

Solytech Enterprise Corporation
Consolidated Financial Statements

For the Years Ended Dec. 31, 2023 and 2022

(Stock Code:1471)

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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)

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
Notes	Common stock	Capital surplus		Accumulated deficit	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
		Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in recognition of equity					
<u>2022</u>								
Balance at January 1	\$ 1,504,145	\$ -	\$ 3,539	(\$ 552,318)	\$ 70,989	\$ 1,026,355	(\$ 51)	\$ 1,026,304
Net loss for the year	-	-	-	(157,283)	-	(157,283)	(16)	(157,299)
Other comprehensive income	-	-	-	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	<u>\$ 1,504,145</u>	<u>\$ 581,941</u>	<u>\$ 3,539</u>	<u>(\$ 706,336)</u>	<u>\$ 127,548</u>	<u>\$ 1,510,837</u>	<u>\$ 74,674</u>	<u>\$ 1,585,511</u>
<u>2023</u>								
Balance at January 1	\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336)	\$ 127,548	\$ 1,510,837	\$ 74,674	\$ 1,585,511
Net loss for the year	-	-	-	(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	<u>\$ 1,504,145</u>	<u>\$ 581,941</u>	<u>\$ 3,539</u>	<u>(\$ 749,247)</u>	<u>\$ 89,025</u>	<u>\$ 1,429,403</u>	<u>\$ 73,308</u>	<u>\$ 1,502,711</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 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		<u>101,763</u>	<u>1,445</u>
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		<u>595,059</u>	<u>(250,257)</u>
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		<u>(10,212)</u>	<u>(41,881)</u>
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		<u>\$ 919,099</u>	<u>\$ 274,885</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
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

1. The consolidated 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 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>
Carrying amount of disposal of non-controlling interest (not losing control)	<u>Non-controlling interest</u>
Consideration received from non-controlling interest	(\$ 72,741)
Capital surplus-the difference between actual equity price from gain or disposal of subsidiaries and carrying amount	<u>654,682</u>
	<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	<u>8,339</u>	<u>(6,627)</u>	<u>1,712</u>
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	<u>10,672</u>	<u>(5,877)</u>	<u>4,795</u>
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	<u>\$ 5,892</u>	<u>\$ 17,192</u>
	<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	<u>\$ 133,411</u>	<u>\$ 52,293</u>

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

\$	-	\$	1,927
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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	3,572	3,599
	<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	3,220	5,172
	<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)	202	(400)	(198)
	<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)
	<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)	104	(184)	(80)
	<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	<u>(39)</u>	<u>123</u>
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 translation</u>	<u>Other equity-foreign currencies translation</u>
January 1	\$ 127,548	\$ 74,674
Differences in foreign currencies translation:		
–Group	(38,523)	(1,353)
Decrease in non-controlling interests	<u>-</u>	<u>(13)</u>
December 31	<u>\$ 89,025</u>	<u>\$ 73,308</u>

	<u>2022</u>	
	<u>Other equity-foreign currencies translation</u>	<u>Non-controlling 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	<u>-</u>	<u>(16)</u>
December 31	<u>\$ 127,548</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>\$</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>\$</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	(	<u>12,371</u>	(	<u>3,632</u>
Total	<u>(\$</u>	<u>131,904)</u>	<u>(\$</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>\$</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	(\$ <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 earnings per share (in NTD)	(\$ <u>0.29</u>)	(\$ <u>1.05</u>)

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>\$</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>	<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	<u>\$ 58,818</u>	<u>\$</u>	<u>-</u>

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	9,198	9,556	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 :

(Foreign currencies: functional currency)	<u>December 31, 2023</u>		Carrying amount <u>(NTD)</u>	<u>Sensitivity analysis</u>		
	<u>Foreign currencies</u> <u>(in thousand)</u>	<u>Exchange rate</u>		<u>Fluctuation range</u>	<u>Effect on</u>	
					<u>comprehensive 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)	<u>December 31, 2022</u>		Carrying amount <u>(NTD)</u>	<u>Sensitivity analysis</u>		
	<u>Foreign currencies</u> <u>(in thousand)</u>	<u>Exchange rate</u>		<u>Fluctuation range</u>	<u>Effect on</u>	
					<u>comprehensive 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%~ 0.54%	0.20%~ 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%~ 0.21%	0.31%~ 20.79%	23.35%~ 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)	600
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

- 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.
- 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.
- 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 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,</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 listed companies	PB Ratio	1.04%~6.78%	The higher the multiplier, 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. 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>Favorable</u>	<u>Adverse changes</u>
	<u>Term</u>	<u>Input</u>	<u>Changes</u>	<u>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>Favorable</u>	<u>Adverse changes</u>
	<u>Term</u>	<u>Input</u>	<u>Changes</u>	<u>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	42,159	(4,558)
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	4,033	12,293
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	14,252	-	19,175	-
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

Unit : in thousands of NTD

(unless otherwise specified)

Table 1

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties		Actual usage amount	Interests rate interval	Nature of financing	Transaction amount for business between two parties	Reasons for short-term financing	Collateral		Note	
					during the period	Ending balance						Allowance for bad debt	Value of funding loan limits		Maximum limit of fund financing
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.

Table1-1

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>End of period</u>		<u>Fair value</u>	<u>Note</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	

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)

<u>Name of investor company</u>	<u>Name of investee company</u>	<u>Locatopm</u>	<u>Main business</u>	<u>Original investment amount</u>		<u>Number of shsares</u>	<u>Ending percentage of ownership</u>	<u>Carrying amount</u>	<u>Profit or loss of investee in the period</u>	<u>Gains or losses on investments recognized in the period</u>	<u>Note</u>
				<u>End of the period</u>	<u>End of last year</u>						
Solytech Enterprise Corporation	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	

Table3-1

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)

Nams of investee in <u>Mainland China</u>	<u>Main business</u>	<u>Paid-in capital</u>	<u>Method of investment</u> (Note 1)	<u>Remittance of funds in</u> <u>the current period</u>		<u>Accumulated</u> <u>outward remittance</u> <u>for investment from</u> <u>Taiwan, beginning</u> <u>of the period</u>	<u>Outward</u>	<u>Inward</u>	<u>Accumulated</u> <u>outward remittance</u> <u>for investment from</u> <u>Taiwan, end of the</u> <u>period</u>	<u>Net income (loss) of</u> <u>investees</u>	<u>Percengate of</u> <u>ownership of</u> <u>direct or indirect</u> <u>investments</u>	<u>Gains (losses) on</u> <u>investments</u> <u>recognized in the</u> <u>period (Note 2)</u>	<u>Carrying amount of</u> <u>investments, end of</u> <u>the period</u>	<u>Accumulated</u> <u>repatriation of gain</u> <u>on investment as of</u> <u>end of the period</u>	<u>Note</u>
				<u>of the period</u>	<u>of the period</u>										
ELECTRONICS(DO NG 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	\$ 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	-	-	476,238	(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)	100	(6,165)	(21,360)	-			

<u>Company name</u>	<u>Accumulated outward</u> <u>remittance for investment in</u> <u>Mainland China as of end of the</u> <u>period</u>	<u>Investment amount</u> <u>authorized by</u> <u>investment</u> <u>commissino. MOEA</u>	<u>Upper limit on the</u> <u>amount of investment</u> <u>stipulated by</u> <u>investment</u> <u>commission. MOEA</u>	<u>Note</u>
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 Mailand 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.

Table4-1

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%