delivery times, and prices that can be managed based on order batches. The strictly controls the delivery times of raw materials to reduce inventory pressure.
- Worldwide sales channels enable the Company to actively collect market trends, design and develop products according to customer needs, and maintain long-term good cooperative relationships with our customers.

(3) Unfavorable Factors:

In recent years, due to rising raw material costs, labor shortages, and increased wage costs, it has become more difficult to cultivate R&D and technical personnel, leading to relatively higher operating costs. The prevalence of low-priced computers has also led to price compression in computer peripherals, affecting profitability. Additionally, the ongoing US-China trade war has had a significant impact.

(4) Countermeasures to Deal with Such Factors:

A. Power Supply

- To ensure product quality, it is important to verify and improve during the design phase. Therefore, the Company has established rigorous and effective verification procedures.

- To effectively ensure product life and extend product value, in addition to product management, important technical documents such as product design, changes, and processes can be effectively controlled to reduce development and design costs and enhance product quality advantages.
- The Company values customer satisfaction and the extension of international competitiveness. The Company cooperates with suppliers, customers, and various departments to help the Company complete the global supply chain layout from a global perspective.
- The Company regards customers as partners, jointly participates in product development and design, improves technical research and development capabilities, and reduces production costs.

B. Computer Chassis

- The Company has outsourced the chassis case business to effectively control production costs and shift our focus to design and business development.
- Re-planned the manufacturing base of chassis cases, and allocated assets effectively.

C. Power Cord for RV and Marine

- Due to the current global COVID-19 pandemic, people around the world have changed their lifestyles, reduced gatherings and placing more emphasis on individual leisure travel, which has driven demand for RVs and camping trailers.

D. Nano-photocatalyst Power Supply/Fan Module and Desktop Air Purifier

- Due to the global attention to epidemic prevention policies since the outbreak of COVID-19, people are avoiding crowded public places. Therefore, the Company's R&D team has developed a series of products using nano photocatalytic technology, which has received multiple new patent certifications from the Taiwan Intellectual Property Office of the Ministry of Economic Affairs.

Patents:

- a. Cooling device which purifies the air (patent number I742797)
- b. Host equipment that purifies the air (patent number I779330)
- c. Composite structure air purifier (patent number I790064)

New patents:

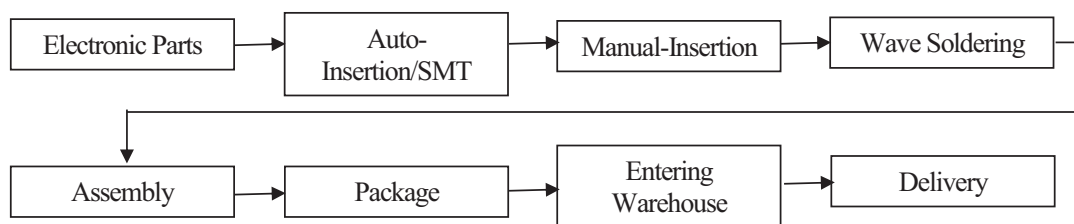
- d. Cooling device which purifies the air (patent number M603770)
- e. Host equipment that purifies the air (patent number M608796)
- f. Composite structure air purifier (patent number M625313)
- g. Composite photocatalyst filter screen and its sterilization device (patent number M618264)
- h. Photocatalyst air purification device for car air conditioner (patent number M619500)
- i. Power supply with photocatalytic air purification effect (patent number M604911)
- j. Air conditioner with air purification function (patent number M631545)
- k. Speaker with air purification function (patent number M614439)

(2). Main products applications and manufacturing process

1. Main products applications

Main Product	Application
Power Supply	Provide stable voltage to drive the operation of electronic equipment.
Computer Chassis	Necessary component for computer assembly.
Photocatalytic Air Purifier	Improves air quality, reduces the risk of viruses and bacteria in the environment, and efficiently removes odors.

2. The production process of the power supply is as follows:



(3). Supply situation of major raw materials:

Product	Major raw materials	Main supplier
Power supply	Electronic wire and transformer	Guangxi Yada Technology Co., Ltd. ,City Hanma (Dong guan) Electronic Co.,LTD

(4). List of major customers for purchases and sales

The names of customers who accounted for over 10% of the total sales (purchases) amount in any of the past two years, along with the corresponding sales (purchases) amount and percentage, and an explanation of any changes in their levels of business:

1. Information of major suppliers for the past two years:

Unit: NT\$ thousand dollars

Item	2022				2023				2024/1 to 2024/3 (Note 2)			
	Name	Amount	Percentage of net purchases for the entire year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases for the entire year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases accounted for until the end of the previous quarter of the current year (%)	Relationship with the issuer
1	Company V	25,270	20.32	None	Company V	25,101	13.86	None	Company Y	3,961	11.44	None
2	Others	99,061	79.68	None	Company Y	22,074	12.18	None	Others	30,654	88.56	None
					Others	133,991	73.96					
Total	Net Purchase	124,331	100.00		Net Purchase	181,166	100.00		Net Purchase	34,615	100.00	-

Note 1: The names of suppliers whose purchases account for more than 10% of the total purchases in the past two years, along with their purchase amounts and percentages, shall be listed. However, if the contract stipulates that the names of suppliers cannot be disclosed, or if the trading party is an individual who is not a related party, a code may be used instead.

Note 2: Before the date of the annual report, financial data that has been audited or reviewed by a certified public accountant for companies whose shares have been listed or traded in securities firms shall be disclosed.

Explanation of the main reasons for changes in major suppliers:

Y Company is a major supplier of essential raw materials for power supply production. In 2023, the company actively invested in the development, production, and sales of high-end power supplies,

leading to an increase in revenue from gaming power supplies compared to 111. This growth has also driven an increase in demand for raw materials required for power supply production.

2. Major Sales Customers in the Past Two Years:

Unit: NT\$ thousand dollars

Item	2022				2023				2024/1 to 2024/3 (Note 2)			
	Name	Amount	Percentage of net purchases for the entire year (%)	Relation ship with the issuer	Name	Amount	Percentage of net purchases for the entire year (%)	Relation ship with the issuer	Name	Amount	Percentage of net purchases accounted for until the end of the previous quarter of the current year (%)	Relation ship with the issuer
1	Company O	56,971	23.94	None	Company O	68,561	26.71	None	Company U	6,512	11.52	None
2	Company U	37,227	15.64	None	Company X	30,897	12.04	None	Other	50,029	88.48	None
3	Company W	24,981	10.50	None	Other	157,184	61.25					
4	Other	118,810	49.92									
Total	Net Purchase	237,989	100.00		Net Purchase	256,642	100.00		Net Purchase	56,541	100.00	-

Note 1: The names of customers with sales amounts exceeding 10% in the past two years, along with their sales amounts and proportions, shall be listed. However, if the contract stipulates that the names of suppliers cannot be disclosed, or if the trading party is an individual who is not a related party, a code may be used instead.

Note 2: Before the date of the annual report, financial data that has been audited or reviewed by a certified public accountant for companies whose shares have been listed or traded in securities firms shall be disclosed.

Explanation of the reasons for the major changes in sales customers:

- (1) Company U, the distributor of AG brand products in Taiwan, experienced a significant decline in sales in 2023 due to a substantial reduction in market demand. Additionally, a high volume of product returns during the warranty period further contributed to the decrease in sales.
- (2) Company X, a well-known e-commerce platform in mainland China, specializes in selling high-end power supplies. Following the post-pandemic recovery of the gaming product market in 2023, there was an increase in demand for high-end power supplies, leading to growth in sales for Company X.

(5). Production output in the past two years.

Unit: NT\$ thousand dollars

Production	Year	2022			2023		
		Productivity	Output	Value	Productivity	Output	Value
Main Products							
Power Supply		-	180	112,094	-	217	200,654
Computer Chassis (Note 2)		-	-	-	-	-	-
Other		-	39	5,179	-	2	678
Total		-	219	117,273	-	219	201,332

Note 1: Production capacity refers to the quantity that the Company can produce under normal operation by utilizing the existing production equipment, after taking into account necessary downtime and holidays.

Note 2: Production of computer chassis has been outsourced since July 2018, after being produced in-house before that.

6. Sales volume of recent two-year

Unit: NT\$ thousand dollars

Sales Volume	Year	2022				2023			
		Domestic sales		Export		Domestic sales		Export	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Products									
Power Supply		24	29,826	202	135,709	6	10,157	196	194,112
Computer Chassis (Note 1)		5	6,806	76	53,355	6	7,275	56	41,065
Optical modem		-	-	-	-	-	-	-	-
Other (Note 2)		5	3,567	22	8,726	2	2,702	13	1,331
Total (Note 3)		(Note 3)	40,199	(Note 3)	197,790	(Note 3)	20,134	(Note 3)	236,508

Note 1: The sales volume (value) of computer cases includes the components of institutional cases.

Note 2: Includes OEM products, gaming products, and network 3C peripheral products, etc.

Note 3: The total sales volume is not shown due to different units of measurement.

3. Employee information of recent two years and as of the date of printing of the annual report:

Year		2022	2023	For the fiscal year 2023 and up until 05/10/2024
Number of the employees	Sales and Marketing	9	10	10
	R&D	5	4	3
	Administration	18	17	17
	Total	32	31	30
Average Age		48.51	48.57	49.18
Average Length of Service		14.00	14.83	15.26
Educational distribution	PhD	0%	0%	0%
	Master	9.38%	9.68%	10%
	University	75.00%	77.42%	76.66%
	High School	9.38%	6.45%	6.67%
	Below high school	6.24%	6.45%	6.67%

4. Environmental Protection Expenditure

(1) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents: The Company has not received any penalties or fines from regulatory agencies due to environmental incidents for the fiscal year 2023 and up until the date of printing of this annual report.

(2) Countermeasures and potential expenditures: None.

5. Labor Relations

(1) Employee Benefit Plans, Employee Education Program, Employee Training Program, Employee Retirement System and its Implementation, Labor Management Agreements and Measures for Preserving Employees' Rights and Interests

A. Employee Benefit Plans

The employee welfare measures of our company are provided through the operation of the Company and the Employee Welfare Committee, offering diverse employee benefits to enhance employee morale and promote labor-management harmony, aiming to create a good working environment for employees.

a. Benefits

- (a) Health Insurance
- (b) Annual Leave
- (c) Year-End Bonus
- (d) Employee Stock Purchase Program
- (e) Regular Health Examination

b. Welfare Committee

- (a) Group Insurance
- (b) Holiday Bonus
- (c) Birthday Allowance
- (d) Wedding and Funeral Subsidies
- (e) Department Banquet

B. Employee Education Program

The Company has established an "Employee Education and Training Policy" to create an employee training system and provide diverse learning channels to enhance employee competence and cultivate professional talents for the Company. In addition, the Company conducts regulatory training in compliance with relevant laws and regulations and encourages employees to obtain relevant certifications.

C. Employee Training Program

Employees recommended by their supervisors have the opportunity to participate in various external training courses, which allow them to broaden their horizons and enhance their skills.

D. Employee Retirement System and its Implementation

The Company and its domestic subsidiaries have established a retirement program with specified benefits following the provisions of the Labor Standards Act, applicable to the service years of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act.

For employees who meet the retirement requirements, the payment of retirement benefits is calculated based on the service years and the average salary for the six months before retirement. For service years within 15 years (inclusive), two units are given for every one year of service. And for service years exceeding 15 years, one unit is given for every one year of service, with a cumulative maximum of 45 units. The Company has fully set aside the required amount in an account supervised by the Labor Pension Supervisory Committee of the Bank of Taiwan.

E. Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

The Company upholds the concept of "valuing senior employees and embracing new colleagues".

Therefore, all employees are covered by labor insurance, national health insurance, and group insurance, and entitled to various insurance benefits. The Company has also established an employee welfare committee, which legally contributes to employees' retirement pensions and establishes retirement policies for employees.

- (2) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes

Due to the Company's proactive approach to providing employee benefits and safety measures, there have been no labor disputes in the past two years.

6. Cyber security management

- (1) Describe the framework for managing cyber security risks, cyber security policies, specific management plans, and the resources invested in cyber security management.

To ensure the security of the network, prevent disasters, data loss of computer files, and strengthen personal data protection, the Company has developed the following measures focusing on potential risks that may occur in business operations:

A. Threats of Computer Virus

Computer viruses may come from various sources, such as visited websites, malicious email attachments, removable storage media, or downloaded malicious programs. Therefore, the Company has established a multi-layered defense and detection system, with internationally recognized antivirus systems installed on all endpoints. The system is centrally monitored and controlled to reduce the risk of malicious program infections and attacks.

B. Cyber Attack

Internet hacker attacks have an impact on business operations. Therefore, the Company has established necessary protection measures such as segmenting important network segments and access control, firewalls, intrusion detection, and prevention mechanisms. In addition, the Company regularly conducts vulnerability scans and application protection for websites that provide external connectivity services and implements a security vulnerability reporting and patching mechanism to reduce the probability of vulnerabilities and attacks.

C. Interruption of Operation

The Company has implemented necessary same-site/off-site backups and restoration drills for important operational services and data. In the event of unavoidable damage or disruption to the main operating system or database, the Company can restore operations within the time limit stipulated by different services.

D. Security Management

Important data centers are equipped with access control management, authentication of login systems, password management, access authorization, and other mechanisms.

E. Cyber Security Resources

The Company has designated information security personnel responsible for cyber security by regularly inspecting security devices. The Company also prepares a yearly budget to update and maintain security devices such as firewalls, endpoint antivirus systems, and backup storage systems.

- (2) Losses incurred, potential impact, and response measures due to significant cyber security incidents for the current and previous fiscal year until the date of the annual report printing:

The Company has implemented necessary same-site/off-site backups and restoration drills for important operational services and data. In the event of unavoidable damage or disruption to the main operating system or database, the Company can restore operations within the time limit stipulated by different services.

7. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year: None.

VI. Financial Information

1. Profit and Loss Statement and Balance Sheet for the Past Five Years

(1) Profit and Loss Statement and Balance Sheet

1.1 Balance Sheet (compiled based on the consolidated financial statements)

Unit: NT\$ thousand dollars

Item \ Year		Financial information for the past five years (Note 1)					
		2019	2020	2021	2022	2023	For the fiscal year 2023 and up until March 31th, 2024
Current Assets		565,939	1,152,989	791,140	1,393,002	1,393,811	1,389,247
Property, plant and equipment (Note 2)		413,770	223,014	82,104	44,169	43,844	43,399
Intangible Assets		0	0	0	0	0	0
Other assets (Note 2)		286,165	218,998	315,126	299,405	217,934	208,033
Total assets		1,265,874	1,595,001	1,188,370	1,736,576	1,655,589	1,640,679
Current Liabilities	Before distribution	580,555	536,061	158,159	105,994	114,914	77,616
	After distribution	580,555	536,061	158,159	105,994	114,914	77,616
Non-current liabilities		36,561	15,573	3,907	45,071	37,964	38,628
Total Liabilities	Before distribution	617,116	551,634	162,066	151,065	152,878	116,244
	After distribution	617,116	551,634	162,066	151,065	152,878	116,244
Equity attributable to owners of the parent company		648,788	1,043,407	1,026,355	1,510,837	1,429,403	1,449,782
Share capital		1,504,145	1,504,145	1,504,145	1,504,145	1,504,145	1,504,145
Additional Paid-In Capital		3,539	3,539	3,539	585,480	585,480	585,480
Retained earnings	Before distribution	(930,898)	(534,665)	(552,318)	(706,336)	(749,247)	(742,675)
	After distribution	(930,898)	(534,665)	(552,318)	(706,336)	(749,247)	(742,675)
Other equity interest		72,002	70,388	70,989	127,548	89,025	102,832
Treasury stock		0	0	0	0	0	0
Non-controlling interests		(30)	(40)	(51)	74,674	73,308	74,653
Total equity	Before distribution	648,758	1,043,367	1,026,304	1,585,511	1,502,711	1,524,435
	After distribution	648,758	1,043,367	1,026,304	1,585,511	1,502,711	1,524,435

Note 1: The financial statements of the above years have been audited or reviewed by an accountant.

Note 2: The Company has not conducted any asset revaluation as of the date of the annual report printing.

Note 3: The appropriation of profits and losses has not yet been discussed in a shareholders' meeting.

1.2 Balance Sheet (compiled based on the individual financial statements)

Unit: NT\$ thousand dollars

Item \ Year	Financial information for the past five years (Note 1)					For the fiscal year 2023 and up until March 31th, 2024	
	2019	2020	2021	2022	2023		
Current Assets	574,583	514,087	434,656	395,983	419,756	Not applicable	
Property, plant and equipment (Note 2)	57,809	44,000	42,906	40,520	38,847		
Intangible Assets	0	0	0	0	0		
Other assets (Note 2)	234,285	587,003	636,219	1,134,399	1,085,220		
Total assets	866,677	1,145,090	1,113,781	1,570,902	1,543,823		
Current Liabilities	Before distribution	217,549	101,043	87,126	57,981		114,120
	After distribution	217,549	101,043	87,126	57,981		114,120
Non-current liabilities	340	640	300	2,084	300		
Total Liabilities	Before distribution	217,889	101,683	87,426	60,065		114,420
	After distribution	217,889	101,683	87,426	60,065		114,420
Equity attributable to owners of the parent company	648,788	1,043,407	1,026,355	1,510,837	1,429,403		
Share capital	1,504,145	1,504,145	1,504,145	1,504,145	1,504,145		
Additional Paid-In Capital	3,539	3,539	3,539	585,480	585,480		
Retained earnings	Before distribution	(930,898)	(534,665)	(552,318)	(706,336)		(749,247)
	After distribution	(930,898)	(534,665)	(552,318)	(706,336)		(749,247)
Other equity interest	72,002	70,388	70,989	127,548	89,025		
Treasury stock	0	0	0	0	0		
Non-controlling interests	0	0	0	0	0		
Total equity	Before distribution	648,788	1,043,407	1,026,355	1,510,837		1,429,403
	After distribution	648,788	1,043,407	1,026,355	1,510,837		1,429,403

Note 1: The financial statements of the above years have been audited and certified by an accountant.

Note 2: The Company has not conducted any asset revaluation as of the date of the annual report printing.

Note 3: The appropriation of profits and losses has not yet been discussed in a shareholders' meeting.

2.1 Profit and Loss Statement (compiled based on the consolidated financial statements)

Unit: The units used in this report are in thousands of New Taiwan dollars, except for earnings per share (loss) which are in New Taiwan dollars.

Item \ Year	Financial information for the past five years (Note 1)					
	2019	2020	2021	2022	2023	For the fiscal year 2023 and up until March 31th, 2024
Revenue	930,189	1,085,366	355,816	237,989	256,642	56,541
Gross Profit (loss)	(58,804)	108,467	7,794	(2,555)	31,312	8,424
Operating loss	(316,397)	(105,164)	(141,141)	(152,711)	(84,884)	(19,593)
Non-operating income and expenses	(42,338)	524,903	122,608	(4,558)	42,159	26,209
Profit (Loss) Before Tax	(358,735)	419,739	(18,533)	(157,269)	(42,725)	6,616
Net Income (Loss) from Continuing Operations for the Period	(356,539)	396,093	(18,538)	(157,299)	(43,173)	6,572
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	(356,539)	396,093	(18,538)	(157,299)	(43,173)	6,572
Other comprehensive income (net of tax) for the current period	605	(1,484)	1,475	61,824	(39,627)	15,152
Total comprehensive income	(355,934)	394,609	(17,063)	(95,475)	(82,800)	21,724
Net profit (loss) attributable to owners of the parent company	(356,524)	396,101	(18,526)	(157,283)	(43,160)	6,572
Loss attributable to non-controlling interests	(15)	(8)	(12)	(16)	(13)	0
The total comprehensive income (loss) attributable to owners of the parent company	(355,920)	394,619	(17,052)	(97,459)	(81,434)	20,379
Total comprehensive income (loss) attributable to non-controlling interests	(14)	(10)	(11)	1,984	(1,366)	1,345
Earnings (loss) per share	(2.37)	2.63	(0.12)	(1.05)	(0.29)	0.04

Note 1: The financial statements of the above years have been audited and certified by an accountant.

2.2 Profit and Loss Statement (compiled based on the individual financial statements)

Unit: The units used in this report are in thousands of New Taiwan dollars, except for earnings per share (loss) which are in New Taiwan dollars.

Item \ Year	Financial information for the past five years (Note 1)					For the fiscal year 2023 and up until March 31th, 2024
	2019	2020	2021	2022	2023	
Revenue	292,067	393,760	196,888	130,164	112,034	Not applicable
Gross Profit (loss)	21,105	101,017	8,466	3,295	3,908	
Operating loss	(61,336)	35,755	(54,689)	(58,392)	(53,611)	
Non-operating income and expenses	(296,346)	363,419	36,163	(98,891)	10,451	
Profit (Loss) Before Tax	(357,682)	399,174	(18,526)	(157,283)	(43,160)	
Net Income (Loss) from Continuing Operations for the Period	(356,524)	396,101	(18,526)	(157,283)	(43,160)	
Loss from discontinued operations	0	0	0	0	0	
Net income (loss) for the period	(356,524)	396,101	(18,526)	(157,283)	(43,160)	
Other comprehensive income (net of tax) for the current period	604	(1,482)	1,474	59,824	(38,274)	
Total comprehensive income	(355,920)	394,619	(17,052)	(97,459)	(81,434)	
Net profit (loss) attributable to owners of the parent company	(356,524)	396,101	(18,526)	(157,283)	(43,160)	
Loss attributable to non-controlling interests	0	0	0	0	0	
The total comprehensive income (loss) attributable to owners of the parent company	(355,920)	394,619	(17,052)	(97,459)	(81,434)	
Total comprehensive income (loss) attributable to non-controlling interests	0	0	0	0	0	
Earnings (loss) per share	(2.37)	2.63	(0.12)	(1.05)	(0.29)	

Note 1: The financial statements of the above years have been audited and certified by an accountant.

(2) Names of auditors who have signed off on the financial statements for the past five years, along with their audit opinions.

Year	Accounting Firm	CPA	Audit opinions
2019	PwC Taiwan	Atlan, Hsu, (Note 1), Han-Chi, Wu	Unqualified opinion
2020	PwC Taiwan	Atlan, Hsu, Han-Chi, Wu	Unqualified opinion
2021	PwC Taiwan	Atlan, Hsu, Han-Chi, Wu	Unqualified opinion
2022	PwC Taiwan	Atlan, Hsu, Han-Chi, Wu	Unqualified opinion
2023	PwC Taiwan	Atlan, Hsu, Jen-Chieh, Wu (Note 1)	Unqualified opinion

Note 1: There has been a change in the signing certified public accountant of PwC Taiwan due to an internal reorganization.

2. Financial Analysis for the Past Five Years

(1) Consolidated Financial Analysis for the Last Five Years

Items		Year	Financial information for the past five years (Note 1)					For the fiscal year 2023 and up until March 31th, 2024
			2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to asset ratio		48.75	34.59	13.64	8.70	9.23	7.09
	Long term capital to property, plant and equipment ratio		165.63	474.83	1254.76	3691.69	3513.99	3601.61
Solvency (%)	Current ratio		97.48	215.09	500.22	1314.23	1212.92	1789.90
	Quick ratio		77.99	194.20	399.75	1224.60	1146.13	1699.36
	Interest coverage ratio		(36.17)	43.80	(10.79)	(77.54)	(95.01)	162.37
Operating Capacity	Receivables turnover ratio		3.27	4.45	2.15	3.45	4.11	4.07
	Average cash recovery day		111.62	82.02	169.76	105.79	88.80	89.68
	Inventory turnover rate		10.08	9.04	2.54	1.92	2.46	2.19
	Accounts payable turnover ratio		5.99	5.76	2.65	4.89	3.96	3.16
	Days sales outstanding		36.21	40.37	143.70	190.10	148.37	166.66
	Property, plant and equipment turnover rate		2.04	3.41	2.33	3.77	5.83	5.18
	Total asset turnover rate		0.63	0.76	0.26	0.16	0.15	0.14
Profitability	Return on assets		(23.62)	28.19	(1.24)	(10.69)	(2.52)	0.40
	Return on equity		(43.12)	46.82	(1.79)	(12.05)	(2.80)	0.43
	Return on equity ratio		(23.85)	27.91	(1.23)	(10.46)	(2.84)	0.44
	Net profit rate		(38.33)	36.49	(5.21)	(66.10)	(16.82)	11.62
	Earnings per share		(2.37)	2.63	(0.12)	(1.05)	(0.29)	0.04
Cash Flow	Cash flow ratio		(Note 3)	(Note 3)	(Note 3)	1.36	88.56	12.11
	Cash flow adequacy ratio		(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
	Cash Re-investment Ratio		(Note3)	(Note3)	(Note3)	0.08	6.25	0.57
Leverage	Operating leverage		(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
	Financial leverage		(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)

Reasons for changes in various financial ratios for the past two years: (If the percentage of increase or decrease is less than 20%, no analysis is required.)

- The increase in interest coverage ratio is primarily due to the decrease in the amount of loss in 2023 compared to 2022.
- The increase in inventory turnover ratio is mainly attributed to the decrease in average inventory amount in 2023 compared to 2022, resulting in an increase in inventory turnover.
- The decrease in average days of sales outstanding is primarily due to the increase in inventory turnover ratio.
- The increase in fixed asset turnover ratio is mainly attributed to the lower average value of fixed assets, buildings, and equipment in 2023 compared to 2022, leading to an increase in fixed asset turnover.
- The changes in asset turnover ratio (76%), equity return ratio (77%), pre-tax net income to paid-in capital ratio (73%), net profit margin (75%), and loss per share (72%) are mainly due to the decrease in the amount of loss in 2023 compared to 2022.
- The changes in cash flow ratio (6412%) and cash reinvestment ratio (7713%) are primarily attributed to the increase in net cash flow from operating activities.

Note 1: The financial statements for the above-mentioned years were audited or reviewed by certified public accountants.

Note 2: Financial leverage and operating leverage are not disclosed for the years with negative operating income.

Note 3: Cash flow ratio and reinvestment ratio are not disclosed due to the negative net cash flow from operating activities.

Note 4: Cash flow adequacy ratio is not disclosed due to the negative average net cash flow from operating activities.

(2) Individual Financial Analysis for the Last Five Years

Item		Financial information for the past five years (Note 1)					For the fiscal year 2023 and up until March 31th, 2024
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to asset ratio	25.14	8.88	7.85	3.82	7.41	Not applicable
	Long term capital to property, plant and equipment ratio	1122.88	2372.83	2392.80	3733.76	3680.34	
Solvency (%)	Current ratio	264.12	508.78	498.88	682.95	367.82	
	Quick ratio	75.12	501.32	381.09	670.13	363.40	
	Interest coverage ratio	(98.62)	114.97	(13.32)	(217.52)	(706.54)	
Operating Capacity	Receivables turnover ratio	2.48	3.44	2.40	3.19	3.65	
	Average cash recovery day	147.17	106.10	152.08	114.42	100.00	
	Inventory turnover rate	106.24	83.34	25.44	11.07	10.38	
	Accounts payable turnover ratio	3.51	604.22	179.02	5.57	1.51	
	Days sales outstanding	3.43	4.37	14.34	32.97	35.16	
	Property, plant and equipment turnover rate	4.92	7.74	4.53	3.12	2.82	
	Total asset turnover rate	0.26	0.39	0.17	0.10	0.07	
Profitability	Return on assets	(31.03)	39.65	(1.55)	(11.68)	(2.77)	
	Return on equity	(43.12)	46.82	(1.79)	(12.40)	(2.94)	
	Return on equity	(23.70)	26.33	(1.23)	(10.46)	(2.87)	
	Net profit rate	(122.07)	100.59	(9.41)	(120.83)	(38.52)	
	Earnings per share	(2.37)	2.63	(0.12)	(1.05)	(0.29)	
Cash Flow	Cash flow ratio	(Note 3)	463.66	(Note 3)	235.70	33.37	
	Cash flow adequacy ratio	(Note 4)	(Note 4)	(Note 4)	1248.05	1837.28	
	Cash Re-investment Ratio	(Note 3)	53.79	(Note 3)	24.17	2.56	
Leverage	Operating leverage	(Note 2)	10.99	(Note 2)	(Note 2)	(Note 2)	
	Financial leverage	(Note 2)	1.11	(Note 2)	(Note 2)	(Note 2)	
<p>Reasons for changes in various financial ratios for the past two years: (If the percentage of increase or decrease is less than 20%, no analysis is required.)</p> <ol style="list-style-type: none"> The increase in the debt-to-asset ratio and the decrease in the current ratio and quick ratio are primarily attributed to the increase in accounts payable to related parties at the end of 2023. The decrease in the interest coverage ratio is mainly due to a 73% decrease in pre-tax losses and a 92% decrease in interest payments in 2023, resulting in a decrease in the interest coverage ratio. The decrease in accounts payable turnover ratio is primarily attributed to an increase in average accounts payable in 2023 compared to 2022. The decrease in total asset turnover ratio is mainly due to a decrease in revenue in 2023 compared to 2022. The changes in asset turnover ratio (76%), equity return ratio (76%), post-tax net income to paid-in capital ratio (73%), net profit margin (68%), and loss per share (72%) are primarily attributed to a decrease in the amount of loss in 2023 compared to 2022. The changes in cash flow ratio (86%) and cash reinvestment ratio (89%) are mainly due to a decrease in net cash flow from operating activities. The change in cash flow adequacy ratio by 47% is mainly attributed to an increase in average net cash flow from operating activities. 							

Note 1: The financial statements for the above-mentioned years were audited or reviewed by certified public accountants.

Note 2: Financial leverage and operating leverage are not disclosed for the years with negative operating income.

Note 3: Cash flow ratio and reinvestment ratio are not disclosed due to the negative net cash flow from operating activities.

Note 4: Cash flow adequacy ratio is not disclosed due to the negative average net cash flow from operating activities.

Note 5: The following calculation formula should be listed at the end of this table in the annual report:

1. Financial Structure

(1) Debt to asset ratio=Total liabilities/Total assets

(2) Long term capital to property, plant and equipment ratio=(Total equity+Non-current liabilities)/Net property, plant and equipment

2. Solvency

(1) Current ratio=Current assets/Current liabilities

(2) Quick ratio=(Current assets-Inventories-Prepaid expenses)/Current liabilities

(3) Interest coverage ratio=net profit before income tax and interest expense/Current interest expense

3. Operating Capacity

(1) Receivables turnover ratio=Net sales/Average account receivables

(2) Average cash recovery day=365/Receivables turnover

(3) Inventory turnover rate=Cost of sales/Average Inventories

(4) Accounts payable turnover ratio=Cost of goods sold/Average account payable

(5) Days sales outstanding =365/Inventory turnover rate

(6) Property, plant and equipment turnover rate=Net sales/Average property, plant and equipment

(7) Total asset turnover rate=Net sales/Average total assets

4. Profitability

(1) Return on assets (%)=[Profit after tax+Interest expense ×(1-Tax rate)]/Average asset

(2) Return on equity (%)=Profit after tax/Average shareholders' equity

(3) Net profit rate (%)=Net Income/Total revenue

(4) Earnings per share=(Interests attributable to parent company owner-Preferred shares dividend)/Weighted average number of shares outstanding during the period

5. Cash Flow

(1) Cash flow ratio=Operating cash flow/Current liabilities

(2) Cash flow adequacy ratio=Cash flow from operations of the last five years/(Capital expenditures+Mandatory debt repayment+Dividends of the last five years)

(3) Cash Re-investment Ratio=(Cash flow from operations-Cash dividends)/(Property, plant, and equipment+Long-term investments+Non-current assets+Working capital)

6. Leverage

(1) Operating leverage=(Operating revenue- variable operating costs and expenses)/Operating income

(2) Financial leverage=Operating income/(Operating income-Interest expense)

Note 6: When measuring the above formula for calculating earnings per share, special attention should be paid to the following:

1. Use the weighted average number of common shares outstanding, not the year-end issued share base.

2. In the case of cash capital increases or treasury stock transactions, consider the period of circulation when calculating the weighted average number of shares.

3. In the case of earnings capitalization or capital surplus capitalization, when calculating the earnings per share of previous years and semi-annual periods, the increase ratio should be adjusted retrospectively, and the period of the increase should not be considered.

4. If the preferred stock is non-convertible cumulative preferred stock, its annual dividends (whether paid or not) should be deducted from or added to the net income after tax. If the preferred stock is non-cumulative, in the case of net income, the preferred stock dividend should be deducted from the net income after tax; if there is a loss, no adjustment is necessary.

Note 7: When measuring cash flow analysis, the following points should be carefully noted:

1. Net cash flow from operating activities refers to the net cash inflow in the cash flow statement from operating activities.

2. Capital expenditures refer to the annual cash outflow for capital investments.

3. Inventory increases are only calculated if the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.

4. Cash dividends include cash dividends for common and preferred stock.

5. Gross value of real estate, plants and equipment refers to the total value of real estate, plants and equipment before accumulated depreciation is deducted.

Note 8: The issuer should classify all operating costs and expenses into fixed and variable by nature. If any estimation or subjective judgment is involved, reasonableness should be considered and consistency should be maintained.

Note 9: If the stock has no par value or the par value per share is other than NT\$10, the calculation of the ratio based on the subscribed capital shall be changed to the ratio based on the equity attributable to the parent company's owners in the balance sheet.

3. Audit Committee Review Report for the 2023 Financial Report:

Solytech Enterprise Corporation
Audit Committee's Review Report

The 2023 business report, individual financial report, consolidated financial report, and appropriation of profit or loss of the Company were prepared by its Board of Directors and certified by Hsu, Atlan and Wu, Jen-Chieh, PwC Taiwan, and issued an accountant audit report. The 2023 individual financial report, consolidated financial report, business report as well as the appropriation of profit or loss were reviewed by the Committee and found true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted during the:
2024 Annual Meeting of Shareholders of Solytech Enterprise Corporation

Convener of Audit Committee: Chung, Yi-Hao

March 14, 2024

4. Consolidated Financial Statements of the Parent Company and Subsidiaries Audited and Certified by CPAs of 2023:
Please refer to Appendix 1, pages 79 to 138.
5. Individual Financial Reports Audited and Certified by CPAs of 2023:
Please refer to Appendix 2, pages 139 to 194.
6. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

VII. Review and Analysis of Financial Status and Business Results and Risk Issues

1. Analysis of Financial Status

Unit: NT\$ thousand dollars

Item \ Year	2022	2023	Discrepancy	
			Amount	%
Current assets	1,393,002	1,393,811	809	0.06
Investments accounted for using equity method	0	0	0	0
Property, plant, and equipment	44,169	43,844	(325)	(0.74)
Intangible assets and other assets	299,405	217,934	(81,471)	(27.21)
Total assets	1,736,576	1,655,589	(80,987)	(4.66)
Current liabilities	105,994	114,914	8,920	8.42
Non-current liabilities	45,071	37,964	(7,107)	(15.77)
Total liabilities	151,065	152,878	1,813	1.20
Share capital	1,504,145	1,504,145	0	0
Capital surplus	585,480	585,480	0	0
Retained earnings	(706,336)	(749,247)	(42,911)	(6.08)
Other equity	127,548	89,025	(38,523)	(30.20)
Non-controlling interests	74,674	73,308	(1,366)	(1.83)
Total equity	1,585,511	1,502,711	(82,800)	(5.22)
Explanation of Changes:				
1. Intangible assets and other assets: The decrease is primarily due to valuation losses on financial assets measured at fair value through profit or loss in the fiscal year 2023.				
2. Other equity: The increase is mainly due to the translation differences arising from foreign currency borrowings and loans among subsidiaries within the Group, resulting in foreign operation financial statements translation differences.				

2. Analysis of Financial Performance

(1) The main reasons for the significant changes in operating revenue, net profit, and pre-tax profit over the past two years are as follows:

Unit: NT\$ thousand dollars

Item	Year	2022	2023	Increase or decrease	
				Amount	%
Revenue		237,989	256,642	18,653	7.84
Operating cost		240,544	225,330	(15,214)	(6.32)
Gross profit (loss)		(2,555)	31,312	33,867	1,325.52
Operating expenses		150,156	116,196	(33,960)	(22.62)
Other non-operating income and expenses		0	0	0	0
Operating loss		(152,711)	(84,884)	67,827	44.42
Non-operating revenue and expenses		(4,558)	42,159	46,717	1024.95
Pre-Tax Income		(157,269)	(42,725)	114,544	72.83
Income tax expense		30	448	418	1,393.33
Net loss for the year		(157,299)	(43,173)	114,126	72.55
Other comprehensive income		61,824	(39,627)	(101,451)	(164.10)
Comprehensive Income		(95,475)	(82,800)	12,675	13.28
The year's net loss belongs to the parent company's owner.		(157,283)	(43,160)	114,123	72.56
Net comprehensive income attributable to the parent company's owners for the current year.		(97,459)	(81,434)	16,025	16.44
Explanation of the changes:					
<ol style="list-style-type: none"> 1. Operating gross profit, operating expenses, operating loss: In 2022, costs and expenses increased due to asset revitalization, including the leasing of factory buildings and the termination of some production line and management staff, resulting in a higher cost base. In 2023, increased sales of high-wattage power supplies led to higher gross profit, resulting in a shift from operating gross loss to operating gross profit. Additionally, the recovery of previously written-off accounts receivable in the fiscal year 2023 reduced operating expenses compared to the fiscal year 2022, resulting in a decrease in operating loss. 2. Non-operating income and expenses: During the latter half of 2022, rental income was generated from leasing out factory buildings, and interest income was earned from converting group deposits into fixed deposits, leading to a shift from non-operating losses to non-operating income. 3. Profit before tax, net loss for the year, net loss attributable to owners of the parent company: Considering the above factors, the net loss for the fiscal year 2023 decreased compared to the fiscal year 2022. 4. Income tax expense: The increase is primarily due to increased interest income generated by subsidiary fixed deposits in 2023, resulting in a temporary estimate of income tax for the year. 5. Other comprehensive income: The increase is mainly attributable to translation differences arising from foreign currency borrowings and loans among subsidiaries within the Group, resulting in foreign operation financial statements translation differences. 					

(2) Expected Sales Volume and Its Basis

The Company's main products are power supplies and computer chassis products. Due to the significant price differences among our various products, it is not appropriate to use sales volume as a measurement basis. However, the overall sales strategy focuses on continuously developing new products to meet the increasing demand for sales orders.

(3) Possible Impact on the Company's Future Financial and Business Operations and Response Plan

The reasons for the changes in the Company's major business operations (e.g. adjustments to selling prices or costs, changes in product mix and quantities, or replacement of old and new products) and if significant changes have occurred or are expected to occur in the Company's operating policies, market conditions, economic environment, or other internal or external factors, the facts and effects of these changes and their potential impact on the Company's future financial and business operations, as well as the Company's plans to respond to these changes:

In recent years, both Taiwan and China have increased their basic wages. This will have a significant impact on the demand for products exported to the United States, leading to a substantial increase in direct or indirect operating costs. The changes in industrial competition are significant. However, this also provides the Company with an opportunity to adjust its future business model and set positive performance growth as the Company's goal.

By integrating the Company's existing resources and external resources appropriately, the Company aims to reduce costs and expand its customer base, maintain existing customers, and establish a good cooperation model to win in the competitive industry. The Company will use information integration to respond to rapidly changing industry environments. Looking forward, the Company will devote itself to the development of new products and strengthen its management mechanisms to cope with environmental changes.

3. Analysis of Cash Flow

(1) Explanation of the changes in cash flow for the year 2023:

Unit: NT\$ Thousand

Cash at the beginning of the period	Net cash flows from operating activities for the full year	Full-year cash inflow	The amount of cash surplus (deficit)	Expected remedial measures for cash shortfall
				Investment plan and financial plan
274,885	101,763	644,214	919,099	None

Analysis of Cash Flow Changes in Fiscal Year 2022:

1. In 2023, the pre-tax net loss amounted to NT\$42,725 thousand, including a net loss of NT\$75,929 thousand from "current financial assets measured at fair value through profit or loss," an increase in accounts payable of NT\$37,104 thousand, and net cash inflow from operating activities was NT\$101,763 thousand.
2. In the investment activities, due to a decrease in the original amount of foreign currency fixed deposits undertaken from NT\$609,174 thousand in 2022 to within 90 days in 2023, the original asset item "current financial assets measured at amortized cost" was transferred to "cash," resulting in a net cash inflow from investment activities of NT\$595,059 thousand.
3. The financing activities involved the repayment of lease principal, resulting in a net cash outflow of NT\$10,212 thousand.
4. After deducting the decrease in the current period's exchange rate impact of NT\$42,396 thousand, the total net increase in cash at the end of the period amounted to NT\$644,214 thousand.

(2) The plan to improve insufficient liquidity: None.

(3) Analysis of future one-year cash flow liquidity:

Unit: NT\$ Thousand

Cash at the beginning of the period	Expected net cash flows from operating activities for the full year	Expected full-year cash inflow	Expected amount of cash surplus (deficit)	Expected remedial measures for cash shortfall
				Investment plan and financial plan
919,099	(74,993)	46,074	965,173	None

Note 1: Operating Activities: The Company expects a decrease in accounts payable, resulting in a net outflow from operating activities.

Note 2: Investment Plans: There are no significant investment plans.

Note 3: Financing Plans: The Company has sufficient funds on hand, and there is a net inflow of cash from financing activities.

4. The impact of significant capital expenditures on financial operations in the recent year.
 - (1) Utilization and source of significant capital expenditures: None.
 - (2) Expected benefits from significant capital expenditures: None.
5. Recent investment policy, main reasons for profits or losses, improvement plans, and investment plans for the next year:

Unit: NT\$ Thousand

Item	Explanation	Amount	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the next year
	Ample Crown International Ltd.	67,698	Reinvestment in China	The operating loss of the subsidiary company in China was adjusted in 2023, turning from a loss to a profit.	Continuously strengthening the operational management of subsidiaries and adjusting products	None

6. Analysis of Risk Management

- (1). Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest rate

As the interest rate for borrowing in TWD is relatively low and the borrowing amount of the Company is relatively small, the impact of interest expenses and rate fluctuations on the Company's profit and loss is minimal. In the future, the Company's financial department will continue to monitor changes in interest rates and keep in touch with banks to ensure favorable and flexible borrowing rates to minimize the impact of interest rate changes.

B. Foreign exchange rates

The Company is export-oriented, therefore, changes in foreign exchange rate impact the Company's revenue and profits. To avoid the risk of foreign exchange rates, the manager of the Finance department is responsible for the Company's risk management on the foreign exchange rates, by closely monitoring market trends, seeking advice from banks, and assessing hedging tools as needed. The Company also utilizes strict controls and tracking measures to manage our foreign currency positions and risk to minimize the impact of foreign exchange rates on our profits.

C. Inflation

The Company will continue to devote itself to reducing various costs, closely monitoring the supply and demand and price changes of raw materials, adjusting inventory promptly, and striving to reduce operating costs to reduce the impact on profits and losses. The Company will also closely monitor future changes in inflation and adjust product prices and raw material inventory appropriately.

- (2). Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

A. The Company has established "procedures for lending funds to others" and "procedures for endorsing guarantees" as the policy basis for lending funds to others and endorsement guarantee transactions. In 2023, the Company did not encounter significant events in lending funds to others or endorsing guarantees.

B. The Company has established a "Procedure for Acquisition or Disposition of Assets" as the policy basis for engaging in derivative trading. In the future, the finance department of the Company will continue to pay close attention to foreign exchange rate trends and timely operate foreign exchange hedging tools to reduce the impact of exchange rate fluctuations on the Company's profits.

- (3). Future Development Plan and Expected Development Expenses to be Invested

To respond to market changes and competition and create product differentiation for competitive advantage, in the future, in addition to staying in the PC industry, the Company will actively explore non-PC related industries, such as electric height-adjustable desks, camping RVs and yacht power cords, nano photocatalytic air purification products, and so on. In this process of change, a high-level R&D team is required to cooperate with each other, and most products are outsourced to OEM. The Company will focus on the design and development of new products internally to provide better services to customers and create higher revenue-added value. The estimated R&D expenses for 2024 are NT\$30 million.

(4). Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. As of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

(5). Effects of and Response to Changes in Technology (Including Cyber Security Risk) and the Industry Relating to Corporate Finance and Sales

With the advancement of technology and the widespread use of mobile devices, the Company has implemented internal and external network isolation for these devices. Direct access to the Company's internal network from mobile devices is prohibited and must be filtered through security equipment such as firewalls, intrusion detection, antivirus detection, and security authentication. Over the years, the Company has dedicated significant resources, including human resources, materials, and funding, to research and development. The Company has developed new process technologies and materials in response to industry trends to ensure the Company's competitive advantage in the market.

(6). The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since its inception, the Company has consistently maintained an ethical business philosophy and fulfilled its social responsibilities. The Company has always maintained a good corporate image. Therefore, there is no impact on the Company due to changes in corporate image.

(7). Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(8). Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(9). Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None.

(10). Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(11). Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(12). Litigation or Non-Litigation Matters. If there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.

(13). Other Major Risks and countermeasures

A. Cyber Security: Strengthen the firewall and network controls to prevent virus intrusion.

B. Device Security: Install endpoint antivirus software according to computer types to enhance the detection of malicious software behavior.

C. Data Information Security: Implement data snapshot technology to prevent malicious virus tampering and implement the 3-2-1 backup principle for data backup. As hacker attack techniques continue to evolve and new methods emerge, it is impossible to eliminate the occurrence of network security attacks. However, the Company has implemented significant cybersecurity measures to minimize the impact of network threats.

7. Other Important Matters: None.

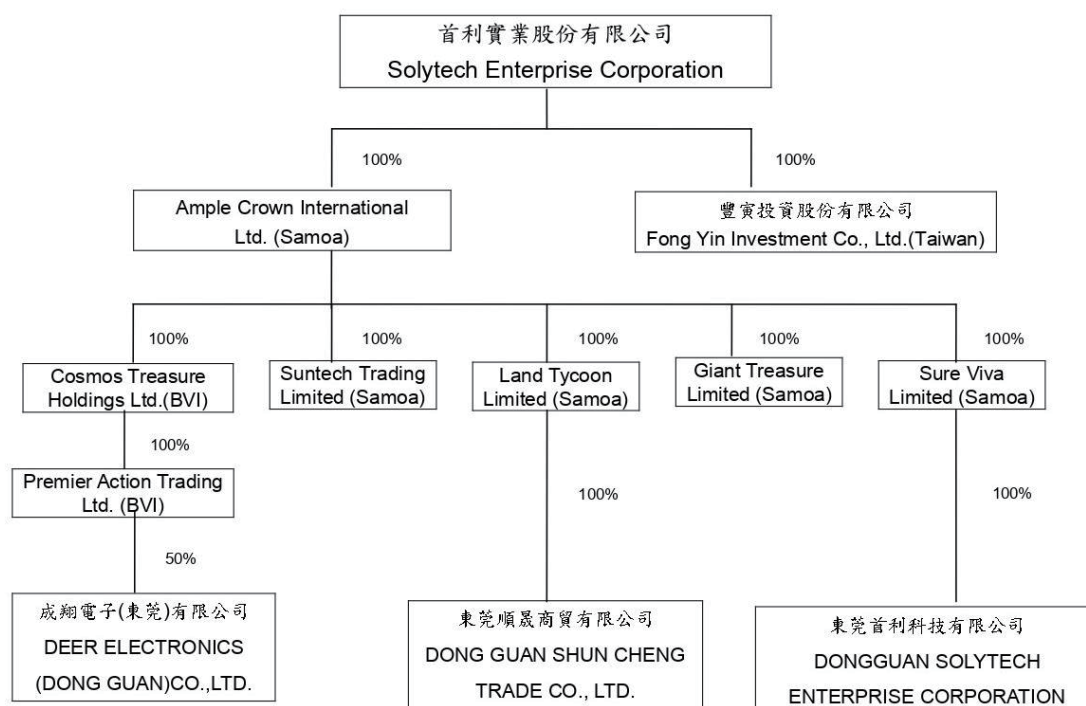
VIII. Special Disclosure

1. Information of affiliated enterprises

(1) Consolidated business report of the affiliated enterprises

A. Affiliated enterprises organization chart

12/31/2023



B. Basic information of affiliated enterprises

Name	Date of establishment	Address	Paid-in capital	Main business items
Ample Crown International Ltd.	2003.05.02	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD, APIA, SAMOA	US\$64,390,001	Holding company
FONG YIN INVESTMENT CO., LTD.	2009.11.13	3F., No. 18, Wuquan 7th Rd., Wugu Dist., New Taipei City 248020, Taiwan (R.O.C.)	NTD14,500,000	Investment company
Cosmos Treasure Holdings Ltd.	2004.07.02	VISTRA CORPORATE SERVICES CENTRE, WICKHAMSCAY II, ROADTOWN, TORTOLA, VG1110, BRITISH VIRGIN ISLANDS	US\$64,320,000	Holding company
Suntech Trading Limited	2003.10.31	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD, APIA, SAMOA	US\$1	Redirect company
Land Tycoon Limited	2016.05.25	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD, APIA, SAMOA	US\$70,001	Holding company
Giant Treasure Limited	2016.05.25	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD, APIA, SAMOA	US\$1	Holding company
Sure Viva Limited	2016.05.25	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD, APIA, SAMOA	US\$1	Holding company
Premier Action Trading Ltd.	2005.01.01 (Note 1)	VISTRA CORPORATE SERVICES CENTRE, WICKHAMSCAY II, ROADTOWN, TORTOLA, VG1110, BRITISH VIRGIN ISLANDS	US\$44,820,000	Holding company
DEER ELECTRONICS (DONG GUAN) CO., LTD.	2005.01.01 (Note1)	Red Gate Mountain Industrial Zone, Changshantou, Qingxi Town, Dongguan City, China.	US\$29,320,000	Manufacturing and selling power supplies, transformers, converters, and other electronic products for computers
DONG GUAN SHUN CHENG TRADE CO., LTD.	2020.02.28	No.19, Jinpeng Road, Fenggang Town, Dongguan City, Guangdong Province, China.	US\$70,000	Buy and sale of computer chassis
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	2010.01.05	Red Gate Mountain Industrial Zone, Changshantou, Qingxi Town, Dongguan City, China.	US\$15,500,000	Manufacturing and selling power supplies, transformers, converters, and other electronic products for computers

Note 1: Purchase date

C. Information on the common shareholders of entities deemed to have control and subordinate relationships: None

D. Information on directors, supervisors, and general managers of affiliated enterprises

Company	Title	Name or representative	Shareholdings	%
Ample Crown International Ltd.	Director	Solytech Enterprise Corporation Representative: Cheng, Chieh, Cheng, Hsiang, Lee, Chen-Nan	64,390,001	100%
FONG YIN INVESTMENT CO., LTD.	Directors and supervisors	Solytech Enterprise Corporation Director: Cheng, Chieh, Cheng, Hsiang, Chiu, Chih-Wei Supervisor: Ta-Chiun, Lin	1,4500,000	100%
Cosmos Treasure Holdings Ltd.	Director	Ample Crown International Ltd. Representative: Cheng, Chieh, Cheng, Hsiang, Lee, Chen-Nan	64,320,000	100%
Suntech Trading Limited	Director	Ample Crown International Ltd. Representative: Cheng, Chieh, Cheng, Hsiang, Lee, Chen-Nan	1	100%
Land Tycoon Limited	Director	Ample Crown International Ltd. Representative: Cheng, Chieh	70,001	100%
Giant Treasure Limited	Director	Ample Crown International Ltd. Representative: Cheng, Chieh	1	100%
Sure Viva Limited	Director	Ample Crown International Ltd. Representative: Cheng, Chieh	1	100%
Premier Action Trading Ltd.	Director	Cosmos Treasure Holdings Ltd. Representative: Cheng, Chieh, Cheng, Hsiang, Lee, Chen-Nan	44,820,000	100%
DEER ELECTRONICS (DONG GUAN) CO., LTD.	Director	Premier Action Trading Ltd. Representative: Lee, Chen-Nan	US\$14,660,000 (Note 1)	50%
DONG GUAN SHUN CHENG TRADE CO., LTD.	Director	Land Tycoon Limited Representative: Yang, Shou Wen	US\$70,000 (Note 1)	100%
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Director	Sure Viva Limited Representative: Yang, Shou Wen	US\$15,500,000 (Note 1)	100%

Note 1: DEER ELECTRONICS (DONG GUAN) CO., LTD., DONGGUAN SOLYTECH ENTERPRISE CORPORATION., and DONG GUAN SHUN CHENG TRADE CO., LTD. all three companies have no actual issued shares, therefore their capital contributions are recorded instead.

E. Operation Overview of Affiliated Enterprise:

Unit: NT\$ thousand

Company	Total Assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit and loss for the period
Ample Crown International Ltd.	1,013,988	309	1,013,679	0	(43)	67,698
FONG YIN INVESTMENT CO., LTD.	17,942	118	17,824	0	0	765
Suntech Trading Limited	101,784	96,655	5,129	57,054	(5,053)	(4,699)
Cosmos Treasure Holdings Ltd.	1,448,914	0	1,448,914	0	(150)	89,603
Giant Treasure Limited	0	0	0	0	0	0
Land Tycoon Limited	(21,360)	0	(21,360)	0	0	(6,145)
Sure Viva Limited	(418,965)	0	(418,965)	0	0	(11,002)
Premier Action Trading Ltd.	698,826	0	698,826	0	(148)	42,673
DEER ELECTRONICS (DONG GUAN) CO., LTD.	427,400	345,356	82,044	202,488	(20,487)	24,014
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	20,485	439,450	(418,965)	0	(360)	(11,002)
DONG GUAN SHUN CHENG TRADE CO., LTD.	6,761	28,121	(21,360)	42,341	(5,463)	(6,165)
Shenzhen Qianhai Shunsheng Technology Co., Ltd.	61	377	(316)	0	(51)	(51)

(2) Consolidated Financial Statements of Affiliated Enterprise:

Solytech Enterprise Corporation and its subsidiaries

Statement for Consolidated Financial Statements of Affiliated Enterprise

During the fiscal year 2023 (from January 1, 2023 to December 31, 2023), the Company, which should be included in the preparation of the consolidated financial statements of related companies according to the criteria for the preparation of consolidated financial statements of related companies and related reports in the consolidated business report, is the same as that which should be included in the preparation of the consolidated financial statements of parent and subsidiary companies in accordance with International Financial Reporting Standard No. 10. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of related companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, no separate consolidated financial statements of related companies will be prepared.

Hereby declare.

Company: Solytech Enterprise Corporation
Chairman: Cheng, Chieh
03/14/2024

(3) Affiliated enterprise report: None.

2. Private placement of securities during the most recent year and up to the date of printing of this annual report: None.
3. Holding or disposal of the Company's stock by subsidiaries during the most recent year and up to the date of printing of this annual report: None.
4. Other necessary supplementary explanations: None.

IX. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law: None.

Appendix 1
Consolidated Financial Report of
2023

Solytech Enterprise Corporation and Subsidiaries
Representation Letter

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

Very truly yours,

Solytech Enterprise Corporation and Subsidiaries

Person in charge: CHENG,CHIEH

March 14, 2024

INDEPENDENT AUDITORS' REPORT

(2024) No. Cai-Shen-Bao- 23002893

The Board of Directors and Shareholders
Solytech Enterprise Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the accompanying consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards that have been approved by and published by the Financial Supervision Commission, International Accounting Standards and Standing Interpretations Committee.

Basis for Opinion

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

Key Audit Matters

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

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

Assessment of Allowance for inventory valuation losses

Explanatory Notes

Please refer to Note 4(13) for the accounting policy related to inventory valuation, Note 5(2) for the accounting estimation and uncertainties for inventory valuation, and Note 6(5) for the explanation of the allowance for inventory valuation losses, as disclosed in the consolidated financial statements. The balance of Inventories and Allowance for inventory valuation losses of the Group were NT\$90,220 thousand and NT\$23,398 thousand as of December 31, 2023.

The Group manufactures and sales power supplies and computer cases. Due to the short life cycle and intense market competition of electronic products, there is a higher risk of inventory valuation losses and obsolescence. The inventories of the Group are evaluated by Lower of Cost or Market Method; for inventory that has exceeded a certain age and for specifically identified obsolete inventory, the net present value is based on historical market price information for dealing with obsolete inventory.

Due to the rapid technological changes in the industry of the Group and the high subjectivity involved in the assessment of obsolete inventories and the Lower of Cost or Market method used for their valuation, there is a high degree of estimation uncertainty. Considering the significant impact of Allowance for inventory valuation losses on the financial statements, we believe that the assessment of Allowance for inventory valuation losses of the Group is one of the most important audit matters for the year.

Audit procedures in response

Our audit procedures regarding the provision for inventory obsolescence and impairment of specific obsolete inventories aged beyond a specific period are summarized as follows:

1. Based on our understanding of the Group's operations and industry, we evaluated the reasonableness of the policy and procedures adopted by the Group for the Allowance for inventory valuation losses.
2. We verified the appropriateness of the inventory aging report system used by the Group for inventory valuation to ensure the consistency with the policy in the report.
3. We discussed with the management and obtained supporting documents on the net realizable value of specific obsolete and damaged inventories, and evaluated the reasonableness of the Allowance for inventory valuation losses.

Assessment of Allowance for uncollectible receivables (including other receivables)

Explanatory Notes

Please refer to Note 4(10) " Impairment of Financial Assets " in the consolidated financial statements for the accounting policy on the evaluation of Allowance for uncollectible accounts receivables. For information on the accounting estimation and uncertainties related to the impairment of Accounts receivables, please refer to Note 5(2) in the consolidated financial statements. For details on the Allowance for uncollectible accounts receivables, please refer to Note 6(4) and 7(2) in the consolidated financial statements. As of December 31, 2023, the Accounts receivables of the Group was NT\$71,840 thousand (of which NT\$44,443 thousand was deducted for Allowance for uncollectible accounts receivables).

The Group's Allowance for uncollectible accounts receivables is estimated based on historical experience, forward-looking information, and other known reasons or objective evidence of expected impairment losses. Any estimated uncollectible amount is recognized as an allowance for Accounts receivables in the current period. The Group regularly review the reasonableness of their loss estimation. Due to the subjective judgment of management in assessing the Allowance for uncollectible accounts receivables and the estimation uncertainty associated with various industry indicators and the likelihood of collecting accounts after the reporting period, we consider the evaluation of the Allowance for uncollectible accounts receivables of the Group as one of the most significant matters in the current audit, considering its material impact on the financial statements.

Audit procedures in response

The procedures performed by the auditor in response to the aforementioned matters are as follows:

1. Based on the understanding of the Group's operations and customer credit standards and in accordance with accounting principles, evaluate the reasonableness of the policies and procedures adopted for the Allowance for uncollectible accounts receivables, including the grouping and aging analysis of customer credit standards.
2. Evaluate the reasonableness of the estimated Allowance for uncollectible accounts receivables by management.
3. Evaluate the reasonableness of the Group's expected impairment loss estimation based on the adoption of the provision matrix.
4. Perform subsequent receivables tests to substantiate the adequacy of the Allowance for uncollectible accounts.

Other Matter – To issue an audit report on the parent company only financial statements

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

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
7. 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.
8. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taipei, Taiwan

Atlan Hsu
CPA
Jen Chieh Wu

Former Securities Administration Commission of
the Ministry of Finance

Approved Assurance No. : (84) No. Taiwan-
Financial-Securities-VI-13377

Former Securities and Futures Administration
Commission of the Ministry of Finance

Approved Assurance No. : Financial-
Supervisory-Securities-Auditing-1120348565

March 14, 2024

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 919,099	55	\$ 274,885	16
1136	Current Financial assets at amortized cost	6(3)	308,632	19	917,806	53
1170	Accounts receivables, net	6(4)	51,002	3	59,855	3
1200	Other receivables	7	20,838	1	21,588	1
130X	Inventory	6(5)	66,282	4	68,203	4
1410	Prepayments		10,465	1	26,792	2
1479	Other current assets, others	8	17,493	1	23,873	1
11XX	Current Assets		<u>1,393,811</u>	<u>84</u>	<u>1,393,002</u>	<u>80</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss – noncurrent	6(2)	18,894	1	94,877	5
1600	Property, plant and equipment	6(6) and 8	43,844	3	44,169	3
1755	Right-of-use assets	6(7)	5,892	-	17,192	1
1760	Investment properties - net	6(9) and 8	155,553	10	165,166	10
1900	Other non-current assets	6(10) (12)	37,595	2	22,170	1
15XX	Non-current assets		<u>261,778</u>	<u>16</u>	<u>343,574</u>	<u>20</u>
1XXX	Total assets		<u>\$ 1,655,589</u>	<u>100</u>	<u>\$ 1,736,576</u>	<u>100</u>

(Continued)

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current Liabilities					
2170	Accounts payable		\$ 74,913	5	\$ 38,903	2
2200	Other payables	6(11) and 7	32,362	2	34,129	2
2230	Current income tax liabilities		118	-	16	-
2250	Current provisions	6(13)	-	-	6,176	-
2280	Current Lease liabilities		6,039	-	10,923	1
2399	Other current liabilities, others		1,482	-	15,847	1
21XX	Current Liabilities		<u>114,914</u>	<u>7</u>	<u>105,994</u>	<u>6</u>
	Non-current liabilities					
2580	Non-current lease liabilities		26	-	6,438	1
2600	Other non-current liabilities		37,938	2	38,633	2
25XX	Non-current liabilities		<u>37,964</u>	<u>2</u>	<u>45,071</u>	<u>3</u>
2XXX	Total Liabilities		<u>152,878</u>	<u>9</u>	<u>151,065</u>	<u>9</u>
	Equity attributable to owners of the parent					
	Share capital	6(14)				
3110	Share capital - common stock		1,504,145	91	1,504,145	87
	Capital surplus	6(15)				
3200	Capital surplus		585,480	35	585,480	34
	Retained earnings	6(16)				
3350	Total unappropriated retained earnings(accumulated deficit)		(749,247)	(45)	(706,336)	(41)
	Other equity	6(17)				
3400	Other equity interest		89,025	5	127,548	7
31XX	Equity attributable to owners of the parent		<u>1,429,403</u>	<u>86</u>	<u>1,510,837</u>	<u>87</u>
36XX	Non-controlling interests	6(17)	73,308	5	74,674	4
3XXX	Total equity		<u>1,502,711</u>	<u>91</u>	<u>1,585,511</u>	<u>91</u>
3X2X	Total liabilities and equity		<u>\$ 1,655,589</u>	<u>100</u>	<u>\$ 1,736,576</u>	<u>100</u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2023		2022		
		Amount	%	Amount	%	
4000	Sales revenue	6(18) and 14	\$ 256,642	100	\$ 237,989	100
5000	Operating costs	6(5)(22)(23)	(225,330)	(88)	(240,544)	(101)
5900	Net operating margin		31,312	12	(2,555)	(1)
	Operating expenses	6(22)(23)				
6100	Selling expenses		(28,633)	(11)	(31,269)	(13)
6200	General & administrative expenses		(83,966)	(33)	(98,665)	(42)
6300	Research and development expenses		(7,750)	(3)	(10,279)	(4)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	12(2)	4,153	2	(9,943)	(4)
6000	Total operating expenses		(116,196)	(45)	(150,156)	(63)
6900	Operating loss		(84,884)	(33)	(152,711)	(64)
	Non-operating revenue and expenses					
7100	Interest income	6(19)	33,723	13	6,816	3
7010	Other income	6(20)	140,785	55	59,522	25
7020	Other gains and losses	6(21) and 7	(131,904)	(52)	(69,721)	(29)
7050	Finance costs		(445)	-	(1,175)	(1)
7000	Total non-operating revenue and expenses		42,159	16	(4,558)	(2)
7900	Profit(loss) before income tax		(42,725)	(17)	(157,269)	(66)
7950	Income tax expense (benefit)	6(24)	448	-	(30)	-
8200	Profit(loss) for the year		(43,173)	(17)	(157,299)	(66)
	Other comprehensive income (net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plan	6(12)	\$ 249	-	\$ 3,265	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(39,876)	(15)	58,559	25
8300	Total other comprehensive income for the year		(39,627)	(15)	61,824	26
8500	Total comprehensive income for the year		(82,800)	(32)	(95,475)	(40)
	Profit(loss) attributable to:					
8610	Owners of the parent		(\$ 43,160)	(17)	(\$ 157,283)	(66)
8620	Non-controlling interests		(13)	-	(16)	-
	Total		(\$ 43,173)	(17)	(\$ 157,299)	(66)
	Other comprehensive income attributable to:					
8710	Owners of the parent		(\$ 81,434)	(31)	(\$ 97,459)	(41)
8720	Non-controlling interests		(1,366)	(1)	1,984	1
	Total		(\$ 82,800)	(32)	(\$ 95,475)	(40)
	Basic earnings per share	6(25)				
9750	Total basic earnings per share		(\$ 0.29)		(\$ 1.05)	

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		<u>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</u>							
		<u>Capital surplus</u>							
Notes	Common stock	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in recognition of equity	Accumulated deficit	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity	
	\$ 1,504,145	-	\$ 3,539	(\$ 552,318)	\$ 70,989	\$ 1,026,355	(\$ 51)	\$ 1,026,304	
	-	-	-	(157,283)	-	(157,283)	(16)	(157,299)	
6(17)	-	-	-	3,265	56,559	59,824	2,000	61,824	
Total comprehensive income	-	-	-	(154,018)	56,559	(97,459)	1,984	(95,475)	
Difference between consideration and carrying amount of subsidiaries disposed	-	581,941	-	-	-	581,941	-	581,941	
Changes in non-controlling interests	-	-	-	-	-	-	72,741	72,741	
Balance at December 31	\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336)	\$ 127,548	\$ 1,510,837	\$ 74,674	\$ 1,585,511	
	\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336)	\$ 127,548	\$ 1,510,837	\$ 74,674	\$ 1,585,511	
	-	-	-	(43,160)	-	(43,160)	(13)	(43,173)	
Other comprehensive income	-	-	-	249	(38,523)	(38,274)	(1,353)	(39,627)	
Total comprehensive income	-	-	-	(42,911)	(38,523)	(81,434)	(1,366)	(82,800)	
Balance at December 31	\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 749,247)	\$ 89,025	\$ 1,429,403	\$ 73,308	\$ 1,502,711	

2022

2023

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 and 2022

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

	Notes	Year ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 42,725)	(\$ 157,269)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment properties and right-of-use assets)	6(22)	20,738	21,106
Amortization expense	6(22)	7,135	1,275
Expected credit losses (reversal gains)	12(2)	(4,153)	9,943
Net loss on financial assets at fair value through profit or loss	6(21)	75,929	46,417
Gain on disposal of property, plant and equipment	6(21)	(884)	(4,770)
Loss on disposal of investment properties	6(21)	-	5,679
Interest income		(33,723)	(6,816)
Dividend income		(16)	(120)
Interest expense		445	1,175
Changes in operating assets and liabilities:			
Changes in operating assets			
Accounts receivables		6,354	5,268
Other receivables (including related parties)		18,462	6,933
Inventories		772	63,210
Prepayments		5,061	2,716
Other current assets		6,379	(6,535)
Other non-current assets		-	(2,379)
Changes in operating liabilities			
Accounts payables		37,104	(15,800)
Other payables		(1,189)	9,120
Provisions	6(13)	(6,137)	6,053
Other current liabilities		(13,950)	13,584
Cash inflow(outflow) generated from operations		75,602	(1,210)
Interest received		26,936	4,799
Interest paid		(445)	(2,013)
Income tax paid		(346)	(251)
Cash dividends received		16	120
Net cash flows from operating activities		101,763	1,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets at amortized cost		609,174	(917,806)
Proceeds from disposal of subsidiaries		-	654,682
Acquisitions of property, plant and equipment	6(26)	(5,612)	(6,442)
Proceeds from disposal of property, plant and equipment		2,607	23,283
Acquisition of investment properties		-	(3,974)
Other non-current assets		(11,110)	-
Net cash generated from (used in) investing activities		595,059	(250,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		-	120,000
Repayments of short-term borrowings		-	(190,000)
Repayments of lease principal	6(7)	(10,212)	(6,627)
Other non-current liabilities		-	34,746
Net cash flows in financing activities		(10,212)	(41,881)
Effect of exchange rate		(42,396)	36,671
Net increase (decrease) in cash and cash equivalents		644,214	(254,022)
Cash and cash equivalents at beginning of year		274,885	528,907
Cash and cash equivalents at end of year		\$ 919,099	\$ 274,885

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiu

Solytech Enterprise Corporation and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)
(Unless Specified otherwise)

I. GENERAL

Solytech Enterprise Corporation (the "Corporation") was incorporated on October 21, 1982. The main business activities of the Company and its subsidiaries (the "Group") include manufacturing and selling power supplies, computer cases, and electronic components.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2024.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- i. The impact of the newly adopted and revised International Financial Reporting Standards (IFRS) applied the endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS under the FSC's approval and effective as of the year 2023.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

After assessing the above standards and interpretations, the Group has determined that there is no significant impact on the Group's financial condition and performance.

- ii. The impact of the not yet adopted and revised International Financial Reporting Standards (IFRS) applied the endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS under the FSC's approval as of the year 2024.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16 "Lease Liability in 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

After assessing the above standards and interpretations, the Group has determined that there is no significant impact on the Group's financial condition and performance.

iii. The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS issued by the IASB but not yet approved by FSC.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Standard Board
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – comparative information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

After assessing the above standards and interpretations, the Group has determined that there is no significant impact on the Group's financial condition and performance.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted in this consolidated financial report are explained as follows. Unless otherwise indicated, these policies are consistently applied throughout all reporting periods.

i. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards that have been approved by and published by the Financial Supervision Commission, International Accounting Standards and Standing Interpretations Committee (collectively, "Taiwan-IFRSs").

ii. Basis of Preparation

- The consolidated financial statements have been prepared on a historical cost basis, except for:
 - Financial assets at fair value through profit or loss.
 - Defined benefit assets recognized as the net amount of retirement fund assets reduced by the present value of defined benefit obligations.
- The preparation of financial statements in accordance with the IFRSs requires the use of significant accounting estimates and the application of management judgments in the process of applying the Group's accounting policies. For items involving significant judgments or complexity, or significant assumptions and estimates for consolidated financial statements, please refer to Note 5.

iii. Basis of Consolidation

1. The basis for the consolidated financial statements

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) All intra-group transactions, balances, and unrealized gains and losses are eliminated in full. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Group.
- (3) Components of profit or loss and other comprehensive income of subsidiaries are attributed to the shareholders of the parent company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (4) Changes in parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (e.g. transactions with non-controlling interests) are equity transactions, which are transactions with owners in their capacity as owners. The differences between the adjustment amount of non-controlling interests and the fair value of consideration paid or received are recognized in equity.

2. Subsidiaries included in the consolidated financial statements are as follows :

<u>Investor</u>	<u>Subsidiary</u>	<u>Main business</u>	<u>Percentage of ownership</u>		<u>Note</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Solytech Enterprise Corporation	AMPLE CROWN INTERNATIONAL LTD.	Holding company	100	100	
Solytech Enterprise Corporation	FONG YIN INVESTMENT CO., LTD.	Investment company	100	100	
AMPLE CROWN INTERNATIONAL LTD.	SUNTECH TRADING LTD.	Order swapping company	100	100	
AMPLE CROWN INTERNATIONAL LTD.	COSMOS TREASURE HOLDINGS LTD.	Holding company	100	100	
AMPLE CROWN INTERNATIONAL LTD.	GIANT TREASURE LIMITED	Holding company	100	100	
AMPLE CROWN INTERNATIONAL LTD.	LAND TYCOON LIMITED	Holding company	100	100	
AMPLE CROWN INTERNATIONAL LTD.	SURE VIVA LIMITED	Holding company	100	100	
COSMOS TREASURE HOLDINGS LTD.	PREMIER ACTION TRADING LTD.	Holding company	100	100	

<u>Investor</u>	<u>Subsidiary</u>	<u>Main business</u>	<u>Percentage of ownership</u>		<u>Note</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
SURE VIVA LIMITED	DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Manufacturing power suppliers	100	100	
PREMIER ACTION TRADING LTD.	DEER ELECTRONICS(DONG GUAN) CO.,LTD	Manufacturing power suppliers	50	50	Note
LAND TYCOON LIMITED	DONG GUAN SHUN SHENG TRADE CO.,LTD	Buying and selling computer cases	100	100	
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	SHENZHEN QIANHAI SHUN CHENG ENTERPRISE CORPORATION	Developing and selling electronic system equipment	75	75	

Note: In consideration of business strategies and asset revitalization, on May 31, 2022, the Board of Directors resolved to dispose of 50% equity interest in DEER ELECTRONICS (DONG GUAN) CO.,LTD to DONG GUAN NENG GUANG INDUSTRIAL INVESTMENT CO.,LTD. Before the transfer of shares between both parties, any expenses incurred, credit and debt involved and taxes of DEER are covered by the seller. After the transfer of shares, NENG GUANG is entitled to the shares of rent income (after deducting relevant expenses and losses) arising from lease of land and plants. The seller is entitled to the residual profit or loss in full arising from DEER's operating performance deducting aforementioned rent income.

3. Subsidiaries excluded from the consolidated financial statements : None.
4. Adjustments and treatments for subsidiaries with different balance sheet dates : None.
5. Significant restrictions : None.
6. Details of subsidiaries that have material non-controlling interests :

(1)Transaction with non-controlling interest

In consideration of business strategies and asset revitalization, on May 31, 2022, the Board of Directors resolved to dispose of 50% equity interest in DEER ELECTRONICS(DONG GUAN) CO.,LTD ("DEER") to DONG GUAN NENGGUANG INDUSTRIAL INVESTMENT CO.,LTD ("NENGGUANG") . The transaction price was determined based on an independent expert valuation report, and the total transaction price was CNY \$152,500 thousand, which was received on November 29, 2022. The difference after deducting the cost is \$581,941. As a result, since the transaction did not result in the loss of control over DEER, an increase in non-controlling interests of \$72,741 is recognized under capital surplus.

A. Effects on equity attributable to owners of the parent company arising from the changes in equity of DEER in 2022 are as follows:

	<u>2022</u>
	<u>Non-controlling interest</u>
Carrying amount of disposal of non-controlling interest (not losing control)	(\$ 72,741)
nsideration received from non-controlling interest	<u>654,682</u>
Capital surplus-the difference between actual equity price from gain or disposal of subsidiaries and carrying amount	<u>\$ 581,941</u>

B. The rent income paid to NENG GUANG arising from the rent income for the year ended December 31, 2023 deducting relevant expenses and losses amounted to \$58,818 (recognized as “other gains and losses”).

(2)The Group’s significant information of non-controlling interest:

<u>Name of subsidiary</u>	<u>Main operating location</u>	<u>Non-controlling interests</u>				<u>Note</u>
		<u>December 31, 2023</u>		<u>December 31, 2022</u>		
		<u>Amount</u>	<u>Percentage of ownership</u>	<u>Amount</u>	<u>Percentage of ownership</u>	
DEER ELECTRONICS(DONG GUAN) CO.,LTD	Mainland China	\$73,387	50%	\$74,742	50%	

DEER ELECTRONICS(DONG GUAN) CO.,LTD summarized financial information :

Balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 258,152	\$ 230,919
Non-current assets	168,520	170,431
Current liabilities	(306,991)	(299,067)
Non-current liabilities	(37,637)	(42,832)
Total net asset	<u>\$ 82,044</u>	<u>\$ 59,451</u>

Statements of comprehensive income

	<u>2023</u>	<u>2022</u>
Revenue (Note)	\$ 202,488	\$ 14,621
Net income from continuous operations (Note)	24,014	1,442
Other comprehensive income (net of income tax)	-	-
Total comprehensive income (Note)	<u>\$ 24,014</u>	<u>\$ 1,442</u>
Total comprehensive income attributable to non-controlling interests	<u>(\$ 1,355)</u>	<u>\$ 2,001</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

Note: Revenue, net income from continuous operations, and total comprehensive income of DEER ELECTRONICS(DONG GUAN) CO.,LTD in 2022 are the amounts from November 29, 2022 to December 31, 2022.

Statements of cash flow

	<u>2023</u>	<u>2022</u>
Net cash inflows from operating activities	\$ 3,473	\$ 4,697
Net cash outflows from investing activities	(1,523)	-
Net cash outflows from financing activities	(8,710)	(6,305)
Effect of exchanges rate changes on cash and cash equivalents	<u>(826)</u>	<u>965</u>
Net decrease in cash and cash equivalents	<u>(7,586)</u>	<u>(643)</u>
Cash and cash equivalents, beginning of year	<u>47,570</u>	<u>48,213</u>
Cash and cash equivalents, end of year	<u>\$ 39,984</u>	<u>\$ 47,570</u>

iv. Translation of foreign currencies

1. The items included in the entities of the Group's financial statements are measured by the currency used in the primary economic environment where the entities operate (functional currency). The consolidated financial statements are expressed in the Company's functional currency, "New Taiwan Dollar."
2. Foreign Currencies Transactions and Balances
 - (1) Foreign currency transactions are translated into functional currency using exchange rates prevailing on the transaction or measurement date. Exchange differences arising on the translation are recognized as gain or loss of the current period.
 - (2) Foreign currency of monetary assets and liabilities are revalued using exchange rate prevailing on the balance sheet date, and exchange differences arising on the revaluation are recognized as gain or loss of the current period.
 - (3) Foreign currency of non-monetary assets and liabilities that are measured at fair value through profit or loss are revalued using exchange rate prevailing on the balance sheet date, and exchange differences arising on the revaluation are recognized as gain or loss of the current period. Those that are measured at fair value through other comprehensive income are recognized as other comprehensive income. For non-fair value measured items, the historical exchange rate at the transaction date is used for measurement.
 - (4) All exchange differences are recognized as "Other gains and losses" in the income statement.
3. Foreign Operations Translation
 - (1) For all group entities and associates with functional currency different from the presentation currency, the operating results and financial position are translated into the presentation currency as follows:
 - A.Assets and liabilities presented in each balance sheet are translated using the closing exchange rate on the balance sheet date;
 - B.Income and expenses presented in each income statement are translated using the average exchange rate for the period; and
 - C.All exchange differences arising from translation are recognized in other comprehensive income.
 - (2) When the partially disposing or selling a foreign operation is a subsidiary, the cumulative translation differences previously recognized in other comprehensive income are proportionately reclassified to the non-controlling interest of the foreign operation. However, if the Company has lost control over the foreign subsidiary operation, even if it still holds a portion of the ownership, the disposal of all ownership interest in the foreign operation is accounted for.

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

1. An asset is classified as current under one of the conditions below :
 - (1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
 - (2) The Group holds the asset primarily for the purpose of trading;
 - (3) The Group expects to realize the asset within twelve months after reporting period;
 - (4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the

reporting period.

For those assets that are not current are classified as non-current.

2. A liability is classified as current under one of the conditions below :

- (1) The Group expects to settle the liability in normal operating cycle;
- (2) The Group holds the liability primarily for the purpose of trading;
- (3) The liability is due to be settled within twelve months after the reporting period;
- (4) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting 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.

For those liabilities that are not current are classified as non-current.

vi. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value. If time deposits conform to the conditions as mentioned above, and the Group holds them for the purpose of short-term cash commitment in operation, they are classified as cash equivalents.

vii. Financial assets at fair value through profit or loss

1. A financial asset measured at fair value through profit or loss refers to financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. For financial assets at fair value through profit or loss that meet trading customs, the Group uses trade date accounting.
3. The Group measures financial assets at fair value upon initial recognition, and transaction costs are recognized in profit or loss. Subsequently, gains or losses on fair value measurement are recognized in profit or loss.
4. When the right to receive dividends is established, and the economic benefits inflow associated with the dividends are likely, and the dividend amount can be reliably measured, the Group recognizes dividend income.

viii. Financial assets at amortized cost

1. A financial asset is measured at amortized cost if both of the following conditions are met :
 - (1) The objective of the business model for managing the asset is to hold assets in order to collect contractual cash flows.
 - (2) The asset's contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. A regular way purchase or sale of financial assets at amortized cost is recognized using trade date accounting.
3. The amount at which the financial assets are measured at initial recognition is the fair value plus transaction costs, and shall be subsequently measured by effective interest method to amortize any difference between that initial amount and the maturity amount as interest revenue, and impairment losses shall be recognized. At derecognition, the profit or loss is recognized in profit or loss.
4. As the holding periods of the time deposits held by the Group that do not conform to the conditions of cash equivalents are short, the effect of discounting is immaterial. They shall be measured by the investment amounts.

- ix. Accounts and notes receivables
1. Accounts and notes receivables are the accounts and notes with the unconditional right to receive the consideration for the goods transferred or services rendered according to the contracts.
 2. As the effect of discounting of short-term accounts and notes receivables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- x. Impairment of financial assets
- At each balance sheet date, the Group shall assess whether the credit risk on financial assets at amortized cost has increased significantly since initial recognition. The Group shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivables or contract assets not containing significant financing component, the Group shall measure the loss allowance at an amount equal to lifetime expected credit losses.
- xi. Derecognition of financial assets
- The Group shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire.
- xii. Lease of lessor – operating lease
- The Group shall recognize the lease income associated with those leases less any incentives offered to the lessees as profit or loss on a straight-line basis over the lease term.
- xiii. Inventories
- Inventory is measured at the lower of cost and net realizable value, with cost determined by the weighted average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs, and manufacturing overhead costs (allocated based on normal capacity) but excludes borrowing costs. In comparing cost and net realizable value, the item-by-item comparison method is used. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- xiv. Investments Accounted for Using Equity Method / Associates
1. Associates are all entities significantly influenced but not controlled by the Group, generally through directly or indirectly holding more than 20% of voting rights. The Group uses equity method for recognizing investments in associates and recognizes them at cost upon acquisition.
 2. The Group recognizes its share of profit or loss from associates as part of its profit or loss, while other comprehensive income arising from associates is recognized as part of other comprehensive income. If the Group's share of losses in an associate equal or exceeds its interest in that associate (including any other unsecured receivables), the Group does not recognize any further losses unless it has a legal or constructive obligation or has made payments on behalf of the associate.
 3. When there is a non-profit-or-loss or other comprehensive income equity change in an associate that does not affect the Group's percentage of ownership, the Group recognizes all equity changes in "capital surplus" according to its

holding proportion.

4. Unrealized gains or losses from transactions between the Group and its associates are eliminated based on the Group's interest in the associates, unless there is evidence that the assets transferred in the transactions have been impaired. The accounting policies of the associates have been adjusted as necessary and are consistent with those adopted by the Group.
5. When the Group disposes an associate and loses significant influence over it, any previously recognized other comprehensive income related to the associate are accounted for in the same way as when the Group directly disposes the related assets or liabilities. That is, any previously recognized gains or losses in other comprehensive income are reclassified to profit or loss upon disposal of the related assets or liabilities. If the Group loses significant influence over the associate, the profit or loss are reclassified from equity to profit or loss. If the Group still has significant influence over the associate, the previously recognized amounts in other comprehensive income are reclassified proportionally as described above.

xv. Property, plant and equipment

1. Property, plant and equipment are initially recognized by acquisition cost. The relevant borrowing cost during the period of construction shall be capitalized.
2. Subsequent costs shall be recognized in the carrying value of the assets or as an individual asset, only if it's probable that future economic benefits associated with the item are expected to flow to the Group, and the costs can be measured reliably. The carrying value of the replaced items shall be derecognized. Other fix and maintenance cost are recognized in profit or loss.
3. Property, plant and equipment are subsequently measured by cost model. Aside from land, which shall not be depreciated, straight-line method is used to allocate the depreciable amount of an asset over its useful life. 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 shall be depreciated separately.
4. The residual value, useful life and depreciation method of an asset shall be reviewed at each financial year-end, and if expectations differ from previous estimate, or there's significant change in the consuming way of future economic benefits associated with the asset, the changes shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the changes. The useful lives of each asset are listed below:

Buildings and Structures	5 ~ 45 years
Machinery and Equipment	2 ~ 5 years
Others	2 ~ 5 years

xvi. Lease of lessee – Right-of-use assets / Lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. 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.
2. Lease liabilities are recognized on the lease commencement date as the present value of lease payments not yet paid, discounted using the implicit rate of the lease. Lease payments comprise:
 - (1) fixed payments, less any lease incentives receivable, and
 - (2) variable lease payments which depend on an index or a rate ;Subsequently, the lease liabilities are measured using the effective interest

method and the lease payments are recognized as interest expense over the lease term. When there are changes to the lease term or lease payments that are not lease modifications, the lease liabilities are remeasured and the right-of-use assets are adjusted for the revaluation amount.

3. Right-of-use assets are measured at cost from the commencement dates. The cost comprises:

- (1) The initial measurement of lease liabilities;
- (2) Lease payments made at or before the commencement date;
- (3) Initial direct costs;

Subsequently, the right-of-use assets are measured using the cost model and are depreciated over the term which is the shorter of lease term and the useful life of the asset. When lease liabilities are remeasured, any revaluation amount is adjusted to the right-of-use assets.

xvii. Investment properties

An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life listed below:

Right-of-use assets	50 years
Buildings and Structures	45 years

xviii. Impairment of non-financial assets

The Group shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication is present, the Group shall assess the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, impairment loss shall be recognized. Recoverable amount is the higher of the cash-generating unit's net fair value and its value in use. If the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

xix. Accounts and notes payables

1. Accounts and notes payables are liabilities to pay for goods or services that have been received from the supplier in operations or not in operations.
2. As the effect of discounting of short-term accounts and notes payables without bearing interests is immaterial, they shall be measured by the original invoice amount.

xx. Derecognition of financial liabilities

The Group shall derecognize a financial liability from its statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

xxi. Provisions

The provision is recognized when there is a present legal or constructive obligation resulting from past events, for which it's probable that economic benefits resources are expected to outflow to settle the obligation, and the amount can be measured reliably. The measurement of the provision is best estimated the present value of the outflows required to settle the obligation as of the balance sheet date. The discount rate is a pre-tax discount rate that reflects the time value and the specific risks associated with the liability. The amortization of the discount is recognized as interest expense. Future operating losses cannot be recognized as provision.

xxii.

Employee benefits

1. Short-term employee benefits

The Group shall derecognize a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2. Pension

(1) Defined Contribution Plan

For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on the accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

(2) Defined Benefit Plan

A. The net obligation under a defined benefit plan is calculated by discounting the future benefit amounts earned by employees in the current or past service periods, and deducting the fair value of the plan assets as of the balance sheet date. The net benefit obligation is calculated annually using the Projected Unit Credit Method by an actuary, and the discount rate is determined by the market yield on high-quality corporate bonds with currency and terms consistent with those of the plan on the balance sheet date. In countries where high-quality corporate bonds do not have deep markets, the market yield on government bonds (as of the balance sheet date) is used instead.

B. Remeasurements of defined benefit plans are recognized in other comprehensive income when they occur, and are presented in retained earnings.

3. Termination Benefits

Termination benefits are provided to employees in exchange for termination of their employment either upon normal retirement date or upon employees' decision to accept the Company's invitation for voluntary termination. The Group recognizes the expense at the earlier of the time when it can no longer withdraw the offer of termination benefits and recognizing related restructuring costs. Benefits not expected to be settled within 12 months after the balance sheet date are discounted.

4. Employee and Director Remuneration

Employees' and director's remuneration are recognized as expenses and liabilities 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.

xxiii.

Income tax

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to the 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.

2. 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 entities operate and generate taxable income. Management shall periodically evaluate the tax declaration condition, and estimate the income tax liabilities based on the tax expected to be paid to the taxation authority when applicable. An additional tax on unappropriated earnings is recognized as income tax expenses on

unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.

3. 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, deferred income tax is not recognized if it arises from the original recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting profit nor taxable income (tax loss), and does not give rise to equal taxable and deductible temporary differences. The Group shall not recognize the deferred tax liabilities for temporary differences associated with investments in subsidiaries and associates, if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
4. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
5. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and it is intended to settle or simultaneously realize the assets and liabilities on a net basis, the current income tax assets and liabilities are offset; and when there is a legally enforceable right to offset the current income tax assets and liabilities and the deferred tax assets and liabilities arise from income tax assessed by the same tax authority on the same taxpayer, or different taxpayers with the intention of settling on a net basis or simultaneously realizing the assets and liabilities, the deferred tax assets and liabilities are offset.

xxiv. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options after deducting income taxes are recognized as deductions to proceeds under equity.

xxv. Revenue Recognition

1. The Group manufactures and sells power suppliers, computer cases and products related to electronic components. Sales revenue is recognized when control of the product is transferred to the customer, which occurs upon delivery. At that point, the customer has the discretion to determine the distribution channel and price of the product, and the Group has no remaining obligations that could affect the customer's acceptance of the product. The risks of obsolescence, loss, and damage have been transferred to the customer upon delivery to the specified location, and revenue recognition occurs when the acceptance criteria of the sales contract have been objectively met.
2. Sales revenue is recognized at the net amount after deducting estimated sales returns and allowances from the contract price. The revenue recognition amount is limited to the portion that is highly probable to not undergo significant reversals in the future and is updated on each balance sheet date. Payment terms for sales transactions primarily range from 30 to 210 days after the transfer of control, and therefore, significant financing components are not considered in the contract.
3. Accounts receivables are recognized upon transfer of control of the product to the customer because, at that point, the Group has an unconditional right to the contract price, which is collectible from the customer only through the passage of time.

xxvi. Operating segments

The segment information shall be reported by the same way as the internal

management report provided to the chief operating decision maker. The operations results of operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The identified chief operating decision maker is the board of directors.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When preparing the consolidated financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions based on the reasonable expectations for future events based on the condition at the balance sheets date. However, these estimates and assumptions could differ from the actual result; thus, they could be assessed and adjusted by taking into account historical experiences and other factors. The estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year. The uncertainty of significant accounting judgments, estimates and assumptions is as follows :

i. Significant judgment used in adopting accounting policies

The Group has not made any significant accounting judgments in the adoption of accounting policies.

ii. Critical Accounting Estimates and Assumptions

1. Assessment of Allowance for Doubtful Accounts

The Group evaluates individual Accounts receivable for objective evidence of impairment and recognizes an Allowance for doubtful accounts when it is determined that the future collection of the receivable is not probable. The amount of the allowance is based on expected credit losses evaluated considering forward-looking information and other relevant factors. If the information and factors indicate a slowdown or decrease, a significant impairment loss may be recognized.

Please refer to Note 6(4), 7 and 12(2) for the explanations on the balances of accounts receivables (including other receivables) and allowance for doubtful accounts as of December 31, 2023.

2. Valuation of Inventory

As inventories are measured by the lower of cost and net realizable value, the Group has to utilize judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to the rapid pace of technological change, the Group evaluates the amount of inventory that is impaired due to normal wear and tear, obsolescence, or lack of market demand as of the balance sheet date and writes down the inventory cost to net realizable value. This inventory valuation is primarily based on estimates of product demand for a specific future period, and therefore, may result in significant changes.

Please refer to Note 6(5) for the carrying amount of inventories as of December 31, 2023.

3. Financial Assets - Fair Value Measurement of Unlisted (OTC) Company Stocks with no Active Market

The fair value measurement of unlisted (OTC) company stocks without an active market held by the Group is mainly based on estimates of recent financing activities, valuation of similar companies, the Group's technological development, market conditions, and other economic indicators. Any changes in judgments and estimates may affect the fair value measurement. Please refer to Note 12(3) for further explanation on fair value measurement of financial instruments.

Please refer to Note 6(2) for the carrying amount of unlisted (OTC) company stocks without an active market held by the Group as of December 31, 2023.

VI. Explanation of Significant Accounts

i. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,407	\$ 9,473
Checking and demand deposits	155,785	265,412
Time deposits	<u>761,907</u>	<u>-</u>
Total	<u>\$ 919,099</u>	<u>\$ 274,885</u>

1. As the correspondent banks are credible and the Group has several correspondent banks to diversify the credit risk, the probability of default is expected to be very low.
2. The cash or cash equivalents were not pledged as collateral.
3. The Company has reclassified time deposits that do not meet the definition of cash equivalents as "Financial assets measured at amortized cost". Please refer to Note 6(3) for more detail.

ii. Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current		
Enforced financial assets at fair value through profit or loss		
Non-listed and over the counter (OTC) stocks	\$ 176,305	\$ 176,359
Adjustments for change in value	(157,411)	(81,482)
Total	<u>\$ 18,894</u>	<u>\$ 94,877</u>

1. Details for Financial assets at fair value through profit or loss recognized in the income statement are as follow :

	<u>2023</u>	<u>2022</u>
Enforced financial assets at fair value through profit or loss		
Equity instruments	(\$ <u>75,929</u>)	(\$ <u>46,417</u>)

2. For details for Financial assets at fair value through profit or loss, please refer to Note 12(3).

iii. Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current		
Time deposit matured after three months	<u>\$ 308,632</u>	<u>\$ 917,806</u>

1. The profit or loss arising from financial assets at amortized cost recognized is as follows :

	<u>2023</u>	<u>2022</u>
Interest revenue	<u>\$ 10,804</u>	<u>\$ 5,801</u>

2. Without considering the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the carrying amount.
3. Please refer to Note 12(2) for the credit risk related to financial assets at amortized cost. As the counterparties of the investments in demand deposits are credible financial institutions, the probability of default is expected to be very low.

iv. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivables	\$ -	\$ 441
Accounts receivables	58,209	66,142
Less: loss allowances	<u>(7,207)</u>	<u>(6,728)</u>
	<u>\$ 51,002</u>	<u>\$ 59,855</u>

1. As of December 31, 2023 and 2022, the balances of notes and accounts receivables are arising from contracts with customers. And as of January 1, 2022, the balance of accounts receivables amounted to NT\$71,391.
2. Without consider the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the carrying amount.
3. The Group does not hold any collateral.
4. Please refer to Note 12(2) for the credit risk related to accounts receivables.

v. Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Raw materials	\$ 19,280	(\$ 8,679)	\$ 10,601
Work in process	1,502	(181)	1,321
Finished goods	61,099	(8,451)	52,648
Merchandise	8,339	(6,627)	1,712
Total	<u>\$ 90,220</u>	<u>(\$ 23,938)</u>	<u>\$ 66,282</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Raw materials	\$ 41,185	(\$ 6,439)	\$ 34,746
Work in process	2,236	(499)	1,737
Finished goods	38,706	(11,781)	26,925
Merchandise	10,672	(5,877)	4,795
Total	<u>\$ 92,799</u>	<u>(\$ 24,596)</u>	<u>\$ 68,203</u>

The inventory cost recognized as an expense in the current period by the Group :

	<u>2023</u>	<u>2022</u>
Costs of inventories sold	\$ 224,487	\$ 237,546
Gains from price recovery of inventories	(322)	(3,828)

Unamortized manufacturing expenses	-	141
Inventory written-off losses	1,165	6,685
	<u>\$ 225,330</u>	<u>\$ 240,544</u>

Since part of the inventories whose net present value were lower than cost were sold in 2023 and 2022, the net present value of the inventories is recovered, resulting in a decrease in cost of revenue.

vi. Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2023					
Cost	\$ 14,986	\$ 37,051	\$ 30,725	\$ 51,889	\$ 134,651
Accumulated depreciation and impairment	-	(15,661)	(30,314)	(44,507)	(90,482)
	<u>\$ 14,986</u>	<u>\$ 21,390</u>	<u>\$ 411</u>	<u>\$ 7,382</u>	<u>\$ 44,169</u>
<u>2023</u>					
January 1	\$ 14,986	\$ 21,390	\$ 411	\$ 7,382	\$ 44,169
Additions	-	-	326	5,316	5,642
Disposals	-	-	-	(1,723)	(1,723)
Depreciation expenses	-	(813)	(137)	(3,211)	(4,161)
Net exchange differences	-	-	(9)	(74)	(83)
December 31	<u>\$ 14,986</u>	<u>\$ 20,577</u>	<u>\$ 591</u>	<u>\$ 7,690</u>	<u>\$ 43,844</u>
December 31, 2023					
Cost	\$ 14,986	\$ 37,051	\$ 30,630	\$ 47,845	\$ 130,512
Accumulated depreciation and impairment	-	(16,474)	(30,039)	(40,155)	(86,668)
	<u>\$ 14,986</u>	<u>\$ 20,577</u>	<u>\$ 591</u>	<u>\$ 7,690</u>	<u>\$ 43,844</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2022					
Cost	\$ 14,986	\$ 568,038	\$ 409,461	\$ 109,628	\$ 1,102,113
Accumulated depreciation and impairment	-	(514,039)	(405,754)	(100,216)	(1,020,009)
	<u>\$ 14,986</u>	<u>\$ 53,999</u>	<u>\$ 3,707</u>	<u>\$ 9,412</u>	<u>\$ 82,104</u>
<u>2022</u>					
January 1	\$ 14,986	\$ 53,999	\$ 3,707	\$ 9,412	\$ 82,104
Additions	-	-	-	5,822	5,822
Disposals	-	(13,853)	(1,945)	(2,715)	(18,513)

Reclassifications	-	(17,073)	-	(220)	(17,293)
Depreciation expenses	-	(2,135)	(1,402)	(4,972)	(8,509)
Net exchange differences	<u>-</u>	<u>452</u>	<u>51</u>	<u>55</u>	<u>558</u>
December 31	<u>\$ 14,986</u>	<u>\$ 21,390</u>	<u>\$ 411</u>	<u>\$ 7,382</u>	<u>\$ 44,169</u>

December 31, 2022

Cost	\$ 14,986	\$ 37,051	\$ 30,725	\$ 51,889	\$ 134,651
Accumulated depreciation and impairment	<u>-</u>	<u>(15,661)</u>	<u>(30,314)</u>	<u>(44,507)</u>	<u>(90,482)</u>
	<u>\$ 14,986</u>	<u>\$ 21,390</u>	<u>\$ 411</u>	<u>\$ 7,382</u>	<u>\$ 44,169</u>

1. As the Group rent out plants in June 2022, part of the buildings and structures were reclassified to investment properties.
2. Please refer to Note 8 for the information on property, plant and equipment pledged as collaterals.

vii. Lease transaction – lessee

1. For the underlying assets of the lease transactions of the Group, except for the duration of lease term of land-use-right is 50 years, the duration of lease term of buildings and multifunctional business machines is usually 1 to 2 years. The lease contracts are negotiated individually and applicable to different terms and conditions. Aside from that leased assets cannot be pledged as loan collateral, there are no other limitations.
2. The lease period of multi-function printers does not exceed 12 months.
3. The land-use-right lease of the Group was a land-use-right contract signed in 2003 and 2005 with the government of the People's Republic of China, with the land located in the People's Republic of China. The duration of lease term was 50 years.

4. The Group has reclassified part of the land use right to investment properties.
5. The information on the carrying amount and the depreciation/amortization expenses is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 5,892	\$ 17,192
	<u>2023</u>	<u>2022</u>
	<u>Depreciation/amortization expenses</u>	<u>Depreciation/amortization expenses</u>
Buildings	\$ 10,218	\$ 6,766
Land use rights	-	123
	<u>\$ 10,218</u>	<u>\$ 6,889</u>

6. As for year 2023 and 2022, the addition of right-of-use assets of the Group were NT\$535 and NT\$21,638 respectively.

7. Information on profit or loss related to lease contract is as follows :

	<u>2023</u>	<u>2022</u>
<u>Items affecting the current year's profit or loss</u>		
Interest expense from lease liability	\$ 444	\$ 395
Expense from short-term lease contract	284	324

8. The total leasing cash outflow of the Group as for years 2023 and 2022 were NT\$10,940 and NT\$7,346, respectively.

viii. Lease transaction – lessor

1. The underlying assets of the lease transactions that the Group involves are buildings, machinery and equipment. The duration of lease term is usually 1 to 6 years. The lease contracts are negotiated individually and applicable to different terms and conditions. In order to guarantee the condition of the leased assets, the Group usually requests the lessees not to sell, transfer the whole or part of the lease assets, or use the lease assets as collaterals.

2. Gains on recognition of lease contract as for year 2023 and 2022 are as follows :

	<u>2023</u>	<u>2022</u>
Rent income	\$ 133,411	\$ 52,293

3. The maturity analysis of lease payments of operating lease is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 133,263
2024	133,442	132,375
2025	140,293	140,097
After 2026	350,084	351,897
Total	<u>\$ 623,819</u>	<u>\$ 757,632</u>

ix. Investment properties

	<u>Land and land-use- right</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2023			
Cost	\$ 34,269	\$ 470,435	\$ 504,704
Accumulated depreciation and impairment	(10,221)	(329,317)	(339,538)
	<u>\$ 24,048</u>	<u>\$ 141,118</u>	<u>\$ 165,166</u>
<u>2023</u>			
January 1	\$ 24,048	\$ 141,118	\$ 165,166
Amortization and depreciation expenses	(632)	(6,359)	(6,991)
Net exchange differences	(308)	(2,314)	(2,622)
December 31	<u>\$ 23,108</u>	<u>\$ 132,445</u>	<u>\$ 155,553</u>
December 31, 2023			
Cost	\$ 33,768	\$ 460,180	\$ 493,948
Accumulated depreciation and impairment	(10,660)	(327,735)	(338,395)
	<u>\$ 23,108</u>	<u>\$ 132,445</u>	<u>\$ 155,553</u>
	<u>Land and land-use- right</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 21,993	\$ 245,078	\$ 267,071
Accumulated depreciation and impairment	(5,157)	(115,304)	(120,461)
	<u>\$ 16,836</u>	<u>\$ 129,774</u>	<u>\$ 146,610</u>
<u>2022</u>			
January 1	\$ 16,836	\$ 129,774	\$ 146,610
Addition	-	3,974	3,974
Reclassification	7,490	17,073	24,563
Disposal	-	(5,679)	(5,679)
Amortization and depreciation expenses	(438)	(5,831)	(6,269)
Net exchange differences	160	1,807	1,967
December 31	<u>\$ 24,048</u>	<u>\$ 141,118</u>	<u>\$ 165,166</u>
December 31, 2022			
Cost	\$ 34,269	\$ 470,435	\$ 504,704
Accumulated depreciation and impairment	(10,221)	(329,317)	(339,538)
	<u>\$ 24,048</u>	<u>\$ 141,118</u>	<u>\$ 165,166</u>

1. Rent income from investment properties and direct operating expenses :

	<u>2023</u>	<u>2022</u>
Rent income from investment	<u>\$ 133,411</u>	<u>\$ 52,293</u>

properties

Direct operating expenses incurred by
the investment properties with current
rental income

\$ 82,260 \$ 13,804

Direct operating expenses incurred by
the investment properties without
current rental income

\$ - \$ 1,927

2. The fair value of investment properties held by the Group were NT\$757,667 and NT\$716,768 as of December 31, 2023 and 2022, respectively. The fair value mentioned above is evaluated based on the appraisal report and reference of the market transaction prices of similar properties in the adjacent area. The result is classified as Level 3 fair value.

3. For information on investment properties pledged as collateral, please refer to Note 8.

x. Other non-current assets

	<u>December 31,2023</u>	<u>December 31,2022</u>
Deferred expenses	\$ 17,420	\$ 2,109
Net defined benefit assets	16,603	16,462
Guaranteed deposits paid	<u>3,572</u>	<u>3,599</u>
	<u>\$ 37,595</u>	<u>\$ 22,170</u>

xi. Other payables

	<u>December 31,2023</u>	<u>December 31,2022</u>
Salaries and Bonuses Payables	\$ 13,543	\$ 12,816
Administrative Expenses Payables	8,770	5,521
Compensation Payables	2,599	-
Service Expenses Payables	2,201	2,131
Commission Payables	792	7,179
Rent Payables	660	757
Utilities Payables	577	553
Others	<u>3,220</u>	<u>5,172</u>
	<u>\$ 32,362</u>	<u>\$ 34,129</u>

xii. Pension

1. Defined benefit plans

(1) The Company and its domestic subsidiaries have defined benefit plans under the R.O.C. Labor Standards Law. This applies to the seniority of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the subsequent seniority of employees who choose to continue to apply the Labor Standards Act. Employees met the criteria are provided with benefits based on his or her length of service and average monthly salary for the six-month period prior to retirement. For seniority within 15 years (inclusive), two base salaries will be given for each full year, and for seniority exceeding 15 years, one base salary will be given for each full year, up to a maximum of 45 base salaries. The Company sets aside 2% of the total payroll each month for the retirement fund, which is stored in a special account under the name of the Supervisory Committee of Labor Retirement Reserve at Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned retirement fund account before the end of each fiscal year. If the balance is insufficient to pay the retirement benefits calculated for the next year for employees who are expected to meet the retirement conditions, the Company will make up the difference in one lump sum by the end of March of the next year.

(2) Amounts recognized on the balance sheet were as follow :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 17,310	\$ 16,885
Fair value of plan assets	(33,913)	(33,347)
Net defined benefit asset (Recognized as non-current assets)	(<u>\$ 16,603</u>)	(<u>\$ 16,462</u>)

(3) Changes in the net defined benefit asset were as follows :

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
2023			
Balance, January 1	\$ 16,885	(\$ 33,347)	(\$ 16,462)
Current service cost	306	-	306
Interest expense (revenue)	<u>202</u>	<u>(400)</u>	<u>(198)</u>
	<u>17,393</u>	<u>(33,747)</u>	<u>(16,354)</u>
Remeasurement:			
Return on plan assets (Note)	-	(166)	(166)
Changes arising from experience adjustments	<u>(83)</u>	<u>-</u>	<u>(83)</u>
	<u>(83)</u>	<u>(166)</u>	<u>(249)</u>
Balance, December 31	<u>\$ 17,310</u>	<u>(\$ 33,913)</u>	<u>(\$ 16,603)</u>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
2022			
Balance, January 1	\$ 17,383	(\$ 30,811)	(\$ 13,428)
Current service cost	311	-	311
Interest expense (revenue)	<u>104</u>	<u>(184)</u>	<u>(80)</u>
	<u>17,798</u>	<u>(30,995)</u>	<u>(13,197)</u>

Remeasurement:			
Return on plan assets (Note)	-	(2,352)	(2,352)
Changes arising from changes in financial assumption	(512)	-	(512)
Changes arising from experience adjustments	(401)	-	(401)
	(913)	(2,352)	(3,265)
Balance, December 31	<u>\$ 16,885</u>	<u>(\$ 33,347)</u>	<u>(\$ 16,462)</u>

Note: Excluding amounts included in interest revenue or expenses.

(4) The Company's defined benefit retirement plan fund assets are entrusted to Bank of Taiwan for investment and management according to the proportion and amount range of the entrusted operating items determined in the annual investment plan of the fund. The entrusted operations are carried out in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, i.e., depositing funds in domestic and foreign financial institutions, investing in listed, OTC or private equity securities in domestic and foreign markets, and investing in securitized real estate products in domestic and foreign markets. The related utilization situation is supervised by the Supervisory Committee of Labor Retirement Reserve. The minimum annual distribution of income for the fund's operation shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank. If the minimum distribution cannot be met, it shall be supplemented by the National Treasury after approval by the competent authority. Since the Company has no authority to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with Paragraph 142 of International Accounting Standard No. 19. The fair value of the total assets of the fund as of December 31, 2023 and 2022 is disclosed in the annual Labor Pension Fund Utilization Report published by the government.

(5) The principal assumptions of pension were summarized as follow: :

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

The assumption for future mortality rates is based on the published statistical data and experience in various countries. The analysis of present value of defined benefit obligations affected by changes arising from changes in financial assumption is as follows :

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 175)</u>	<u>\$ 179</u>	<u>\$ 142</u>	<u>(\$ 140)</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 204)</u>	<u>\$ 210</u>	<u>\$ 166</u>	<u>(\$ 162)</u>

The sensitivity analysis presented above examines the impact of a single assumption change while assuming other assumptions remain constant. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet.

The method and assumptions used for the sensitivity analysis in the current period are the same as those used in the previous period.

- (6) It is expected that no funds will be contributed to the retirement plan by the Company in 2024.
- (7) As of December 31, 2023, the weighted average remaining service life of the retirement plan was 5 years.

2. Defined contribution plan

- (1) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of Taiwanese nationality. Under this plan, for the portion of employees who have elected to participate in the Labor Pension Act, the Company and its domestic subsidiaries contributes 6% of the employee's monthly salary to the individual account established by the employee with the Bureau of Labor Insurance. Retirement benefits are paid in the form of either monthly pension or lump sum, depending on the balance of the individual account and its accumulated earnings.
- (2) In accordance with the retirement insurance system established by the government of the People's Republic of China, DEER ELECTRONICS (DONG GUAN) CO.,LTD, DONGGUAN SOLYTECH ENTERPRISE CORPORATION, SUPERCASE INTERNATIONAL CORPORATION, DONG GUAN SHUN SHENG TRADE CO.,LTD and SHENZHEN QIANHAI SHUN CHENG ENTERPRISE CORPORATION set aside a certain proportion of the total salary of local employees as a monthly contribution to the pension fund. As for years ended December 31, 2023 and 2022, the contribution rates were 14%. The pensions of each employee are managed and arranged by the government. In addition to the monthly contributions, the group has no further obligations.
- (3) For the years ended December 31, 2023 and 2022, the retirement benefits cost recognized by the Group under this retirement plan were NT\$3,221 and NT\$4,170, respectively.

xiii. Provision

	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 6,176	\$ -
Additions	-	6,053
Reversals	(6,137)	-
Effects of exchange rate	(39)	123
Balance, December 31	<u>\$ -</u>	<u>\$ 6,176</u>

The analysis of the provision is as follows :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ -</u>	<u>\$ 6,176</u>

In the fiscal year 2022, the Group prematurely terminated a contract with a lessee due to the disposal of 50% equity interest in the subsidiary DEER ELECTRONICS (DONG GUAN) CO.,LTD. As a result, the lessee claimed a legal compensation of

CNY5.4 million. The Group sought appropriate legal advice and has recognized a provision for the expected outcome of the litigation. The third people's court of Dongguan City, Guangdong Province dismissed the claim of the lessee in the first instance judgement on May 18, 2023. The lessee appealed the verdict. After the trial, the court dismissed the claim of the lessee on October 8, 2023. However, the Group negotiated a settlement with the lessee and reached to an agreement in the fourth quarter of 2023, and planned to pay the lessee compensation of CNY2.6 million, and stop the relevant legal procedures.

xiv. Share capital

As of December 31, 2023, the authorized capital of the Company is NT\$3,500,000, divided into 350,000 thousand shares, and the paid-up capital is NT\$1,504,145. The approved number of outstanding common shares is 150,414,536 shares, with a par value of NT\$10 per share. All of the issued shares have been fully paid for.

xv. Capital surplus

1. According to the regulation of the Company Act, where a corporation incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the Company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a corporation intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A corporation shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

2. For details on significant changes of capital surplus in 2022, please refer to Note 4(3).

xvi. Retained earnings (accumulated deficit)

1. The annual net profit of the Company shall be distributed in the following order :

(1) Offsetting losses in prior years;

(2) Setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount;

(3) Setting aside or rotating special reserve according to the rule set out by the government authority in charge. If the special reserves to be set aside are the net decrease of other equity and the net increase of fair value of investment properties accumulated from previous periods, the same amount shall be set aside from the retained earnings of previous periods. If there is any deficiency, the remaining amount shall be set aside from the current year's net profit after tax, excluding items beyond the net profit after tax. The proposal for the distribution of the distributable profit shall be prepared by the Board of Directors. If the distribution is to be made by issuing new shares, it shall be subject to the approval of the shareholders' meeting. If the distribution is to be made in cash, the Board of Directors shall be authorized to distribute dividends and bonuses or legal reserve and capital surplus in whole or in part after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. Considering the variable industry environment, the Company's life cycle is in the growth stage and is moving towards diversified development. In light of the Company's future capital needs, long-term financial planning, and shareholders' demand for cash inflows, the Company plans to allocate not less than 10% of the distributable profits to distribute dividends to shareholders every year.

However, if the accumulated distributable profits are less than 5% of the paid-in capital, dividends may not be distributed. When distributing dividends to shareholders, they may be distributed in cash or shares, and the cash dividends shall not be less than 10% of the total dividend amount. However, when the cash dividend per share is less than one New Taiwan Dollar, the entire cash dividend may be converted into a share dividend.

3. The legal reserve shall not be used except for offsetting losses of the Company and for issuing new shares or cash in proportion to the original shareholders' shares. However, when issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
4. When distributing profits, the Company may only do so after allocating special reserves according to legal regulations to the other equity items in the debit balance on the balance sheet as of the end of the fiscal year. Only when the other equity items in the debit balance are reversed can the reversal amount be included in the distributable profits.
5. On March 14, 2024, the Company's board of directors passed a resolution on the loss make-up proposal.
6. The loss make-up proposals of 2022 and 2021 approved by the shareholders' meeting on June 20, 2023, and June 21, 2022 are consistent with the proposal put forward by the board of directors of the Company.
7. For information on employee compensation and directors' remuneration, please refer to Note 6(23).

xvii. Other equity and non-controlling interests

	<u>2023</u>		<u>Other equity-foreign currencies</u>	<u>translation</u>		<u>Other equity-foreign currencies</u>	<u>translation</u>
January 1	\$	127,548			\$	74,674	
Differences in foreign currencies translation:							
–Group	(	38,523)			(	1,353)	
Decrease in non-controlling interests		-			(	13)	
December 31	<u>\$</u>	<u>89,025</u>			<u>\$</u>	<u>73,308</u>	

	<u>2022</u>		<u>Other equity-foreign currencies</u>	<u>translation</u>		<u>Non-controlling</u>	<u>interest</u>
January 1	\$	70,989			(\$	51)	
Differences in foreign currencies translation:							
–Group		56,559				2,000	
Increase in non-controlling interests		-				72,741	
Decrease in non-controlling interests		-			(	16)	
December 31	<u>\$</u>	<u>127,548</u>			<u>\$</u>	<u>74,674</u>	

Please refer to Note 4(3) for details of changes in non-controlling interest in 2022.

xviii. Operating revenue

Customer contract revenue segmentation

The revenue of the Group originates from goods transferred at a certain point in time. For revenue information, please refer to Note 14(2).

xix. Interest income

	<u>2023</u>		<u>2022</u>
Bank deposit interests	\$	22,919	\$ 1,015
Interest income from financial assets at amortized cost		<u>10,804</u>	<u>5,801</u>
	<u>\$</u>	<u>33,723</u>	<u>\$ 6,816</u>

xx. Other revenue

	<u>2023</u>		<u>2022</u>
Rent income	\$	133,411	\$ 52,293
Dividend income		16	120
Other income		<u>7,358</u>	<u>7,109</u>
Total	<u>\$</u>	<u>140,785</u>	<u>\$ 59,522</u>

xxi. Other gains and losses

	<u>2023</u>		<u>2022</u>
Gains on disposals of property, plant and equipment	\$	884	\$ 4,770
Net exchange gains of foreign currencies		42,400	17,899
Loss on disposal of investment properties		-	(5,679)
Losses on financial assets at fair value through profit or loss	(	75,929)	(46,417)
Commission expenses		-	(6,235)
Plant demolition loss		-	(9,081)
Depreciation expenses of investment properties	(	6,359)	(5,831)
Administrative expenses of investment properties	(	75,269)	(9,462)
Compensation losses	(	5,260)	(6,053)
Others	(	12,371)	(3,632)
Total	<u>(\$</u>	<u>131,904)</u>	<u>(\$ 69,721)</u>

xxii. Additional information on nature of expenses

	<u>2023</u>		<u>2022</u>
Employee benefits expenses	\$	95,232	\$ 122,007
Depreciation expense (Note 1)		14,379	15,275
Amortization expense (Note2)		<u>719</u>	<u>837</u>
	<u>\$</u>	<u>110,330</u>	<u>\$ 138,119</u>

Note 1: includes depreciation expenses from property, plant and equipment and right-of-use assets.

Note 2: refers to amortization expenses for right-of-use assets and deferred expenses.

xxiii. Employee benefits expenses

	<u>2023</u>		<u>2022</u>
Payroll expenses	\$ 81,448	\$	106,428
Labor and health insurance expenses	3,459		3,613
Pension expenses	3,329		4,401
Other employment expenses	<u>6,996</u>		<u>7,565</u>
	<u>\$ 95,232</u>	\$	<u>122,007</u>

1. In accordance with the Articles of Incorporation, if there is still a remainder after deducting accumulated losses based on the profit situation of the current year, the Company shall distribute employee compensation at a rate of 5% to 10% and director compensation at a rate of 3% or lower when distributing profits.
2. As of December 31, 2023 and 2022, the Company has accumulated losses. According to the Articles of Incorporation, no provision was made for employees' and directors' compensation.
3. The information about the employees', and directors' compensation resolved by the board of directors is available at the Market Observation Post System website.

xxiv. Income tax

1. Income tax expense :

	<u>2023</u>		<u>2022</u>
Current tax :			
Tax generated from current profit	\$ 448	\$	30
Tax expense	<u>\$ 448</u>	\$	<u>30</u>

2. Explanation on the relationship between tax expense and accounting profit :

	<u>2023</u>		<u>2022</u>
Tax payables calculated by profit before (\$ tax multiplying the enacted tax rates (Note)	8,261	(\$	31,426)
Temporary differences not recognized as (deferred income tax assets	2,393)		10,397
Tax losses not recognized as deferred income tax assets	11,011		21,486
Income tax effects of permanent differences	<u>91</u>	(	<u>427</u>)
Income tax expenses	<u>\$ 448</u>	\$	<u>30</u>

Note : The applicable tax rate is calculated based on the tax rate applicable to income in the relevant country.

3. The Group did not have any deferred tax assets or liabilities for the year ended December 31, 2023.
4. The deductible deadline of unused tax loss and amount of the unrecognized deferred tax assets are as follows :

December 31, 2023

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax asset</u>	<u>Last deductible year</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951	2025
2016	54,364	54,364	54,364	2026
2017	63,620	63,620	63,620	2027
2018	28,546	28,546	28,546	2028
2019	41,317	41,317	41,317	2029
2021	56,665	56,665	56,665	2031
2022	28,513	28,513	28,513	2032
2023	55,036	55,036	55,036	2032
	<u>\$ 390,863</u>	<u>\$ 330,012</u>	<u>\$ 330,012</u>	

December 31, 2022

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax asset</u>	<u>Last deductible year</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951	2025
2016	54,364	54,364	54,364	2026
2017	63,620	63,620	63,620	2027
2018	28,546	28,546	28,546	2028
2019	41,317	41,317	41,317	2029
2021	56,665	56,665	56,665	2031
2022	28,513	28,513	28,513	2032
	<u>\$ 335,827</u>	<u>\$ 274,976</u>	<u>\$ 274,976</u>	

5. Deductible temporary differences not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 1,032,296</u>	<u>\$ 1,061,417</u>

The aforementioned deductible temporary differences arose from the differences between the carrying amount and the tax base of the long-term investments in subsidiaries in Mainland China. As the Group will not dispose the subsidiaries in the foreseeable future, deferred income tax assets were not recognized.

6. Profit-seeking Enterprise Income Taxes of the Company have been verified by the tax collection authority until 2021.

xxv.	<u>Earnings (losses) per share</u>	<u>2023</u>	<u>2022</u>
	<u>Basic and earnings (losses) per share</u>		
	Loss attributable to shareholders of the parent	(\$ 43,160)	(\$ 157,283)
	Weighted average number of shares outstanding (in thousands shares)	<u>150,415</u>	<u>150,415</u>
	Basic and earnings per share (in NTD)	(\$ 0.29)	(\$ 1.05)

xxvi. Supplementary information on cash flows
Cash payments of property, plant and equipment :

	<u>2023</u>	<u>2022</u>
Purchase of Property, plant and equipment	\$ 5,642	\$ 5,822
Add : Payables on machinery and Equipment, beginning balance	-	461
Add : Prepayments on machinery and Equipment, ending balance	346	376
Less : Prepayments on machinery and Equipment, beginning balance	(376)	(217)
Cash payments in the current period	<u>\$ 5,612</u>	<u>\$ 6,442</u>

xxvii. Changes in the liabilities arising from financing activities

The changes in liabilities arising from financing activities in 2023 are only the repayment of lease principal, and in 2022 are repayment of short-term borrowings and lease principal. Please refer to the effects in the statements of cash flows.

VII. Related Party Transactions

i. Related party names and relationships

<u>Related party name</u>	<u>Relationship with the Group</u>
HENAN SHOUXIANG ELECTRONIC CO.,LTD (HENAN SHOUXIANG)	Associate
DONG GUAN NENG GUANG INDUSTRIAL INVESTMENT CO.,LTD (NENG GUANG)	Other related party
CHENG,CHIEH	Chairman of the Group

ii. Significant transactions with related parties

1. Other receivables- substitutional purchase

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables- HENAN SHOUXIANG	\$ 33,338	\$ 33,954
Less : Allowance loss	(33,338)	(33,954)
	<u>\$ -</u>	<u>\$ -</u>

2. Administrative expenses and other payables

A. Administrative expenses (recognized as “other gains and losses”)

	<u>2023</u>	<u>2022</u>
NENG GUANG	\$ 58,818	\$ -

B. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
NENG GUANG	<u>\$ 7,606</u>	<u>\$ -</u>

Please refer to Note 4(3) for the rent income paid to non-controlling interests in accordance with the agreement in the contract.

3. As of December 31, 2023 and 2022, the Chairman of the Company has provided joint guarantees for short-term borrowings.

iii. Information on key management personnel compensation

	<u>2023</u>		<u>2022</u>
Short-term employee benefits	\$ 16,243	\$	14,472
Post-employment benefits	190		190
Total	<u>\$ 16,433</u>	\$	<u>14,662</u>

VIII. Pledged assets

The assets pledge as collaterals are as follows :

<u>Assets</u>	<u>Carrying amount</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Non-current assets			
- demand deposit	\$ 17,406	\$ 23,863	Drawdown limited by litigation
Property, plant and equipment			
land	14,986	14,986	Guarantee for short-term borrowings and total credit lines
buildings and structures	20,577	21,390	Guarantee for short-term borrowings and total credit lines
Investment properties			
land	6,701	6,701	Guarantee for short-term borrowings and total credit lines
buildings and structures	<u>9,198</u>	<u>9,556</u>	Guarantee for short-term borrowings and total credit lines
	<u>\$ 68,868</u>	<u>\$ 76,496</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Losses on Disaster

None.

XI. Significant Subsequent Events

None.

XII. Others

i. Capital Risk Management

The objective of the Group's capital management is to ensure that it operates continuously and maintains optimal capital structure to decrease the cost of capital and maximize the shareholders' equity. The Group adjusts dividend payment, issues new shares, or disposes assets for the purpose of decreasing debts, adjusting and maintaining the capital structure.

ii. Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 18,894	\$ 94,877
Financial assets at amortized cost	<u>1,320,636</u>	<u>1,301,606</u>
	<u>\$ 1,339,530</u>	<u>\$ 1,396,483</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost	\$ 145,213	\$ 111,665
Lease liability	<u>6,065</u>	<u>17,361</u>
	<u>\$ 151,278</u>	<u>\$ 129,026</u>

Note : Financial assets at amortized cost include cash and cash equivalents, financial assets measured at amortized cost, accounts receivables, other receivables, other current assets, guaranteed deposits paid. Financial liabilities at amortized cost include accounts payables, other payables, and guaranteed deposits received.

2. Risk Management Policies

(1) The Group adopts a comprehensive risk management and control system to clearly identify, measure, and control all kinds of risks (including market risk, credit risk, liquidity risk, and cash flow risk) so that the management can effectively engage in controlling and measuring market risk, credit risk, liquidity risk, and cash flow risk.

(2) In order to effectively manage various market risks, the Group's management authorities will consider the economic environment, competitive conditions, and the impact of market value risk, to achieve optimized risk positions, maintain appropriate liquidity positions, and centrally manage all market risks.

3. Nature and extent of significant financial risks

(1) Market risk

Currency risk

A. The Group operates across borders and is therefore exposed to currency risks arising from various currencies, mainly the USD and CNY. Relevant currency risks arise from future business transactions, recognized assets and liabilities, and net investments in foreign operations.

B. The Group's management has established policies that require each company within the Group to manage its functional currency-related currency risk. Each company within the Group should hedge its overall currency risk through the Group's finance department. To manage currency risks arising from future business transactions and recognized assets and liabilities, each company within the Group uses forward foreign exchange contracts through the Group's finance department. When future business transactions, recognized assets or liabilities are denominated in foreign currencies other than the parent company's functional currency, currency risk arises.

C. The Group's business involves several non-functional currencies (the functional currency of the Company and some subsidiaries is the New Taiwan Dollar, and the functional currency of some subsidiaries is the CNY), and thus is subject to the impact of currency fluctuations. Information on foreign currency assets and liabilities affected by significant currency fluctuations is as follows :

<u>December 31, 2023</u>					
(Foreign currencies: functional currency)	Foreign currencies	<u>Exchange</u>	Carrying amount	<u>Sensitivity analysis</u>	
	<u>(in thousand)</u>	<u>rate</u>	<u>(NTD)</u>	<u>Fluctuation</u> range	<u>Effect on</u> <u>comprehensive</u> <u>income</u>
<u>Financial assets</u>					
<u>Monetary item</u>					
USD : NTD	\$ 31,401	30.725	\$ 964,796	1%	\$ 9,648
USD : CNY	3,377	7.0941	103,758	1%	1,038
CNY : NTD	123,972	4.3311	536,935	1%	5,369
EUR : NTD	11,425	34.0080	388,541	1%	3,885
JPY : NTD	381,454	0.2176	83,004	1%	830
<u>Nonmonetary item</u>					
<u>Foreign operating unit</u>					
CNY : NTD	(\$ 99,713)	4.3311	(\$ 431,867)		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD : NTD	\$ 6,466	30.725	\$ 198,668	1%	\$ 1,987
USD : CNY	14,385	7.0941	441,979	1%	4,420
<u>December 31, 2022</u>					
(Foreign currencies: functional currency)	Foreign currencies	<u>Exchange</u>	Carrying amount	<u>Sensitivity analysis</u>	
	<u>(in thousand)</u>	<u>rate</u>	<u>(NTD)</u>	<u>Fluctuation</u> range	<u>Effect on</u> <u>comprehensive</u> <u>income</u>
<u>Financial assets</u>					
<u>Monetary item</u>					
USD : NTD	\$ 36,061	30.728	\$1,108,082	1%	\$11,081
CNY : NTD	124,704	4.4111	550,082	1%	5,501
EUR : NTD	3,038	32.7038	99,354	1%	994
JPY : NTD	381,450	0.2318	88,420	1%	884
<u>Nonmonetary item</u>					
<u>Foreign operating unit</u>					
CNY : NTD	(\$101,306)	4.4111	(\$ 446,871)		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD : NTD	\$ 2,702	30.728	\$ 83,027	1%	\$ 830
USD : CNY	20,863	4.4111	641,078	1%	6,411

D. The explanation of the unrealized exchange losses or gains for the monetary items of the Group due to significant effects from exchange rate fluctuations is as follows :

<u>2023</u>			
<u>Foreign exchange net gain or loss</u>			
<u>Foreign currencies</u>			
	<u>(in thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
(Foreign currencies: functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD		30.725	(\$ 8,415)
USD : CNY	CNY396	7.0941	1,715
CNY : NTD		4.3311	(3,577)
EUR : NTD		34.0080	11,087
JPY : NTD		0.2176	1,945
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD		30.725	(\$ 292)
USD : CNY	CNY (2,948)	7.0941	(12,768)

<u>2022</u>			
<u>Foreign exchange net gain or loss</u>			
<u>Foreign currencies</u>			
	<u>(in thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
(Foreign currencies: functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD		30.728	(\$ 8,102)
CNY : NTD		4.4111	12,263
EUR : NTD		32.7038	1,626
JPY : NTD		0.2318	515
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD		30.728	(\$ 1,554)
USD : CNY	CNY (3,405)	4.4111	(15,020)

Price risk

A. As the investments held by the Group are classified as financial assets at fair value through profit or loss in the consolidated balance sheet, the Group is exposed to price risk of equity instruments. The Group does not expose to merchandise price risk. To manage the price risk of

equity instrument investments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

- B. The Group mainly invests in equity instruments issued by domestic companies, and the prices of these equity instruments may be affected by the uncertainty of the future value of the investment targets. If the prices of these equity instruments increase or decrease by 1% while all other factors remain unchanged, the profit for the years 2023 and 2022 will respectively increase or decrease by NT\$151 and NT\$759, due to the gains or losses from equity instruments measured at fair value through profit or loss.

(2) Credit risk

- A. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from accounts receivables that the counterparty is unable to pay off by the payment term, and the contractual cash flows measured at amortized cost.
- B. In the Group's daily sales transactions, for new customers and most existing customers, transactions are mostly conducted through prepayments or cash receipts. When there is a credit limit requirement, besides reviewing the transaction records with the Group, external agencies are consulted for credit verification or current economic and financial conditions are evaluated to mitigate the credit risk of specific customers.
- C. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 90 days, the credit risk of financial assets has significantly increased upon initial recognition. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 365 days, it is considered to have defaulted.
- D. The Group evaluates the expected credit losses on accounts receivables by individually estimating expected credit losses for significant defaulted accounts receivables, and for the remaining balances, grouping them by customer ratings based on the Group's credit standards and estimating expected credit losses using different loss rate methods or reserve matrices for different groups. The Group also considers forward-looking factors, such as the indicator query system of National Development Council, to adjust the loss rate established based on historical and current information during a specific period. As of December 31, 2023 and 2022, the loss allowance for accounts and notes receivables estimated individually and by using the reserve matrix were as follows :

<u>December 31, 2023</u>	<u>Not overdue</u>	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-360 days</u>	<u>Overdue over</u>	<u>Total</u>
		<u>overdue</u>	<u>overdue</u>	<u>overdue</u>	<u>360 days</u>	
Expected loss rate	0.05%~	0.20%~				
	0.54%	0.89%	0.05%	0.05%	100%	
Total carrying amount	<u>\$49,035</u>	<u>\$ 2,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,152</u>	<u>\$ 58,209</u>
Loss allowances	<u>\$ 32</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,152</u>	<u>\$ 7,207</u>

<u>December 31, 2022</u>	<u>Not overdue</u>	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-360 days</u>	<u>Overdue over</u>	<u>Total</u>
		<u>overdue</u>	<u>overdue</u>	<u>overdue</u>	<u>360 days</u>	
Expected loss rate	0.05%	0.05%~	0.31%~	23.35%~		
	0.21%	20.79%	64.64%	100.00%		
Total carrying amount	<u>\$56,898</u>	<u>\$ 1,968</u>	<u>\$ 423</u>	<u>\$ 1,842</u>	<u>\$ 5,452</u>	<u>\$ 66,583</u>
Loss allowances	<u>\$ 30</u>	<u>\$ 1</u>	<u>\$ 85</u>	<u>\$ 1,160</u>	<u>\$ 5,452</u>	<u>\$ 6,728</u>

E. The accounts receivable aging analysis of the Group were as follows :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	\$ 49,035	\$ 56,898
Within 90 days	2,022	1,968
91-180 days	-	423
181-360 days	-	1,842
Over 360 days	<u>7,152</u>	<u>5,452</u>
	<u>\$ 58,209</u>	<u>\$ 66,583</u>

The above aging analysis was based on the number of days past due.

F. As for December 31, 2023 and 2022, other receivable – related parties were respectively NT\$33,338 and NT\$33,954. The Group evaluates the expected credit losses by using individual estimation method, and loss allowance were NT\$33,338 and NT\$33,954, respectively. As for December 31, 2023 and 2022, other receivable - non-related parties were respectively NT\$24,736 and NT\$30,348, and loss allowance were NT\$3,898 and NT\$8,760, respectively.

G. The table showing the changes in loss allowance for accounts and other receivables of the Group using the simplified method is as follow :

	<u>2023</u>	<u>2022</u>
	<u>Accounts/other receivables</u>	<u>Accounts/other receivables</u>
January 1	\$ 49,442	\$ 38,899
Provision (reversal) of impairment losses	(4,153)	9,943
Effect of exchange rates	(846)	<u>600</u>
December 31	<u>\$ 44,443</u>	<u>\$ 49,442</u>

The amounts above represent the impairment loss recognized for accounts receivable generated by customer contracts.

(3) Liquidity risk

- A. Cash flow forecasts are executed by the operating entities within the group and are consolidated by the group's finance department. The group's finance department monitors the forecasted liquidity needs of the group to ensure that it has sufficient funds to support its operations and maintains adequate unused borrowing capacity at all times to prevent the group from violating any relevant borrowing limits or clauses.
- B. Any excess cash held by the operating entities beyond the requirements of working capital management is transferred back to the group's finance department. The group's finance department invests the excess funds in interest-bearing demand deposit, time deposits, money market deposits, and marketable securities with appropriate maturities or sufficient liquidity to meet the aforementioned forecast and provide adequate headroom.
- C. The non-derivative financial liabilities of the group are grouped by relevant dates, and the analysis of non-derivative financial liabilities is based on the remaining period from the balance sheet date to the contract expiry date. The disclosed contract cash flow amounts in the table below are undiscounted :

Non-derivative financial liabilities

December 31, 2023	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 6,099</u>	<u>\$ 26</u>	<u>\$ 6,125</u>
December 31, 2022	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 11,403</u>	<u>\$ 6,501</u>	<u>\$ 17,904</u>

Except as described above, all of the group's non-derivative financial liabilities mature within the next year.

- D. The group does not anticipate significant early cash flow occurrences or significant variances in actual amounts from the cash flow analysis of the maturity dates.

iii. Fair Value Information

1. The definitions of the various levels of valuation techniques adopted to measure the fair value of financial and non-financial instruments are as follows :
- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. An active market is the market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the assets or liabilities. The investments in equity instruments without an active market belong to this level.
2. Please refer to Note 12(2) for the non-fair value information of financial instruments and Note 6(9) for fair value information of investment properties measured at cost.
3. For financial instruments measured at fair value, the Group classified assets and liabilities by the nature, characteristics, risks and fair value level.

Related information is as follows :

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,894</u>	<u>\$ 18,894</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,877</u>	<u>\$ 94,877</u>

4. The methods and assumptions used by the Group to measure fair value are described below :
- (1) The Group uses market quotes as the fair value input value (i.e. Level 1), and according to the characteristics, for listed, OTC, and emerging stock companies, the market quote is the closing price.
 - (2) Besides aforementioned financial instruments which have active market, for those do not have an active market, their fair value is obtained through valuation techniques or reference to quotes from market counterparties. The fair value obtained through valuation techniques can be referred to the fair value of other similar financial instruments with similar characteristics and conditions, discounted cash flow method or other valuation techniques, including models based on market information available on the consolidated balance sheet data (e.g. OTC market reference dividend yield curve, Reuters commercial paper average interest rate quote).
 - (3) The output of the valuation model is an estimated approximation, and the valuation techniques may not reflect all the factors relevant to the Group's holdings of financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted appropriately based on additional parameters, such as model risk or liquidity risk. Based on the Group's fair value evaluation model management policy and related control procedures, the management believes that valuation adjustments are appropriate and necessary to fairly represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and adjusted appropriately based on current market conditions.
 - (4) The Group incorporates credit risk evaluation adjustments into the calculation of the fair value of financial and non-financial instruments to reflect both counterparty credit risk and the Group's credit quality.
5. The valuation process for fair value classified as Level 3 is conducted by external appraisers and the Finance and Accounting Department, who are responsible for independent fair value verification of financial instruments. Independent source data is used to bring the valuation results closer to market conditions, to confirm that the data sources are independent, reliable, consistent with other resources and representative of executable prices, and to update the input values and data required by the valuation model and any other necessary

fair value adjustments to ensure that the valuation results are reasonable. Investment properties are valued periodically by the Finance and Accounting Department in accordance with the valuation methods and parameter assumptions announced by the Financial Supervisory Commission or by external appraisers.

The Finance and Accounting Department also establishes policies, procedures and confirms compliance with relevant international financial reporting standards for the fair value evaluation of financial instruments.

6. In fiscal years 2023 and 2022, there were no transfers between level 1 and level 2.

7. The following table shows the changes in level 3 for fiscal years 2023 and 2022 :

	<u>Equity instruments</u>	
	<u>2023</u>	<u>2022</u>
January 1	\$ 94,877	\$ 141,294
Losses recognized in profit or loss	(75,929)	(46,417)
Refund of paid-up capital arising from liquidation receivables	(54)	-
December 31	<u>\$ 18,894</u>	<u>\$ 94,877</u>

There were no transfers in or out of level 3 in years 2023 and 2022.

8. Regarding items measured at fair value using valuation models categorized as Level 3, the quantitative information of significant unobservable inputs and sensitivity analysis of significant unobservable inputs are explained as follows :

	<u>December 31,</u> <u>2023</u> <u>Fair value</u>	<u>Evaluation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable</u> <u>input</u>	<u>Interval</u> <u>(weighted-</u> <u>average)</u>	<u>Input and fair</u> <u>value relationships</u>
Non-derivative equity instrument :					
Unlisted Listed Company Stock	\$ 18,894	Comparable to PB Ratio listed companies	Lack of market liquidity discount	3.89%	The higher the multiplier, the higher the fair value; The more lack of market liquidity discount, the lower the fair value.
	<u>December 31,</u> <u>2022</u> <u>Fair value</u>	<u>Evaluation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable</u> <u>input</u>	<u>Interval</u> <u>(weighted-</u> <u>average)</u>	<u>Input and fair</u> <u>value relationships</u>
Non-derivative equity instrument :					
Unlisted Listed Company Stock	\$ 94,877	Comparable to PB Ratio listed companies	Lack of market liquidity discount	1.04%~6.78%	The higher the multiplier, the higher the fair value; The more lack of market liquidity discount, the lower the fair value.

9. The Group has carefully evaluated the valuation models and parameters adopted. However, using different valuation models or parameters may result in different valuation results. For financial assets and financial liabilities classified as level 3, the impact on the current period's profit or loss or other comprehensive income due to

changes in valuation parameters is as follows :

				<u>December 31, 2023</u>	
				<u>Recognized in profit or loss</u>	
	<u>Term</u>	<u>Input</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets					
Equity instruments	December 31, 2022	PB Ratio and lack of liquidity discount	±1%	\$ 291	(\$ 249)
				<u>December 31, 2022</u>	
				<u>Recognized in profit or loss</u>	
	<u>Term</u>	<u>Input</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets					
Equity instruments	December 31, 2021	PB Ratio and lack of liquidity discount	±1%	\$ 1,369	(\$ 1,341)

XIII. Other disclosures

The following transactions between the Company and its subsidiaries have been eliminated upon consolidation and are disclosed for reference purposes.

i. Information on significant transactions

1. Loans to others : Please refer to Table 1.
2. Provision of endorsements and guarantees to others : None.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures) : Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital or more : None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more : None.
6. Disposal of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more : None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more : None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more : None.
9. Trading in derivative instruments : None.
10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions : The transaction conditions and amounts do not reach the disclosure standards based on significance principle.

ii. Information on investees

The information about company names, locations, etc. of investees (excluding Mainland China investees) : Please refer to Table 3.

iii. Information on investees in Mainland China

1. Basic information : Please refer to Table 4.
2. Significant transaction events arising directly or indirectly from investees made through third-party entities or investments in Mainland China : None.

iv. Information on major shareholders

Information on major shareholders : Please refer to Table 5.

XIV. Operating Segments Information

i. General information

The main business of the Group is research and development, manufacturing, sales, and after-sales service of products such as power suppliers, computer cases, networking (including trade), and electronic components. The management team operates based on product categories and expands business by developing differentiated products based on the characteristics and demands. In 2017, the Group established a new department for networking (including trade), which uses the factory equipment of the original LCD power supply factory as its production base and takes on network communication and trade orders. Starting from the fiscal year 2021, in order to maximize the use of the Group's overall resources and expand business in all aspects of the electronic industry, the overall business unit was integrated into electronic component and other segments. Based on the judgment, the reportable segment of the Group should be the electronic component and other segments.

The information of the operating segment is compiled in accordance with the Group's accounting policies. The management team mainly evaluates performance and allocates resources based on the revenue and operating profit/loss of the operating segment.

ii. Segment information

The reportable segment information provided to the chief operating decision maker is as follows :

	<u>Electronic</u>		
<u>2023</u>	<u>components segment</u>	<u>Others</u>	<u>Total</u>
Net external revenue	\$ 255,923	\$ 719	\$ 256,642
Revenue from internal segments	<u>1,705</u>	<u>-</u>	<u>1,705</u>
Segment revenue	<u>\$ 257,628</u>	<u>\$ 719</u>	<u>\$ 258,347</u>
Segment profit or loss	<u>(\$ 84,646)</u>	<u>(\$ 238)</u>	<u>(\$ 84,884)</u>
Depreciation and amortization	<u>\$ 27,795</u>	<u>\$ 78</u>	<u>\$ 27,873</u>

	<u>Electronic</u>		
<u>2022</u>	<u>components segment</u>	<u>Others</u>	<u>Total</u>
Net external revenue	\$ 231,318	\$ 6,671	\$ 237,989
Revenue from internal segments	<u>1,258</u>	<u>-</u>	<u>1,258</u>
Segment revenue	<u>\$ 232,576</u>	<u>\$ 6,671</u>	<u>\$ 239,247</u>
Segment profit or loss	<u>(\$ 148,435)</u>	<u>(\$ 4,276)</u>	<u>(\$ 152,711)</u>
Depreciation and amortization	<u>\$ 21,754</u>	<u>\$ 627</u>	<u>\$ 22,381</u>

iii. Information on reconciliation of segment profit or loss

The reconciliation of revenue from reportable segments and enterprise

revenue and the profit or loss from reportable segments and continual operating segments are as follows :

<u>Revenue</u>	<u>2023</u>	<u>2022</u>
Total revenue reportable segments	\$ 258,347	\$ 239,247
Offset revenue within segments	(1,705)	(1,258)
Enterprise revenue	<u>\$ 256,642</u>	<u>\$ 237,989</u>
<u>Profit or loss</u>	<u>2023</u>	<u>2022</u>
Profit or loss from reportable segments	(\$ 84,884)	(\$ 152,711)
Profit or loss from other operating segments	-	-
Operating segment subtotal	(84,884)	(152,711)
Non-operating income and expenses	<u>42,159</u>	<u>(4,558)</u>
Net loss before income tax	<u>(\$ 42,725)</u>	<u>(\$ 157,269)</u>

iv. Product information

	<u>2023</u>	<u>2022</u>
PC power suppliers	\$ 204,269	\$ 165,535
Computer cases	48,340	60,161
Other	<u>4,033</u>	<u>12,293</u>
Total	<u>\$ 256,642</u>	<u>\$ 237,989</u>

v. Geographic information

The geographic information of the Group for the years ended December 31, 2023 and 2022 is as follows :

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Mainland China	\$ 149,484	\$ 166,122	\$ 118,795	\$ 168,336
United States	69,111	-	54,077	-
Taiwan	23,795	56,587	45,942	60,299
Other	<u>14,252</u>	<u>-</u>	<u>19,175</u>	<u>-</u>
Total	<u>\$ 256,642</u>	<u>\$ 222,709</u>	<u>\$ 237,989</u>	<u>\$ 228,635</u>

vi. Major customer information

Customers accounting for 10% of sales revenue in income statement of the Group for the years ended December 31, 2023 and 2022 is as follows :

	<u>2023</u>		<u>2022</u>
	<u>Revenue</u>		<u>Revenue</u>
Client O	\$ 68,561	Client N	\$ 56,971
Client X	<u>30,897</u>	Client O	37,227
	<u>\$ 99,458</u>	Client W	<u>24,981</u>
			<u>\$ 119,179</u>

Solytech Enterprise Corporation and Subsidiaries
Loans to Others

For the year ended December 31, 2023

Table 1

Unit : in thousands of NTD
(unless otherwise specified)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount	Interests rate interval	Nature of financing fund financing	Transaction amount for business between two parties	Reasons for short-term financing turnover	Allowance for bad debt	Individual funding loan limits	Maximum limit of fund financing	Note
1	COSMOS TREASURE HOLDINGS LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 219,434	\$ -	\$ -	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 579,566	\$ 579,566	Note
2	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Other receivables	Yes	\$ 436,251	\$ 413,251	\$ 413,251	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
3	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SHUN CHENG TRADE CO.,LTD	Other receivables	Yes	\$ 22,705	\$ 21,508	\$ 21,508	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
4	COSMOS TREASURE HOLDINGS LIMITED	Ample Crown International Ltd.	Other receivables	Yes	\$ 324	\$ 307	\$ 307	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
5	PREMIER ACTION TRADING LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 221,700	\$ 216,555	\$ 216,555	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 279,530	\$ 279,530	Note

Note : Based on the "procedures of loans to other" of the Company, the total financing limit, and limit to individual companies are as follows :

- (1) The total amount loaned to companies or firms which have transactions with the Company shall not exceed 100% of the Company's net worth, and the amount loaned to a single company or firm shall not exceed the transaction amounts.
- (2) The total amount loaned to companies or firms in need of short-term financing and the amount loaned to a single company or firm shall not exceed 40% of the Company's net worth.
- (3) The total amount loaned to foreign subsidiaries directly or indirectly held by the Company in need of short-term financing and the amount loaned to a single foreign subsidiary directly or indirectly held by the Company shall not exceed 100% of the Company's net worth, and the financing period shall not exceed 10 years.

Solytech Enterprise Corporation and Subsidiaries

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures)

For the year ended December 31, 2023

Tabel 2

Unit : in thousands of NTD
(unless otherwise specified)

<u>Holding company</u>	<u>Name and type of marketable security</u>	<u>Relationship with issuer of the marketable security</u>	<u>Account</u>	<u>Number of shares</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>	<u>Fair value</u>	<u>Note</u>
Solytech Enterprise Corporation	Stocks of Metagone Biotech Inc.	None		6,946,410	18,894	19.52%	18,894	

Solytech Enterprise Corporation and Subsidiaries

The information about company names, locations, etc. of investees (excluding Mainland China investees)

For the year ended December 31, 2023

Table 3

Unit : in thousands of NTD
(unless otherwise specified)

Name of investor company Solytech Enterprise Corporation	Name of investee company	Location	Main business	Original investment amount			Ending percentage of ownership	Carrying amount	Profit or loss of investee in the period	Gains or losses on investments recognized in the period	Note
				End of the period	End of last year	Number of shares					
				\$ 2,045,975	\$ 2,045,975	64,390,001	\$ 1,013,679	\$ 67,698	\$ 67,698		
Solytech Enterprise Corporation	AMPLE CROWN INTERNATIONAL LTD.	Samoa	Holding company	14,500	14,500	1,450,000	17,824	765	765		
	FONG YIN INVESTMENT CO., LTD.	Taiwan	Investment company	-	-	1	5,129	(4,699)	(4,699)		
AMPLE CROWN INTERNATIONAL LTD.	SUNTECH TRADING LIMITED	Samoa	Swapping order company	-	-	1	5,129	(4,699)	(4,699)		
AMPLE CROWN INTERNATIONAL LTD.	COSMOS TREASURE HOLDING LTD.	B.V.I.	Holding company	2,043,841	2,043,841	64,320,000	1,448,914	89,603	89,603		
AMPLE CROWN INTERNATIONAL LTD.	GIANT TREASURE LIMITED	Samoa	Holding company	-	-	1	-	-	-		
AMPLE CROWN INTERNATIONAL LTD.	SURE VIVA LIMITED	Samoa	Holding company	-	-	1	(418,965)	(11,002)	(11,002)		
AMPLE CROWN INTERNATIONAL LTD.	LAND TYCOON LIMITED	Samoa	Holding company	2,134	2,134	70,001	(21,360)	(6,165)	(6,165)		
COSMOS TREASURE HOLDING LTD.	PREMIER ACTION TRADING LTD.	B.V.I.	Holding company	1,425,391	1,425,391	44,820,000	698,826	42,673	42,673		

Solytech Enterprise Corporation and Subsidiaries
Information on investments in Mainland China – Basic information
For the year ended December 31, 2023

Table 4

Unit : in thousands of NTD
(unless otherwise specified)

Names of investee in Mainland China	Main business	Paid-in capital	Method of investment (Note 1)	Remittance of funds in the current period		Accumulated outward remittance for investment from Taiwan, beginning of the period	Accumulated outward remittance for investment from Taiwan, end of the period	Net income (loss) of investees	Percentage of ownership of direct or indirect investments	Gains (losses) on investments recognized in the period (Note 2)	Carrying amount of investments, end of the period	Accumulated repairation of gain on investment as of end of the period
				Outward	Inward							
ELECTRONICS(DONG GUAN)/CO.,LTD	Manufacturing and sales of power supplies, transformers, converters and other computer-used electronics	\$ 900,857	2	\$ -	\$ -	\$ 900,857	\$ 24,014	\$ 24,014	50	\$ 24,014	\$ 8,657	\$ -
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Manufacturing and sales of power supplies, transformers, converters and other computer-used electronics	476,238	2	-	-	476,238	(11,002)	(11,002)	100	(11,002)	(418,965)	-
DONG GUAN SHUN SHENG TRADE CO.,LTD	Sales of computer cases	2,151	2	-	-	2,151	(6,165)	(6,165)	100	(6,165)	(21,360)	-
Company name												
The Company		\$ 1,978,383				\$ 1,978,383				\$ 901,627		Note 4

Note 1 : There are two methods of investment. Please indicate the number of methods. :

- (1) Directly invest in Mainland China
- (2) Reinvest in Mainland China through a third region company -AMPLE CROWN INTERNATIONAL LTD.
- (3) Other ways

3.1 The company which the Company reinvested in Mainland China through an investment business in Mainland China are SHENZHEN QIANHAI SHUN CHENG ENTERPRISE CORPORATION、HENAN SHOUXIANG ELECTRONIC CO.,LTD and SHENZHEN QIANHAI DEER ENTERPRISE CORPORATION. Except for the holding companies' investment businesses

Note 2 : The investment income or loss recognized in the current period is based on the audited financial statements of the investee company in Mainland China.

Note 3 : The amounts in the table are presented in New Taiwan Dollars. Those involving foreign currencies were converted into New Taiwan Dollars based on the exchange rate on the financial report date.

Note 4 : The Company has received operating headquarters accreditation letter from the Industrial Development Bureau in the previous year. In accordance with the project "Relaxing restrictions on domestic enterprises raising capital for investment in Mainland China" by FSC, the Company may invest in Mainland China without the restriction of its investment quota during the period.

Note 5 : Solytech sold all 100% shares of Top Rich Inc. to non-related parties in September, 2020, therefore indirectly transferred 100% shares of SUPERCASE INTERNATIONAL CORPORATION, losing control of the subsidiary.

Note 6 : SUPERCASE INTERNATIONAL CORPORATION were approved by Investment Committee, MOEA of investing USD19,500. Its shares were all sold in 2020 and have not yet applied for cancelling the investment quota.

Solytech Enterprise Corporation and Subsidiaries

MAJOR SHAREHOLDER INFORMATION

DECEMBER 31, 2023

Table 5

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Percentage of ownership</u>
CHENG, CHIEH	9,290,500		6.17%
CHENG, HSIANG	8,737,838		5.80%

Appendix 2
Individual Financial Report of
2023

INDEPENDENT AUDITORS' REPORT

(2024) No. Cai-Shen-Bao- 23002897

The Board of Directors and Shareholders
Solytech Enterprise Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Solytech Enterprise Corporation (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Solytech Enterprise Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Assessment of Allowance for inventory valuation losses

Explanatory Notes

Please refer to Note 4(12) for the accounting policy related to inventory valuation, Note 5(2) for the accounting estimation and uncertainties for inventory valuation, and Note 6(5) for the explanation of the allowance for inventory valuation losses, as disclosed in the parent company only financial statements.

The main products sold of Solytech Enterprise Corporation and its Subsidiaries are power supplies and computer cases manufactured through subsidiaries. Due to the short life cycle and intense market competition of electronic products, there is a higher risk of inventory valuation losses and obsolescence. The inventories of the Company and its Subsidiaries are evaluated by Lower of Cost or Market Method; for inventory that has exceeded a certain age and for specifically identified obsolete inventory, the net present value is based on historical market price information for dealing with obsolete inventory.

Due to the rapid technological changes in the industry of Solytech Enterprise Corporation and its Subsidiaries and the high subjectivity involved in the assessment of obsolete inventories and the Lower of Cost or Market method used for their valuation, there is a high degree of estimation uncertainty. Considering the significant impact of Allowance for inventory valuation losses on the financial statements, we believe that the assessment of Allowance for inventory valuation losses of Solytech Enterprise Corporation and its Subsidiaries is one of the most important audit matters for the year.

Audit procedures in response

Our audit procedures regarding the provision for inventory obsolescence and impairment of specific obsolete inventories aged beyond a specific period are summarized as follows:

1. Based on our understanding of Solytech Enterprise Corporation's operations and industry, we evaluated the reasonableness of the policy and procedures adopted by the Company for the Allowance for inventory valuation losses.
2. We verified the appropriateness of the inventory aging report system used by the Company for inventory valuation to ensure the consistency with the policy in the report.
3. We discussed with the management and obtained supporting documents on the net realizable value of specific obsolete and damaged inventories, and evaluated the reasonableness of the Allowance for inventory valuation losses.

Assessment of Allowance for uncollectible receivables (including other receivables)

Explanatory Notes

Please refer to Note 4(9) " Impairment of Financial Assets " in the parent company only financial statements for the accounting policy on the evaluation of Allowance for uncollectible accounts receivables. For information on the accounting estimation and uncertainties related to the impairment of Accounts receivables, please refer to Note 5(2) in the parent company only financial statements. For details on the Allowance for uncollectible accounts receivables, please refer to Note 6(4) in the parent company only financial statements. As of December 31, 2023, the Accounts receivables of Solytech Enterprise Corporation was NT\$28,830 thousand (of which NT\$40 thousand was deducted for Allowance for uncollectible accounts receivables).

Solytech Enterprise Corporation and its Subsidiaries' Allowance for uncollectible accounts receivables is estimated based on historical experience, forward-looking information, and other known reasons or objective evidence of expected impairment losses. Any estimated uncollectible amount is recognized as an allowance for Accounts receivables in the current period. Solytech Enterprise Corporation and its Subsidiaries regularly review the reasonableness of their loss estimation. Due to the subjective judgment of management in assessing the Allowance for uncollectible accounts receivables and the estimation uncertainty associated with various industry indicators and the likelihood of collecting accounts after the reporting period, we consider the evaluation of the Allowance for uncollectible accounts receivables of Solytech Enterprise Corporation and its Subsidiaries as one of the most significant matters in the current audit, considering its material impact on the financial statements.

Audit procedures in response

The procedures performed by the auditor in response to the aforementioned matters are as follows:

1. Based on the understanding of Solytech Enterprise Corporation's operations and customer credit standards and in accordance with accounting principles, evaluate the reasonableness of the policies and procedures adopted for the Allowance for uncollectible accounts receivables, including the grouping and aging analysis of customer credit standards.
2. Evaluate the reasonableness of the estimated Allowance for uncollectible accounts receivables by management.
3. Evaluate the reasonableness of Solytech Enterprise Corporation's expected impairment loss estimation based on the adoption of the provision matrix.
4. Perform subsequent receivables tests to substantiate the adequacy of the Allowance for uncollectible accounts.

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

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

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taipei, Taiwan

Atlan Hsu

CPA

Jen Chieh Wu

Former Securities Administration Commission of the
Ministry of Finance

Approved Assurance No. : (84) No. Taiwan-Financial-
Securities-VI-13377

Former Securities and Futures Administration Commission
of the Ministry of Finance

Approved Assurance No. :Financial-Supervisory-Securities-
Auditing-1120348565

March 14, 2024

SOLYTECH ENTERPRISE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 and 2022

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 322,636	21	\$ 108,615	7
1136	Current financial assets at amortized cost	6(3)	63,247	4	242,037	16
1170	Accounts receivables, net	6(4)	24,974	2	36,234	2
1200	Other receivables	7	3,856	-	1,664	-
130X	Inventory	6(5)	3,467	-	5,922	-
1410	Prepayments		1,576	-	1,511	-
11XX	Current Assets		<u>419,756</u>	<u>27</u>	<u>395,983</u>	<u>25</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	18,894	1	94,877	6
1550	Investments accounted for under equity method	6(6)	1,031,503	67	1,002,831	64
1600	Property, plant and equipment	6(7) and 8	38,847	3	40,520	3
1755	Right-of-use assets	6(8)	1,761	-	3,522	-
1760	Investment property-net	6(9) and 8	15,899	1	16,257	1
1900	Other non-current assets	6(11)	17,163	1	16,912	1
15XX	Non-current assets		<u>1,124,067</u>	<u>73</u>	<u>1,174,919</u>	<u>75</u>
1XXX	Total assets		<u>\$ 1,543,823</u>	<u>100</u>	<u>\$ 1,570,902</u>	<u>100</u>

(Continued)

SOLYTECH ENTERPRISE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2170	Accounts payable		\$ 130	-	\$ 312	-
2180	Accounts payables-related parties	7	99,815	6	43,301	3
2200	Other Payables	6(10)	11,101	1	11,297	1
2280	Current lease liabilities		1,784	-	1,739	-
2300	Other current liabilities		1,290	-	1,332	-
21XX	Current liabilities		<u>114,120</u>	<u>7</u>	<u>57,981</u>	<u>4</u>
Non-current liabilities						
2580	Non-current lease liabilities		-	-	1,784	-
2600	Other non-current liabilities		300	-	300	-
25XX	Non-current liabilities		<u>300</u>	<u>-</u>	<u>2,084</u>	<u>-</u>
2XXX	Total liabilities		<u>114,420</u>	<u>7</u>	<u>60,065</u>	<u>4</u>
Equity						
	Share capital	6(12)				
3110	Share capital-common stock		1,504,145	97	1,504,145	96
	Capital surplus	6(13)				
3200	Capital surplus		585,480	38	585,480	37
	Retained earnings	6(14)				
3350	Total unappropriated retained earnings(accumulated deficit)		(749,247)	(48)	(706,336)	(45)
	Other equity interest					
3400	Other equity interest		89,025	6	127,548	8
3XXX	Total equity		<u>1,429,403</u>	<u>93</u>	<u>1,510,837</u>	<u>96</u>
3X2X	Total liabilities and equity		<u>\$ 1,543,823</u>	<u>100</u>	<u>\$ 1,570,902</u>	<u>100</u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 and 2022

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

Items	Notes	Year ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000 Sales revenue	6(15)	\$ 112,034	100	\$ 130,164	100
5000 Operating costs	6(5) and 7	(108,126)	(97)	(126,869)	(98)
5900 Net operating margin		<u>3,908</u>	<u>3</u>	<u>3,295</u>	<u>2</u>
Operating expenses	6(20)				
6100 Selling expenses		(17,919)	(16)	(19,543)	(15)
6200 General & administrative expenses		(38,527)	(34)	(37,224)	(28)
6300 Research and development expenses		(1,136)	(1)	(4,888)	(4)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	12(2)	<u>63</u>	<u>-</u>	<u>(32)</u>	<u>-</u>
6000 Total operating expenses		<u>(57,519)</u>	<u>(51)</u>	<u>(61,687)</u>	<u>(47)</u>
6900 Operating loss		<u>(53,611)</u>	<u>(48)</u>	<u>(58,392)</u>	<u>(45)</u>
Non-operating income and expenses					
7100 Interest income	6(16)	13,083	12	3,842	3
7010 Other income	6(17)	1,844	1	2,339	2
7020 Other gains and losses	6(18)	(72,878)	(65)	(6,124)	(5)
7050 Finance costs		(61)	-	(666)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(6)	<u>68,463</u>	<u>61</u>	<u>(98,282)</u>	<u>(76)</u>
7000 Total non-operating revenue and expenses		<u>10,451</u>	<u>9</u>	<u>(98,891)</u>	<u>(76)</u>
7900 Profit(loss) before income tax		<u>(43,160)</u>	<u>(39)</u>	<u>(157,283)</u>	<u>(121)</u>
7950 Income tax (expense) benefit	6(21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200 Profit(loss) for the year		<u><u>(\$ 43,160)</u></u>	<u><u>(39)</u></u>	<u><u>(\$ 157,283)</u></u>	<u><u>(121)</u></u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains (loss) on defined benefit plans	6(11)	<u>\$ 249</u>	<u>-</u>	<u>\$ 3,265</u>	<u>3</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation		<u>(38,523)</u>	<u>(34)</u>	<u>56,559</u>	<u>43</u>
8300 Other comprehensive income for the year		<u><u>(\$ 38,274)</u></u>	<u><u>(34)</u></u>	<u><u>\$ 59,824</u></u>	<u><u>46</u></u>
8500 Total comprehensive income for the year		<u><u>(\$ 81,434)</u></u>	<u><u>(73)</u></u>	<u><u>(\$ 97,459)</u></u>	<u><u>(75)</u></u>
Basic losses per share	6(22)				
9750 Total basic earnings per share		<u><u>(\$ 0.29)</u></u>	<u><u>0.29)</u></u>	<u><u>(\$ 1.05)</u></u>	<u><u>1.05)</u></u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 and 2022

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

	Notes	Capital surplus					Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
		Common stock	Difference between carrying amount of subsidiaries acquired or disposed	Changes in equity of associates and joint ventures accounted for using equity method					
2022									
Balance at January 1		\$ 1,504,145	\$ -	\$ 3,539	(\$ 552,318)	\$ 70,989	\$ 1,026,355		
Net loss for the year		-	-	-	(157,283)	-	(157,283)		
Other comprehensive income	6(11)	-	-	-	3,265	56,559	59,824		
Total comprehensive income		-	-	-	(154,018)	56,559	(97,459)		
Difference between consideration and carrying amount of subsidiaries disposed	6(13)	-	581,941	-	-	-	581,941		
Balance at December 31		\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336)	\$ 127,548	\$ 1,510,837		
2023									
Balance at January 1		\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336)	\$ 127,548	\$ 1,510,837		
Net loss for the year		-	-	-	(43,160)	-	(43,160)		
Other comprehensive income	6(11)	-	-	-	249	(38,523)	(38,274)		
Total comprehensive income		-	-	-	(42,911)	(38,523)	(81,434)		
Balance at December 31		\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 749,247)	\$ 89,025	\$ 1,429,403		

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 43,160)	(\$ 157,283)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses (including investment property and right-of-use assets)	6(18) (19)	5,248	5,970
Amortization expenses	6(19)	40	31
Expected credit losses (reversal gains)	12(2)	(63)	32
Net loss on financial liabilities at fair value through profit or loss	6(18)	75,929	46,417
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		(68,463)	98,282
Gains on disposal of property, plant and equipment	6(18)	(496)	(610)
Interest income	6(16)	(13,083)	(3,842)
Dividend income	6(17)	(16)	(120)
Interest expenses		61	666
Changes in operating assets and liabilities:			
Changes in operating assets			
Accounts receivables		11,323	9,033
Other receivables		(4)	73
Inventories		2,455	2,269
Prepayments		(65)	92,922
Other non-current assets		109	230
Changes in operating liabilities			
Accounts payables (including related parties)		56,332	41,638
Other payables		(196)	(1,188)
Other current liabilities		(42)	510
Cash inflow generated from operations		25,909	135,030
Interest received		12,151	2,468
Interest paid		(61)	(720)
Cash dividends received		1,284	120
Income taxes paid		(1,202)	(236)
Net cash flows generated from operating activities		38,081	136,662
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Financial assets at amortized cost		178,790	(242,037)
Acquisitions of property, plant and equipment	6(7)	(3,178)	(1,574)
Proceeds from disposal of property, plant and equipment		2,218	747
Decrease in other non-current assets		(151)	-
Net cash generated from (used in) investing activities		177,679	(242,864)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		-	120,000
Repayments of short-term borrowings		-	(190,000)
Repayments of lease principal		(1,739)	(1,789)
Net cash used in financing activities		(1,739)	(71,789)
Net increase (decrease) in cash and cash equivalents		214,021	(177,991)
Cash and cash equivalents at beginning of year		108,615	286,606
Cash and cash equivalents at end of year		\$ 322,636	\$ 108,615

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

Solytech Enterprise Corporation
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)
(Unless Specified Otherwise)

I. GENERAL

Solytech Enterprise Corporation (the "Company") was incorporated on October 21, 1982. The main business activities of the Company include manufacturing and selling power suppliers, computer cases, and electronic components.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 14, 2024.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

i. The impact of the newly adopted and revised International Financial Reporting Standards (IFRS) applied the endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS under the FSC's approval and effective as of the year 2023:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by</u> <u>International Accounting</u> <u>Standards Board</u>
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 single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

After assessing the above standards and interpretations, the Company has determined that there is no significant impact on the Company's financial condition and performance.

ii. The impact of the not yet adopted and revised International Financial Reporting Standards (IFRS) applied the endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS under the FSC's approval as of the year 2024:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by</u> <u>International Accounting</u> <u>Standards Board</u>
Amendments to IFRS 16 "Lease Liability in 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

After assessing the above standards and interpretations, the Company has

determined that there is no significant impact on the Company's financial condition and performance.

iii. The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The following table lists the standards and interpretations of the newly adopted, revised, and amended IFRS issued by the IASB but not yet approved by FSC :

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Standard Board
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

After assessing the above standards and interpretations, the Company has determined that there is no significant impact on the Company's financial condition and performance.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted in this parent company only financial report are explained as follows. Unless otherwise indicated, these policies are consistently applied throughout all reporting periods.

i. Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Accounting Standards Used in Preparation of the Parent Company Only Financial Statements”).

ii. Basis of Preparation

1. The parent company only financial statements have been prepared on a historical cost basis, except for:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Defined benefit assets recognized as the net amount of retirement fund assets reduced by the present value of defined benefit obligations.
2. The preparation of financial statements in accordance with the International Financial Reporting Standards (IFRSs) adopted and issued by the Financial Supervisory Commission (FSC) requires the use of significant accounting estimates and the application of management judgments in the process of applying the Company's accounting policies. For items involving significant judgments or complexity, or significant assumptions and estimates for consolidated financial statements, please refer to Note 5.

iii. Foreign Currencies Translation

1. The parent company only financial statements of the entity are presented in the functional currency, which is the New Taiwan Dollar.
2. Foreign Currencies Transactions and Balances
 - (1) Foreign currency transactions are translated into functional currency using exchange rates prevailing on the transaction or measurement date. Exchange differences arising on the translation are recognized as gain or loss of the current period.
 - (2) Foreign currency of monetary assets and liabilities are revalued using exchange rate prevailing on the balance sheet date, and exchange differences arising on the revaluation are recognized as gain or loss of the current period.
 - (3) Foreign currency of non-monetary assets and liabilities that are measured at fair value through profit or loss are revalued using exchange rate prevailing on the balance sheet date, and exchange differences arising on the revaluation are recognized as gain or loss of the current period. Those that are measured at fair value through other comprehensive income are recognized as other comprehensive income. For non-fair value measured items, the historical exchange rate at the transaction date is used for measurement.
 - (4) All exchange differences are recognized as "Other gains and losses" in the income statement.
3. Foreign Operations Translation
 - (1) For all consolidated entities with functional currency different from the presentation currency, the operating results and financial position are translated into the presentation currency as follows:
 - A. Assets and liabilities presented in each balance sheet are translated using the closing exchange rate on the balance sheet date ;
 - B. Income and expenses presented in each income statement are translated using the average exchange rate for the period ; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
 - (2) When the partially disposing or selling a foreign operation is a subsidiary, the cumulative translation differences previously recognized in other comprehensive income are proportionately reclassified to the non-controlling interest of the foreign operation. However, if the Company has lost control over the foreign subsidiary operation, even if it still holds a portion of the ownership, the disposal of all ownership interest in the foreign operation is accounted for.

iv. Classification of Current and Non-current Assets and Liabilities

1. An asset is classified as current under one of the conditions below:
 - (1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
 - (2) The Company holds the asset primarily for the purpose of trading.
 - (3) The Company expects to realize the asset within twelve months after reporting period.
 - (4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

For those assets that are not current are classified as non-current.

2. A liability is classified as current under one of the conditions below:
 - (1) The Company expects to settle the liability in normal operating cycle.
 - (2) The Company holds the liability primarily for the purpose of trading.
 - (3) The liability is due to be settled within twelve months after the reporting period.
 - (4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting 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.

For those liabilities that are not current are classified as non-current.

v. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value. If time deposits conform to the conditions as mentioned above, and the Company holds them for the purpose of short-term cash commitment in operation, they are classified as cash equivalents.

vi. Financial assets at fair value through profit or loss

1. A financial asset measured at fair value through profit or loss refers to financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. For financial assets at fair value through profit or loss that meet trading customs, the Company uses trade date accounting.
3. The Company measures financial assets at fair value upon initial recognition, and transaction costs are recognized in profit or loss. Subsequently, gains or losses on fair value measurement are recognized in profit or loss.
4. When the right to receive dividends is established, and the economic benefits inflow associated with the dividends are likely, and the dividend amount can be reliably measured, the Company recognizes dividend income.

vii. Financial assets at Amortized Cost

1. A financial asset is measured at amortized cost if both of the following conditions are met:
 - (1) The objective of the business model for managing the asset is to hold assets in order to collect contractual cash flows.
 - (2) The asset's contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. A regular way purchase or sale of financial assets at amortized cost is recognized using trade date accounting.
3. The amount at which the financial assets is measured at initial recognition is the fair value plus transaction costs, and shall be subsequently measured by effective interest method to amortize any difference between that initial amount and the maturity amount as interest revenue, and impairment losses shall be recognized. At derecognition, the profit or loss is recognized in profit or loss.
4. As the holding periods of the time deposits held by the Company that do not conform to the conditions of cash equivalents are short, the effect of discounting is immaterial. They shall be measured by the investment amounts.

- viii. Accounts and Notes Receivables
1. Accounts and notes receivables are the accounts and notes with the unconditional right to receive the consideration for the goods transferred or services rendered according to the contracts.
 2. As the effect of discounting of short-term accounts and notes receivables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- ix. Impairment of Financial Assets
- At each balance sheet date, the Company shall assess whether the credit risk on financial assets at amortized cost has increased significantly since initial recognition. The Company shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivables or contract assets not containing significant financing component, the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.
- x. Derecognition of Financial Assets
- The Company shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire.
- xi. Lease of lessor - Operating Lease
- The Company shall recognize the lease income associated with those leases less any incentives offered to the lessees as profit or loss on a straight-line basis over the lease term.
- xii. Inventories
- Inventory is measured at the lower of cost and net realizable value, with cost determined by the weighted average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs, and manufacturing overhead costs (allocated based on normal capacity), but excludes borrowing costs. In comparing cost and net realizable value, the item-by-item comparison method is used. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- xiii. Investments Accounted for Using Equity Method / Subsidiaries
1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
 2. Unrealized profit or losses on transactions with subsidiaries have been eliminated. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Company.
 3. Share of profit or loss of subsidiaries is recognized in profit or loss, and share of other comprehensive income of subsidiaries is recognized in other comprehensive income. If the Company's share of losses of a subsidiary equal or exceeds its interest in the subsidiary, the Company continues recognizing

its share of further losses.

4. Changes in the Company's shareholding of a subsidiary that do not result in a loss of control (transactions with non-controlling interests) are accounted for as equity transactions and are treated as transactions within owners. The difference between the adjustment to the non-controlling interests and the fair value of the considering paid or received is recognized directly in equity.
5. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

xiv. Property, Plant and Equipment

1. Property, plant and equipment are initially recognized by acquisition cost. The relevant borrowing cost during the period of construction shall be capitalized.
2. Subsequent costs shall be recognized in the carrying value of the assets or as an individual asset, only if it's probable that future economic benefits associated with the item are expected to flow to the Company, and the costs can be measured reliably. The carrying value of the replaced items shall be derecognized. Other fix and maintenance cost are recognized in profit or loss.
3. Property, plant and equipment are subsequently measured by cost model. Aside from land, which shall not be depreciated, straight-line method is used to allocate the depreciable amount of an asset over its useful life. 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 shall be depreciated separately.
4. The residual value and the useful life of an asset shall be reviewed at each financial year-end, and if expectations differ from previous estimate, or there's significant change in the consuming way of future economic benefits associated with the asset, the changes shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the changes. The useful lives of each asset are listed below:

Buildings and Structures	5-45 years
Machinery and Equipment	2-5 years
Others	2-5 years

xv. Lease of lessee – Right-of-use assets / Lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. 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.
2. Lease liabilities are recognized on the lease commencement date as the present value of lease payments not yet paid, discounted using the implicit rate of the lease. Lease payments comprise:
 - (1) fixed payments, less any lease incentives receivable ;
 - (2) variable lease payments which depend on an index or a rate ;Subsequently, the lease liabilities are measured using the effective interest method and the lease payments are recognized as interest expense over the

lease term. When there are changes to the lease term or lease payments that are not lease modifications, the lease liabilities are remeasured and the right-of-use assets are adjusted for the revaluation amount.

3. Right-of-use assets are measured at cost from the commencement dates. The cost comprises:

- (1) The initial measurement of lease liabilities ;
- (2) Lease payments made at or before the commencement date ;
- (3) Initial direct costs ; and

Subsequently, the right-of-use assets are measured using the cost model and are depreciated over the term which is the shorter of lease term and the useful life of the asset. When lease liabilities are remeasured, any revaluation amount is adjusted to the right-of-use assets.

xvi. Investment properties

An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life of 45 years.

xvii. Impairment of non-financial assets

The Company shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication is present, the Company shall assess the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, impairment loss shall be recognized. Recoverable amount is the higher of the cash-generating unit's net fair value and its value in use. If the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

xviii. Accounts and Notes payable

1. Accounts and notes payables are liabilities to pay for goods or services that have been received from the supplier in operations or not in operations.
2. As the effect of discounting of short-term accounts and notes payables without bearing interests is immaterial, they shall be measured by the original invoice amount.

xix. Derecognition of financial liabilities

The Company shall derecognize a financial liability from its statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

xx. Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the undiscounted amount expected to be paid, and recognized as an expense when the employees have rendered service entitling them to the contribution.

2. Pension

(1) Defined Contribution Plan

For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on the accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

(2) Defined Benefit Plan

- A. The net obligation under a defined benefit plan is calculated by discounting the future benefit amounts earned by employees in the current or past service periods, and deducting the fair value of the plan assets as of the balance sheet date. The net benefit obligation is calculated annually using the Projected Unit Credit Method by an actuary, and the discount rate is determined by the market yield on high-quality corporate bonds with currency and terms consistent with those of the plan on the balance sheet date. In countries where high-quality corporate bonds do not have deep markets, the market yield on government bonds (as of the balance sheet date) is used instead.
- B. Remeasurements of defined benefit plans are recognized in other comprehensive income when they occur, and are presented in retained earnings.

3. Termination Benefits

Termination benefits are provided to employees in exchange for termination of their employment either upon normal retirement date or upon employees' decision to accept the Company's invitation for voluntary termination. The Company recognizes the expense at the earlier of the time when it can no longer withdraw the offer of termination benefits and recognizing related restructuring costs. Benefits not expected to be settled within 12 months after the balance sheet date are discounted.

4. Employee and Director/Supervisor Remuneration

Employees' and director's/supervisors' remuneration are recognized as expenses and liabilities 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.

xxi. Income tax

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to the 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.
2. 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 entities operate and generate taxable income. Management shall periodically evaluate the tax declaration condition, and estimate the income tax liabilities based on the tax expected to be paid to the taxation authority when applicable. An additional tax on unappropriated earnings is recognized as income tax expenses on unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.
3. Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that the deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). The Company shall not recognize the deferred tax liabilities for temporary differences associated with

investments in subsidiaries and associates, if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
5. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and it is intended to settle or simultaneously realize the assets and liabilities on a net basis, the current income tax assets and liabilities are offset; and when there is a legally enforceable right to offset the current income tax assets and liabilities and the deferred tax assets and liabilities arise from income tax assessed by the same tax authority on the same taxpayer, or different taxpayers with the intention of settling on a net basis or simultaneously realizing the assets and liabilities, the deferred tax assets and liabilities are offset.

xxii. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options after deducting income taxes are recognized as deductions to proceeds under equity.

xxiii. Revenue Recognition

1. The Company manufactures and sells computer cases and products related to power suppliers. Sales revenue is recognized when control of the product is transferred to the customer, which occurs upon delivery. At that point, the customer has the discretion to determine the distribution channel and price of the product, and the Company has no remaining obligations that could affect the customer's acceptance of the product. The risks of obsolescence, loss, and damage have been transferred to the customer upon delivery to the specified location, and revenue recognition occurs when the acceptance criteria of the sales contract have been objectively met.
2. Sales revenue is recognized at the net amount after deducting estimated sales returns and allowances from the contract price. The revenue recognition amount is limited to the portion that is highly probable to not undergo significant reversals in the future and is updated on each balance sheet date. Payment terms for sales transactions primarily range from 30 to 210 days after the transfer of control, and therefore, significant financing components are not considered in the contract.
3. Accounts receivables are recognized upon transfer of control of the product to the customer because, at that point, the Company has an unconditional right to the contract price, which is collectible from the customer only through the passage of time.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When preparing the parent company only financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions based on the reasonable expectations for future events based on the condition at the balance sheets date. However, these estimates and assumptions could differ from the actual result; thus, they could be assessed and adjusted by taking into account historical experiences and other factors. The estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year. The uncertainty of significant accounting judgments, estimates and assumptions is as follows:

i. Significant judgment used in adopting accounting policies

The Company has not made any significant accounting judgments in the adoption of accounting policies.

ii. Critical Accounting Estimates and Assumptions

The accounting estimates made by the Company are based on reasonable expectations of future events as of the balance sheet date, but actual results may differ from these estimates. There is a risk of significant adjustments to the carrying amounts of assets and liabilities in the next financial year due to estimates and assumptions. Please refer below for further details:

1. Assessment of Allowance for Doubtful Accounts

The Company evaluates individual Accounts receivable for objective evidence of impairment and recognizes an Allowance for doubtful accounts when it is determined that the future collection of the receivable is not probable. The amount of the allowance is based on expected credit losses evaluated considering forward-looking information and other relevant factors. If the information and factors indicate a slowdown or decrease, a significant impairment loss may be recognized. Please refer to Note 6(4), 7 and 12(2) for the explanations on the balances of accounts receivables (including other receivables) and allowance for doubtful accounts as of December 31, 2023.

2. Valuation of Inventory

As inventories are measured by the lower of cost and net realizable value, the Company has to utilize judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to the rapid pace of technological change, the Company evaluates the amount of inventory that is impaired due to normal wear and tear, obsolescence, or lack of market demand as of the balance sheet date and writes down the inventory cost to net realizable value. This inventory valuation is primarily based on estimates of product demand for a specific future period, and therefore, may result in significant changes.

Please refer to Note 6(5) for the carrying amount of inventories as of December 31, 2023.

3. Financial Assets - Fair Value Measurement of Unlisted (OTC) Company Stocks with no Active Market

The fair value measurement of unlisted (OTC) company stocks without an active market held by the Company is mainly based on estimates of recent financing activities, valuation of similar companies, the Company's technological development, market conditions, and other economic indicators. Any changes in judgments and estimates may affect the fair value measurement. Please refer to Note 12(3) for further explanation on fair value measurement of financial instruments.

Please refer to Note 6(2) for the carrying amount of unlisted (OTC) company stocks without an active market held by the Group as of December 31, 2023.

VI. Explanation of Significant Accounts

i. Cash and Cash equivalent

	<u>December 31.</u> <u>2023</u>	<u>December 31.</u> <u>2022</u>
Cash on hand and Petty cash	\$ 40	\$ 40
Checking and Demand deposit	<u>322,596</u>	<u>108,575</u>
Total	<u>\$ 322,636</u>	<u>\$ 108,615</u>

1. As the correspondent banks are credible and the Company has several correspondent banks to diversify the credit risk, the probability of default is expected to be very low.

2. The cash or cash equivalents were not pledged as collateral.

3. The Company has reclassified time deposits that do not meet the definition of cash equivalents as "Financial assets measured at amortized cost". Please refer to Note 6(3) for more detail.

ii. Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current		
Enforced financial assets at fair value through profit or loss		
Non-listed and over-the-counter (OTC) stocks	\$ 176,305	\$ 176,359
Adjustments for change in value	<u>(157,411)</u>	<u>(81,482)</u>
Total	<u>\$ 18,894</u>	<u>\$ 94,877</u>

1. Details for Financial assets at fair value through profit or loss recognized in the income statement are as follow:

	<u>2023</u>	<u>2022</u>
Enforced financial assets at fair value through profit or loss		
Equity instruments	<u>(\$ 75,929)</u>	<u>(\$ 46,417)</u>

2. For details for Financial assets at fair value through profit or loss, please refer to Note 12(3).

iii. Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current		
Time deposit	<u>\$ 63,247</u>	<u>\$ 242,037</u>

1. The profit or loss arising from financial assets at amortized cost recognized is as follows:

	<u>2023</u>	<u>2022</u>
Interest revenue	\$ 4,405	\$ 3,424

2. Without considering the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the carrying amount.
3. For information on credit risk related to Financial assets measured at amortized cost, please refer to Note 12(2). The counterparties of the Company's investment in fixed-term deposits are financial institutions with good credit quality and are expected to have a very low probability of default.

iv. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 25,014	\$ 36,337
Less: loss allowance	(40)	(103)
	<u>\$ 24,974</u>	<u>\$ 36,234</u>

1. As of December 31, 2023 and 2022, the balances of accounts receivables are arising from contracts with customers. And as of January 1, 2022, the balance of accounts receivables amounted to NT\$45,365.
2. Without considering the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the disclosed amount at each period.
3. The Company does not hold any collateral for the Accounts receivable.
4. For further information on credit risk related to Accounts receivable, please refer to Note 12(2).

v. Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Finished goods	\$ 4,556	(\$ 1,971)	\$ 2,585
Merchandise inventory	5,072	(4,190)	882
	<u>\$ 9,628</u>	<u>(\$ 6,161)</u>	<u>\$ 3,467</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Finished goods	\$ 4,472	(\$ 1,935)	\$ 2,537
Merchandise inventory	6,734	(3,349)	3,385
	<u>\$ 11,206</u>	<u>(\$ 5,284)</u>	<u>\$ 5,922</u>

The inventory cost recognized as an expense in the current period by the Group:

	<u>2023</u>	<u>2022</u>
Costs of inventories sold	\$ 106,630	\$ 124,919
Inventory valuation losses	877	1,753
Inventory scrapping losses	619	197
	<u>\$ 108,126</u>	<u>\$ 126,869</u>

vi. Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
AMPLE CROWN INTERNATIONAL LTD.	\$ 1,013,679	\$ 984,504
FONG YIN INVESTMENT CO.,LTD	17,824	18,327
	<u>\$ 1,031,503</u>	<u>\$ 1,002,831</u>

1. For information on the subsidiaries of our corporation, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2023.
2. On 31 May 2022, our subsidiary AMPLE CROWN INTERNATIONAL LTD. disposed of 50% equity interest in its subsidiary, DEER ELECTRONICS (DONG GUAN) CO.,LTD to DONG GUAN NENGGUANG INDUSTRIAL INVESTMENT CO.,LTD based on a resolution passed by the board of directors. Please refer to the Note 6(13) for further details.
3. Share of profit (or loss) of subsidiaries accounted for using equity method for the years ended December 31, 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
AMPLE CROWN INTERNATIONAL LTD.	\$ 67,698	(\$ 100,297)
FONG YIN INVESTMENT CO.,LTD	765	2,015
	<u>\$ 68,463</u>	<u>(\$ 98,282)</u>

vii. Property, Plant and Equipment

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1, 2023					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 36,234	\$ 95,952
Accumulated depreciation and impairment	-	(15,661)	(7,681)	(32,090)	(55,432)
	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>
2023					
January 1	\$14,986	\$ 21,390	\$ -	\$ 4,144	\$ 40,520
Addition	-	-	-	3,178	3,178
Disposal	-	-	-	(1,722)	(1,722)
Depreciation expense	-	(813)	-	(2,316)	(3,129)
December 31	<u>\$14,986</u>	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 38,847</u>
December 31, 2023					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 34,782	\$ 94,500
Accumulated depreciation and impairment	-	(16,474)	(7,681)	(31,498)	(55,653)
	<u>\$14,986</u>	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 38,847</u>
		<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1, 2022					
Cost	\$14,986	\$ 37,051	\$ 173,665	\$ 36,222	\$ 261,924
Accumulated depreciation and impairment	-	(14,838)	(173,665)	(30,515)	(219,018)
	<u>\$14,986</u>	<u>\$ 22,213</u>	<u>\$ -</u>	<u>\$ 5,707</u>	<u>\$ 42,906</u>
2022					
January 1	\$14,986	\$ 22,213	\$ -	\$ 5,707	\$ 42,906
Addition	-	-	-	1,574	1,574
Disposal	-	-	-	(137)	(137)
Depreciation expense	-	(823)	-	(3,000)	(3,823)
December 31	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>
December 31, 2022					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 36,234	\$ 95,952
Accumulated depreciation and impairment	-	(15,661)	(7,681)	(32,090)	(55,432)
	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>

For information on the property, plant and equipment pledged as collateral, please refer to Note 8.

viii. Lease transaction – lessee

1. The underlying assets of the lease transactions that the Company involves are land. The duration of lease term is usually 1 to 2 years. The lease contracts are negotiated individually and applicable to different terms and conditions. Apart from the restriction that the leased assets cannot be pledged as collateral for borrowing, no other restrictions are imposed.
2. The lease term for the multifunctional printers leased by the Company does not exceed 12 months.
3. The information regarding the carrying amount of the right-of-use assets and the depreciation expense recognized is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 1,761	\$ 3,522
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 1,761	\$ 1,789

4. The addition of Right-of-use assets were \$0 and \$3,522 in the years 2023 and 2022, respectively.
5. The profit or loss items related to lease agreements are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting the current year's profit or loss</u>		
Interest expense from lease liability	\$ 61	\$ 10
Expense from short-term lease contract	114	110

6. The total cash outflows from lease payments for the Company in the years 2023 and 2022 were \$1,914 and \$1,909 respectively.

ix. Investment properties

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2023			
Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	-	(8,986)	(8,986)
	\$ 6,701	\$ 9,556	\$ 16,257
<u>2023</u>			
January 1	\$ 6,701	\$ 9,556	\$ 16,257
Depreciation expense	-	(358)	(358)
December 31	\$ 6,701	\$ 9,198	\$ 15,899

December 31, 2023

Cost	\$ 6,701	\$ 16,483	\$ 23,184
Accumulated depreciation	<u>-</u>	<u>(7,285)</u>	<u>(7,285)</u>
	<u>\$ 6,701</u>	<u>\$ 9,198</u>	<u>\$ 15,899</u>

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	<u>-</u>	<u>(8,628)</u>	<u>(8,628)</u>
	<u>\$ 6,701</u>	<u>\$ 9,914</u>	<u>\$ 16,615</u>

2022

January 1	\$ 6,701	\$ 9,914	\$ 16,615
Depreciation expense	<u>-</u>	<u>(358)</u>	<u>(358)</u>
December 31	<u>\$ 6,701</u>	<u>\$ 9,556</u>	<u>\$ 16,257</u>

December 31, 2022

Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	<u>-</u>	<u>(8,986)</u>	<u>(8,986)</u>
	<u>\$ 6,701</u>	<u>\$ 9,556</u>	<u>\$ 16,257</u>

1. The rental income and direct operating expenses of investment properties are as follows:

	<u>2023</u>	<u>2022</u>
Rent income from investment properties	<u>\$ 1,719</u>	<u>\$ 1,691</u>
Direct operating expenses incurred by the investment properties with current rental income	<u>\$ 358</u>	<u>\$ 358</u>
Direct operating expenses incurred by the investment properties without current rental income	<u>\$ -</u>	<u>\$ -</u>

2. The fair value of investment properties held by the Company were \$46,020 and \$45,500 as of December 31, 2023 and 2022, respectively. The fair value mentioned above is evaluated based on the appraisal report and reference of the market transaction prices of similar properties in the adjacent area. The result is classified as Level 3 fair value.

3. For information on investment properties pledged as collateral, please refer to Note 8.

x. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and Bonuses Payables	\$ 7,533	\$ 7,465
Labor Costs Payables	1,579	1,955
Other	<u>1,989</u>	<u>1,877</u>
	<u>\$ 11,101</u>	<u>\$ 11,297</u>

xi. Pension

1. Defined benefit plans

(1) The Company has defined benefit plans under the R.O.C. Labor Standards Law. This applies to the seniority of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the subsequent seniority of employees who choose to continue to apply the Labor Standards Act. Employees met the criteria are provided with benefits based on his or her length of service and average monthly salary for the six-month period prior to retirement. For seniority within 15 years (inclusive), two base salaries will be given for each full year, and for seniority exceeding 15 years, one base salary will be given for each full year, up to a maximum of 45 base salaries. The Company sets aside 2% of the total payroll each month for the retirement fund, which is stored in a special account under the name of the Supervisory Committee of Labor Retirement Reserve at Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned retirement fund account before the end of each fiscal year. If the balance is insufficient to pay the retirement benefits calculated for the next year for employees who are expected to meet the retirement conditions, the Company will make up the difference in one lump sum by the end of March of the next year.

(2) Amounts recognized on the balance sheet were as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 17,310	\$ 16,885
Fair value of plan assets	<u>(33,913)</u>	<u>(33,347)</u>
Net defined benefit asset (Recognized as non-current assets)	<u>(\$ 16,603)</u>	<u>(\$ 16,462)</u>

(3) Changes in the net defined benefit asset were as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
2023			
Balance, January 1	\$ 16,885	(\$ 33,347)	(\$ 16,462)
Current service cost	306	-	306
Interest expense (revenue)	<u>202</u>	<u>(400)</u>	<u>(198)</u>
	<u>17,393</u>	<u>(33,747)</u>	<u>(16,354)</u>

Remeasurement:			
Return on plan assets (Note)	-	(166)	(166)
Changes arising from experience adjustments	(83)	-	(83)
	(83)	(166)	(249)
Balance, December 31 2022	\$ 17,310	(\$ 33,913)	(\$ 16,603)
Balance, January 1	\$ 17,383	(\$ 30,811)	(\$ 13,428)
Current service cost	311	-	311
Interest expense (revenue)	104	(184)	(80)
	17,798	(30,995)	(13,197)
Remeasurement:			
Return on plan assets (Note)	-	(2,352)	(2,352)
Changes arising from changes in financial assumption	(512)	-	(512)
Changes arising from experience adjustments	(401)	-	(401)
	(913)	(2,352)	(3,265)
Balance, December 31	\$ 16,885	(\$ 33,347)	(\$ 16,462)

Note: Excluding amounts included in interest revenue or expenses.

- (4) The Company's defined benefit retirement plan fund assets are entrusted to Bank of Taiwan for investment and management according to the proportion and amount range of the entrusted operating items determined in the annual investment plan of the fund. The entrusted operations are carried out in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, i.e., depositing funds in domestic and foreign financial institutions, investing in listed, OTC or private equity securities in domestic and foreign markets, and investing in securitized real estate products in domestic and foreign markets. The related utilization situation is supervised by the Supervisory Committee of Labor Retirement Reserve. The minimum annual distribution of income for the fund's operation shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank. If the minimum distribution cannot be met, it shall be supplemented by the National Treasury after approval by the competent authority. Since the Company has no authority to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with Paragraph 142 of International Accounting Standard No. 19. The fair value of the total assets of the fund as of December 31, 2023 and 2022 is disclosed in the annual Labor Pension Fund Utilization Report published by the government.

- (5) The principal assumptions of pension were summarized as follow:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

The assumption for future mortality rates is based on the published statistical data and experience in various countries. The analysis of present value of defined benefit obligations affected by changes arising from changes in financial assumption is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 175)</u>	<u>\$ 179</u>	<u>\$ 142</u>	<u>(\$ 140)</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 204)</u>	<u>\$ 210</u>	<u>\$ 166</u>	<u>(\$ 162)</u>

The sensitivity analysis presented above examines the impact of a single assumption change while assuming other assumptions remain constant. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet.

The method and assumptions used for the sensitivity analysis in the current period are the same as those used in the previous period.

(6) It is expected that no funds will be contributed to the retirement plan by the Company for the year ended 2024.

(7) As of December 31, 2023, the weighted average remaining service life of the retirement plan was 5 years.

2. Defined contribution plan

(1) Since July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of Taiwanese nationality. Under this plan, for the portion of employees who have elected to participate in the Labor Pension Act, the Company contributes 6% of the employee's monthly salary to the individual account established by the employee with the Bureau of Labor Insurance. Retirement benefits are paid in the form of either monthly pension or lump sum, depending on the balance of the individual account and its accumulated earnings.

(2) For the years ended December 31, 2023 and 2022, the retirement benefits costs recognized by the Company under this retirement plan were \$1,312 and \$1,419, respectively.

xii. Share capital

As of December 31, 2023, the authorized capital of the Company is NT\$3,500,000, divided into 350,000 thousand shares, and the paid-up capital is NT\$1,504,145. The approved number of outstanding common shares is 150,414,536 shares, with a par value of NT\$10 per share. All of the issued shares have been fully paid for.

xiii. Capital surplus

1. According to the regulation of the Company Act, where a corporation incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the Company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a corporation intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A corporation shall not use the capital surplus to make good its

- capital loss, unless the surplus reserve is insufficient to make good such loss.
2. In consideration of business strategies and asset revitalization, on May 31, 2022, the Board of Directors resolved to dispose of 50% equity interest in DEER ELECTRONICS (DONG GUAN) CO.,LTD ("DEER") to DONG GUAN NENGGUANG INDUSTRIAL INVESTMENT CO.,LTD ("NENGGUANG") . The transaction price was determined based on an independent expert valuation report, and the total transaction price was CNY \$152,500 thousand, which was received on November 29, 2022. The difference after deducting the cost is \$581,941. As a result, since the transaction did not result in the loss of control over DEER, the capital surplus is recognized. Prior to the equity transfer, all expenses, liabilities, and taxes incurred by DEER, including any associated receivables and payables, were handled by the seller. After the equity transfer, NENGGUANG is entitled to the rent income from DEER 's land and factory in proportion to its ownership (after deducting relevant expenses), and the remaining operating performance of DEER, after deducting the aforementioned rent income, is fully enjoyed by the seller.

xiv. Retained earnings (accumulated deficit)

1. The annual net profit of the Company shall be distributed in the following order:
- (1) Offsetting losses in prior years.
 - (2) Setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount.
 - (3) Setting aside or rotating special reserve according to the rule set out by the government authority in charge. If the special reserves to be set aside are the net decrease of other equity and the net increase of fair value of investment properties accumulated from previous periods, the same amount shall be set aside from the retained earnings of previous periods. If there is any deficiency, the remaining amount shall be set aside from the current year's net profit after tax, excluding items beyond the net profit after tax. The proposal for the distribution of the distributable profit shall be prepared by the Board of Directors. If the distribution is to be made by issuing new shares, it shall be subject to the approval of the shareholders' meeting. If the distribution is to be made in cash, the Board of Directors shall be authorized to distribute dividends and bonuses or legal reserve and capital surplus in whole or in part after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
2. Considering the variable industry environment, the Company's life cycle is in the growth stage and is moving towards diversified development. In light of the Company's future capital needs, long-term financial planning, and shareholders' demand for cash inflows, the Company plans to allocate not less than 10% of the distributable profits to distribute dividends to shareholders every year. However, if the accumulated distributable profits are less than 5% of the paid-in capital, dividends may not be distributed. When distributing dividends to shareholders, they may be distributed in cash or shares, and the cash dividends shall not be less than 10% of the total dividend amount. However, when the cash dividend per share is less than one New Taiwan Dollar, the entire cash dividend may be converted into a share dividend.
3. The legal reserve shall not be used except for offsetting losses of the Company

and for issuing new shares or cash in proportion to the original shareholders' shares. However, when issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

4. When distributing profits, the Company may only do so after allocating special reserves according to legal regulations to the other equity items in the debit balance on the balance sheet as of the end of the fiscal year. Only when the other equity items in the debit balance are reversed can the reversal amount be included in the distributable profits.
5. On March 14, 2024, the Company's board of directors passed a resolution on the loss make-up proposal.
6. The loss make-up proposal for the years ended December 31, 2022 and 2021 approved by the shareholders' meeting on June 20, 2023, and June 21, 2022 is consistent with the proposal put forward by the board of directors of the Company.
7. For information on employee compensation and director and supervisor remuneration, please refer to Note 6 (20).

xv. Operating revenue

The customer contract revenue of our corporation originates from goods transferred at a certain point in time, and the revenue can be subdivided into the following main products:

Customer contract revenue	<u>Power suppliers</u>	<u>Computer cases</u>	<u>Other</u>	<u>Total</u>
2023	<u>\$ 62,098</u>	<u>\$ 47,009</u>	<u>\$ 2,927</u>	<u>\$ 112,034</u>
2022	<u>\$ 70,516</u>	<u>\$ 54,436</u>	<u>\$ 5,212</u>	<u>\$ 130,164</u>

xvi. Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit interests	\$ 8,678	\$ 418
Interest income from financial assets at amortized cost	<u>4,405</u>	<u>3,424</u>
Total	<u>\$ 13,083</u>	<u>\$ 3,842</u>

xvii. Other revenue

	<u>2023</u>	<u>2022</u>
Rent income	\$ 1,719	\$ 1,691
Dividend income	16	120
Other income	<u>109</u>	<u>528</u>
Total	<u>\$ 1,844</u>	<u>\$ 2,339</u>

xviii. Other gains and losses

	<u>2023</u>	<u>2022</u>
Losses on financial assets at fair value through profit or loss	(\$ 75,929)	(\$ 46,417)
Net foreign exchange gains	2,977	40,058
Depreciation expense from investment properties	(358)	(358)
Gains on disposals of property, plant and equipment	496	610
Other expenses	<u>(64)</u>	<u>(17)</u>

	Total	(\$ 72,878)	(\$ 6,124)
xix.	<u>Additional information on nature of expenses</u>		
		<u>2023</u>	<u>2022</u>
	Employee benefits expenses	\$ 38,103	\$ 39,830
	Depreciation expense (Note 1)	\$ 4,890	\$ 5,612
	Amortization expense (Note2)	\$ 40	\$ 31

Note 1: includes depreciation expenses from property, plant and equipment and right-of-use assets.

Note 2: refers to amortization expenses for deferred expenses.

xx. Employee benefits expenses

		<u>2023</u>	<u>2022</u>
	Payroll expenses	\$ 29,820	\$ 31,845
	Labor and health insurance expenses	2,842	2,891
	Pension expenses	1,420	1,650
	Directors' remuneration	2,640	2,640
	Other employment expenses	1,381	804
		<u>\$ 38,103</u>	<u>\$ 39,830</u>

1. In accordance with the Articles of Incorporation, the Company shall distribute employee compensation at a rate of 5% to 10% and director compensation at a rate of 3% or lower when distributing profits.
2. As of December 31, 2023 and 2022, the Company has accumulated losses. According to the Articles of Incorporation, no provision was made for employee, director and supervisor compensation.
3. The information about the employees', directors' and supervisors' compensation resolved by the board of directors and shareholders' meeting is available at the Market Observation Post System website.

xxi. Income tax

1. Income tax expense
No tax expense occurred in years 2023 and 2022.
2. Explanation on the relationship between tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Tax payables calculated by profit before tax multiplying the enacted tax rates	(\$ 8,462)	(\$ 31,456)
Impact of unrecognized deferred tax assets arising from temporary differences	(2,393)	10,397
Deferred tax assets unrecognized for tax losses	11,011	21,486
Income tax impact of permanent differences	(156)	(427)
Tax expense	\$ -	\$ -

3. The Company did not have any deferred tax assets or liabilities resulting from temporary differences for the years ended December 31, 2023 and

2022.

4. The deductible deadline of unused tax loss and amount of the unrecognized deferred tax assets are as follows:

December 31, 2023

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax :</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951
2016	54,364	54,364	54,364
2017	63,620	63,620	63,620
2018	28,546	28,546	28,546
2019	41,317	41,317	41,317
2021	56,665	56,665	56,665
2022	28,513	28,513	28,513
2023	55,036	55,036	55,036
	<u>\$ 390,863</u>	<u>\$ 330,012</u>	<u>\$ 330,012</u>

December 31, 2022

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax :</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951
2016	54,364	54,364	54,364
2017	63,620	63,620	63,620
2018	28,546	28,546	28,546
2019	41,317	41,317	41,317
2021	56,665	56,665	56,665
2022	28,513	28,513	28,513
	<u>\$ 335,827</u>	<u>\$ 274,976</u>	<u>\$ 274,976</u>

5. Deductible temporary differences not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 1,032,296</u>	<u>\$ 1,061,417</u>

The aforementioned deductible temporary differences arose from the differences between the carrying amount and the tax base of the long-term investments in subsidiaries in Mainland China. As the Group will not dispose the subsidiaries in the foreseeable future, deferred income tax assets were not recognized.

6. Profit-seeking Enterprise Income Taxes of the Company have been verified by the tax collection authority until 2021.

xxii. Earnings (losses) per share

	<u>2023</u>	<u>2022</u>
<u>Basic and diluted losses per share</u>		
Loss attributable to shareholders of the parent		
Net Loss	(\$ <u>43,160</u>)	(\$ <u>157,283</u>)
Weighted average number of shares outstanding (in thousands shares)	<u>150,415</u>	<u>150,415</u>
Basic and diluted losses per share (in NTD)	(\$ <u>0.29</u>)	(\$ <u>1.05</u>)

xxiii. Changes in the liabilities arising from financing activities

Please refer to the effects in the statements of cash flows for the repayment of lease principal from financing activities during the fiscal years 2023 and 2022.

VII. Related Party Transactions

i. Related party names and their relationships

<u>Related party name</u>	<u>Relationships with the Company</u>
SUNTECH TRADING LTD.(SUNTECH)	Subsidiary of the Company
AMPLE CROWN INTERNATIONAL LTD.(AMPLE CROWN)	Subsidiary of the Company
DONGGUAN SHUN CHENG TRADE CO.,LTD(SHUN CHENG TRADE)	Subsidiary of the Company
CHENG, CHIEH	Chairman of the Company

ii. Significant transactions with related parties

1. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of merchandise:		
— Subsidiaries		
SUNTECH	\$ 57,054	\$ 67,389
SHUN CHENG TRADE	<u>41,497</u>	<u>53,964</u>
	<u>\$ 98,551</u>	<u>\$ 121,353</u>

The purchase price for goods between the Company and its subsidiaries is based on mutual agreement and the payment terms are net 30 days.

2. Accounts payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
— Subsidiaries		
SUNTECH	\$ 95,565	\$ 39,086
SHUN CHENG TRADE	<u>4,250</u>	<u>4,215</u>
	<u>\$ 99,815</u>	<u>\$ 43,301</u>

3. Purchases on behalf of others

	<u>2023</u>		<u>2022</u>
	<u>Procurement amount</u>	<u>Net receivables, balance (Note)</u>	<u>Procurement amount</u>
		<u>Net receivables, balance (Note)</u>	
Procurement:			
Subsidiary	\$ 2,422	\$ -	\$ 1,619
			\$ -

Note: recognized as "other receivables"

4. As of December 31, 2023 and 2022, the chairman of the Company has provided joint guarantees for short-term borrowings.

iii. Information on key management personnel compensation

	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 8,218	\$ 7,177
Post-employment benefits	190	190
Total	<u>\$ 8,408</u>	<u>\$ 7,367</u>

VIII. Pledged Assets

The assets pledge as collaterals are as follows:

<u>Asset</u>	<u>Carrying amount</u>		<u>December 31, 2022</u>	<u>Purpose</u>
	<u>December 31, 2023</u>			
Property, Plant and Equipment				
Land	\$ 14,986	\$ 14,986		Guarantee for short-term borrowings
Buildings and structures	20,577	21,390		Guarantee for short-term borrowings and total credit lines
Investment properties				
Land	6,701	6,701		Guarantee for short-term borrowings and total credit lines
Buildings and structures	9,198	9,556		Guarantee for short-term borrowings and total credit lines
	<u>\$ 51,462</u>	<u>\$ 52,633</u>		

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Losses on Disaster

None.

XI. Significant Subsequent Events

None.

XII. Others

i. Capital Risk Management

The objective of the Company's capital management is to ensure that it operates continuously and maintains optimal capital structure to decrease the cost of capital and maximize the shareholders' equity. The Company adjusts dividend payment, issues new shares, or disposes assets for the purpose of decreasing debts, adjusting and maintaining the capital structure.

ii. Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 18,894	\$ 94,877
Financial assets at amortized cost	<u>415,193</u>	<u>389,000</u>
	<u>\$ 434,087</u>	<u>\$ 483,877</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost	\$ 111,346	\$ 55,210
Lease liability	<u>1,784</u>	<u>3,523</u>
	<u>\$ 113,130</u>	<u>\$ 58,733</u>

Note: Financial assets at amortized cost include cash and cash equivalents, financial assets measured at amortized cost, accounts receivables, other receivables, and guaranteed deposits paid; financial liabilities at amortized cost include accounts payables (including to related parties), other payables, and guaranteed deposits received.

2. Risk Management Policies

(1) The Company adopts a comprehensive risk management and control system to clearly identify, measure, and control all kinds of risks (including market risk, credit risk, liquidity risk, and cash flow risk) so that the management can effectively engage in controlling and measuring market risk, credit risk, liquidity risk, and cash flow risk.

(2) In order to effectively manage various market risks, the Company's management authorities will consider the economic environment, competitive conditions, and the impact of market value risk, to achieve optimized risk positions, maintain appropriate liquidity positions, and centrally manage all market risks.

3. Nature and extent of significant financial risks

(1) Market risk

Currency risk

A. The Company operates across borders and is therefore exposed to currency risks arising from various currencies, mainly the USD and CNY. Relevant currency risks arise from future business transactions, recognized assets and liabilities, and net investments in foreign operations.

B. The Company's management has established policies that require each company within the Group to manage its functional currency-related currency risk. Each company within the Group should hedge its overall currency risk through the Group's finance department. To manage currency risks arising from future business transactions and recognized assets and liabilities, each company within the Group uses forward foreign exchange contracts through the Group's finance department. When future business transactions, recognized assets or liabilities are denominated in foreign currencies other than the parent company's functional currency, currency risk arises.

C. The Company's business involves several non-functional currencies (the

functional currency of the Company and some subsidiaries is the New Taiwan Dollar, and the functional currency of some subsidiaries is the CNY), and thus is subject to the impact of currency fluctuations. Information on foreign currency assets and liabilities affected by significant currency fluctuations is as follows:

December 31, 2023

(Foreign currencies: functional currency)	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		Foreign exchange net gain or loss Carrying amount
				Fluctuation range	Effect on profit or loss	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 10,005	30.725	\$307,404	1%	\$3,074	(\$ 5,996)
EUR:NTD	2,918	34.0080	99,235	1%	992	2,402
<u>Nonmonetary item</u>						
<u>Foreign operating unit</u>						
CNY:NTD	(\$ 99,713)	4.3311	(\$431,867)			
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 3,310	30.725	\$101,700	1%	\$1,017	(\$ 80)

December 31, 2022

(Foreign currencies: functional currency)	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		Foreign exchange net gain or loss Carrying amount
				Fluctuation range	Effect on profit or loss	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 9,733	30.728	\$299,076	1%	\$2,991	(\$ 4,652)
EUR:NTD	1,960	32.7038	64,099	1%	641	1,530
<u>Nonmonetary item</u>						
<u>Foreign operating unit</u>						
CNY:NTD	(\$101,306)	4.4111	(\$446,871)			
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 1,422	30.728	\$ 43,695	1%	\$ 437	(\$ 771)

Price risk

- A. As the investments held by the Company are classified as financial assets at fair value through profit or loss in the consolidated balance sheet, the Company is exposed to price risk of equity instruments. The Company does not expose to merchandise price risk. To manage the price risk of equity instrument investments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company mainly invests in equity instruments issued by domestic companies, and the prices of these equity instruments may be affected by the uncertainty of the future value of the investment targets. If the prices of these equity instruments increase or decrease by 1% while all other factors remain unchanged, the profit for the years 2023 and 2022 will respectively increase or decrease by \$151 and \$759, due to the gains or losses from equity instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risk

The interest rate risk of the Company arises from short-term

borrowings. Borrowings issued at a floating rate subject the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at a floating rate. Borrowings issued at a fixed rate expose the Company to fair value interest rate risk.

(2) Credit risk

- A. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from accounts receivables that the counterparty is unable to pay off by the payment term.
- B. In the Company's daily sales transactions, for new customers and most existing customers, transactions are mostly conducted through prepayments or cash receipts. When there is a credit limit requirement, besides reviewing the transaction records with the Company, external agencies are consulted for credit verification or current economic and financial conditions are evaluated to mitigate the credit risk of specific customers.
- C. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 90 days, the credit risk of financial assets has significantly increased upon initial recognition. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 365 days, it is considered to have defaulted.
- D. The Company evaluates the expected credit losses on accounts receivables by individually estimating expected credit losses for significant defaulted accounts receivables, and for the remaining balances, grouping them by customer ratings based on the Company's credit standards and estimating expected credit losses using different loss rate methods or reserve matrices for different groups. The Company also considers forward-looking factors, such as the indicator query system of National Development Council, to adjust the loss rate established based on historical and current information during a specific period. As of December 31, 2023 and 2022, the loss allowance for accounts receivables estimated individually and by using the reserve matrix were as follows:

December 31, 2023	Not overdue	1-90 days	91-180 days	181-360 days	Total
		overdue	overdue	overdue	
Expected loss rate	0.05~ 0.54%	0.89%	-	-	
Total carrying amount	<u>\$23,005</u>	<u>\$ 2,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,014</u>
Loss allowances	<u>\$ 17</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>

<u>December 31, 2022</u>	<u>Not overdue</u>	<u>1-90 days overdue</u>	<u>91-180 days overdue</u>	<u>181-360 days overdue</u>	<u>Total</u>
Expected loss rate	0.05%	0.05%	20.79%	-	
Total carrying amount	<u>\$33,961</u>	<u>\$ 1,968</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 36,337</u>
Loss allowances	<u>\$ 17</u>	<u>\$ 1</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 103</u>

E. The accounts receivable aging analysis of the Company were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	\$ 23,005	\$ 33,961
Within 90 days	2,009	1,968
91-180 days	-	408
	<u>\$ 25,014</u>	<u>\$ 36,337</u>

The above aging analysis was based on the number of days past due.

F. The table showing the changes in Allowance for uncollectible accounts receivable of the Company using the simplified method is as follow:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 103	\$ 66
Provision (reversal) of impairment losses	(63)	32
Effect of exchange rate	-	5
December 31	<u>\$ 40</u>	<u>\$ 103</u>

The amounts above represent the impairment loss recognized for accounts receivable generated by customer contracts.

(3) Liquidity Risk

A. Cash flow forecasts are executed by the operating entities within the group and are consolidated by the group's finance department. The group's finance department monitors the forecasted liquidity needs of the group to ensure that it has sufficient funds to support its operations and maintains adequate unused borrowing capacity at all times to prevent the group from violating any relevant borrowing limits or clauses.

B. Any excess cash held by the operating entities beyond the requirements of working capital management is transferred back to the group's finance department. The group's finance department invests the excess funds in interest-bearing demand deposit, time deposits, money market deposits, and marketable securities with appropriate maturities or sufficient liquidity to meet the aforementioned forecast and provide adequate headroom.

C. The non-derivative financial liabilities of the Company are grouped by relevant dates, and the analysis of non-derivative financial liabilities is based on the remaining period from the balance sheet

date to the contract expiry date. The disclosed contract cash flow amounts in the table below are undiscounted:

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ 1,800</u>

December 31, 2022	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 3,600</u>

Except as described above, all of the Company's non-derivative financial liabilities mature within the next year.

D. The Company does not anticipate significant early cash flow occurrences or significant variances in actual amounts from the cash flow analysis of the maturity dates.

iii. Fair Value Information

1. The definitions of the various levels of valuation techniques adopted to measure the fair value of financial and non-financial instruments are as follows:

Level 1: The fair value is determined by reference to quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed share investments held by the Company falls within this level.

Level 2: The fair value is determined by reference to directly or indirectly observable inputs for similar assets or liabilities. However, it excludes those quoted prices that fall within Level 1.

Level 3: unobservable inputs for the assets or liabilities.

2. For financial instruments that are not measured at fair value, please refer to note 12(2). For investment properties that are measured at cost, the fair value information is explained in Note 6(9).

3. For financial instruments that are measured at fair value, the Company provides relevant information based on the nature, characteristics, risk, and level of fair value classification of the assets and liabilities:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,894</u>	<u>\$ 18,894</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				

Financial assets at fair value through profit or loss - equity securities \$ - \$ - \$ 94,877 \$ 94,877

4. The methods and assumptions used by the Company to measure fair value are described below:
- (1) The Company uses market quotes as the fair value input value (i.e. Level 1), and according to the characteristics, for listed, OTC, and emerging stock companies, the market quote is the closing price.
 - (2) Besides aforementioned financial instruments which have active market, for those do not have an active market, their fair value is obtained through valuation techniques or reference to quotes from market counterparties. The fair value obtained through valuation techniques can be referred to the fair value of other similar financial instruments with similar characteristics and conditions, discounted cash flow method or other valuation techniques, including models based on market information available on the consolidated balance sheet data (e.g. OTC market reference dividend yield curve, Reuters commercial paper average interest rate quote).
 - (3) The output of the valuation model is an estimated approximation, and the valuation techniques may not reflect all the factors relevant to the Company's holdings of financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted appropriately based on additional parameters, such as model risk or liquidity risk. Based on the Company's fair value evaluation model management policy and related control procedures, the management believes that valuation adjustments are appropriate and necessary to fairly represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and adjusted appropriately based on current market conditions.
 - (4) The Company incorporates credit risk evaluation adjustments into the calculation of the fair value of financial and non-financial instruments to reflect both counterparty credit risk and the Company's credit quality.
5. The valuation process for fair value classified as Level 3 is conducted by external appraisers and the Finance and Accounting Department, who are responsible for independent fair value verification of financial instruments. Independent source data is used to bring the valuation results closer to market conditions, to confirm that the data sources are independent, reliable, consistent with other resources and representative of executable prices, and to update the input values and data required by the valuation model and any other necessary fair value adjustments to ensure that the valuation results are reasonable. Investment properties are valued periodically by the Finance and Accounting Department in accordance with the valuation methods and parameter assumptions announced by the Financial Supervisory Commission or by external appraisers. The Finance and Accounting Department also establishes policies, procedures and confirms compliance with relevant IFRS accounting standards for the fair value evaluation of financial instruments.

6. In fiscal years 2023 and 2022, there were no transfers between level 1 and level 2.
7. The following table shows the changes in level 3 for fiscal years 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
January 1	\$ 94,877	\$ 141,294
Loss recognized in profit or loss	(75,929)	(46,417)
Refund of paid-up capital of liquidation receivables	<u>(54)</u>	<u>-</u>
December 31	<u>\$ 18,894</u>	<u>\$ 94,877</u>

There were no transfers in or out of level 3 in years 2023 and 2022.

8. Regarding items measured at fair value using valuation models categorized as Level 3, the quantitative information of significant unobservable inputs and sensitivity analysis of significant unobservable inputs are explained as follows:

	<u>December 31, 2023</u>	<u>Evaluation</u>	<u>Significant</u>	<u>Interval</u>	<u>Input and fair value</u>
	<u>Fair value</u>	<u>techniques</u>	<u>unobservable input</u>	<u>(weighted-</u>	<u>relationships</u>
			<u>average)</u>		
Non-derivative equity instrument:					
Unlisted Listed Company Stock	\$ 18,894	Comparable to listed companies	PB Ratio	3.89%	The higher the multiplier, the higher the fair value;
			Lack of market liquidity discount	30%	The more lack of market liquidity discount, the lower the fair value.
	<u>December 31, 2022</u>	<u>Evaluation</u>	<u>Significant</u>	<u>Interval</u>	<u>Input and fair value</u>
	<u>Fair value</u>	<u>techniques</u>	<u>unobservable input</u>	<u>average)</u>	<u>relationships</u>
Non-derivative equity instrument:					
Unlisted Listed Company Stock	\$ 94,877	Comparable to listed companies	PB Ratio	1.04%-6.78%	The higher the multiplier and controlling premium, the higher the fair value;
			Lack of market liquidity discount	10%~30%	The more lack of market liquidity discount, the lower the fair value.

9. Our corporation has carefully evaluated the valuation models and parameters adopted. However, using different valuation models or parameters may result in different valuation results. For financial assets and financial liabilities classified as level 3, the impact on the current period's profit or loss or other comprehensive income due to changes in valuation parameters is as follows:

	<u>December 31, 2023</u>		
	<u>Recognized in profit or loss</u>		
<u>Term</u>	<u>Inputs</u>	<u>Change Favorable</u>	<u>Adverse</u>

				<u>changes</u>	<u>changes</u>
Financial asset					
Equity instrument	December 31, 2023	PB Ratio and Lack of liquidity discount	±1%	<u>\$ 291</u>	<u>(\$ 249)</u>
				<u>December 31, 2022</u>	
				<u>Recognized in profit or loss</u>	
				<u>Favorable changes</u>	<u>Adverse changes</u>
Financial asset	<u>Term</u>	<u>Inputs</u>	<u>Change</u>		
Equity instrument	December 31, 2022	PB Ratio and lack of liquidity discount	±1%	<u>\$ 1,369</u>	<u>(\$ 1,341)</u>

XIII. Other disclosures

i. Information on significant transaction

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.
10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: The transaction conditions and amounts for 2023 do not reach the disclosure standards based on significance principle.

ii. Information on investees

The information about company names, locations, etc. of investees (excluding investee in mainland China) : Please refer to Table 3.

iii. Information on investment in Mainland China

1. Basic information: Please refer to Table 4.
2. Significant direct or indirect transactions with the investee: None.

iv. Information of major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Operating Segments information

N/A.

Solytech Enterprise Corporation
Loans to Others

For the year ended December 31, 2023

Table 1

Unit : in thousands of NTD
(unless otherwise specified)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount	Interests rate interval	Nature of financing	Transaction amount for business between two parties	Reasons for Allowance short-term financing debt	Collateral			
												Value	Individual funding loan limits	Maximum limit of fund financing	
1	COSMOS TREASURE HOLDINGS LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 2,194,434	\$ 413,251	\$ 413,251	0.50%	Short-term fund financing	-	Operating turnover	\$ 579,566	\$ 1,448,914	\$ 579,566	Note
2	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Other receivables	Yes	\$ 436,251	\$ 413,251	\$ 413,251	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
3	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SHUN CHENG TRADE CO.,LTD	Other receivables	Yes	\$ 22,705	\$ 21,508	\$ 21,508	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
4	COSMOS TREASURE HOLDINGS LIMITED	Ample Crown International Ltd.	Other receivables	Yes	\$ 324	\$ 307	\$ 307	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 1,448,914	\$ 1,448,914	Note
5	PREMIER ACTION TRADING LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 221,700	\$ 216,555	\$ 216,555	0.50%	Short-term fund financing	-	Operating turnover	\$ -	\$ 279,530	\$ 279,530	Note

Note : Based on the "procedures of loans to other" of the Company, the total financing limit, and limit to individual companies are as follows :

- (1). The total amount loaned to companies or firms which have transactions with the Company shall not exceed 100% of the Company's net worth, and the amount loaned to a single company or firm shall not exceed the transaction amounts.
- (2). The total amount loaned to companies or firms in need of short-term financing and the amount loaned to a single company or firm shall not exceed 40% of the Company's net worth.
- (3). The total amount loaned to foreign subsidiaries directly or indirectly held by the Company in need of short-term financing and the amount loaned to a single foreign subsidiary directly or indirectly held by the Company shall not exceed 100% of the Company's net worth, and the financing period shall not exceed 10 years.

Solytech Enterprise Corporation

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures)

For the year ended December 31, 2023

Tabel 2

Unit : in thousands of NTD
(unless otherwise specified)

<u>Holding company</u>	<u>Name and type of marketable security</u>	<u>Relationship with issuer of the marketable security</u>	<u>Account</u>	<u>End of period</u>		
				<u>Number of shares</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>
Solytech Enterprise Corporation	Stocks of Metagone Biotech Inc.	None	Financial assets at fair value through profit or loss	6,946,410	18,894	19.52%
					18,894	
						Note

Solytech Enterprise Corporation

The information about company names, locations, etc. of investees (excluding Mainland China investees)

For the year ended December 31, 2023

Table 3

Unit : in thousands of NTD
(unless otherwise specified)

Name of investor company Solytech Enterprise Corporation	Name of investee company	Locatopm	Main business	Original investment amount		Number of shsares	Ending percentage of ownership	Carrying amount	Profit or loss of investee in the period	Gains or losses on investments recognized in the period	Note
				End of the period	End of last year						
	AMPLE CROWN INTERNATIONAL LTD.	Samoa	Holding company	\$ 2,045,975	\$ 2,045,975	64,390,001	100	\$ 1,013,679	\$ 67,698	\$ 67,698	
Solytech Enterprise Corporation	FONG YIN INVESTMENT CO., LTD.	Taiwan	Investment company	14,500	14,500	1,450,000	100	17,824	765	765	
AMPLE CROWN INTERNATIONAL LTD.	SUNTECH TRADING LIMITED	Samoa	Swapping order company	-	-	1	100	5,129	(4,699)	(4,699)	
AMPLE CROWN INTERNATIONAL LTD.	COSMOS TREASURE HOLDING LTD.	B.V.I.	Holding company	2,043,841	2,043,841	64,320,000	100	1,448,914	89,603	89,603	
AMPLE CROWN INTERNATIONAL LTD.	GIANT TREASURE LIMITED	Samoa	Holding company	-	-	1	100	-	-	-	
AMPLE CROWN INTERNATIONAL LTD.	SURE VIVA LIMITED	Samoa	Holding company	-	-	1	100	(418,965)	(11,002)	(11,002)	
AMPLE CROWN INTERNATIONAL LTD.	LAND TYCOON LIMITED	Samoa	Holding company	2,134	2,134	70,001	100	(21,360)	(6,165)	(6,165)	
COSMOS TREASURE HOLDING LTD.	PREMIER ACTION TRADING LTD.	B.V.I.	Holding company	1,425,391	1,425,391	44,820,000	100	698,826	42,673	42,673	

Solytech Enterprise Corporation and Subsidiaries
Information on investments in Mainland China – Basic information
For the year ended December 31, 2023

Table 4

Unit : in thousands of NTD
(unless otherwise specified)

Names of investee in Mainland China	Main business	Paid-in capital	Method of investment (Note 1)	Remittance of funds in the current period		Accumulated outward remittance from Taiwan, beginning of the period	Accumulated outward remittance for investment from Taiwan, end of the period	Net income (loss) of investees in the period (Note 2)	Percentage of ownership of direct or indirect investments	Cains (losses) on investments recognized in the period (Note 2)	Carrying amount of investments, end of the period	Accumulated repatriation of gain on investment as of end of the period	Note
				Outward	Inward								
ELECTRONICS(DONG GUAN) CO.,LTD	Manufacturing and sales of power supplies, transformers, converters and other computer-used electronics	\$ 900,857	2	\$ 900,857	\$ -	\$ 900,857	\$ -	\$ 24,014	50	\$ -	\$ 8,657	\$ -	
DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Manufacturing and sales of power supplies, transformers, converters and other computer-used electronics	476,238	2	476,238	-	476,238	(11,002)	(11,002)	100	(11,002)	(418,965)	-	
DONG GUAN SHUN SHENG TRADE CO.,LTD	Sales of computer cases	2,151	2	2,151	-	2,151	(6,165)	(6,165)	100	(6,165)	(21,360)	-	

Company name	Accumulated outward remittance for investment in Mainland China as of end of the period	Investment amount authorized by investment commission, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA	Note
The Company	\$ 1,978,383	\$ 1,978,383	\$ 901,627	Note 4

Note 1 : There are two methods of investment. Please indicate the number of methods. :

- (1) Directly invest in Mainland China
- (2) Reinvest in Mainland China through a third region company - AMPLE CROWN INTERNATIONAL LTD.
- (3) Other ways

3.1 The company which the Company reinvested in Mainland China through an investment business in Mainland China are SHENZHEN QIANHAI SHUN CHENG ENTERPRISE CORPORATION、HENAN SHOUXIANG ELECTRONIC CO.,LTD and SHENZHEN QIANHAI DEER ENTERPRISE CORPORATION. Except for the holding companies' investment businesses

Note 2 : The investment income or loss recognized in the current period is based on the audited financial statements of the investee company in Mainland China.

Note 3 : The amounts in the table are presented in New Taiwan Dollars. Those involving foreign currencies were converted into New Taiwan Dollars based on the exchange rate on the financial report date.

Note 4 : The Company has received operating headquarters accreditation letter from the Industrial Development Bureau in the previous year. In accordance with the project "Relaxing restrictions on domestic enterprises raising capital for investment in Mainland China" by FSC, the Company may invest in Mainland China without the restriction of its investment quota during the period.

Note 5 : Solytech sold all 100% shares of Top Rich Inc. to non-related parties in September, 2020, therefore indirectly transferred 100% shares of SUPERCASE INTERNATIONAL CORPORATION, losing control of the subsidiary.

Note 6 : SUPERCASE INTERNATIONAL CORPORATION were approved by Investment Committee, MOEA of investing USD 19,500. Its shares were all sold in 2020 and have not yet applied for cancelling the investment quota.

Solytech Enterprise Corporation
 MAJOR SHAREHOLDER INFORMATION
 DECEMBER 31, 2023

Table 5

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Percentage of ownership</u>
CHENG, CHIEH	9,290,500		6.17%
CHENG, HSIANG	8,737,838		5.80%

Solytech Enterprise Corporation
Statements of cash and cash equivalents
December 31, 2023

Statement 1

(In Thousands of New Taiwan Dollars)

Items	Description	Amount
Cash on hand and petty cash	NTD	\$ 40
Demand deposit	NTD	3,198
	USD 9,290 thousand Exchange rate	30.725 285,435
	EUR 998 thousand Exchange rate	34.0080 33,926
	HKD 9 thousand Exchange rate	3.9320 35
	CNY - thousand Exchange rate	4.3311 2
		<u>\$ 322,636</u>

Solytech Enterprise Corporation
Statements of accounts receivable
December 31, 2023

Statement 2

(In Thousands of New Taiwan Dollars)

Clients	Description	Amount	Note
		\$ 19,403	
APEX TECHUSA LLC		3,251	
FA ME-CHEN TECHNOLOGY CO.,LTD			
Others		2,360	The amount of individual client included in others does not exceed 5% of the account balance.
		-	
		25,014	
Less: Loss allowances		(40)	
		<u>\$ 24,974</u>	

Solytech Enterprise Corporation
Statements of changes in investment accounted for using equity method
2023

(In Thousands of New Taiwan Dollars)

Statement 3

Name	Beginning balance		Additions (Note 1)		Deductions (Note 2)		Ending balance		Market value or equity of investment			
	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Name	Amount		
AMPLE CROWN INTERNATIONAL LTD.	64,390	\$ 984,504	-	\$ 67,698	-	(\$38,523)	64,390	\$1,013,679	\$ -	\$1,013,679	Equity method	None
FONG YIN INVESTMENT CO.,LTD	1,450	18,327	-	765	-	(1,268)	1,450	17,824	-	17,824	"	"
		<u>\$ 1,002,831</u>		<u>\$ 68,463</u>		<u>(\$39,791)</u>		<u>\$ 1,031,503</u>				

Note 1: The increase includes the exchange difference between the actual price of disposing subsidiary equity and the carrying amount, as well as the exchange difference resulting from the translation of financial statements of foreign operating entities.

Note 2: The decrease is recognized as investment losses under the equity method.

Solytech Enterprise Corporation
Statements of operating revenue
2023

Statement 4 (In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
PC power suppliers	74 thousand	\$ 62,098	
Computer cases	61 thousand	47,009	
Other	3 thousand	<u>2,927</u>	
		<u>\$ 112,034</u>	

Solytech Enterprise Corporation
Statements of cost of revenue
2023

Statement 5

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material, beginning of year	\$ -
Add: Raw material purchased	-
Less: Transferred to expenses	-
Raw material, end of year	-
Raw material consumed	-
Manufacturing expenses	1,434
Cost of finished goods	1,434
Add: Finished goods, beginning of year	4,472
Purchase	57,267
Less: Transferred to expenses	(12)
Transferred to scrapping loss	-
Finished goods, end of year	(4,556)
Selling costs	58,605
Add: Merchandise inventory, beginning of year	6,734
Purchase	47,098
Less: Transferred to expenses	(116)
Transferred to scrapped loss	(619)
Merchandise inventory, end of year	(5,072)
Costs of merchandises sold	106,630
Inventory scrapping losses	619
Inventory valuation losses	877
Operating costs	<u>\$ 108,126</u>

Solytech Enterprise Corporation
Statements of operating expenses
2023

Statement 6

(In Thousands of New Taiwan Dollars)

Item	Selling Expense	General and Administrative Expense	Research and Development Expenses	Expected credit losses	Total	Note
Payroll expense	\$ 7,750	\$ 21,892	\$ 178	\$ -	\$ 29,820	
Depreciation expense	965	2,526	22	-	3,513	
Insurance expense	1,071	2,459	16	-	3,546	
Service costs	1,034	2,182	15	-	3,231	
Listing fee	739	1,551	7	-	2,297	
Directors' and supervisors' compensation	-	2,640	-	-	2,640	
Testing and certification expense	304	-	852	-	1,156	
Business promotion expense	979	-	-	-	979	
Other expense						The amount of individual client included in others does not exceed 5% of the account balance.
	5,077	5,277	46	(63)	10,337	
	<u>\$ 17,919</u>	<u>\$ 38,527</u>	<u>\$ 1,136</u>	<u>(\$ 63)</u>	<u>\$ 57,519</u>	

Solytech Enterprise Corporation
Statements of labor, depreciation and amortization by function
2023

Statement 7

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>	
	<u>Classified as cost of</u>	<u>Classified as operating</u>	<u>Classified as operating</u>
	<u>revenue</u>	<u>expenses</u>	<u>expenses</u>
	<u>Classified as operating</u>	<u>expenses</u>	<u>Classified as cost of</u>
	<u>expenses</u>	<u>Classified as cost of</u>	<u>revenue</u>
	<u>Classified as cost of</u>	<u>revenue</u>	<u>Classified as operating</u>
	<u>revenue</u>	<u>Classified as operating</u>	<u>expenses</u>
Labor cost			
Salary and bonus	\$ -	\$ -	\$ -
(including severance pay)			
Labor and health insurance	2,842	2,842	2,891
Pension	1,420	1,420	1,650
Board compensation	2,640	2,640	2,640
Others	1,381	1,381	804
	<u>\$ 38,103</u>	<u>\$ 38,103</u>	<u>\$ 39,830</u>
Depreciation expenses	<u>\$ 1,377</u>	<u>\$ 1,863</u>	<u>\$ 3,749</u>
Amortization expenses	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 31</u>

Note:

- As of December 31, 2023 and 2022, the Company had 37 and 38 employees, respectively, and there were 5 and 4 non-employee directors, respectively.
- Average labor cost for the years ended December 31, 2023 and 2022 were \$1,108 and \$1,127, respectively.
- Average salary and bonus (including severance pay) for the years ended December 31, 2023 and 2022 were \$932 and \$965, respectively. The average salary and bonus adjusted by (3.42%).
- The Company set up Audit Committee to replace supervisors, hence there is no supervisors' compensation.
- The Company's remuneration policy (including directors, managers and employees)
 - Directors and employees: If there is any profit in the year, after retaining the amount to cover the accumulated losses, the Company shall set aside 5% to 10% as remuneration to employees and not more than 3% as director's compensation after the Board of Directors' resolution and report to the shareholders' meeting. The aforementioned employees' remuneration in the form of stock or cash may include employees of subsidiaries of the company who meet certain criteria, and the Board of Directors is authorized to establish the relevant rules.
 - Managers: The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

Solytech Enterprise Corporation
Chairman: Cheng, Chieh