

**Solytech Enterprise Corporation**  
**Parent Company Only Financial Statements**

For the Years Ended Dec. 31, 2023 and 2022

(Stock Code:1471)

Address:3F., No.18 Wuquan 7<sup>th</sup> Rd., Wugu Dist., New Taipei City, Taiwan.

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## INDEPENDENT AUDITORS' REPORT

(2024) No. Cai-Shen-Bao- 23002897

The Board of Directors and Shareholders  
Solytech Enterprise Corporation

### **Opinion**

We have audited the accompanying parent company only balance sheets of Solytech Enterprise Corporation (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Solytech Enterprise Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company’s 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company’s 2023 parent company only financial statements are stated as follows:

## **Assessment of Allowance for inventory valuation losses**

### Explanatory Notes

Please refer to Note 4(12) for the accounting policy related to inventory valuation, Note 5(2) for the accounting estimation and uncertainties for inventory valuation, and Note 6(5) for the explanation of the allowance for inventory valuation losses, as disclosed in the parent company only financial statements.

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

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

### Audit procedures in response

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

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

## **Assessment of Allowance for uncollectible receivables (including other receivables)**

### Explanatory Notes

Please refer to Note 4(9) " Impairment of Financial Assets " in the parent company only financial statements for the accounting policy on the evaluation of Allowance for uncollectible accounts receivables. For information on the accounting estimation and uncertainties related to the impairment of Accounts receivables, please refer to Note 5(2) in the parent company only financial statements. For details on the Allowance for uncollectible accounts receivables, please refer to Note 6(4) in the parent company only financial statements. As of December 31, 2023, the Accounts receivables of Solytech Enterprise Corporation was NT\$28,830 thousand (of which NT\$40 thousand was deducted for Allowance for uncollectible accounts receivables).

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

#### Audit procedures in response

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers Taipei, Taiwan

Atlan Hsu

CPA

Jen Chieh Wu

Former Securities Administration Commission of the  
Ministry of Finance

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

Former Securities and Futures Administration Commission  
of the Ministry of Finance

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

March 14, 2024

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 and 2022**

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 322,636	21	\$ 108,615	7
1136	Current financial assets at amortized cost	6(3)	63,247	4	242,037	16
1170	Accounts receivables, net	6(4)	24,974	2	36,234	2
1200	Other receivables	7	3,856	-	1,664	-
130X	Inventory	6(5)	3,467	-	5,922	-
1410	Prepayments		1,576	-	1,511	-
11XX	<b>Current Assets</b>		<u>419,756</u>	<u>27</u>	<u>395,983</u>	<u>25</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	18,894	1	94,877	6
1550	Investments accounted for under equity method	6(6)	1,031,503	67	1,002,831	64
1600	Property, plant and equipment	6(7) and 8	38,847	3	40,520	3
1755	Right-of-use assets	6(8)	1,761	-	3,522	-
1760	Investment property-net	6(9) and 8	15,899	1	16,257	1
1900	Other non-current assets	6(11)	17,163	1	16,912	1
15XX	<b>Non-current assets</b>		<u>1,124,067</u>	<u>73</u>	<u>1,174,919</u>	<u>75</u>
1XXX	<b>Total assets</b>		<u>\$ 1,543,823</u>	<u>100</u>	<u>\$ 1,570,902</u>	<u>100</u>

(Continued)

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 and 2022**

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

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2170	Accounts payable		\$ 130	-	\$ 312	-
2180	Accounts payables-related parties	7	99,815	6	43,301	3
2200	Other Payables	6(10)	11,101	1	11,297	1
2280	Current lease liabilities		1,784	-	1,739	-
2300	Other current liabilities		1,290	-	1,332	-
21XX	<b>Current liabilities</b>		<u>114,120</u>	<u>7</u>	<u>57,981</u>	<u>4</u>
<b>Non-current liabilities</b>						
2580	Non-current lease liabilities		-	-	1,784	-
2600	Other non-current liabilities		300	-	300	-
25XX	<b>Non-current liabilities</b>		<u>300</u>	<u>-</u>	<u>2,084</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>114,420</u>	<u>7</u>	<u>60,065</u>	<u>4</u>
<b>Equity</b>						
	Share capital	6(12)				
3110	Share capital-common stock		1,504,145	97	1,504,145	96
	Capital surplus	6(13)				
3200	Capital surplus		585,480	38	585,480	37
	Retained earnings	6(14)				
3350	Total unappropriated retained earnings(accumulated deficit)		( 749,247)	( 48)	( 706,336)	( 45)
	Other equity interest					
3400	Other equity interest		89,025	6	127,548	8
3XXX	<b>Total equity</b>		<u>1,429,403</u>	<u>93</u>	<u>1,510,837</u>	<u>96</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,543,823</u>	<u>100</u>	<u>\$ 1,570,902</u>	<u>100</u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 and 2022**

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

				Year ended December 31			
				2023		2022	
Items	Notes	Amount	%	Amount	%	Amount	%
4000	Sales revenue	6(15)		\$ 112,034	100	\$ 130,164	100
5000	Operating costs	6(5) and 7		( 108,126)	( 97)	( 126,869)	( 98)
5900	Net operating margin			<u>3,908</u>	<u>3</u>	<u>3,295</u>	<u>2</u>
	Operating expenses	6(20)					
6100	Selling expenses			( 17,919)	( 16)	( 19,543)	( 15)
6200	General & administrative expenses			( 38,527)	( 34)	( 37,224)	( 28)
6300	Research and development expenses			( 1,136)	( 1)	( 4,888)	( 4)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	12(2)		63	-	( 32)	-
6000	Total operating expenses			<u>( 57,519)</u>	<u>( 51)</u>	<u>( 61,687)</u>	<u>( 47)</u>
6900	Operating loss			<u>( 53,611)</u>	<u>( 48)</u>	<u>( 58,392)</u>	<u>( 45)</u>
	Non-operating income and expenses						
7100	Interest income	6(16)		13,083	12	3,842	3
7010	Other income	6(17)		1,844	1	2,339	2
7020	Other gains and losses	6(18)		( 72,878)	( 65)	( 6,124)	( 5)
7050	Finance costs			( 61)	-	( 666)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(6)		<u>68,463</u>	<u>61</u>	<u>( 98,282)</u>	<u>( 76)</u>
7000	Total non-operating revenue and expenses			<u>10,451</u>	<u>9</u>	<u>( 98,891)</u>	<u>( 76)</u>
7900	<b>Profit(loss) before income tax</b>			<u>( 43,160)</u>	<u>( 39)</u>	<u>( 157,283)</u>	<u>( 121)</u>
7950	Income tax (expense) benefit	6(21)		-	-	-	-
8200	<b>Profit(loss) for the year</b>			<u>(\$ 43,160)</u>	<u>( 39)</u>	<u>(\$ 157,283)</u>	<u>( 121)</u>
	<b>Other comprehensive income</b>						
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Other comprehensive income, before tax, actuarial gains (loss) on defined benefit plans	6(11)		\$ 249	-	\$ 3,265	3
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Other comprehensive income, before tax, exchange differences on translation			( 38,523)	( 34)	56,559	43
8300	<b>Other comprehensive income for the year</b>			<u>(\$ 38,274)</u>	<u>( 34)</u>	<u>\$ 59,824</u>	<u>46</u>
8500	<b>Total comprehensive income for the year</b>			<u>(\$ 81,434)</u>	<u>( 73)</u>	<u>(\$ 97,459)</u>	<u>( 75)</u>
	Basic losses per share	6(22)					
9750	Total basic earnings per share			<u>(\$ 0.29)</u>		<u>\$ 1.05)</u>	

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 and 2022**

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

	Notes	Capital surplus			Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
		Common stock	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in equity of associates and joint ventures accounted for using equity method			
<u>2022</u>							
Balance at January 1		\$ 1,504,145	\$ -	\$ 3,539	(\$ 552,318 )	\$ 70,989	\$ 1,026,355
Net loss for the year		-	-	-	( 157,283 )	-	( 157,283 )
Other comprehensive income	6(11)	-	-	-	3,265	56,559	59,824
Total comprehensive income		-	-	-	( 154,018 )	56,559	( 97,459 )
Difference between consideration and carrying amount of subsidiaries disposed	6(13)	-	581,941	-	-	-	581,941
Balance at December 31		<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>2023</u>							
Balance at January 1		\$ 1,504,145	\$ 581,941	\$ 3,539	(\$ 706,336 )	\$ 127,548	\$ 1,510,837
Net loss for the year		-	-	-	( 43,160 )	-	( 43,160 )
Other comprehensive income	6(11)	-	-	-	249	( 38,523 )	( 38,274 )
Total comprehensive income		-	-	-	( 42,911 )	( 38,523 )	( 81,434 )
Balance at December 31		<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>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 and 2022**

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

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 43,160)	(\$ 157,283)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses (including investment property and right-of-use assets)	6(18) (19)	5,248	5,970
Amortization expenses	6(19)	40	31
Expected credit losses (reversal gains)	12(2)	( 63 )	32
Net loss on financial liabilities at fair value through profit or loss	6(18)	75,929	46,417
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		( 68,463 )	98,282
Gains on disposal of property, plant and equipment	6(18)	( 496 )	( 610 )
Interest income	6(16)	( 13,083 )	( 3,842 )
Dividend income	6(17)	( 16 )	( 120 )
Interest expenses		61	666
Changes in operating assets and liabilities:			
Changes in operating assets			
Accounts receivables		11,323	9,033
Other receivables		( 4 )	73
Inventories		2,455	2,269
Prepayments		( 65 )	92,922
Other non-current assets		109	230
Changes in operating liabilities			
Accounts payables (including related parties)		56,332	41,638
Other payables		( 196 )	( 1,188 )
Other current liabilities		( 42 )	510
Cash inflow generated from operations		25,909	135,030
Interest received		12,151	2,468
Interest paid		( 61 )	( 720 )
Cash dividends received		1,284	120
Income taxes paid		( 1,202 )	( 236 )
Net cash flows generated from operating activities		38,081	136,662
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Financial assets at amortized cost		178,790	( 242,037 )
Acquisitions of property, plant and equipment	6(7)	( 3,178 )	( 1,574 )
Proceeds from disposal of property, plant and equipment		2,218	747
Decrease in other non-current assets		( 151 )	-
Net cash generated from (used in) investing activities		177,679	( 242,864 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		-	120,000
Repayments of short-term borrowings		-	( 190,000 )
Repayments of lease principal		( 1,739 )	( 1,789 )
Net cash used in financing activities		( 1,739 )	( 71,789 )
Net increase (decrease) in cash and cash equivalents		214,021	( 177,991 )
Cash and cash equivalents at beginning of year		108,615	286,606
Cash and cash equivalents at end of year		\$ 322,636	\$ 108,615

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

Chairperson : Cheng, Chieh

Manager : Cheng, Hsiang

Accounting Manager : Lin, Ta-Chiun

Solytech Enterprise Corporation  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)  
(Unless Specified Otherwise)

I. GENERAL

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

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

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

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by 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 Company has determined that there is no significant impact on the Company's financial condition and performance.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by 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 Company has

determined that there is no significant impact on the Company's financial condition and performance.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standard Board
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

i. Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Accounting Standards Used in Preparation of the Parent Company Only Financial Statements”).

ii. Basis of Preparation

1. The parent company only financial statements have been prepared on a historical cost basis, except for:

- (1) Financial assets at fair value through profit or loss.
- (2) Defined benefit assets recognized as the net amount of retirement fund assets reduced by the present value of defined benefit obligations.

2. The preparation of financial statements in accordance with the International Financial Reporting Standards (IFRSs) adopted and issued by the Financial Supervisory Commission (FSC) requires the use of significant accounting estimates and the application of management judgments in the process of applying the Company's accounting policies. For items involving significant judgments or complexity, or significant assumptions and estimates for consolidated financial statements, please refer to Note 5.

iii. Foreign Currencies Translation

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

iv. Classification of Current and Non-current Assets and Liabilities

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

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

2. A liability is classified as current under one of the conditions below:
- (1) The Company expects to settle the liability in normal operating cycle.
  - (2) The Company holds the liability primarily for the purpose of trading.
  - (3) The liability is due to be settled within twelve months after the reporting period.
  - (4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

v. Cash Equivalents

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

vi. Financial assets at fair value through profit or loss

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

vii. Financial assets at Amortized Cost

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

- viii. Accounts and Notes Receivables
1. Accounts and notes receivables are the accounts and notes with the unconditional right to receive the consideration for the goods transferred or services rendered according to the contracts.
  2. As the effect of discounting of short-term accounts and notes receivables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- ix. Impairment of Financial Assets
- At each balance sheet date, the Company shall assess whether the credit risk on financial assets at amortized cost has increased significantly since initial recognition. The Company shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivables or contract assets not containing significant financing component, the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.
- x. Derecognition of Financial Assets
- The Company shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire.
- xi. Lease of lessor - Operating Lease
- The Company shall recognize the lease income associated with those leases less any incentives offered to the lessees as profit or loss on a straight-line basis over the lease term.
- xii. Inventories
- Inventory is measured at the lower of cost and net realizable value, with cost determined by the weighted average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs, and manufacturing overhead costs (allocated based on normal capacity), but excludes borrowing costs. In comparing cost and net realizable value, the item-by-item comparison method is used. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- xiii. Investments Accounted for Using Equity Method / Subsidiaries
1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
  2. Unrealized profit or losses on transactions with subsidiaries have been eliminated. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Company.
  3. Share of profit or loss of subsidiaries is recognized in profit or loss, and share of other comprehensive income of subsidiaries is recognized in other comprehensive income. If the Company's share of losses of a subsidiary equal or exceeds its interest in the subsidiary, the Company continues recognizing

its share of further losses.

4. Changes in the Company's shareholding of a subsidiary that do not result in a loss of control (transactions with non-controlling interests) are accounted for as equity transactions and are treated as transactions within owners. The difference between the adjustment to the non-controlling interests and the fair value of the considering paid or received is recognized directly in equity.
5. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

xiv. Property, Plant and Equipment

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

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

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

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

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

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

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

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

xvi. Investment properties

An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life of 45 years.

xvii. Impairment of non-financial assets

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

xviii. Accounts and Notes payable

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

xix. Derecognition of financial liabilities

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

xx. Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the undiscounted amount expected to be paid, and recognized as an expense when the employees have rendered service entitling them to the contribution.

2. Pension

(1) Defined Contribution Plan

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

(2) Defined Benefit Plan

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

3. Termination Benefits

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

4. Employee and Director/Supervisor Remuneration

Employees' and director's/supervisors' remuneration are recognized as expenses and liabilities provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

xxi.

Income tax

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the entities operate and generate taxable income. Management shall periodically evaluate the tax declaration condition, and estimate the income tax liabilities based on the tax expected to be paid to the taxation authority when applicable. An additional tax on unappropriated earnings is recognized as income tax expenses on unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.
3. Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that the deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). The Company shall not recognize the deferred tax liabilities for temporary differences associated with

investments in subsidiaries and associates, if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
5. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and it is intended to settle or simultaneously realize the assets and liabilities on a net basis, the current income tax assets and liabilities are offset; and when there is a legally enforceable right to offset the current income tax assets and liabilities and the deferred tax assets and liabilities arise from income tax assessed by the same tax authority on the same taxpayer, or different taxpayers with the intention of settling on a net basis or simultaneously realizing the assets and liabilities, the deferred tax assets and liabilities are offset.

xxii. Share Capital

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

xxiii. Revenue Recognition

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

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

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

### i. Significant judgment used in adopting accounting policies

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

### ii. Critical Accounting Estimates and Assumptions

The accounting estimates made by the Company are based on reasonable expectations of future events as of the balance sheet date, but actual results may differ from these estimates. There is a risk of significant adjustments to the carrying amounts of assets and liabilities in the next financial year due to estimates and assumptions. Please refer below for further details:

#### 1. Assessment of Allowance for Doubtful Accounts

The Company evaluates individual Accounts receivable for objective evidence of impairment and recognizes an Allowance for doubtful accounts when it is determined that the future collection of the receivable is not probable. The amount of the allowance is based on expected credit losses evaluated considering forward-looking information and other relevant factors. If the information and factors indicate a slowdown or decrease, a significant impairment loss may be recognized. Please refer to Note 6(4), 7 and 12(2) for the explanations on the balances of accounts receivables (including other receivables) and allowance for doubtful accounts as of December 31, 2023.

#### 2. Valuation of Inventory

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

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

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

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

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

VI. Explanation of Significant Accounts

i. Cash and Cash equivalent

	<u>December 31.</u> <u>2023</u>	<u>December 31.</u> <u>2022</u>
Cash on hand and Petty cash	\$ 40	\$ 40
Checking and Demand deposit	<u>322,596</u>	<u>108,575</u>
Total	<u>\$ 322,636</u>	<u>\$ 108,615</u>

1. As the correspondent banks are credible and the Company has several correspondent banks to diversify the credit risk, the probability of default is expected to be very low.

2. The cash or cash equivalents were not pledged as collateral.

3. The Company has reclassified time deposits that do not meet the definition of cash equivalents as "Financial assets measured at amortized cost". Please refer to Note 6(3) for more detail.

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

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

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

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

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

iii. Financial assets measured at amortized cost

<u>Items</u>	<u>December 31. 2023</u>	<u>December 31. 2022</u>
Current		
Time deposit	<u>\$ 63,247</u>	<u>\$ 242,037</u>

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

	<u>2023</u>	<u>2022</u>
Interest revenue	\$ 4,405	\$ 3,424

2. Without considering the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the carrying amount.
3. For information on credit risk related to Financial assets measured at amortized cost, please refer to Note 12(2). The counterparties of the Company's investment in fixed-term deposits are financial institutions with good credit quality and are expected to have a very low probability of default.

iv. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 25,014	\$ 36,337
Less: loss allowance	( 40)	( 103)
	<u>\$ 24,974</u>	<u>\$ 36,234</u>

1. As of December 31, 2023 and 2022, the balances of accounts receivables are arising from contracts with customers. And as of January 1, 2022, the balance of accounts receivables amounted to NT\$45,365.
2. Without considering the collaterals held and other credit enhancement, as of December 31, 2023 and 2022, the most representative credit risk exposure amounts of financial assets at amortized cost are the disclosed amount at each period.
3. The Company does not hold any collateral for the Accounts receivable.
4. For further information on credit risk related to Accounts receivable, please refer to Note 12(2).

v. Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Finished goods	\$ 4,556	(\$ 1,971)	\$ 2,585
Merchandise inventory	5,072	( 4,190)	882
	<u>\$ 9,628</u>	<u>(\$ 6,161)</u>	<u>\$ 3,467</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Finished goods	\$ 4,472	(\$ 1,935)	\$ 2,537
Merchandise inventory	6,734	( 3,349)	3,385
	<u>\$ 11,206</u>	<u>(\$ 5,284)</u>	<u>\$ 5,922</u>

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

	<u>2023</u>	<u>2022</u>
Costs of inventories sold	\$ 106,630	\$ 124,919
Inventory valuation losses	877	1,753
Inventory scrapping losses	<u>619</u>	<u>197</u>
	<u>\$ 108,126</u>	<u>\$ 126,869</u>

vi. Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
AMPLE CROWN INTERNATIONAL LTD.	\$ 1,013,679	\$ 984,504
FONG YIN INVESTMENT CO.,LTD	<u>17,824</u>	<u>18,327</u>
	<u>\$ 1,031,503</u>	<u>\$ 1,002,831</u>

1. For information on the subsidiaries of our corporation, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2023.
2. On 31 May 2022, our subsidiary AMPLE CROWN INTERNATIONAL LTD. disposed of 50% equity interest in its subsidiary, DEER ELECTRONICS (DONG GUAN) CO.,LTD to DONG GUAN NENGGUANG INDUSTRIAL INVESTMENT CO.,LTD based on a resolution passed by the board of directors. Please refer to the Note 6(13) for further details.
3. Share of profit (or loss) of subsidiaries accounted for using equity method for the years ended December 31, 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
AMPLE CROWN INTERNATIONAL LTD.	\$ 67,698	(\$ 100,297)
FONG YIN INVESTMENT CO.,LTD	<u>765</u>	<u>2,015</u>
	<u>\$ 68,463</u>	<u>(\$ 98,282)</u>

vii. Property, Plant and Equipment

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1, 2023					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 36,234	\$ 95,952
Accumulated depreciation and impairment	-	( 15,661)	( 7,681)	( 32,090)	( 55,432)
	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>
2023					
January 1	\$14,986	\$ 21,390	\$ -	\$ 4,144	\$ 40,520
Addition	-	-	-	3,178	3,178
Disposal	-	-	-	( 1,722)	( 1,722)
Depreciation expense	-	( 813)	-	( 2,316)	( 3,129)
December 31	<u>\$14,986</u>	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 38,847</u>
December 31, 2023					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 34,782	\$ 94,500
Accumulated depreciation and impairment	-	( 16,474)	( 7,681)	( 31,498)	( 55,653)
	<u>\$14,986</u>	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 38,847</u>
	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1, 2022					
Cost	\$14,986	\$ 37,051	\$ 173,665	\$ 36,222	\$ 261,924
Accumulated depreciation and impairment	-	( 14,838)	( 173,665)	( 30,515)	( 219,018)
	<u>\$14,986</u>	<u>\$ 22,213</u>	<u>\$ -</u>	<u>\$ 5,707</u>	<u>\$ 42,906</u>
2022					
January 1	\$14,986	\$ 22,213	\$ -	\$ 5,707	\$ 42,906
Addition	-	-	-	1,574	1,574
Disposal	-	-	-	( 137)	( 137)
Depreciation expense	-	( 823)	-	( 3,000)	( 3,823)
December 31	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>
December 31, 2022					
Cost	\$14,986	\$ 37,051	\$ 7,681	\$ 36,234	\$ 95,952
Accumulated depreciation and impairment	-	( 15,661)	( 7,681)	( 32,090)	( 55,432)
	<u>\$14,986</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ 40,520</u>

For information on the property, plant and equipment pledged as collateral, please refer to Note 8.

viii. Lease transaction – lessee

1. The underlying assets of the lease transactions that the Company involves are land. The duration of lease term is usually 1 to 2 years. The lease contracts are negotiated individually and applicable to different terms and conditions. Apart from the restriction that the leased assets cannot be pledged as collateral for borrowing, no other restrictions are imposed.
2. The lease term for the multifunctional printers leased by the Company does not exceed 12 months.
3. The information regarding the carrying amount of the right-of-use assets and the depreciation expense recognized is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 1,761	\$ 3,522
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 1,761	\$ 1,789

4. The addition of Right-of-use assets were \$0 and \$3,522 in the years 2023 and 2022, respectively.
5. The profit or loss items related to lease agreements are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting the current year's profit or loss</u>		
Interest expense from lease liability	\$ 61	\$ 10
Expense from short-term lease contract	114	110

6. The total cash outflows from lease payments for the Company in the years 2023 and 2022 were \$1,914 and \$1,909 respectively.

ix. Investment properties

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2023			
Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	-	( 8,986)	( 8,986)
	\$ 6,701	\$ 9,556	\$ 16,257
<u>2023</u>			
January 1	\$ 6,701	\$ 9,556	\$ 16,257
Depreciation expense	-	( 358)	( 358)
December 31	\$ 6,701	\$ 9,198	\$ 15,899

December 31, 2023			
Cost	\$ 6,701	\$ 16,483	\$ 23,184
Accumulated depreciation	<u>-</u>	<u>( 7,285)</u>	<u>( 7,285)</u>
	<u>\$ 6,701</u>	<u>\$ 9,198</u>	<u>\$ 15,899</u>
	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	<u>-</u>	<u>( 8,628)</u>	<u>( 8,628)</u>
	<u>\$ 6,701</u>	<u>\$ 9,914</u>	<u>\$ 16,615</u>
<u>2022</u>			
January 1	\$ 6,701	\$ 9,914	\$ 16,615
Depreciation expense	<u>-</u>	<u>( 358)</u>	<u>( 358)</u>
December 31	<u>\$ 6,701</u>	<u>\$ 9,556</u>	<u>\$ 16,257</u>
December 31, 2022			
Cost	\$ 6,701	\$ 18,542	\$ 25,243
Accumulated depreciation	<u>-</u>	<u>( 8,986)</u>	<u>( 8,986)</u>
	<u>\$ 6,701</u>	<u>\$ 9,556</u>	<u>\$ 16,257</u>

1. The rental income and direct operating expenses of investment properties are as follows:

	<u>2023</u>	<u>2022</u>
Rent income from investment properties	<u>\$ 1,719</u>	<u>\$ 1,691</u>
Direct operating expenses incurred by the investment properties with current rental income	<u>\$ 358</u>	<u>\$ 358</u>
Direct operating expenses incurred by the investment properties without current rental income	<u>\$ -</u>	<u>\$ -</u>

2. The fair value of investment properties held by the Company were \$46,020 and \$45,500 as of December 31, 2023 and 2022, respectively. The fair value mentioned above is evaluated based on the appraisal report and reference of the market transaction prices of similar properties in the adjacent area. The result is classified as Level 3 fair value.

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

x. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and Bonuses Payables	\$ 7,533	\$ 7,465
Labor Costs Payables	1,579	1,955
Other	<u>1,989</u>	<u>1,877</u>
	<u>\$ 11,101</u>	<u>\$ 11,297</u>

xi. Pension

1. Defined benefit plans

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

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

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

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
2023			
Balance, January 1	\$ 16,885	(\$ 33,347)	(\$ 16,462)
Current service cost	306	-	306
Interest expense (revenue)	<u>202</u>	<u>( 400)</u>	<u>( 198)</u>
	<u>17,393</u>	<u>( 33,747)</u>	<u>( 16,354)</u>

Remeasurement:			
Return on plan assets (Note)	-	(166)	(166)
Changes arising from experience adjustments	(83)	-	(83)
	(83)	(166)	(249)
Balance, December 31 2022	<u>\$ 17,310</u>	<u>(\$ 33,913)</u>	<u>(\$ 16,603)</u>
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 for the year ended 2024.
- (7) As of December 31, 2023, the weighted average remaining service life of the retirement plan was 5 years.

## 2. Defined contribution plan

- (1) Since July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to employees of Taiwanese nationality. Under this plan, for the portion of employees who have elected to participate in the Labor Pension Act, the Company contributes 6% of the employee's monthly salary to the individual account established by the employee with the Bureau of Labor Insurance. Retirement benefits are paid in the form of either monthly pension or lump sum, depending on the balance of the individual account and its accumulated earnings.
- (2) For the years ended December 31, 2023 and 2022, the retirement benefits costs recognized by the Company under this retirement plan were \$1,312 and \$1,419, respectively.

## xii. Share capital

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

## xiii. Capital surplus

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

- capital loss, unless the surplus reserve is insufficient to make good such loss.
2. In consideration of business strategies and asset revitalization, on May 31, 2022, the Board of Directors resolved to dispose of 50% equity interest in DEER ELECTRONICS (DONG GUAN) CO.,LTD ( "DEER" ) to DONG GUAN NENGGUANG INDUSTRIAL INVESTMENT CO.,LTD ( "NENGGUANG" ) . The transaction price was determined based on an independent expert valuation report, and the total transaction price was CNY \$152,500 thousand, which was received on November 29, 2022. The difference after deducting the cost is \$581,941. As a result, since the transaction did not result in the loss of control over DEER, the capital surplus is recognized. Prior to the equity transfer, all expenses, liabilities, and taxes incurred by DEER, including any associated receivables and payables, were handled by the seller. After the equity transfer, NENGGUANG is entitled to the rent income from DEER 's land and factory in proportion to its ownership (after deducting relevant expenses), and the remaining operating performance of DEER, after deducting the aforementioned rent income, is fully enjoyed by the seller.

xiv. Retained earnings (accumulated deficit)

1. The annual net profit of the Company shall be distributed in the following order:
  - (1) Offsetting losses in prior years.
  - (2) Setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount.
  - (3) Setting aside or rotating special reserve according to the rule set out by the government authority in charge. If the special reserves to be set aside are the net decrease of other equity and the net increase of fair value of investment properties accumulated from previous periods, the same amount shall be set aside from the retained earnings of previous periods. If there is any deficiency, the remaining amount shall be set aside from the current year's net profit after tax, excluding items beyond the net profit after tax. The proposal for the distribution of the distributable profit shall be prepared by the Board of Directors. If the distribution is to be made by issuing new shares, it shall be subject to the approval of the shareholders' meeting. If the distribution is to be made in cash, the Board of Directors shall be authorized to distribute dividends and bonuses or legal reserve and capital surplus in whole or in part after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
2. Considering the variable industry environment, the Company's life cycle is in the growth stage and is moving towards diversified development. In light of the Company's future capital needs, long-term financial planning, and shareholders' demand for cash inflows, the Company plans to allocate not less than 10% of the distributable profits to distribute dividends to shareholders every year. However, if the accumulated distributable profits are less than 5% of the paid-in capital, dividends may not be distributed. When distributing dividends to shareholders, they may be distributed in cash or shares, and the cash dividends shall not be less than 10% of the total dividend amount. However, when the cash dividend per share is less than one New Taiwan Dollar, the entire cash dividend may be converted into a share dividend.
3. The legal reserve shall not be used except for offsetting losses of the Company

and for issuing new shares or cash in proportion to the original shareholders' shares. However, when issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

4. When distributing profits, the Company may only do so after allocating special reserves according to legal regulations to the other equity items in the debit balance on the balance sheet as of the end of the fiscal year. Only when the other equity items in the debit balance are reversed can the reversal amount be included in the distributable profits.
5. On March 14, 2024, the Company's board of directors passed a resolution on the loss make-up proposal.
6. The loss make-up proposal for the years ended December 31, 2022 and 2021 approved by the shareholders' meeting on June 20, 2023, and June 21, 2022 is consistent with the proposal put forward by the board of directors of the Company.
7. For information on employee compensation and director and supervisor remuneration, please refer to Note 6 (20).

xv. Operating revenue

The customer contract revenue of our corporation originates from goods transferred at a certain point in time, and the revenue can be subdivided into the following main products:

Customer contract revenue	<u>Power suppliers</u>	<u>Computer cases</u>	<u>Other</u>	<u>Total</u>
2023	<u>\$ 62,098</u>	<u>\$ 47,009</u>	<u>\$ 2,927</u>	<u>\$ 112,034</u>
2022	<u>\$ 70,516</u>	<u>\$ 54,436</u>	<u>\$ 5,212</u>	<u>\$ 130,164</u>

xvi. Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit interests	\$ 8,678	\$ 418
Interest income from financial assets at amortized cost	4,405	3,424
Total	<u>\$ 13,083</u>	<u>\$ 3,842</u>

xvii. Other revenue

	<u>2023</u>	<u>2022</u>
Rent income	\$ 1,719	\$ 1,691
Dividend income	16	120
Other income	109	528
Total	<u>\$ 1,844</u>	<u>\$ 2,339</u>

xviii. Other gains and losses

	<u>2023</u>	<u>2022</u>
Losses on financial assets at fair value through profit or loss	(\$ 75,929)	(\$ 46,417)
Net foreign exchange gains	2,977	40,058
Depreciation expense from investment properties	( 358)	( 358)
Gains on disposals of property, plant and equipment	496	610
Other expenses	( 64)	( 17)

	Total	(\$ 72,878)	(\$ 6,124)
xix.	<u>Additional information on nature of expenses</u>		
		<u>2023</u>	<u>2022</u>
	Employee benefits expenses	\$ 38,103	\$ 39,830
	Depreciation expense (Note 1)	\$ 4,890	\$ 5,612
	Amortization expense (Note2)	\$ 40	\$ 31

Note 1: includes depreciation expenses from property, plant and equipment and right-of-use assets.

Note 2: refers to amortization expenses for deferred expenses.

xx. Employee benefits expenses

		<u>2023</u>	<u>2022</u>
	Payroll expenses	\$ 29,820	\$ 31,845
	Labor and health insurance expenses	2,842	2,891
	Pension expenses	1,420	1,650
	Directors' remuneration	2,640	2,640
	Other employment expenses	1,381	804
		<u>\$ 38,103</u>	<u>\$ 39,830</u>

1. In accordance with the Articles of Incorporation, the Company shall distribute employee compensation at a rate of 5% to 10% and director compensation at a rate of 3% or lower when distributing profits.
2. As of December 31, 2023 and 2022, the Company has accumulated losses. According to the Articles of Incorporation, no provision was made for employee, director and supervisor compensation.
3. The information about the employees', directors' and supervisors' compensation resolved by the board of directors and shareholders' meeting is available at the Market Observation Post System website.

xxi. Income tax

1. Income tax expense  
No tax expense occurred in years 2023 and 2022.
2. Explanation on the relationship between tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Tax payables calculated by profit before tax multiplying the enacted tax rates	(\$ 8,462)	(\$ 31,456)
Impact of unrecognized deferred tax assets arising from temporary differences	( 2,393)	10,397
Deferred tax assets unrecognized for tax losses	11,011	21,486
Income tax impact of permanent differences	( 156)	( 427)
Tax expense	<u>\$ -</u>	<u>\$ -</u>

3. The Company did not have any deferred tax assets or liabilities resulting from temporary differences for the years ended December 31, 2023 and

2022.

4. The deductible deadline of unused tax loss and amount of the unrecognized deferred tax assets are as follows:

December 31, 2023

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951
2016	54,364	54,364	54,364
2017	63,620	63,620	63,620
2018	28,546	28,546	28,546
2019	41,317	41,317	41,317
2021	56,665	56,665	56,665
2022	28,513	28,513	28,513
2023	55,036	55,036	55,036
	<u>\$ 390,863</u>	<u>\$ 330,012</u>	<u>\$ 330,012</u>

December 31, 2022

<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax</u>
2015	\$ 62,802	\$ 1,951	\$ 1,951
2016	54,364	54,364	54,364
2017	63,620	63,620	63,620
2018	28,546	28,546	28,546
2019	41,317	41,317	41,317
2021	56,665	56,665	56,665
2022	28,513	28,513	28,513
	<u>\$ 335,827</u>	<u>\$ 274,976</u>	<u>\$ 274,976</u>

5. Deductible temporary differences not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 1,032,296</u>	<u>\$ 1,061,417</u>

The aforementioned deductible temporary differences arose from the differences between the carrying amount and the tax base of the long-term investments in subsidiaries in Mainland China. As the Group will not dispose the subsidiaries in the foreseeable future, deferred income tax assets were not recognized.

6. Profit-seeking Enterprise Income Taxes of the Company have been verified by the tax collection authority until 2021.

xxii. Earnings (losses) per share

	<u>2023</u>	<u>2022</u>
<u>Basic and diluted losses per share</u>		
Loss attributable to shareholders of the parent		
Net Loss	(\$ <u>43,160</u> )	(\$ <u>157,283</u> )
Weighted average number of shares outstanding (in thousands shares)	<u>150,415</u>	<u>150,415</u>
Basic and diluted losses per share (in NTD)	(\$ <u>0.29</u> )	(\$ <u>1.05</u> )

xxiii. Changes in the liabilities arising from financing activities

Please refer to the effects in the statements of cash flows for the repayment of lease principal from financing activities during the fiscal years 2023 and 2022.

VII. Related Party Transactions

i. Related party names and their relationships

<u>Related party name</u>	<u>Relationships with the Company</u>
SUNTECH TRADING LTD.(SUNTECH)	Subsidiary of the Company
AMPLE CROWN INTERNATIONAL LTD.(AMPLE CROWN)	Subsidiary of the Company
DONGGUAN SHUN CHENG TRADE CO.,LTD(SHUN CHENG TRADE)	Subsidiary of the Company
CHENG, CHIEH	Chairman of the Company

ii. Significant transactions with related parties

1. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of merchandise:		
— Subsidiaries		
SUNTECH	\$ 57,054	\$ 67,389
SHUN CHENG TRADE	<u>41,497</u>	<u>53,964</u>
	<u>\$ 98,551</u>	<u>\$ 121,353</u>

The purchase price for goods between the Company and its subsidiaries is based on mutual agreement and the payment terms are net 30 days.

2. Accounts payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
— Subsidiaries		
SUNTECH	\$ 95,565	\$ 39,086
SHUN CHENG TRADE	<u>4,250</u>	<u>4,215</u>
	<u>\$ 99,815</u>	<u>\$ 43,301</u>

3. Purchases on behalf of others

	<u>2023</u>		<u>2022</u>	
	<u>Procurement amount</u>	<u>Net receivables, balance (Note)</u>	<u>Procurement amount</u>	<u>Net receivables, balance (Note)</u>
Procurement:				
Subsidiary	\$ 2,422	\$ -	\$ 1,619	\$ -

Note: recognized as "other receivables"

4. As of December 31, 2023 and 2022, the chairman of the Company has provided joint guarantees for short-term borrowings.

iii. Information on key management personnel compensation

	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 8,218	\$ 7,177
Post-employment benefits	190	190
Total	<u>\$ 8,408</u>	<u>\$ 7,367</u>

VIII. Pledged Assets

The assets pledge as collaterals are as follows:

<u>Asset</u>	<u>Carrying amount December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose</u>
Property, Plant and Equipment			
Land	\$ 14,986	\$ 14,986	Guarantee for short-term borrowings
Buildings and structures	20,577	21,390	Guarantee for short-term borrowings and total credit lines
Investment properties			
Land	6,701	6,701	Guarantee for short-term borrowings and total credit lines
Buildings and structures	9,198	9,556	Guarantee for short-term borrowings and total credit lines
	<u>\$ 51,462</u>	<u>\$ 52,633</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Losses on Disaster

None.

XI. Significant Subsequent Events

None.

XII. Others

i. Capital Risk Management

The objective of the Company's capital management is to ensure that it operates continuously and maintains optimal capital structure to decrease the cost of capital and maximize the shareholders' equity. The Company adjusts dividend payment, issues new shares, or disposes assets for the purpose of decreasing debts, adjusting and maintaining the capital structure.

ii. Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 18,894	\$ 94,877
Financial assets at amortized cost	<u>415,193</u>	<u>389,000</u>
	<u>\$ 434,087</u>	<u>\$ 483,877</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost	\$ 111,346	\$ 55,210
Lease liability	<u>1,784</u>	<u>3,523</u>
	<u>\$ 113,130</u>	<u>\$ 58,733</u>

Note: Financial assets at amortized cost include cash and cash equivalents, financial assets measured at amortized cost, accounts receivables, other receivables, and guaranteed deposits paid; financial liabilities at amortized cost include accounts payables (including to related parties), other payables, and guaranteed deposits received.

2. Risk Management Policies

- (1) The Company adopts a comprehensive risk management and control system to clearly identify, measure, and control all kinds of risks (including market risk, credit risk, liquidity risk, and cash flow risk) so that the management can effectively engage in controlling and measuring market risk, credit risk, liquidity risk, and cash flow risk.
- (2) In order to effectively manage various market risks, the Company's management authorities will consider the economic environment, competitive conditions, and the impact of market value risk, to achieve optimized risk positions, maintain appropriate liquidity positions, and centrally manage all market risks.

3. Nature and extent of significant financial risks

(1) Market risk

Currency risk

- A. The Company operates across borders and is therefore exposed to currency risks arising from various currencies, mainly the USD and CNY. Relevant currency risks arise from future business transactions, recognized assets and liabilities, and net investments in foreign operations.
- B. The Company's management has established policies that require each company within the Group to manage its functional currency-related currency risk. Each company within the Group should hedge its overall currency risk through the Group's finance department. To manage currency risks arising from future business transactions and recognized assets and liabilities, each company within the Group uses forward foreign exchange contracts through the Group's finance department. When future business transactions, recognized assets or liabilities are denominated in foreign currencies other than the parent company's functional currency, currency risk arises.
- C. The Company's business involves several non-functional currencies (the

functional currency of the Company and some subsidiaries is the New Taiwan Dollar, and the functional currency of some subsidiaries is the CNY), and thus is subject to the impact of currency fluctuations. Information on foreign currency assets and liabilities affected by significant currency fluctuations is as follows:

December 31, 2023

(Foreign currencies: functional currency)	Foreign currencies  (in thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		Foreign exchange net gain or loss Carrying amount
				Fluctuation range	Effect on profit or loss	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 10,005	30.725	\$307,404	1%	\$3,074	(\$ 5,996)
EUR:NTD	2,918	34.0080	99,235	1%	992	2,402
<u>Nonmonetary item</u>						
<u>Foreign operating unit</u>						
CNY:NTD	(\$ 99,713)	4.3311	(\$431,867)			
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 3,310	30.725	\$101,700	1%	\$1,017	(\$ 80)

December 31, 2022

(Foreign currencies: functional currency)	Foreign currencies  (in thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		Foreign exchange net gain or loss Carrying amount
				Fluctuation range	Effect on profit or loss	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 9,733	30.728	\$299,076	1%	\$2,991	(\$ 4,652)
EUR:NTD	1,960	32.7038	64,099	1%	641	1,530
<u>Nonmonetary item</u>						
<u>Foreign operating unit</u>						
CNY:NTD	(\$101,306)	4.4111	(\$446,871)			
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 1,422	30.728	\$ 43,695	1%	\$ 437	(\$ 771)

#### Price risk

- A. As the investments held by the Company are classified as financial assets at fair value through profit or loss in the consolidated balance sheet, the Company is exposed to price risk of equity instruments. The Company does not expose to merchandise price risk. To manage the price risk of equity instrument investments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company mainly invests in equity instruments issued by domestic companies, and the prices of these equity instruments may be affected by the uncertainty of the future value of the investment targets. If the prices of these equity instruments increase or decrease by 1% while all other factors remain unchanged, the profit for the years 2023 and 2022 will respectively increase or decrease by \$151 and \$759, due to the gains or losses from equity instruments measured at fair value through profit or loss.

#### Cash flow and fair value interest rate risk

The interest rate risk of the Company arises from short-term

borrowings. Borrowings issued at a floating rate subject the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at a floating rate. Borrowings issued at a fixed rate expose the Company to fair value interest rate risk.

(2) Credit risk

- A. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from accounts receivables that the counterparty is unable to pay off by the payment term.
- B. In the Company's daily sales transactions, for new customers and most existing customers, transactions are mostly conducted through prepayments or cash receipts. When there is a credit limit requirement, besides reviewing the transaction records with the Company, external agencies are consulted for credit verification or current economic and financial conditions are evaluated to mitigate the credit risk of specific customers.
- C. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 90 days, the credit risk of financial assets has significantly increased upon initial recognition. When the payment of contract receivables exceeds the agreed-upon payment terms by more than 365 days, it is considered to have defaulted.
- D. The Company evaluates the expected credit losses on accounts receivables by individually estimating expected credit losses for significant defaulted accounts receivables, and for the remaining balances, grouping them by customer ratings based on the Company's credit standards and estimating expected credit losses using different loss rate methods or reserve matrices for different groups. The Company also considers forward-looking factors, such as the indicator query system of National Development Council, to adjust the loss rate established based on historical and current information during a specific period. As of December 31, 2023 and 2022, the loss allowance for accounts receivables estimated individually and by using the reserve matrix were as follows:

<u>December 31, 2023</u>	<u>Not overdue</u>	<u>1-90 days overdue</u>	<u>91-180 days overdue</u>	<u>181-360 days overdue</u>	<u>Total</u>
Expected loss rate	0.05~ 0.54%	0.89%	-	-	
Total carrying amount	<u>\$23,005</u>	<u>\$ 2,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,014</u>
Loss allowances	<u>\$ 17</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>

<u>December 31, 2022</u>	<u>Not overdue</u>	<u>1-90 days overdue</u>	<u>91-180 days overdue</u>	<u>181-360 days overdue</u>	<u>Total</u>
Expected loss rate	0.05%	0.05%	20.79%	-	
Total carrying amount	<u>\$33,961</u>	<u>\$ 1,968</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 36,337</u>
Loss allowances	<u>\$ 17</u>	<u>\$ 1</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 103</u>

E. The accounts receivable aging analysis of the Company were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	\$ 23,005	\$ 33,961
Within 90 days	2,009	1,968
91-180 days	-	408
	<u>\$ 25,014</u>	<u>\$ 36,337</u>

The above aging analysis was based on the number of days past due.

F. The table showing the changes in Allowance for uncollectible accounts receivable of the Company using the simplified method is as follow:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 103	\$ 66
Provision (reversal) of impairment losses	( 63)	32
Effect of exchange rate	-	5
December 31	<u>\$ 40</u>	<u>\$ 103</u>

The amounts above represent the impairment loss recognized for accounts receivable generated by customer contracts.

### (3) Liquidity Risk

- A. Cash flow forecasts are executed by the operating entities within the group and are consolidated by the group's finance department. The group's finance department monitors the forecasted liquidity needs of the group to ensure that it has sufficient funds to support its operations and maintains adequate unused borrowing capacity at all times to prevent the group from violating any relevant borrowing limits or clauses.
- B. Any excess cash held by the operating entities beyond the requirements of working capital management is transferred back to the group's finance department. The group's finance department invests the excess funds in interest-bearing demand deposit, time deposits, money market deposits, and marketable securities with appropriate maturities or sufficient liquidity to meet the aforementioned forecast and provide adequate headroom.
- C. The non-derivative financial liabilities of the Company are grouped by relevant dates, and the analysis of non-derivative financial liabilities is based on the remaining period from the balance sheet

date to the contract expiry date. The disclosed contract cash flow amounts in the table below are undiscounted:

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ 1,800</u>

December 31, 2022	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
Lease liability	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 3,600</u>

Except as described above, all of the Company's non-derivative financial liabilities mature within the next year.

D. The Company does not anticipate significant early cash flow occurrences or significant variances in actual amounts from the cash flow analysis of the maturity dates.

iii. Fair Value Information

1. The definitions of the various levels of valuation techniques adopted to measure the fair value of financial and non-financial instruments are as follows:

Level 1: The fair value is determined by reference to quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed share investments held by the Company falls within this level.

Level 2: The fair value is determined by reference to directly or indirectly observable inputs for similar assets or liabilities. However, it excludes those quoted prices that fall within Level 1.

Level 3: unobservable inputs for the assets or liabilities.

2. For financial instruments that are not measured at fair value, please refer to note 12(2). For investment properties that are measured at cost, the fair value information is explained in Note 6(9).

3. For financial instruments that are measured at fair value, the Company provides relevant information based on the nature, characteristics, risk, and level of fair value classification of the assets and liabilities:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,894</u>	<u>\$ 18,894</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				

Financial assets at fair value through profit or loss - equity securities \$ - \$ - \$ 94,877 \$ 94,877

4. The methods and assumptions used by the Company to measure fair value are described below:
- (1) The Company uses market quotes as the fair value input value (i.e. Level 1), and according to the characteristics, for listed, OTC, and emerging stock companies, the market quote is the closing price.
  - (2) Besides aforementioned financial instruments which have active market, for those do not have an active market, their fair value is obtained through valuation techniques or reference to quotes from market counterparties. The fair value obtained through valuation techniques can be referred to the fair value of other similar financial instruments with similar characteristics and conditions, discounted cash flow method or other valuation techniques, including models based on market information available on the consolidated balance sheet data (e.g. OTC market reference dividend yield curve, Reuters commercial paper average interest rate quote).
  - (3) The output of the valuation model is an estimated approximation, and the valuation techniques may not reflect all the factors relevant to the Company's holdings of financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted appropriately based on additional parameters, such as model risk or liquidity risk. Based on the Company's fair value evaluation model management policy and related control procedures, the management believes that valuation adjustments are appropriate and necessary to fairly represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and adjusted appropriately based on current market conditions.
  - (4) The Company incorporates credit risk evaluation adjustments into the calculation of the fair value of financial and non-financial instruments to reflect both counterparty credit risk and the Company's credit quality.
5. The valuation process for fair value classified as Level 3 is conducted by external appraisers and the Finance and Accounting Department, who are responsible for independent fair value verification of financial instruments. Independent source data is used to bring the valuation results closer to market conditions, to confirm that the data sources are independent, reliable, consistent with other resources and representative of executable prices, and to update the input values and data required by the valuation model and any other necessary fair value adjustments to ensure that the valuation results are reasonable. Investment properties are valued periodically by the Finance and Accounting Department in accordance with the valuation methods and parameter assumptions announced by the Financial Supervisory Commission or by external appraisers. The Finance and Accounting Department also establishes policies, procedures and confirms compliance with relevant IFRS accounting standards for the fair value evaluation of financial instruments.



			<u>changes</u>	<u>changes</u>
Financial asset				
Equity instrument	December 31, 2023	PB Ratio and Lack of liquidity discount $\pm 1\%$	<u>\$ 291</u>	<u>(\$ 249)</u>
			<u>December 31, 2022</u>	
			<u>Recognized in profit or loss</u>	
			<u>Favorable</u>	<u>Adverse</u>
	<u>Term</u>	<u>Inputs</u>	<u>Change</u>	<u>changes</u>
Financial asset				
Equity instrument	December 31, 2022	PB Ratio and lack of liquidity discount $\pm 1\%$	<u>\$ 1,369</u>	<u>(\$ 1,341)</u>

XIII. Other disclosures

i. Information on significant transaction

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.
10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: The transaction conditions and amounts for 2023 do not reach the disclosure standards based on significance principle.

ii. Information on investees

The information about company names, locations, etc. of investees (excluding investee in mainland China) : Please refer to Table 3.

iii. Information on investment in Mainland China

1. Basic information: Please refer to Table 4.
2. Significant direct or indirect transactions with the investee: None.

iv. Information of major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Operating Segments information

N/A.

Solytech Enterprise Corporation  
Loans to Others  
For the year ended December 31, 2023

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 during the period	Ending balance	Actual usage amount	Interests rate interval	Nature of financing	Transaction amount for business between two parties	Reasons for Allowance for bad financing debt	Collateral		Individual funding limits	Maximum limit of fund financing	Note
												Name	Value			
1	COSMOS TREASURE HOLDINGS LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 219,434	\$ -	\$ -	0.50%	Short-term fund financing	-	Operating turnover	-	-	\$ 579,566	\$ 579,566	Note
2	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SOLYTECH ENTERPRISE CORPORATION	Other receivables	Yes	\$ 436,251	\$ 413,251	\$ 413,251	0.50%	Short-term fund financing	-	Operating turnover	\$ -	-	\$ 1,448,914	\$ 1,448,914	Note
3	COSMOS TREASURE HOLDINGS LIMITED	DONGGUAN SHUN CHENG TRADE CO.,LTD	Other receivables	Yes	\$ 22,705	\$ 21,508	\$ 21,508	0.50%	Short-term fund financing	-	Operating turnover	\$ -	-	\$ 1,448,914	\$ 1,448,914	Note
4	COSMOS TREASURE HOLDINGS LIMITED	Ample Crown International Ltd.	Other receivables	Yes	\$ 324	\$ 307	\$ 307	0.50%	Short-term fund financing	-	Operating turnover	\$ -	-	\$ 1,448,914	\$ 1,448,914	Note
5	PREMIER ACTION TRADING LIMITED	DEER ELECTRONICS (DONG GUAN) CO.,LTD	Other receivables	Yes	\$ 221,700	\$ 216,555	\$ 216,555	0.50%	Short-term fund financing	-	Operating turnover	\$ -	-	\$ 279,530	\$ 279,530	Note

Note : Based on the "procedures of loans to other" of the Company, the total financing limit, and limit to individual companies are as follows :

- (1).The total amount loaned to companies or firms which have transactions with the Company shall not exceed 100% of the Company's net worth, and the amount loaned to a single company or firm shall not exceed the transaction amounts.
- (2).The total amount loaned to companies or firms in need of short-term financing and the amount loaned to a single company or firm shall not exceed 40% of the Company's net worth.
- (3).The total amount loaned to foreign subsidiaries directly or indirectly held by the Company in need of short-term financing and the amount loaned to a single foreign subsidiary directly or indirectly held by the Company shall not exceed 100% of the Company's net worth, and the financing period shall not exceed 10 years.

Solytech Enterprise Corporation

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

The information about company names, locations, etc. of investees (excluding Mainland China investees)

For the year ended December 31, 2023

Table 3

Unit : in thousands of NTD  
(unless otherwise specified)

Name of investor company	Name of investee company	Locatopm	Main business	<u>Original investment amount</u>		Number of shsares	<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>	Note
				<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	

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 Mainland	Main business	Paid-in capital	Method of investment (Note 1)	Remittance of funds in the current period			Accumulated outward remittance for investment from Taiwan, end of the period	Accumulated outward remittance for investment from Taiwan, end of the period	Net income (loss) of investees	Percengate of ownership of direct or indirect investments	Gains (losses) on investments recognized in the period (Note 2)	Carrying amount of investments, end of the period	Accumulated repatriation of gain on investment as of end of the period	Note
				Outward	Inward									
China DEER ELECTRONICS(DONG GUAN) CO.,LTD	Manufacturing and sales of power supplies, transformers, converters and other computer-used electronics	\$ 900,857	2	\$ 900,857	\$ -	\$ -	\$ 900,857	\$ 24,014	50	\$ 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)	-		

  

Company name	Accumulated outward remittance for investment in Mainland China as of end of the period	Investment amount authorized by investment commissino, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA	Note
The Company	\$ 1,978,383	\$ 1,978,383	\$ 901,627	Note 4

Note 1 : There are two methods of investment. Please indicate the number of methods. :

- (1).Directly invest in 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.

Solytech Enterprise Corporation  
MAJOR SHAREHOLDER INFORMATION  
DECEMBER 31, 2023

Table 5

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Percentage of ownership</u>
CHENG,CHIEH	9,290,500		6.17%
CHENG,HSIANG	8,737,838		5.80%

Solytech Enterprise Corporation  
Statements of cash and cash equivalents  
December 31, 2023

Statement 1

(In Thousands of New Taiwan Dollars)

Items	Description	Amount
Cash on hand and petty cash	NTD	\$ 40
Demand deposit	NTD	3,198
	USD 9,290 thousand Exchange rate 30.725	285,435
	EUR 998 thousand Exchange rate 34.0080	33,926
	HKD 9 thousand Exchange rate 3.9320	35
	CNY - thousand Exchange rate 4.3311	2
		<u>\$ 322,636</u>

Solytech Enterprise Corporation  
Statements of accounts receivable  
December 31, 2023

Statement 2

(In Thousands of New Taiwan Dollars)

Clients	Description	Amount	Note
	APEX TECHUSA LLC	\$ 19,403	
	FA ME-CHEN TECHNOLOGY CO.,LTD	3,251	
	Others	2,360	The amount of individual client included in others does not exceed 5% of the account balance.
		-	
		25,014	
Less: Loss allowances		( 40)	
		<u>\$ 24,974</u>	

Solytech Enterprise Corporation  
Statements of changes in investment accounted for using equity method  
2023

Statement 3

(In Thousands of New Taiwan Dollars)

Name	<u>Beginning balance</u>		<u>Additions (Note 1)</u>		<u>Deductions (Note 2)</u>		<u>Ending balance</u>		<u>Market value or equity of investment</u>				
	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Name	Number of shares (in thousand)	Amount		
AMPLE CROWN INTERNATIONAL LTD.	64,390	\$ 984,504	-	\$ 67,698	-	(\$38,523)	64,390	100%	\$1,013,679	\$ -	\$1,013,679	Equity method	None
FONG YIN INVESTMENT CO.,LTD	1,450	<u>18,327</u>	-	<u>765</u>	-	<u>(1,268)</u>	1,450	100%	<u>17,824</u>	-	17,824	"	"
		<u>\$ 1,002,831</u>		<u>\$ 68,463</u>		<u>(\$39,791)</u>			<u>\$ 1,031,503</u>				

Note 1: The increase includes the exchange difference between the actual price of disposing subsidiary equity and the carrying amount, as well as the exchange difference resulting from the translation of financial statements of foreign operating entities.

Note 2: The decrease is recognized as investment losses under the equity method.

Solytech Enterprise Corporation  
Statements of operating revenue  
2023

Statement 4

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
PC power suppliers	74 thousand	\$ 62,098	
Computer cases	61 thousand	47,009	
Other	3 thousand	<u>2,927</u>	
		<u>\$ 112,034</u>	

Solytech Enterprise Corporation  
Statements of cost of revenue  
2023

Statement 5

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material, beginning of year	\$ -
Add: Raw material purchased	-
Less: Transferred to expenses	-
Raw material, end of year	-
Raw material consumed	-
Manufacturing expenses	1,434
Cost of finished goods	1,434
Add: Finished goods, beginning of year	4,472
Purchase	57,267
Less: Transferred to expenses	( 12)
Transferred to scrapping loss	-
Finished goods, end of year	( 4,556)
Selling costs	58,605
Add: Merchandise inventory, beginning of year	6,734
Purchase	47,098
Less: Transferred to expenses	( 116)
Transferred to scrapped loss	( 619)
Merchandise inventory, end of year	( 5,072)
Costs of merchandises sold	106,630
Inventory scrapping losses	619
Inventory valuation losses	877
Operating costs	<u>\$ 108,126</u>

Solytech Enterprise Corporation  
Statements of operating expenses  
2023

Statement 6

(In Thousands of New Taiwan Dollars)

Item	Selling Expense	General and Administrative Expense	Research and Development Expenses	Expected credit losses	Total	Note
Payroll expense	\$ 7,750	\$ 21,892	\$ 178	\$ -	\$ 29,820	
Depreciation expense	965	2,526	22	-	3,513	
Insurance expense	1,071	2,459	16	-	3,546	
Service costs	1,034	2,182	15	-	3,231	
Listing fee	739	1,551	7	-	2,297	
Directors' and supervisors' compensation	-	2,640	-	-	2,640	
Testing and certification expense	304	-	852	-	1,156	
Business promotion expense	979	-	-	-	979	
Other expense	5,077	5,277	46	( 63)	10,337	The amount of individual client included in others does not exceed 5% of the account balance.
	<u>\$ 17,919</u>	<u>\$ 38,527</u>	<u>\$ 1,136</u>	<u>(\$ 63)</u>	<u>\$ 57,519</u>	

Solytech Enterprise Corporation  
Statements of labor, depreciation and amortization by function  
2023

Statement 7

(In Thousands of New Taiwan Dollars)

	<u>2023</u>			<u>2022</u>		
	<u>Classified as cost of revenue</u>	<u>Classified as operating expenses</u>	<u>Classified as cost of revenue</u>	<u>Classified as operating expenses</u>	<u>Classified as cost of revenue</u>	<u>Classified as operating expenses</u>
Labor cost						
Salary and bonus (including severance pay)	\$ -	\$ 29,820	\$ 29,820	\$ -	\$ 31,845	\$ 31,845
Labor and health insurance	-	2,842	2,842	-	2,891	2,891
Pension	-	1,420	1,420	-	1,650	1,650
Board compensation	-	2,640	2,640	-	2,640	2,640
Others	-	1,381	1,381	-	804	804
	<u>\$ -</u>	<u>\$ 38,103</u>	<u>\$ 38,103</u>	<u>\$ -</u>	<u>\$ 39,830</u>	<u>\$ 39,830</u>
Depreciation expenses	<u>\$ 1,377</u>	<u>\$ 3,513</u>	<u>\$ 4,890</u>	<u>\$ 1,863</u>	<u>\$ 3,749</u>	<u>\$ 5,612</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 31</u>

Note:

1. As of December 31, 2023 and 2022, the Company had 37 and 38 employees, respectively, and there were 5 and 4 non-employee directors, respectively.
2. Average labor cost for the years ended December 31, 2023 and 2022 were \$1,108 and \$1,127, respectively.
3. Average salary and bonus (including severance pay) for the years ended December 31, 2023 and 2022 were \$932 and \$965, respectively. The average salary and bonus adjusted by (3.42%).
4. The Company set up Audit Committee to replace supervisors, hence there is no supervisors' compensation.
5. The Company's remuneration policy (including directors, managers and employees)
  - (1) Directors and employees: If there is any profit in the year, after retaining the amount to cover the accumulated losses, the Company shall set aside 5% to 10% as remuneration to employees and not more than 3% as director's compensation after the Board of Directors' resolution and report to the shareholders' meeting. The aforementioned employees' remuneration in the form of stock or cash may include employees of subsidiaries of the company who meet certain criteria, and the Board of Directors is authorized to establish the relevant rules.
  - (2) Managers: The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.