



Stock Code: 6658

SynPower Co., Ltd.

2023 Annual Report

Link to this Annual Report:

Website of Market Observation Post System:

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

Company website: <http://www.synpower.com.tw>

Printed on March 31, 2024

I. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman

1. Spokesman:

Name : Chen, Shih-Hsiang
Title : Vice President, Sales Division
Contact number : (03)369-0966
E-mail : spokesman@synpower.com.tw

2. Acting Spokesman:

Name : Lin, Yu-Ting
Title : Manager, Finance & Accounting Center
Contact number : (03)369-0966
E-mail : spokesman@synpower.com.tw

II. The address and telephone number of the Company's headquarter, branch offices, and factories

<u>Name</u>	<u>Address</u>	<u>Telephone Number</u>
Headquarter:	No. 10, Lane 81, Longshou St., Taoyuan Dist., Taoyuan City, 330, Taiwan	(03)369-0966
Taoyuan Factory	No. 8 and 10, Lane 81, Longshou St., Taoyuan Dist., Taoyuan City, 330, Taiwan	(03)369-0966
Yuhe Street Factory	No. 62, Ln. 17, Yuhe St., Taoyuan Dist., Taoyuan City, 330, Taiwan	(03)369-1488
Chipboard Factory	No. 2, Datong 1st Rd., Guanyin Dist., Taoyuan City, 328, Taiwan	(03)483-2198

III. The name, address, e-mail address, and telephone number of the agency handling shares transfer

Name : Department of Transfer Agency, Grand Fortune Securities Co., Ltd.
Address : 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100405, Taiwan
Website : <http://www.gfortune.com.tw>
Telephone : (02)2383-6888

IV. The names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong

Name of CPA : CPA Shih, Chin-Chuan and CPA Liu, Shu-Lin
Name of firm : Deloitte Taiwan
Address : 20F, No. 100, Songren Rd., Xinyi Dist., Taipei
City 110016, Taiwan
Website : <http://www.deloitte.com.tw>
Telephone : (02)2725-9988

V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: <http://www.synpower.com.tw>

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One. Letter to Shareholders

Ladies and Gentlemen,

I would like to thank all of our shareholders for your support and affection for the Company. On behalf of all employees of Synpower, I would like to extend my sincerest gratitude to all of you!

In 2023, although it was in post epidemic era, the global political situation became more volatile, plus the war between Israel and Palestine in the Middle East, resulting in an increase in prices. Meanwhile, the supply chain has shifted to Southeast Asia, which slowed down the demand for equipment or delayed deliveries. The downturn in the economy was clearly felt from the middle of the year and brought a significant impact on the Company's operations. However, the Company has continued to deepen its equipment layout and product technology, and has continued to develop new products and expand applications in other industries, in order to build a foundation for future revenues. The Company was also successfully publicly listed in November.

The Company's development strategy is to deepen the AVRIOT solution for smart manufacturing. These solutions cover fundamental equipment networking, smart manufacturing, and visual data integration and data analysis in order to help PCB manufacturers achieve their smart manufacturing and operation objectives. Five major aspects of factory management are human, machine, material, method, and environment. The Company is able to control the material condition through the code reading and traceability system, and to use the optical measurement and inspection system to monitor and control the on-line product. The Company is also able to use the digitalization of machine parameters to control the equipment and the environment, as well as to control the production method, and to obtain the key data for the AI Intelligent Parameter Optimization System. "People" is another important point that Synpower will promote in the Smart Factory in the future.

The development goal of Synpower is to help customers to upgrade to Industry 4.0 and to achieve the most cost-effective smart manufacturing. Meanwhile, carbon reduction and energy saving is now becoming the common issues, the Company has integrated the corresponding products not only used in its own equipment, but also can be implemented for its customers. We hope that in the coming year, besides entering the packaging and testing and semiconductor industries, we can also achieve significant results in energy saving and carbon reduction products.

The results of operations for 2023 and the outlook for future operations are summarized below:

I. Operating results:

(I) Results of the business plan

Due to the decline in demand for consumer electronics in the end user market caused by inflation, the demand for PCBs has been affected by inventory adjustments in the electronics industry, resulting in a delay in the demand for equipment and expansion of the related PCB factories. The Company's consolidated revenue for 2023 was NT\$1,283,778 thousand, decreased by 19.92% from the previous year. Net income after tax was NT\$32,513 thousand, decreased by 76.19% from the previous year. The return on assets was 1.72%, the return on stockholders' equity was 2.99%, and the net income ratio was 2.53%; all of these results were lower than those in the previous year.

Unit: NT\$ thousand

Item	2023		2022		Increase/decrease	
	Amount	%	Amount	%	Amount	%
Operating incomes	1,283,778	100.00%	1,603,091	100.00%	(319,313)	(19.92%)
Gross profits	306,929	23.91%	405,036	25.27%	(98,107)	(24.22%)
Operating profit	29,539	2.30%	119,904	7.48%	(90,365)	(75.36%)
Net income	32,513	2.53%	136,545	8.52%	(104,032)	(76.19%)
Net income attributable to owners of the company	30,087	2.34%	119,216	7.44%	(89,129)	(74.76%)
Earnings per share (NT\$)	0.99		3.97		(2.98)	

(II) Budget implementation

The Company has not prepared a financial forecast for 2023; therefore, it is not applicable.

(III) Revenues, expenses, and profitability analysis:

Item		2023	2022
Profitability Analysis	Return on assets (%)	1.72	6.77
	Return on shareholders' equity (%)	2.99	13.46
	As a percentage of Operating profit	8.99	39.93
	paid-in capital (%) Pre-tax profit	13.64	59.90
	Net profit margin (%)	2.53	8.52
Earnings per share (NT\$)		0.99	3.97

(IV) Research and development:

With "Intelligent Production System" as the main focus, we are able to achieve three major goals, namely cost reduction, efficiency improvement, and yield increase.

The Company's major R&D outcomes for 2023 are summarized below:

1. Obtained an order for six wafer inspection machines and successfully delivered the machines by the end of the year. The Company's years of experience in machine vision inspection capabilities were promoted to the next high-potential market.
2. Collaborated with Keyence to automate its precision measurement instrument and obtained Micro LED measurement orders.
3. PCB Inspection Machine 3.0: In addition to picking out abnormal materials and refill materials automatically, we have also combined the whole package line with a complete solution, which has been certified by major global manufacturers for product testing, and has completed the fully automatic production, testing, and packaging process and ready to ship.
4. Added another application to the wet process water monitoring and addition, the potassium gold cyanide addition to the production line is controlled in several portions with equal dosage, which can effectively reduce the gold cyanide consumption.
5. Confirmed energy-saving and low temperature turbines can reduce electricity consumption by 30% or more. As we have to face the rising electricity price and the

- requirement for carbon reduction, there will be a big market for the replacement in the next 3 to 5 years.
6. During the year, 5 patent applications were successfully approved in Taiwan and 3 applications were approved in Mainland China.

II. Summary of the 2024 business plan

In November 2023, the Company was successfully listed on the stock exchange. The Company now has better development platform to provide customers with immediate and effective solutions in order to cope with the changes in the environment. We have changed from single-machine sales to a system integration business approach to provide more comprehensive services to secure the competitiveness of our customers, and at the same time, to diversify the products we offer.

The objectives for this year are as follows:

1. As for the Japanese market, we are focusing on the power management. Currently, we have received three orders for SIC components and will continue to expand the market in Japan.
2. Expand the application and customers for our current wafer inspection and metrology machines.
3. Provide packaging and testing equipment for semiconductor back-end segment.
4. Cooperate with ITRI on glass substrate production solution.
5. Integrate more applications into Aspeed's i360 camera to help manage "people" or "moving objects" in production.
6. Set up a thin Ni-Pd-Au foundry line for carrier boards to help domestic carrier board customers obtain high frequency communication and electric vehicle application orders.
7. Set up an Energy Conservation Center to provide four waste reduction or energy saving solutions: water, electricity, gas and chemical.

The management team and all employees of the Company will continue to be enthusiastic, proactive and professional, and will continue to take responsibility for each other under the self-discipline, trust, common good and innovation to create the maximum benefits for the Company and its shareholders, while contributing to the industry and the society to continue to refine the ESG spirit.

We wish our shareholders

All the best!

Chairman:
Lin, Win-Bin

Manager:
Chen, Wen-Sheng

Chief Accounting Officer:
Lin, Yu-Ting

Two. Company Profile

I. Date of incorporation

April 29, 2002

II. Company History

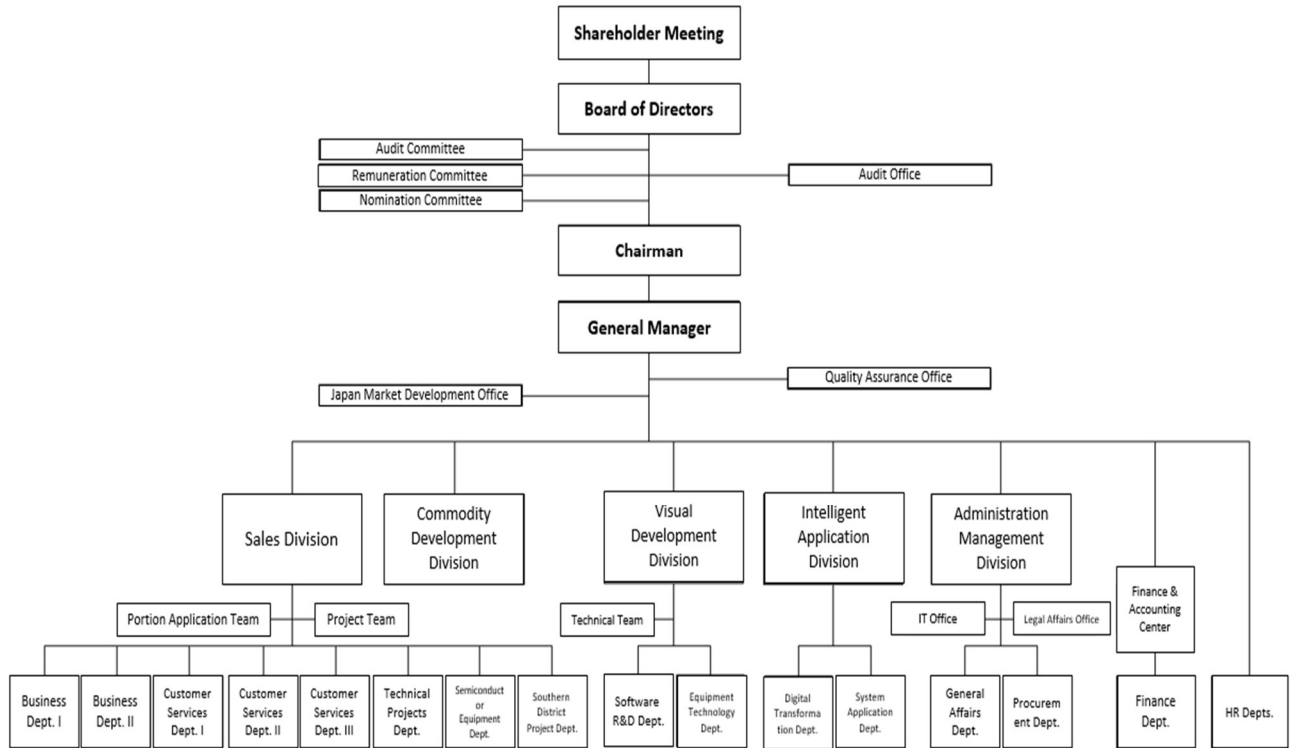
Year	Milestones
April 2002	SynPower Co., Ltd., was founded with a capital of NT\$5 million.
January 2003	Introduced AVI to encourage replacing manual inspection with equipment.
September 2003	Launched the first self-made ALG.
January 2005	Introduced Automatic AVI to enhance inspection efficiency through automation mode.
March 2007	Relocated to new Taoyuan factory and launched the first self-made ALG and film inspection machine.
April 2007	Launched self-made FPC AVI.
March 2009	Established the Software Department to provide customized and value-added software services and to strengthen the ability to integrate multiple equipment.
June 2011	Introduced FPC related equipment and applications.
March 2013	Introduced advanced production equipment from Korea and established the Advanced Process Technology Service Department.
January 2014	Obtained a new patent for "Optical Defect Detection System".
May 2014	Established Synpower Co., Ltd. in the Seychelles. Established HK Synpower Ltd. in Hong Kong.
August 2014	Established SynPower Co., Ltd. (Kunshan) to expand business in Eastern China.
September 2014	The original shareholder increased the capital to NT\$120 million.
November 2014	Acquired 100% shares of "HK Synpower Ltd." and indirectly acquired 100% shares of "SynPower Co., Ltd. (Kunshan)"
March 2015	Established office in Thailand. Reinvested and acquired 100% shares of SynPower Co., Ltd. Dongguan.
April 2015	Increased capital to NT\$170 million and established the Automated Vision Department.
November 2015	Introduced corporate shareholders and increased capital to NT\$220 million.
December 2015	Introduced strategic shareholders and increased capital to NT\$244 million.
January 2016	Introduced PCB high-end roll-to-roll solutions and provided Industry 4.0 sensory layer solutions.
April 2017	Obtained a patent for the invention of "Image Inspection Method for Printed Substrates".
August 2017	The Company's shares were approved for public offering.
March 2018	Established SynTop Co., Ltd. to make the manufacturing process available in Taiwan.

Year	Milestones
November 2019	Completed the Industrial Innovation Program organized by MOEA - the Micro-width Double-layered FPCs and Smart Manufacturing Technology Development Plan.
May 2020	"Syndia India Private Limited" was established in India.
October 2020	Acquired 51% ownership of Chipboard Technology Corporation
December 2020	Obtained invention patent for "Advanced Processing Method for Flexible Substrate Level".
April 2021	Cooperated with SYMTEK AUTOMATION ASIA CO., LTD. through share swap.
November 2021	Registered stock in the Emerging Stock Market.
February 2022	Re-invested in Jiangsu SLK High-Tech Co., Ltd.
January 2023	Obtained the Letter of Opinion by IDA, MOEA on Technology-based Enterprise with Marketability
November 2023	Listed on Taiwan Stock Exchange.

Three. Corporate Governance Report

I. Organization :

(I) Organizational structure (March 31, 2024)



(II) Responsibilities of main departments:

Department	Main responsibilities
Audit office	In charge of the audit of the Company's management system and internal control operations (including affiliates and subsidiaries).
Quality Assurance Office	In charge of quality policy, establishing, implementing and auditing the quality system to ensure product quality and reliability to meet customer needs.
Japan Market Development Office	1. Assist in establishing business development channels in Japan. 2. Business survey on Japanese market. 3. Confirm Japan's demand content and Taiwan's integration proposal. 4. Technical support and relationship maintenance for Japan's development. 5. Coordinate Japanese potential products for agency business.
Sales Division	Sales Division: In charge of the Company's dry/wet process business performance and business risk control.
	Business Department I: In charge of collecting market information on dry process, customer development, receiving orders and other operations, and in charge of business planning, achieving goals, operation improvement and personnel management.
	Business Department II: In charge of collecting market information on wet process, customer development, receiving orders and other operations, and in charge of business planning, achieving goals, operation improvement and personnel management.

Department	Main responsibilities
	Customer Services Department I: 1. Technical application, after-sales service, maintenance, equipment upgrading, and sales of parts for AVI dry process products. 2. Product technical support/problem solving for AVI, communication with OEM and updating technical data for all equipment.
	Customer Services Department II: Technical application of non-AVI dry process products, after-sales service, maintenance, equipment upgrades, parts sales, communication with the manufacturer, and updating of technical data for each equipment and product.
	Customer Services Department III: Technical application, after-sales service, upgrade and other operations of 2D code reading smart related products.
	Technical Projects Department: Equipment mechanical assembly and operation SOP formulation, product after-sales field service and customer service personnel product education and training.
	Semiconductor Equipment Department: 1. Responsible for the promotion of new equipment (Auto VK) in the semiconductor packaging and testing industry and achieving performance goals. 2. Collection of development information and team collaboration for the deployment of new equipment corresponding to new semiconductor processes. 3. Search and represent domestic/overseas manufacturers of new equipment corresponding to new semiconductor processes, and set sales targets after agency.
	Southern District Project Department: 1. Responsible for promotion and achievement of performance goals in the Southern District. 2. Southern District development information collection and team collaboration deployment.
Commodity Development Division	In charge of the evaluation of PCB application related products, introduction of application technology, application integration, and technology transfer.
Visual Development Division	Visual Development Division: Coordinate the technology development for the entire company, formulate technology strategies, technology blueprints, technology standards, and development strategies for in-house products.
	Technical Team: 1. In charge of evaluating business, R&D and other technical projects, and setting up cross-departmental project teams to promote these projects. 2. Evaluate and make suggestions on various technical projects.
	Software R&D Department: Responsible for the planning, development, application, integration, and promotion of the company's own technologies; meet the demands of the sales department, conduct project review, development, and control the progress and cost to accomplish the customer's goals.
	Equipment Technology Department: 1. In charge of R&D, design and performance improvement associated with in-house equipment and products. 2. Develop, establish, supervise, and research and develop related managements of manufacturing process, factory affairs, manufacturing, quality assurance, and production inventory control for in-house equipment or products.

Department	Main responsibilities
Intelligent Application Divison	Intelligent Application Divison: Provide customers with complete smart manufacturing and other system solutions.
	Digital Transformation Department: System digitization, integration, proposing and combining internal and external software and hardware resources to provide customers with complete smart manufacturing system solutions.
	System Application Department: Integration and proposal of smart application hardware solutions and combination of internal and external software resources to provide customers with complete smart manufacturing system solutions.
Administration Management Division	Administration Management Division: Responsible for formulating, establishing and maintaining relevant IT, legal affairs, general affairs, procurement and other related management services.
	IT Office: Data processing control, file and computer security control, system development, program modification, program and data access control, and other related businesses.
	Legal Affairs Office: In charge of the consolidation and management of the Company's legal affairs and contract review.
	General Affairs Department: In charge of fixed asset management, labor, safety and health, environmental protection, factory affairs, general affairs and other related business.
	Procurement Department: 1. In charge of procurement management system (amendment) formulation and implementation, raw material procurement, control and warehouse operation management. 2. Purchase of major spare parts, supply chain management, and cost control. 3. Cost control and related operations for purchasing items and parts and spares. 4. Established system for maintenance and spare parts related to wet process equipment, order receiving and management.
Finance & Accounting Center	Finance & Accounting Center: 1. In charge of the Company's operation performance management, budget management, financial resources allocation and system planning and integration. 2. Integration of the aforementioned matters for domestic and overseas affiliates or subsidiaries. 3. Contact of the Company's corporate investors.
	Finance Department. : 1. Responsible for the preparation, establishment and maintenance of accounting, cost, financial, tax and cashiering operations. 2. Coordination, integration, management, and auditing of the aforementioned operations in affiliates or overseas divisions.
HR Department	Recruitment, appointment, education and training, salary, retirement, labor and health insurance, labor insurance and pension, group insurance, termination of employment, employee relations and HR development planning.

II. Information of Directors, General Managers, Vice Presidents, and Supervisors of various departments and branches

(I) Information on Directors

1. Directors' names, experience and education, shareholdings and nature of shareholdings

March 17, 2024; Unit: share

Title	Nationality or place of registration	Name	Gender/Age	Date elected (appointed)	Tenure	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Positions held concurrently in the company and/or in any other company	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Chairman	The Republic of China	Chi Bin Industrial Co., Ltd.		May 13, 2021	May 12, 2024	106.12.28	4,320,000	17.70%	4,786,751	14.56%	—	—	—	—	-	-	None	None	None	Note 1
	The Republic of China	Representative: Lin, Win-Bin	Male 51-60 years old	May 13, 2021	May 12, 2024	92.1.10	2,112,000	8.66%	2,080,308	6.33%	166,206	0.51%	—	—	Master of Science in Electrical Engineering, National Taiwan University Assistant Manager, Marketing Dept., Schmidt Scientific Taiwan Ltd.	Chairman, SynPower Co., Ltd. Chairman, KING VIEW Co., Ltd. Supervisor, SynPower Co., Ltd. Dongguan Chairman, Chipboard Technology Corporation Chairman, SynTop Co., Ltd. Chairman, Syndla India Private Limited	None	None	None	Note 1
Director	The Republic of China	Kao Mei Industrial Co., Ltd.		May 13, 2021	May 12, 2024	106.12.28	3,820,000	15.66%	4,232,729	12.88%	—	—	—	—	-	-	None	None	None	None
	The Republic of China	Representative: Chen, Wen-Sheng	Male 51-60 years old	May 13, 2021	May 12, 2024	96.4.30	1,653,000	6.77%	1,453,247	4.42%	—	—	—	—	GEMBA, National Chengchi University Assistant Manager, Marketing Dept., Sales Manager	General Manager of the Company Chairman and General Manager, SynPower Co., Ltd. Dongguan Chairman and General Manager, SynPower Co., Ltd. Kunshan Chairman, HK Synpower Ltd. Director, Syndla India Private Limited	None	None	None	None
Director	The Republic of China	GIT Consultants Corporation		May 13, 2021	May 12, 2024	104.12.10	50,000	0.20%	402	0.001%	—	—	—	—	-	-	None	None	None	Note 2
	The Republic of China	Representative: Chin, Yu-Hua	Male 51-60 years old	May 13, 2021	May 12, 2024	107.12.3	—	—	—	—	—	—	—	—	Power Mechanical Engineering, National Tsing Hua University	Deputy General Manager, Industrial Technology Investment Corporation	None	None	None	Note 2
Director	The Republic of China	Hsu, Rong-Chun	Male 51-60 years old	May 13, 2021	May 12, 2024	May 13, 2021	—	—	55,402	0.17%	—	—	—	—	Accounting and Management Decision Making Program, EMBA, National Taiwan University Chairman, Rigidtech Microelectronics Corp.	Chairman, Ever Radiant Incorporation Director, IsoGreen Biotechnology Inc.	None	None	None	None

Title	Nationality or place of registration	Name	Gender/Age	Date elected (appointed)	Tenure	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Positions held concurrently in the company and/or in any other company	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Independent Director	The Republic of China	Wu, Tsung-Chang	Male 41-50 years old	May 13, 2021	May 12, 2024	May 13, 2021	—	—	—	—	—	—	—	—	Master of Finance, University of Texas at Dallas, U.S.A.	Chief Accountant, Vision International C.P.A. Firm	None	None	None	None
Independent Director	The Republic of China	Liu, Shuai-Lei	Male 51-60 years old	May 13, 2021	May 12, 2024	May 13, 2021	—	—	—	—	—	—	—	—	Master, the School of Law of Chung Yuan Christian University National Taiwan University Bachelor, Department of Political Science	Managing Partner, Chi-Heng Law Firm	None	None	None	None
Independent Director	The Republic of China	Lai, Chao-Sung	Male 51-60 years old	May 13, 2021	May 12, 2024	May 13, 2021	—	—	—	—	—	—	—	—	National Yang Ming Chao Tung University Institute of Electronics PhD	Dean of the College of Engineering, Chang Gung University	None	None	None	None

Note 1: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: The representative of Chi-Bin Industrial Co., Ltd., Chairman and CEO Lin Win-Bin is responsible for strategic planning and operational judgment, crisis management, and adjusting the company's business direction according to market changes, planning for the company's possible future growth opportunities, overseeing the investment plans and planning for the earnings appropriation plan to ensure the company's continuous and sound business development.

The position of General Manager is responsible for operation and management, presiding over the company's business management including sales and marketing, research and development, production and manufacturing, organizing and implementing the company's annual operation plan, determining the company's annual financial budget and financial statement proposal, and is responsible to the Board of Directors for completing the various targets set by the Board of Directors, and reporting to the Board of Directors on the status of the implementation of the plan. These two positions are complementary to each other. The position of CEO is not ranked higher than that of the general manager, but is only hierarchically responsible according to the duties and responsibilities, in order to enhance the overall operational efficiency. A majority of directors who do not serve concurrently as an employee or officer of the Company, and there are three independent directors who also serve as members of functional committees. They make recommendations to the Board of Directors after thorough discussions on various important issues to realize the spirit of corporate governance and to demonstrate the overall performance of the Company's operations. Chairman Lin, Win-Bin ceased to serve as CEO on December 31, 2023.

Note 2: Chin, Yu-Hua, the representative of GIT Consultants Corporation resigned on February 24, 2023.

2. Major Shareholders of Corporate Shareholders

March 17, 2024

Name of corporate shareholder	Major Shareholders of Corporate Shareholders
GIT Consultants Corporation	Industrial Technology Investment Corporation (100%)
Chi Bin Industrial Co., Ltd.	Lin, Win-Bin (62.69%), Lu, Ying-Wen (11.40%), Lin, Yu-Cheng (25.91%)
Kao Mei Industrial Co., Ltd.	Chen, Wen-Sheng (46.26%), Liu, Mei-Han (12.07%), Chen, Le-Kao (41.67%)

3. Major shareholders of the Company's major corporate shareholders:

March 17, 2024

Name of corporate shareholder	Major Shareholders of Corporate Shareholders
Industrial Technology Investment Corporation	Industrial Technology Research Institute (100%)

4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

Name	Criteria	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin		Mr. Lin, Win-Bin holds a Master's Degree in Electrical Engineering from National Taiwan University. Mr. Lin is the Chairman of the Company and has led the management team to achieve outstanding performance.	Not applicable	None
Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng		Mr. Chen, Wen-Sheng holds a GEMBA degree from National Chengchi University. As the General Manager of the Company, Mr. Chen has been leading the management team to expand the PCB market and to explore the semiconductor market with great achievements.		None
Representative of GIT Consultants Corporation: Chin, Yu-Hua (Note)		Mr. Chin, Yu-Hua holds a Master's Degree in Power Mechanical Engineering from Tsing Hua University and currently serves as the Deputy General Manager of Industrial Technology Investment Corporation. He possesses extensive professional knowledge and background in various industries.		None
Hsu, Rong-Chun		Mr. Hsu, Rong-Chun holds an EMBA degree in Accounting and Management Decision Making Program from National Taiwan University. He is currently the Chairman of Yung-Chia Optoelectronics Corporation. He possesses extensive operating management skills and professional knowledge and background in various industries.		None

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Wu, Tsung-Chang Convener of Audit Committee Remuneration Committee Nomination Committee	Mr. Wu, Tsung-Chang holds a Master Degree in Finance from the University of Texas at Dallas and is currently a Chief Accountant of Vision International CPA Firm. He possesses the relevant knowledge and ability in finance and accounting.	Did the member or his/her spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates: No. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees): None. Does member serve as a director, supervisor, or employee of any company having a specified relationship with the Company? No. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years: None.	None
Liu, Shuai-Lei Audit Committee Remuneration Committee Convener of Nomination Committee	Mr. Liu, Shuai-Lei holds a master's degree from the School of Law of Chung Yuan Christian University and is currently the managing partner of Chi-Heng Law Firm. He specializes in legal knowledge and ability.	Did the member or his/her spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates: No. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees): None. Does member serve as a director, supervisor, or employee of any company having a specified relationship with the Company? No. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years: None.	None

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Lai, Chao-Sung Audit Committee Convener of Remuneration Committee Nomination Committee	Mr. Lai, Chao-Sung received his Ph.D. from National Yang Ming Chao Tung University and is currently a Professor and Dean of the College of Engineering at Chang Gung University. He possesses extensive professional knowledge in the field of engineering and background in various industries.	Did the member or his/her spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates: No. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees): None. Does member serve as a director, supervisor, or employee of any company having a specified relationship with the Company? No. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years: None.	None

Note: Chin, Yu-Hua, the representative of GIT Consultants Corporation resigned on February 24, 2023.

Criteria Name	Basic component										Diversified core			
	Nationality or place of registration	Gender	Concurrently Serving as an employee	Age				Length of tenure of Independent Directors			Judgment of operation	Accounting and financial analysis capabilities	Operation and management capabilities	Crisis handling capabilities
				41 50	51 60	61 70	71 80	Under 3 years	3~9 years	Over 9 years				
Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin	The Republic of China	Male	v		v						v		v	
Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng	The Republic of China	Male	v		v						v		v	
Representative of GIT Consultants Corporation: Chin, Yu-Hua (Note)	The Republic of China	Male			v						v		v	
Hsu, Rong- Chun	The Republic of China	Male			v						v	v	v	v
Wu, Tsung- Chang	The Republic of China	Male		v				v			v	v	v	v
Liu, Shuai-Lei	The Republic of China	Male			v			v			v		v	v

Criteria Name	Basic component									Diversified core capabilities								
	Nationality or place of registration	Gender	Concurrently Servicing as an employee	Age				Length of tenure of Independent Directors			Judgment of operation	Accounting and financial analysis capabilities	Operation and management capabilities	Crisis handling capabilities	Professional knowledge	International market perspective	Leadership	Decision- making capacity
				41	51	61	71	Under 3	3~9	Over								
				50	60	70	80	years	years	years								
Lai, Chao-Sung	The Republic of China	Male			v			v			v		v	v	v	v	v	v

Note: Chin, Yu-Hua, the representative of GIT Consultants Corporation resigned on February 24, 2023.

(1) Board diversification:

- A. Pursuant to Article 20 of the Corporate Governance Best Practice Principles of the Company, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that the criteria for electing directors shall not be limited to gender, age, nationality, and culture based on the Company's business operations, operating dynamics, and development needs, and that it is also advisable to include elites who meet the diversity requirements of the Company in terms of professionalism and experience in different fields.
- B. The ninth term of the Board of Directors of the Company comprises directors who have extensive experiences in different industries; among them, one has a doctorate degree and five have a master's degree; they specialize in the fields of finance and accounting, business management, law, industrial engineering and electrical engineering, and possess the knowledge, skills and experiences necessary to perform their duties, and they have fulfilled the diversified core competencies required for corporate governance.
- C. All members of the Board of Directors are male of local nationality . The age ranges of the Board of Directors are as follows: 1 member under 50 years old and 5 members between the ages of 51 and 60 years old.

(2) Board Independence:

- A. The Company's 9th term Board of Directors consists of 6 directors, including 3 independent directors, representing one-third of the total number of directors. The current term of office of the independent directors is less than 3 years.
- B. The directors also serve as employees of the Company amounting to 33.33% of the total directors; the directors serve as non-employees of the Company amounting to 66.67% of the total directors.
- C. Circumstances specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act: None.
- D. Description of any spousal relationship or familial relationship within the second degree of kinship that may exist between any directors: None.

(II) Information of General Managers, Vice Presidents, Directors, and Supervisors of various departments and branches

March 17, 2024; Unit: share; %

Title	Nationality	Name	Gender	Date of appointment to position Date	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Positions concurrently held in other companies at present	Spouse or relatives of second degree or closer acting as managers			Remarks
					No. of shares	Shareholding Ratio	No. of shares	Shareholding Percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
CEO	The Republic of China	Lin, Win-Bin	Male	March 25, 2019	2,080,308	6.33	166,206	0.51	—	—	M.S. in Electrical Engineering, National Taiwan University Assistant General Manager, Marketing Department, Schmidt Scientific Taiwan Ltd.	Chairman, SynPower Co., Ltd. Chairman, KING VIEW Co., Ltd. Supervisor, SynPower Co., Ltd. Dongguan Chairman, Chipboard Technology Corporation Chairman, SynTop Co., Ltd. Chairman, Syndla India Private Limited	None	None	None	Note 1
General Manager	The Republic of China	Chen, Wen-Sheng	Male	January 14, 2019	1,453,247	4.42	—	—	—	—	GEMBA, National Chengchi University Sales Manager, Schmidt Scientific Taiwan Ltd.	Chairman and General Manager, SynPower Co., Ltd. Dongguan Chairman and General Manager, SynPower Co., Ltd. Kunshan Chairman, HK Synpower Ltd. Director, Syndla India Private Limited	None	None	None	None
Sales Division Vice President	The Republic of China	Chen, Shih-Hsiang	Male	July 1, 2018	340,804	1.04	—	—	—	—	EMBA, National Taipei University of Technology Sales Manager, Sink Testing Co., Ltd.	Director, Chipboard Technology Corporation Supervisor, SynPower Co., Ltd. Kunshan Director, Jiangsu SLK Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment to position Date	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Positions concurrently held in other companies at present	Spouse or relatives of second degree or closer acting as managers			Remarks
					No. of shares	Shareholding Ratio	No. of shares	Shareholding Percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Commodity Development Division Director	The Republic of China	Hsu, Hung-Yueh	Male	June 2, 2018	170,315	0.52	60,000	0.18	—	—	Department of Electronic Engineering, Ming Hsin Engineering College Section Chief, Sales Section, Schmidt Scientific Taiwan Ltd.	Supervisor, SynTop Co., Ltd.	None	None	None	None
Visual Development Division Director	The Republic of China	Lee, Yen-Chih	Male	April 1, 2017	97,563	0.30	—	—	—	—	M.S. in Graduate Institute of Photonics and Optoelectronics, National Chiao Tung University Manager, Research & Development Department, ATMA CHAMP ENT. CORP.	—	None	None	None	Note 2
Manager, Finance & Accounting Center (Treasurer and Corporate Governance Officer)	The Republic of China	Lin, Yu-Ting	Female	November 17, 2020	65,000	0.20	—	—	—	—	Department of Banking and Insurance, Hsing Wu Junior College of Commerce Manager, Finance Dept., TAIWAN ORDER FURNITURE CORPORATION Manager, Finance & Accounting Department, Rigidtech Microelectronics Corp.	Supervisor, Chipboard Technology Corporation	None	None	None	None

- Note 1: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: The representative of Chi-Bin Industrial Co., Ltd., Chairman and CEO Lin Win-Bin is responsible for strategic planning and operational judgment, crisis management, and adjusting the company's business direction according to market changes, planning for the company's possible future growth opportunities, overseeing the investment plans and planning for the earnings appropriation plan to ensure the company's continuous and sound business development.
- The position of General Manager is responsible for operation and management, presiding over the company's business management including sales and marketing, research and development, production and manufacturing, organizing and implementing the company's annual operation plan, determining the company's annual financial budget and financial statement proposal, and is responsible to the Board of Directors for completing the various targets set by the Board of Directors, and reporting to the Board of Directors on the status of the implementation of the plan. These two positions are complementary to each other. The position of CEO is not ranked higher than that of the general manager, but is only hierarchically responsible according to the duties and responsibilities, in order to enhance the overall operational efficiency. A majority of directors who do not serve concurrently as an employee or officer of the Company, and there are three independent directors who also serve as members of functional committees. They make recommendations to the Board of Directors after thorough discussions on various important issues to realize the spirit of corporate governance and to demonstrate the overall performance of the Company's operations. Chairman Lin, Win-Bin ceased to serve as CEO on December 31, 2023.
- Note 2: Assistant General Manager Lee, Yen-Chih resigned on December 24, 2023.

III. Remuneration paid during the most recent fiscal year to Directors, Supervisors, the General Manager, and Vice Presidents:

(I) Remuneration to Directors (including Independent Directors):

December 31, 2023; unit: NT\$ thousand; %

(1) Remuneration to Directors (including Independent Directors)																							December 31, 2021, Unit: RMB thousand, %	
Title	Name	Directors' remuneration								Sum of A+B+C+D and ratio to net income		Compensation received as employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company		
		Compensation (A)		Retirement pay and pension (B)		Directors' remuneration (C) (Note)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Severance payment and pension (F)		Employee remuneration (G)								
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
																		Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Representative of Chi Bin Industrial Co., Ltd.: Lin, Win- Bin	-	-	-	-	458	661	408	408	866 2.88%	1,069 3.55%	7,031	11,245	52	52	344	-	344	-	8,293 27.56%	12,710 42.24%	-		
Director	Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng																							
Director	Representative of GIT Consultants Corporation: Chin, Yu-Hua (Note)																							
Director	Hsu, Rong- Chun																							
Independent Director	Wu, Tsung- Chang	990	990	-	-	-	-	-	-	990 3.29%	990 3.29%	-	-	-	-	-	-	-	-	990 3.29%	990 3.29%	-		
Independent Director	Liu, Shuai-Lei																							
Independent Director	Lai, Chao- Sung																							
*Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The Company's eighth term of directors and supervisors has ended; therefore, the ninth term of directors which comprises four directors and three independent directors were elected at the 2021 Annual General Meeting of Shareholders held on May 13, 2021. The independent directors serve as members of the Audit Committee and the Remuneration Committee of the Company are paid a fixed remuneration. *In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /an consolidated entities / invested enterprises): None.																								

Note: Effective on February 24, 2023, GIT Consultants Corporation was no longer the director of the Company.

Compensation brackets table

Range of compensation paid to directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Below NT\$1,000,000	Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin, Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng, Representative of GIT Consultants Corporation: Chin, Yu-Hua, Hsu, Rong-Chun, Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung	Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin, Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng, Representative of GIT Consultants Corporation: Chin, Yu-Hua, Hsu, Rong-Chun, Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung	Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin, Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng, Representative of GIT Consultants Corporation: Chin, Yu-Hua, Hsu, Rong-Chun, Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung	Representative of Chi Bin Industrial Co., Ltd.: Lin, Win-Bin, Representative of Kao Mei Industrial Co., Ltd.: Chen, Wen-Sheng, Representative of GIT Consultants Corporation: Chin, Yu-Hua, Hsu, Rong-Chun, Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	-	-	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	-	-	Lin, Win-Bin, Chen, Wen-Sheng	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	-	-	-	Lin, Win-Bin, Chen, Wen-Sheng
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

(II) Remuneration to Supervisors: None (The Company has established the Audit Committee)

(III) Compensation to the General Managers and Vice President

December 31, 2023; unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance payment and pension (B)		Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO(Note)	Lin, Win-Bin	7,725	13,204	160	160	2,052	2,052	531	-	531	-	10,468 34.79%	15,947 53.00%	-
General Manager	Chen, Wen-Sheng													
Vice President, Sales Division	Chen, Shih-Hsiang													

*Disclosures must be made for all persons in positions equivalent to general manager or vice president, regardless of job title (e.g., general manager, chief executive officer, chief administrative officer...etc.)

Note: Chairman Lin, Wen-Bin ceased to serve as CEO on December 31, 2023.

Compensation brackets table

Range of compensation to General Manager and Vice President	Names of General Manager and Vice President	
	The Company	All companies included in the financial statements
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	Chen, Shih-Hsiang	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	Lin, Win-Bin, Chen, Wen-Sheng	Chen, Shih-Hsiang
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	-	Lin, Win-Bin, Chen, Wen-Sheng
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	-	-
NT\$100,000,000 and above	-	-
Total	3 persons	3 persons

Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

December 31, 2023; unit: NT\$ thousand

	Title	Name	Amount paid in shares	Amount paid in cash	Total	The sum as a percentage of net income (%)
Manager	CEO (Note 1)	Lin, Win-Bin	-	732	732	2.43%
	General Manager	Chen, Wen-Sheng				
	Vice President, Sales Division	Chen, Shih-Hsiang				
	Assistant General Manager, Commodity Development Division	Hsu, Hung-Yueh				
	Assistant General Manager, Visual Development Office(Note 2)	Lee, Yen-Chih				
	Manager, Finance & Accounting Center	Lin, Yu-Ting				

Note 1: Chairman Lin, Wen-Bin ceased to serve as CEO on December 31, 2023.

Note 2: Assistant General Manager Lee, Yen-Chih resigned on December 24, 2023.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and Vice Presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Information on the remuneration paid to the Company's directors, supervisors, general manager and Vice President during the past 2 fiscal years by the Company and by each other company included in the consolidated financial statements:

Unit: NT\$ thousand; %

Name	2022 The sum as a percentage of net profit (%)		2023 The sum as a percentage of net profit (%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	6.88%	9.73%	30.85%	45.53%
General Manager and Vice President	7.66%	10.64%	34.79%	53.00%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

A. Remuneration policy for directors

It is stipulated in Article 27 of the Company's Articles of Incorporation. When the Company makes profits during the year, the Board of Directors shall resolve to appropriate no more than 5% of the profit remuneration to the directors and report it to the shareholders at the annual general shareholders' meeting.

B. General Manager and Vice President

The remuneration to the general manager and Vice President of the Company consists of salaries, bonuses, employee compensation and related remuneration to concurrently serve as a director, which are determined based on the positions held, responsibilities undertaken, and contributions to the Company with reference to industry standards, while employee compensation is approved by the shareholders at the annual shareholders' meeting and distributed as part of the annual earnings distribution of the Company based on the Company's performance in the year.

C. Linkage to operating performance and future risk exposure

The remuneration is determined based on the positions held, responsibilities undertaken and contributions made to the Company, with reference to industry standards. The remuneration system is reviewed periodically by the Remuneration Committee in accordance with actual operating conditions and relevant laws and regulations, in order to strike a balance between the Company's sustainable operation and risk management.

IV. Corporate governance:

(I) Functionality of Board of Directors:

A total of 11 Board of Directors meetings were held in 2023; below are directors' and supervisors attendance records:

Title	Name	No. of meetings attended in person	Number of proxy attendances	In-person attendance rate (%)	Remarks
Chairman	Chi Bin Industrial Co., Ltd. Representative: Lin, Win-Bin	11	0	100%	Appointed on May 13, 2021
Director	Kao Mei Industrial Co., Ltd. Representative: Chen, Wen-Sheng	11	0	100%	Appointed on May 13, 2021

Title	Name	No. of meetings attended in person	Number of proxy attendances	In-person attendance rate (%)	Remarks
Director	GIT Consultants Corporation Representative: Chin, Yu-Hua	2	0	100%	Appointed on May 13, 2021 Resigned on February 24, 2023
Director	Hsu, Rong-Chun	11	0	100%	Appointed on May 13, 2021
Independent Director	Wu, Tsung-Chang	11	0	100%	Appointed on May 13, 2021
Independent Director	Liu, Shuai-Lei	11	0	100%	Appointed on May 13, 2021
Independent Director	Lai, Chao-Sung	11	0	100%	Appointed on May 13, 2021

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: see below table.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

Board of Directors Date Session No.	Article 14-3 of the Securities and Exchange Act Content of the motion(s) and resolution result(s)	The opinions of the independent directors	The measures taken by the Company based on the opinions of the independent directors	Dissenting or qualified opinion of an independent director that is on record or stated in writing
January 17, 2023 15th meeting of the 9th term	Approved the 2022 year-end bonus for managers of the Company.	None	None	None
March 17, 2023 17th meeting of the 9th term	Approved to apply for endorsement and guarantee for a sub-subsidiary and apply for credit line from CTBC Bank.	None	None	None
	Approved to apply for endorsement and guarantee for a subsidiary and apply for credit line from corresponding bank.	None	None	None
July 13, 2023 21st meeting of the 9th term	Distribution proposal of remuneration to directors of the Company for 2022..	None	None	None
	Proposal for the distribution of remuneration to managers and directors who concurrently serve as employees of the Company for the year 2022.	None	None	None

	Approved the amendments of Procedures for Managing the Operations of the Board of Directors.	None	None	None
August 4, 2023 22rd meeting of the 9th term	Approved the amendments to the Regulations on Prevention of Insider Trading.	None	None	None
	Approved the amendments of "Computerized Information System Processing Operations".	None	None	None
	Approved the formulation of "Foreign Currency Exchange Risk Management Measures".	None	None	None
	Approved the distribution of performance bonuses to managers and directors who concurrently serve as employees of the Company for the first half of 2023.	None	None	None
	Approved the establishment of the Company's chief information security officer appointment.	None	None	None
August 31, 2023 23rd meeting of the 9th term	Approved the monthly salary structure and benefit amounts for the chairman of the Company.	None	None	None
	Approved to handle the public underwriting of cash capital increase and issuance of new shares before initial listing through the Company.	None	None	None
November 7, 2023 24th meeting of the 9th term	Approved the formulation of "Organizational Rules and Regulations of the Nomination Committee".	None	None	None
	Approved appointment of nomination committee members.	None	None	None
	Approved the formulation of "Standard Operating Procedures for Handling Directors' Requests".	None	None	None
	Approved to authorize members of the Board of Directors to supervise audit operations.	None	None	None
December 21, 2023 25th meeting of the 9th term	Approved the change of certified public accountants of the Company.	None	None	None
	Approved the evaluation of the independence and suitability of the certified public accountants of the Company.	None	None	None

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: see below table.

Board of Directors Date Session No.	Name of director	Motion	Reason for Recusal for Conflict of Interest	Voting Participation
January 17, 2023 15th meeting of the 9th term	Lin, Win-Bin, Chen, Wen-Sheng	Proposal of the 2022 year-end bonus for managers of the Company.	it was related to the directors' own interests.	Did not participate in the voting as
July 13, 2023 21st meeting of the 9th term	Lin, Win-Bin, Chen, Wen-Sheng, Hsu, Rong-Chun, Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung	Distribution proposal of remuneration to directors of the Company for 2022.	it was related to the directors' own interests.	Did not participate in the voting as
	Lin, Win-Bin, Chen, Wen-Sheng	Proposal for the distribution of remuneration to managers and directors who concurrently serve as employees of the Company for the year 2022.	it was related to the directors' own interests.	Did not participate in the voting as
August 4, 2023 22rd meeting of the 9th term	Lin, Win-Bin, Chen, Wen-Sheng	Proposal for the distribution of performance bonuses to managers and directors who concurrently serve as employees of the Company for the first half of 2023.	it was related to the directors' own interests.	Did not participate in the voting as
	Chen, Wen-Sheng	Proposal for the establishment of the Company's chief information security officer appointment.	it was related to the directors' own interests.	Did not participate in the voting as
August 31, 2023 23rd meeting of the 9th term	Lin, Win-Bin	Proposal for the monthly salary structure and benefit amounts for the chairman of the Company.	it was related to the directors' own interests.	Did not participate in the voting as
November 7, 2023 24th meeting of the 9th term	Wu, Tsung-Chang, Liu, Shuai-Lei, Lai, Chao-Sung	Proposal for appointment of nomination committee members.	it was related to the directors' own interests.	Did not participate in the voting as

	Hsu, Rong-Chun	Proposal for authorizing members of the Board of Directors to supervise audit operations.	it was related to the directors' own interests.	Did not participate in the voting as
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III. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year.	January 1,2023 to December 31, 2023	The Board of Directors	Internal self-evaluation by the Board of Directors	There are a total of 45 evaluation items in five aspects: the degree of participation in company operations, improving the quality of board decision-making, the composition and structure of the board of directors, the selection and continuous training of directors, and internal control.
Once a year.	January 1,2023 to December 31, 2023	Individual directors	Self-assessment by directors	There are a total of 23 assessment items in six aspects, including mastery of company goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control.
Once a year.	January 1,2023 to December 31, 2023	Functional committees	Self-assessment by members of functional committees	There are a total of 24 evaluation items in five aspects, including the degree of participation in company operations,

				awareness of functional committee responsibilities, improvement of decision-making quality of functional committees, functional committee composition and member selection, and internal control.
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IV. Enhancements to the functionality of the board of directors in the current and the last year (e.g. assembly of an Audit Committee, improvement of information transparency, etc.), and progress of such enhancements:

Enhancements to the functionality of the board of directors	Measures taken toward achievement thereof
Establish Audit Committee	The Company established an Audit Committee on May 13, 2021, which operates in accordance with the relevant provisions of the Charter of the Audit Committee.
Internal Control	1. The Company has completed the internal control self-inspection for 2023. Based on the results of the self-inspection, the Company issued the Statement of Internal Control System, which indicates that the Company's internal control system has been designed and implemented effectively. 2. The chief internal auditor attends the meetings of the Audit Committee and the Board of Directors to report on the internal audit operations, and submits the audit report to the independent directors by the end of the following month.
Audit of financial statements.	The 2023 financial statements were audited by the Audit Committee and an audit report was issued accordingly.
Improvement of the quality of the board of directors' decision making	1. Convene at least one board meeting per quarter. 2. All motions shall be reviewed by the Audit Committee prior to the convening of the board meeting. 3. Dissenting or qualified opinion were expressed by the independent directors.
Participation in the operation of the company	The in-person attendance rates of each director in 2023 for the Board of Directors and the Audit Committee are 100%.

(II) Operation of the Audit Committee

The number of audit committee meetings held in 2023 was 10. The attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person	Number of proxy attendances	In-person attendance rate (%)	Remarks
Independent Director	Wu, Tsung-Chang	10	0	100%	Appointed on May 13, 2021
Independent Director	Liu, Shuai-Lei	10	0	100%	Appointed on May 13, 2021
Independent Director	Lai, Chao-Sung	10	0	100%	Appointed on May 13, 2021

Other mandatory disclosures:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the board of directors meeting held, the discussed topics, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions:

(I) Any matter under Article 14-5 of the Securities and Exchange Act: see below table.

Audit Committee Date Session No.	Article 14-5 of the Securities and Exchange Act Content of the motion(s) and resolution result(s)	The opinions of the independent directors	The measures taken by the Company based on the opinions of the independent directors	Dissenting or qualified opinion of an independent director that is on record or stated in writing
February 23, 2023 15th meeting of the 1st term	Approved the Company's 2022 financial statements and business report.	None	None	None
March 17, 2023 16th meeting of the 1st term	Approved the Company's 2022 Assessment of the Effectiveness and the Statement of the Internal Control System.	None	None	None
	Approved to apply for endorsement and guarantee for a sub-subsidiary and apply for credit line from CTBC Bank.	None	None	None
	Approved to apply for endorsement and guarantee for a subsidiary and apply for credit line from corresponding bank.	None	None	None
April 7, 2023 17th meeting of the 1st term	Approved the Company's 2022 Assessment of the Effectiveness and the Statement of the Internal Control System.	None	None	None

Audit Committee Date Session No.	Article 14-5 of the Securities and Exchange Act Content of the motion(s) and resolution result(s)	The opinions of the independent directors	The measures taken by the Company based on the opinions of the independent directors	Dissenting or qualified opinion of an independent director that is on record or stated in writing
May 11, 2023 18th meeting of the 1st term	Approved the review of Q1 2023 financial statements.	None	None	None
June 16, 2023 19th meeting of the 1st term	Approved the Company's Xinsheng Road factory construction foundation project contracting.	None	None	None
August 4, 2023 20th meeting of the 1st term	Approved the review of Q2 2023 financial statements.	None	None	None
	Approved the amendments to the Regulations on Prevention of Insider Trading.	None	None	None
	Approved the amendments of "Computerized Information System Processing Operations".	None	None	None
	Approved the formulation of "Foreign Currency Exchange Risk Management Measures".	None	None	None
August 31, 2023 21st meeting of the 1st term	Approved to handle the public underwriting of cash capital increase and issuance of new shares before initial listing through the Company.	None	None	None

Audit Committee Date Session No.	Article 14-5 of the Securities and Exchange Act Content of the motion(s) and resolution result(s)	The opinions of the independent directors	The measures taken by the Company based on the opinions of the independent directors	Dissenting or qualified opinion of an independent director that is on record or stated in writing
November 7, 2023 22nd meeting of the 1st term	Approved the review of Q3 2023 financial statements.	None	None	None
	Approved the formulation of "Organizational Rules and Regulations of the Nomination Committee".	None	None	None
	Approved the formulation of "Standard Operating Procedures for Handling Directors' Requests".	None	None	None
	Approved to authorize members of the Board of Directors to supervise audit operations.	None	None	None
December 21, 2023 23rd meeting of the 1st term	Approved the amendments to the Company's 2024 internal audit plan.	None	None	None
	Approved the change of certified public accountants of the Company.	None	None	None
	Approved the evaluation of the independence and suitability of the certified public accountants of the Company.	None	None	None
(II) Other than those described above, any resolutions not supported by the Audit Committee but approved by more than two-thirds of the directors: None.				
II. Avoidance of involvement in discussions involving conflict of interest by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process:				
III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.) The independent directors have a direct contact with the internal auditors and certified public accountants, the chief audit officer submits monthly audit reports to the independent directors, which enables the independent directors to understand the implementation status of the Company's internal control system. The CFO and the chief audit officer shall attend each board meeting and audit committee meeting, so that the independent directors can take the opportunity to communicate with the Company on matters related to the financial statements, business conditions, internal audit operations, and compliance with laws and regulations.				

(III)Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website.	No material difference
II. Shareholding structure and shareholders’ interests (I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I). The Company has established the Share Operations Procedures to regulate the related matters, and in case of disputes and litigations, the Company has appointed lawyers to assist in the handling of such matters.	No material difference

(II)	Is the Company constantly informed of the identities of its major shareholders with actual control of the Company and their ultimate controllers?	✓	(II).	The Company has appointed a stock agency to assist in matters related to stock affairs and to retain the change of major shareholders have controlling power, and of the persons with ultimate control over those major shareholders.	
(III)	Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓	(III).	The business and financial transactions between the Company and its affiliates are governed by written regulations promulgated by the competent authority.	
(IV)	Has the Company established internal policies that prevent insiders from trading securities using non-public information?	✓	(IV).	The Company has established Procedures for Handling Material Inside Information to regulate the related matters.	

<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Has the board devised and implemented policies to ensure the diversity of its members?</p>	✓		<p>(I) The Company has established rules for the election of directors, which stipulate that members of the Board of Directors shall have the necessary knowledge, skill, and experience to perform their duties. The overall composition of the board of directors shall be taken into consideration in the selection of the directors.</p>	No material difference
<p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p>	✓		<p>(II) The Company has established a Remuneration Committee and an Audit Committee in 2021, and a Nomination Committee in 2023.</p>	

<p>(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p>	<p>✓</p>		<p>(III) The Company has established the Rules for Performance Evaluation of Board of Directors in 2021. The performance evaluation of the Board of Directors, the board members and the functional committees has been conducted for fiscal year 2023.</p>	
<p>(IV) Does the Company regularly evaluate its external auditors' independence?</p>	<p>✓</p>		<p>(IV) The verification and approval of the company's 2023 financial statements will be undertaken by CPA Shih, Chin-Chuan and CPA Liu, Shu-Lin of Deloitte Taiwan. In accordance with Article 29, Item 5 of the Corporate Governance Code of Practice, starting from 2023, the independence and competency of the certified public accountants will be assessed at least once a year with reference to the Audit Quality Indicators (AQIs)</p>	

			<p>report prepared by the certified public accounting firm for financial statements, including five items.</p> <p>Aspects (professionalism, quality control, independence, supervision and innovation capabilities), a total of 13 detailed indicators (inspection experience, quality control support capabilities, customer familiarity, innovative plans or initiatives, etc.), and are disclosed according to the nature of the indicators "Firm level" and "audit case level" information are submitted to the Board of Directors for discussion and approval. On December 21, 2023, the board of directors has conducted an assessment of the independence and competency of the certified accountants</p>	
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			for 2023. After the assessment, the independence and competency of the two certified accountants are satisfactory.	
IV. Has the TWSE/TPEX listed company allocated an adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	√		The Company approved the resolution of the Board of Directors on November 11, 2022, and appointed manager Lin, Yu-Ting, the financial director, as the director of corporate governance. She is responsible for corporate governance-related matters, providing directors and functional committees with the information required to perform business, and preparing relevant agendas for the board of directors and shareholders' meetings and minutes, etc., and assist the Board of Directors in strengthening their functions. The head of corporate governance in 2023 has completed further training in accordance with regulations.	No material difference
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	√		The Company respects the rights and interests of stakeholders, identifies the Company's stakeholders, understands their reasonable	No material difference

		<p>expectations and needs, and appropriately responds to important corporate social responsibility issues of concern. Each department is responsible for communicating with stakeholders and reporting to the Board of Directors on a regular basis. The Company's stakeholders include shareholders and investors, employees, customers, suppliers and governments and competent authorities. The Company has established a stakeholder area on the Company's website to provide stakeholders with communication methods and channels to handle and respond to important corporate responsibility issues that stakeholders are concerned about.</p>	
VI. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	√	<p>The Company has appointed a professional share agency, Department of Transfer Agency, Grand Fortune Securities Co., Ltd., to handle shareholders' meetings and stock-related affairs.</p>	No material difference

<p>VII. Information disclosure</p> <p>(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?</p>	✓		<p>(I) The Company has designated an Investor Zone on the Company's website. on the Market Observation Post System ("MOPS") as required by the law.</p>	No material difference
<p>(II) Has the Company adopted other means to disclose information (e.g. an English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?</p>	✓		<p>(II) The Company has established a website in both Chinese and English languages and has a spokesperson system. Material information is disclosed</p>	
<p>(III) Does the Company publish and officially file annual financial reports within two months after the end of the accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance before the designated due dates?</p>	✓		<p>(III) The Company has announced and filed the annual financial statements prior to the specified deadline, and has announced and filed the Q1, Q2 and Q3 financial statements and monthly operating results prior to the specified deadline.</p>	
<p>VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer policy, and liability insurance for directors and supervisors)?</p>	✓		<p>1. Employee rights and employee wellness: In addition to establishing an Employee Welfare Committee and implementing a pension system, the Company also provides group</p>	No material difference

			<p>insurance for employees, arranges periodic health examinations for employees, and encourages employees to participate in various training courses.</p> <p>2. Investor relations: The Company holds annual shareholders' meetings as required by law and discloses relevant information on the Market Observation Post System to ensure that shareholders are aware of the Company's major events.</p> <p>3. Supplier relationship: The Company maintains a good relationship with its suppliers and conducts regular supplier evaluations to maintain the quality of its products.</p> <p>4. Stakeholder's Rights: The Company has a dedicated spokesperson and acting spokesperson, as well as a spokesperson's e-mail address to handle related matters, and an attorney to assist in disputes and</p>	
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			<p>litigation.</p> <p>5. Directors' and Supervisors' Continuing Education: In 2023, all directors have completed the required continuing education.</p> <p>6. Implementation of risk management policies and risk evaluation standards: All internal control systems and the essential administrative regulations have been implemented by resolutions of the Board of Directors or the shareholders' meeting. The chief internal auditor attends the Board of Directors' meeting to report on the implementation status of the audits.</p> <p>7. Implementation of customer policy: The Company has dedicated professional staff for customer service and conducts regular surveys on customer satisfaction every year.</p> <p>8. Liability insurance for directors: The Company</p>	
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			has purchased liability insurance from South China Insurance Co., Ltd.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.): Not applicable.				

(IV) Composition, duties and operation of the Remuneration Committee:

The Remuneration Committee is composed of three independent directors and is responsible for prescribing and periodically evaluating the Company's overall remuneration policy; prescribing and periodically reviewing the performance review and remuneration policy, system, standards, and structure for directors and managerial officers; periodically evaluating and prescribing the remuneration of directors and managerial officers.

1. Information on Remuneration Committee Members

Designation	Criteria Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Independent Director	Wu, Tsung-Chang	Please see "Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors" on pages 11-13 of the Annual Report.		None
Independent Director	Liu, Shuai-Lei			None
Independent Director	Lai, Chao-Sung			None

2. Operation of the Remuneration Committee:

(1) The Company's remuneration committee has a total of 3 members.

(2) The term of the current members is from May 13, 2021 to May 12, 2024. The number of remuneration committee meetings held in 2023 was 6. The attendance by the members was as follows:

Title	Name	No. of meetings attended in person	Number of proxy attendances	In-person attendance rate (%)	Remarks
Convener and Chair	Lai, Chao-Sung	6	0	100%	Appointed on May 13, 2021
Committee member	Liu, Shuai-Lei	6	0	100%	Appointed on May 13, 2021
Committee member	Wu, Tsung-Chang	6	0	100%	Appointed on May 13, 2021

Other mandatory disclosures:

- I. Scope of the Remuneration Committee's Power: In order to improve corporate governance and strengthen the functions of the Board of Directors, the Remuneration Committee assists the Board of Directors in implementing and evaluating the Company's overall remuneration and benefit policies, as well as the remuneration for managers.
- II. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
- III. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please state the date and session of the meeting, details of the motion, the opinions of all members, and how their opinions were addressed: None.
- IV. The discussion items and resolutions of the Remuneration Committee, and the measures taken by the Company with respect to the members' opinion are summarized in the table below:

Remuneration Committee Date Session No.	Motion	Outcome of resolution	Outcome of the resolution(s) of the board of directors
January 17, 2023 8th meeting of the 1st term	Proposal of the 2022 year-end bonus for managers of the Company.	All members passed the motion unanimously.	All members passed the motion unanimously.
February 23, 2023 9th meeting of the 1st term	Proposal of 2022 employees' compensation and remuneration to directors.	All members passed the motion unanimously.	All members passed the motion unanimously.
July 13, 2022 10th meeting of the 1st term	Distribution proposal of remuneration to directors of the Company for 2022.	All members passed the motion unanimously.	All members passed the motion unanimously.
	Proposal for the distribution of remuneration to managers and directors who concurrently serve as employees of the Company for the year 2022.	All members passed the motion unanimously.	All members passed the motion unanimously.
August 4, 2023 11th meeting of the 1st term	Proposal for the distribution of performance bonuses to managers and directors who concurrently serve as employees of the Company for the first half of 2023.	All members passed the motion unanimously.	All members passed the motion unanimously.
	Proposal for the establishment of the Company's chief information security officer appointment.	All members passed the motion unanimously.	All members passed the motion unanimously.
August 31, 2023 12th meeting of the 1st term	Proposal for the monthly salary structure and benefit amounts for the chairman of the Company.	All members passed the motion unanimously.	All members passed the motion unanimously.

		Proposal for the formulation of "Measures for Employee Stock Subscription for Cash Capital Increase in 2023".	All members passed the motion unanimously.	All members passed the motion unanimously.	
	December 21, 2023 13th meeting of the 1st term	Proposal for the adjustment of the Company's research and development officer.	All members passed the motion unanimously.	All members passed the motion unanimously.	

(V) Information on the members of the Nomination Committee and information on its operations

1. Qualifications and responsibilities for appointment of members of the Nomination Committee

The Company consists of 3 independent directors who make up the Nomination Committee. For their professional qualifications and experience, please refer to “Directors’ Professional Knowledge and Independent Directors’ Independence Information Disclosure” on pages 11-13. The operation of the Nomination Committee is in accordance with the Company's "Organizational Rules of the Nomination Committee" and relevant laws and regulations. The Committee meets at least once a year and may hold meetings at any time as necessary. It is responsible for formulating the professional knowledge and skills required by Board members and senior managers, experience, gender and other diversified backgrounds and independence standards, and use them to find, review and nominate candidates for directors and senior managers; construct and develop the organizational structure of the board of directors and committees, and carry out the management of the board of directors, committees, and various committees. Evaluate the performance of directors and senior managers, and evaluate the independence of independent directors; formulate and regularly review director training plans and succession plans for directors and senior managers; formulate the Company's corporate governance code of practice.

2. Professional qualifications and experience of the members of the Nomination Committee and their operations:

(1) The Company’s nomination committee has a total of 3 members.

(2) The term of the current members is from November 7, 2023 to May 12, 2024. The number of remuneration committee meetings held in 2023 was 1. The attendance by the members was as follows:

Title	Name	Professional Qualifications and Experience	No. of meetings attended in person	Number of proxy attendances	In-person attendance rate (%)	Remarks
Convener and Chair	Liu, Shuai-Lei	Please see "Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors" on pages 11-13 of the Annual Report.	1	0	100%	Appointed on November 7, 2023
Committee member	Lai, Chao-Sung		1	0	100%	Appointed on November 7, 2023

Committee member	Wu, Tsung-Chang		1	0	100%	Appointed on November 7, 2023														
Other mandatory disclosures: Describe the meeting date, period, content of the major proposals of the Nomination Committee, the contents of the suggestions or objections of the Nomination Committee members, the resolution results of the Nomination Committee, and the Company's handling of the Nomination Committee's opinions.																				
		<table><tr><th>Nomination Committee Date Session No.</th><th>Motion</th><th>Outcome of resolution</th><th>Outcome of the resolution(s) of the board of directors</th></tr><tr><td rowspan="3">December 21, 2023 1st meeting of the 1st term</td><td>Proposal for the performance evaluation of members of the Board of Directors and members of the Functional Committee in 2023.</td><td>All members passed the motion unanimously.</td><td>All members passed the motion unanimously.</td></tr><tr><td>Proposal for the formulation of "Succession Planning for Members of the Board of Directors and Key Managements".</td><td>All members passed the motion unanimously.</td><td>All members passed the motion unanimously.</td></tr><tr><td>Proposal for The formulation of "2024 Director Continuing Education Course Plan".</td><td>All members passed the motion unanimously.</td><td>All members passed the motion unanimously.</td></tr></table>	Nomination Committee Date Session No.	Motion	Outcome of resolution	Outcome of the resolution(s) of the board of directors	December 21, 2023 1st meeting of the 1st term	Proposal for the performance evaluation of members of the Board of Directors and members of the Functional Committee in 2023.	All members passed the motion unanimously.	All members passed the motion unanimously.	Proposal for the formulation of "Succession Planning for Members of the Board of Directors and Key Managements".	All members passed the motion unanimously.	All members passed the motion unanimously.	Proposal for The formulation of "2024 Director Continuing Education Course Plan".	All members passed the motion unanimously.	All members passed the motion unanimously.				
Nomination Committee Date Session No.	Motion	Outcome of resolution	Outcome of the resolution(s) of the board of directors																	
December 21, 2023 1st meeting of the 1st term	Proposal for the performance evaluation of members of the Board of Directors and members of the Functional Committee in 2023.	All members passed the motion unanimously.	All members passed the motion unanimously.																	
	Proposal for the formulation of "Succession Planning for Members of the Board of Directors and Key Managements".	All members passed the motion unanimously.	All members passed the motion unanimously.																	
	Proposal for The formulation of "2024 Director Continuing Education Course Plan".	All members passed the motion unanimously.	All members passed the motion unanimously.																	

(VI) Status of sustainable development promotion and deviations and causes of deviations from the Sustainable Development Best Practice

Principles for TWSE/TPEX Listed Companies:

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		On November 11, 2022, the Board of Directors of the Company approved the amendments of the Sustainable Development Best Practice Principles and in December 2022, the Company established the Corporate Sustainability Promotion Team to implement CSR-related initiatives, with the General Manager as convener, and the GM Office in charge of the secretarial duties. There are six working groups namely, Corporate Governance, Social Welfare, Environmental Sustainability, Customer and Employee Care, and Information Security to implement the sustainable development initiatives. The General Manager is responsible for approving the sustainable development strategy and overseeing the subsequent implementation. Each group formulates and implements strategies to address sustainability issues that are relevant to the Company's operations and stakeholders, and prepares a	No material difference

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
			sustainability implementation report based on the implementation status. At least once a year, the Board of Directors receives a report from the General Manager's Office regarding the implementation of sustainable development and urges the management team to make adjustments where necessary.	
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on the principle of materiality? (Note2)	√		The Company has established the CSR Best Practice Principles in 2021. In addition, the Company's daily operations fulfill its social responsibilities, including corporate governance, compliance with laws and regulations, and providing a good working environment and reasonable compensation and benefits to its employees.	No material difference
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	√		(I) We are an ISO14001 certified company and have established an appropriate environmental management system based on the characteristics of our industry. The Company continuously evaluates its environmental performance every year and formulates improvement	No material difference

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
			plans to achieve continuous improvement. Through the above process, the Company is able to systematically reduce environmental risks and implement the environmental management system.	
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	√		(II) The Company is primarily engaged in the design, research and development, assembly and sale of equipment. We are replacing old electrical equipment with high efficiency energy-saving equipment. The general consumable products we use are made from renewable sources (e.g., recycled hand towels and other renewable products).	
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	√		(III) The Company first identifies and assesses the impact that climate change may have on its business, supply chain, production methods and market demand. This includes direct risks, such as the impact of natural disasters (floods, droughts, storms, etc.) on production facilities, as well as indirect risks, such as the impact of changes in government climate policies on	

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
			costs and product prices. It has been assessed that climate change poses no potential risks to the Company.	
(IV) Does the Company maintain statistics on greenhouse gas emissions, water usage, and total waste volume in the last two years, and implement policies aimed at reducing greenhouse gases, water and other waste?		√	(IV) 1. Turn off the lights during lunch breaks, set the air conditioner at 26 degrees, and replace LED bulbs and lighting fixtures to implement energy-saving and carbon-reducing initiatives. 2. Continuously promote water conservation and use products with water conservation mark, such as: water-saving toilet, faucet with water conservation mark and installation of water-saving devices, sensor-activated urinal flushing system and water conservation campaigns, etc. 3. Improve waste management, increase recycling, and the proportion of resource sharing 4. Design and develop products with small size and less material to	

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
			<p>reduce waste generation.</p> <p>5. Use renewable materials to reduce waste and to recycle.</p> <p>6. Appoint legal vendors to remove waste.</p>	
IV. Social issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		(I) The Company has formulated relevant rules and regulations to protect employees' legitimate rights and interests based on the Labor Standards Act and related labor laws and regulations.	No material difference
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	√		(II) The Company has established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and the business performance or results are appropriately reflected in employee salary/compensation.	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	√		(III) We organize labor safety campaigns for our employees from time to time. When influenza and COVID-19 were in season, we advised employees to wear face masks, and provided disinfectant and thermometers at the entrance/exit of the gate.	

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	✓		(IV) The Company arranges on-the-job training from time to time according to the needs of the employees and their jobs.	
(V) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	✓		(V) The Company has set up a procedure to handle customer complaints, establish a customer-oriented quality system, evaluate customer satisfaction with the Company's products and services, in order to achieve the objective of sustainable management	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	✓		(VI) The Company has established a procedure for supplier management. Before signing a contract with a supplier, the Company would assess the supplier's qualifications and conduct periodic evaluations on the supplier. Those who have violated the social responsibility and have a significant impact on the environment would be considered in the evaluations.	
V. Does the Company prepare sustainable development reports or any reports of non-financial information based on international reporting standards or guidelines? Does the		✓	The Company has not yet prepared a corporate social responsibility report that discloses the Company's non-financial information. In the future, the Company	the Company will prepare a report in respond with the requirements of laws and regulations.

Assessment criteria	Implementation status (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description (Note 2)	
company obtain third party assurance or certification for the reports above?			will prepare a report based on the actual needs of the Company and requirements of laws and regulations.	
VI. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has prescribed the "Corporate Social Responsibility Best Practice Principles" in 2021. In order to fulfill the corporate commitment to the society, employees and shareholders, the Company has actively implemented information disclosure and transparency.				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: None.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation.

If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Climate-Related Information of TWSE/TPEX Listed Company

Implementation of Climate-Related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>On November 11, 2022, the Board of Directors of the Company approved the amendments of the Sustainable Development Best Practice Principles and in December 2022, the Company established the Corporate Sustainability Promotion Team to implement CSR-related initiatives, with the General Manager as convener, and the GM Office in charge of the secretarial duties. There are six working groups namely, Corporate Governance, Social Welfare, Environmental Sustainability, Customer and Employee Care, and Information Security to implement the sustainable development initiatives. The General Manager is responsible for approving the sustainable development strategy and overseeing the subsequent implementation. Each group formulates and implements strategies to address sustainability issues that are relevant to the Company's operations and stakeholders, and prepares a sustainability implementation report based on the implementation status. At least once a year, the Board of Directors receives a report from the General Manager's Office regarding the implementation of sustainable development and urges the management team to make adjustments where necessary.</p> <p>On February 22, 2024, the Company approved a plan for greenhouse gas inventory and verification schedule through the board of directors. Subsequently, in accordance with regulatory guidelines and relevant provisions, the Company will continue to monitor the progress of greenhouse gas inventory, verification, and disclosure, and report the execution progress to the board of directors on a quarterly basis.</p>

Item	Implementation status
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company first identifies and assesses the impact that climate change may have on its business, supply chain, production methods and market demand. This includes direct risks, such as the impact of natural disasters (floods, droughts, storms, etc.) on production facilities, as well as indirect risks, such as the impact of changes in government climate policies on costs and product prices. It has been assessed that climate change poses no potential risks to the Company.
3. Describe the financial impact of extreme weather events and transformative actions.	The assessment indicates that extreme weather events and transition actions have had no immediate financial impact on the Company.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has not yet completed the integration of the process for identifying, assessing, and managing climate risks. Relevant details will be disclosed upon completion.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet utilized scenario analysis to assess resilience to climate change risks, thus it is not applicable.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has not yet completed its transition plan for addressing and managing climate-related risks. Relevant details will be disclosed upon completion.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The company has not yet employed internal carbon pricing as a planning tool, thus it is not applicable.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	According to the " Sustainable Development Roadmap" released by the Financial Supervisory Commission in March 2022, the Company, as a category with a paid-in capital of less than NT\$ 5 billion, should apply greenhouse gas inventory and verification in the third phase (i.e., completing inventory in 2026 and verification in 2028). Subsequently, we will follow the regulatory guidelines and relevant provisions to carry out greenhouse gas inventory and verification operations.

Item	Implementation status
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	According to the " Sustainable Development Roadmap" released by the Financial Supervisory Commission in March 2022, the Company, as a category with a paid-in capital of less than NT\$ 5 billion, should apply greenhouse gas inventory and verification in the third phase (i.e., completing inventory in 2026 and verification in 2028). Subsequently, we will follow the regulatory guidelines and relevant provisions to carry out greenhouse gas inventory and verification operations.

(VII) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Assessment criteria	Implementation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions				
(I) Has the Company established a set of board-approved business integrity policies, and stated the policies and practices it implements to maintain business integrity in its Articles of Incorporation or external correspondence? Are the board of directors and the senior management committed to fulfilling this commitment?	✓		(I) The Company has prescribed Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct in 2021.	No material difference
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conduct that include at least the measures mentioned in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		(II) The Company has established "Operating Procedures and Behavioral Guidelines for Integrity Management", which strictly prohibits managers and all employees from accepting bribes and engaging in any illegal behavior, and will penalize them according to the actual situation if they violate the law.	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conduct?	✓		(III) The Company has established "Employee Work Rules", which specifically regulates the matters that should be noted by the Company's employees when performing their duties. The Company has also established guidelines for	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Are the above measures reviewed and revised on a regular basis?			employee reward and punishment. Employees who engage in unethical conduct will be penalized, and there is a reporting channel for any suspected fraud or malpractice.	
II. Enforcement of business integrity				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		(I) The Company conducts credit checks on counterparties in accordance with internal control procedures before engaging in transactions with them and finds out through various channels whether counter-parties have engaged in any fraudulent transactions.	No material difference
(II) Does the Company have a unit directly under the board of directors that enforces business integrity? Does this unit report its progress regarding the implementation of the business integrity policy and prevention against dishonest conduct to the board of directors on a regular basis (at least once a year)	✓		(II) The Company has established a channel for reporting any suspicious fraud or misconduct. the Audit Office is responsible for handling these reports, and if there is any abnormality, the Company will initiate an audit and report the case to the Board of Directors.	
(III) Does the Company have any policy that prevents conflicts of interests, and channels that facilitate the reporting of conflicts of interests?	✓		(III) The Company has established procedures for managing the operations of the Board of Directors, and has set forth the rules related to the recusal of directors' interests. The Company has also provided a comment email so that the employees' opinions can be conveyed to the management.	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the Company implemented effective accounting policies and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	✓		(IV) The Company has established effective accounting policies and internal control system to implement ethical corporate management. Internal auditors conduct audit to ensure the compliance of the system based on the audit plan.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		(V) Through different channels, the Company educates its employees and makes them clearly understand the Company's ethical corporate management concepts and rules.	
III. Functioning of the Company's whistleblowing system				No material difference
(I) Does the Company provide incentives and means for employees to report misconduct? Does the Company assign dedicated personnel to investigate the reported misconduct?	✓		(I) The Company has a whistleblowing channel for reporting suspicious fraud or misconduct, and the Audit Office is responsible for handling such reports.	
(II) Has the Company implemented any standard procedures for handling reported misconduct, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	✓		(II) The Company has provided a whistleblowing channel in the Employee Work Rules.	
(III) Does the Company have appropriate measures in place to protect whistleblowers from retaliation?	✓		(III) The Company has appropriate measures in place to protect whistleblowers from retaliation when receiving the report.	
IV. Enhanced information disclosure				No material difference

Assessment criteria	Implementation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Has the Company disclosed its integrity principles and progress on its website and MOPS?	✓		The Company disclosed the information on ethical corporate management in its annual report and website.	
V. If the company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has prescribed Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct in 2021, and there are no material differences in the operations at present.				
VI. Other information relevant to understanding business integrity within the Company (e.g. review of business integrity principles amended by the Company): The Company always pays attention to the domestic and foreign ethical corporate management principles, conducts a review of the Company's rules and regulations, and urges all employees to comply with them.				

- (VIII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:
The Company has filed financial and business statements on the Market Observation Post System ("MOPS") periodically and occasionally as required by the law.
Please visit the Company's website <http://www.synpower.com.tw/> and the Market Observation Post System <http://mops.twse.com.tw>.
- (IX) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:
Please visit the Company's website <http://www.synpower.com.tw/> and the Market Observation Post System <http://mops.twse.com.tw>

(X) The implementation status of the internal control system should disclose the following matters

1. Statement of the Internal Control System:

SynPower Co., Ltd.

Declaration of Internal Control System

February 22, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

- I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system is the responsibility of the board of directors and managers; such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security, etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Governing Principles”) to determine whether existing policies continue to be effective. Assessment criteria introduced by the Governing Principles consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation; 3. Control operations; 4. Information and communication; and 5. Supervision operations. Each element further encompasses several sub-elements. Please refer to the Governing Principles for details.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. Any illegal misrepresentations or omissions in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved unanimously by the board meeting of the Company on February 22, 2024, and all 6 directors present at the meeting agreed with the contents of this Statement.

SynPower Co., Ltd.

Chairman: Lin, Win-Bin

General Manager: Chen, Wen-Sheng

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report:

INDEPENDENT AUDITOR'S ASSURANCE REPORT

The Board of Directors
SynPower Co., Ltd.

The statement issued by SynPower Co., Ltd. ("the Company") on April 7, 2023, was evaluated as relevant to its internal control system (ICS) over financial reporting and safeguarding of assets. The statement on the ICS designed and implemented for the year ended December 31, 2022 is effective, and the necessary audit procedures have been performed by our certified public accountants (CPAs).

Subject Matter, Subject Matter Information and Applicable Benchmarking

The subject matter and subject information of this assurance case are the design and implementation of the Company's ICS related to external financial reporting and safeguarding of assets on December 31, 2022, and the declaration issued by the Company on April 7, 2023. Assessing its ICS related to external financial reporting and safeguarding of assets, it was a statement of effective design and implementation on December 31, 2022, as attached.

The applicable benchmark for measuring or evaluating the above-mentioned target and target information is the item for judging the effectiveness of the internal control system in the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

Inherent Limitations

Because of the inherent limitations of any internal control system, there is an unavoidable risk that even some material misstatements may remain undetected. Besides, historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Responsibilities of Management

The responsibility of the management is to establish an internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and relevant laws and regulations, and review it at any time to maintain the continuous effectiveness of the design and implementation of the internal control system, and after evaluating its effectiveness, based on which a statement of internal control system is issued.

Responsibilities of Auditor

We conducted our work on the subject matter information in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Standards on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to obtain a reasonable assurance on the preparation, in all material respects, of the subject matter information.

Independence and Quality Management

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies the Standards on Quality Management 1 “Quality Management for Public Accounting Firms” in the Republic of China, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Summary of Procedures

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the reasonable assurance. The procedures implemented include understanding the Company's internal control system, assessing the management's process of evaluating the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and implementation of its internal control system related to external financial reporting and asset security, and other assurance procedures deemed necessary by the accountant.

Conclusion

Based on the assessment items for the effective ICS in accordance with “Regulations Governing Establishment of Internal Control Systems by Public Companies”, our opinion is that SynPower Co., Ltd. maintained, in all material aspects, effective ICS over financial reporting and safeguarding of assets in terms of design and implementation on December 31, 2022.

We evaluate that the ICS statement, which is issued by SynPower Co., Ltd. on April 7, 2023, is presented fairly, and declares that the design and implementation of its ICS over financial reporting and safeguarding of assets is effective in all material respects.

The engagement partners on the reasonable assurance engagement resulting in this independent auditors' reasonable assurance report are Chun-Hung Chen and Pei-De Chen.

Deloitte Taiwan

April 7, 2023

Notice to Readers

For the convenience of readers, the independent auditors' assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditor's assurance report and summary of selected subject matter information shall prevail.

(XI) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the main shortcomings, and condition of improvement: None

(XII) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions of a shareholders meeting and the implementation status:

Date	Major resolutions	Execution progress
May 18, 2023 (Annual shareholder's meeting)	To ratify the 2022 business report and financial statements.	Announcement is made in accordance with the content of the resolution.
	To ratify the Company's 2022 earnings appropriation	Done according to the contents of the resolution.

2. Material resolutions of board meeting:

Date	Major resolutions
January 17, 2023	<ol style="list-style-type: none"> 1. Approved the 2022 year-end bonus for managers of the Company. 2. Approved the evaluation of the independence and suitability of the certified public accountants of the Company.
February 23, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2022 financial statements and business report. 2. Approved the proposal of 2022 employees' compensation and remuneration to directors. 3. Approved the Company's 2022 earnings distribution. 4. Approved the Company's cash dividend distribution from 2022 earnings. 5. Approved the date, time, venue and reason for convening the 2023 Annual General Shareholders' Meeting of the Company. 6. Approved the date and place for accepting shareholder's proposals for the 2023 Annual General Shareholders' Meeting. 7. Approved the accounts receivable that comply with the conditions and the amounts other than accounts receivable are not the nature of loans.
March 17, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Assessment of the Effectiveness and the Statement of the Internal Control System. 2. Approved to sign the Over-allotment and Voluntary Depository Agreement between the Company and the underwriters prior to the initial listing of the Company. 3. Approved the Company's issuance of financial forecasts for the second and third quarters of 2023 4. Approved the renewal of the commercial paper guarantee credit line application with the corresponded bills and finance companies. 5. Approved the renewal of the credit line application with the correspondent bank. 6. Approved to apply for endorsement and guarantee for a sub-subsidiary and apply for credit line from CTBC Bank. 7. Approved to apply for endorsement and guarantee for a subsidiary and apply for credit line from corresponding bank. 8. Approved the evaluation of the reasonableness and transaction price for the transactions between the Company and its related parties

Date	Major resolutions
	(Chipboard and SynTop).
April 7, 2023	Approved the Company's 2022 Assessment of the Effectiveness and the Statement of the Internal Control System.
May 11, 2023	<ol style="list-style-type: none"> 1. Approved the review of Q1 2023 financial statements. 2. Approved the accounts receivable that comply with the conditions and the amounts other than accounts receivable are not the nature of loans. 3. Approved the renewal of the credit line application with Mega Bank.
June 16, 2023	Approved the Company's Xinsheng Road factory construction foundation project contracting.
July 13, 2023	<ol style="list-style-type: none"> 1. Approved the distribution proposal of remuneration to directors of the Company for 2022. 2. Approved the proposal for the distribution of remuneration to managers and directors who concurrently serve as employees of the Company for the year 2022. 3. Approved the amendments of Procedures for Managing the Operations of the Board of Directors.
August 4, 2023	<ol style="list-style-type: none"> 1. Approved the review of Q2 2023 financial statements. 2. Approved the accounts receivable that comply with the conditions and the amounts other than accounts receivable are not the nature of loans. 3. Approved the amendments to the Regulations on Prevention of Insider Trading. 4. Approved the amendments of "Computerized Information System Processing Operations". 5. Approved the formulation of "Foreign Currency Exchange Risk Management Measures". 6. Approved the proposal for the distribution of performance bonuses to managers and directors who concurrently serve as employees of the Company for the first half of 2023. 7. Approved the establishment of the Company's chief information security officer appointment. 8. Approved the renewal of the credit line application with Taipei Fubon Bank Ltd.
August 31, 2023	<ol style="list-style-type: none"> 1. Approved the monthly salary structure and benefit amounts for the chairman of the Company. 2. Approved to handle the public underwriting of cash capital increase and issuance of new shares before initial listing through the Company. 3. Approved the formulation of "Measures for Employee Stock Subscription for Cash Capital Increase in 2023".
November 7, 2023	<ol style="list-style-type: none"> 1. Approved the review of Q3 2023 financial statements. 2. Approved the accounts receivable that comply with the conditions and the amounts other than accounts receivable are not the nature of loans. 3. Approved the formulation of "Organizational Rules and Regulations of the Nomination Committee". 4. Approved appointment of nomination committee members. 5. Approved the formulation of "Standard Operating Procedures for Handling Directors' Requests". 6. Approved to authorize members of the Board of Directors to supervise audit operations. 7. Approved the renewal of the credit line application with Shin Kong Commercial Bank.
December 21, 2023	<ol style="list-style-type: none"> 1. Approved the performance evaluation of members of the Board of Directors and members of the functional committees in 2023. 2. Approved the amendments to the Company's 2024 internal audit plan. 3. Approved the 2024 budget proposal. 4. Approved the change of certified public accountants of the Company.

Date	Major resolutions
	<ol style="list-style-type: none"> 5. Approved the evaluation of the independence and suitability of the certified public accountants of the Company. 6. Approved the formulation of "Succession Planning for Members of the Board of Directors and Key Managements". 7. Approved the formulation of "2024 Director Continuing Education Course Plan". 8. Approved the adjustment of the Company's research and development officer.
January 30, 2024	<ol style="list-style-type: none"> 1. Approved to evaluate the salary and compensations for managers of the Company periodically. 2. Approved to evaluate the remuneration to the directors of the Company periodically. 3. Approved the 2023 year-end bonus for managers of the Company.
February 22, 2024	<ol style="list-style-type: none"> 1. Approved the proposal of 2023 employees' compensation and remuneration to directors. 2. Approved the Company's 2023 financial statements and business report. 3. Approved the Company's 2023 earnings distribution. 4. Approved the Company's cash dividend distribution from 2023 earnings. 5. Approved re-election of directors. 6. Approved the date, time, venue and reason for convening the 2024 Annual General Shareholders' Meeting of the Company. 7. Approved the date and place for accepting proposals and a candidate list for directors from shareholders for the 2024 Annual General Shareholders' Meeting. 8. Approved the accounts receivable that comply with the conditions and the amounts other than accounts receivable are not the nature of loans. 9. Approved the amendments of "Organizational Rules and Regulations of the Audit Committee". 10. Approved the amendments of Procedures for Managing the Operations of the Board of Directors. 11. Approved the formulation of "Pre-approval Review Method for Certified Public Accountants Providing Non-certified Services" of the Company. 12. Approved the formulation of the Company's "Greenhouse Gas Inventory and Verification Schedule Plan". 13. Approved the Company's 2023 Assessment of the Effectiveness and the Statement of the Internal Control System.
March 28, 2024	<ol style="list-style-type: none"> 1. Approved the proposal of the nomination list of director candidates. 2. Approved the proposal of lifting the non-competition restrictions on the company's new directors and their representatives. 3. Approved the amendments of "Customer Credit Management Procedures".

(XIII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, and chief research and development officer:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Research and Development Officer	Lee, Yen-Chih	April 1, 2017	December 21, 2023	Job adjustment
CEO	Lin, Win-Bin	March 25, 2019	December 31, 2023	Job adjustment

V. Information on CPA professional fees:

Unit: NT\$ thousands

Name of accounting firm	Name of CPA	Auditor's audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Chen, Chun-Hung	January 1, 2023 to September 30, 2023	2,180	-	2,180	None
	Chen, Pei-De					
Deloitte Taiwan	Shih, Chin-Chuan	October 1, 2023 to December 31, 2023	950	250	1,200	Non-audit fees include NT\$150 thousand for tax certification and NT\$100 thousand for English translation of Chinese financial reports.
	Liu, Shu-Lin					

- (I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

VI. Information on replacement of CPA:

(I) Regarding the former CPA

Replacement Date	December 21, 2023		
Replacement reasons and explanations	The original CPAs of the Company were Chen, Chun-Hung and Chen, Pei-De from Deloitte Taiwan. Due to internal adjustment at Deloitte Taiwan, the CPAs of the Company were changed to Shih, Chin-Chuan and Liu, Shu-Lin, beginning the fourth quarter of 2023.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		CPA
	Status		The Company
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
	Remarks/specify details: None		
Other Revealed Matters	Not applicable		

(II) Regarding the successor CPA

Name of accounting firm	Deloitte Taiwan
Name of CPA	Shih, Chin-Chuan and Liu, Shu-Lin
Date of appointment	December 21, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Reply from the former CPA on matters 1 and 3 of paragraph 6 of Article 10 of these Standards: Not applicable.

VII. Any of the Company's Directors, General Manager, or Manager in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firms: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Change of shareholding of directors, supervisors, managers, and major shareholders

Unit: shares

Position	Name	2023		2024 as of March 17	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Chi Bin Industrial Co., Ltd. Representative: Lin, Win-Bin	-	-	-	-
Director	Kao Mei Industrial Co., Ltd. Representative: Chen, Wen-Sheng	-	-	-	-
Director	GIT Consultants Corporation Representative: Chin, Yu-Hua	-	-	-	-

Position	Name	2023		2024 as of March 17	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
	(Note 1)				
Director	Hsu, Rong-Chun	-	-	-	-
Independent Director	Wu, Tsung-Chang	-	-	-	-
Independent Director	Liu, Shuai-Lei	-	-	-	-
Independent Director	Lai, Chao-Sung	-	-	-	-
Vice President, Sales Division	Chen, Shih-Hsiang	(157,000)	-	-	-
Assistant General Manager, Commodity Development Division	Hsu, Hung-Yueh	30,000	-	-	-
Assistant General Manager, Visual Development Office	Lee, Yen-Chih(Note 2)	(100,000)	-	-	-
Finance & Accounting Officer	Lin, Yu-Ting	20,000	-	-	-

Note 1: Chin, Yu-Hua, the representative of GIT Consultants Corporation resigned on February 24, 2023, the information is only updated until the date of termination .

Note 2: Assistant General Manager Lee, Yen-Chih resigned on December 24, 2023, the information is only updated until the date of termination .

(II) The counterparty of a transfer of shareholding is a related party:

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, manager, and major shareholders	No. of shares	Transaction price
Hsu, Hung-Yueh	Gift	January 6, 2023	Hsu, Pin-Chen	Children	60,000	38.95
Hsu, Hung-Yueh	Gift	January 6, 2023	Lee, Tzu-Han	Spouse	60,000	38.95

(III) The counterparty of a pledge of shareholding is a related party: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

March 17, 2024; Unit: share; %

Name	Shareholder's Shareholding		Shares held by spouse and underage children		Total shares held in the names of others		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relation	
Chi Bin Industrial Co., Ltd.	4,786,751	14.56	-	-	-	-	Lin, Win-Bin	Responsible Person	
Representative: Lin, Win-Bin	2,080,308	6.33	166,206	0.51	-	-			
Kao Mei Industrial Co., Ltd.	4,232,729	12.88	-	-	-	-	Chen, Wen-Sheng	Responsible Person	
Representative: Chen, Wen-Sheng	1,453,247	4.42	-	-	-	-			
Representative of SYMTEK AUTOMATION ASIA CO., LTD.: Kuan, Chin-Kun	2,991,719	9.10	-	-	-	-	-	-	
Zhen Ding Technology Holding Limited	2,437,697	7.42	-	-	-	-	-	-	
Representative: Shen, Ching-Fang	-	-	-	-	-	-	-	-	
Lin, Win-Bin	2,080,308	6.33	166,206	0.51%	-	-	Chi Bin Industrial Co., Ltd.	Responsible Person	
Chen, Wen-Sheng	1,453,247	4.42	-	-	-	-	Kao Mei Industrial Co., Ltd.	Responsible Person	
Industrial Technology Investment Corporation	930,044	2.83	-	-	-	-	-	-	
Representative: Liu, Chung-Ming	-	-	-	-	-	-	-	-	
Chen, En	808,872	2.46	-	-	-	-	De Rong Investment & Development Co., Ltd.	Responsible Person	
De Rong Investment & Development Co., Ltd.	674,826	2.05	-	-	-	-	-	-	
Representative: Chen, En	808,872	2.46	-	-	-	-	-	-	
Delta Electronics Capital Company	664,826	2.02	-	-	-	-	-	-	
Representative: Liu, Liang-Fu	-	-	-	-	-	-	-	-	

- X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

March 17, 2024; Unit: share; %

Business investment	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage
HK Synpower Ltd. (Note 1)	3,630,000	100%	-	-	3,630,000	100%
SynPower Co., Ltd. Dongguan (Note 1)	Note 2	100%	-	-	Note 2	100%
SynPower Co., Ltd. (Kunshan) (Note 1)	Note 2	100%	-	-	Note 2	100%
SynPower Co., Ltd. (Note 1)	50,000	100%	-	-	50,000	100%
SynTop Co., Ltd. (Note 1)	2,479,500	76.76%	-	-	2,479,500	76.76%
Syndla India Private Limited (Note 1)	Note 2	100%			Note 2	100%
Chipboard Technology Corporation. (Note 1)	4,371,502	51%	-	-	4,371,502	51%
Jiangsu SLK High-Tech Co., Ltd. (Note 3)	Note 2	20%	-	-	Note 2	20%

Note 1: For subsidiaries accounted for under the equity method, the investment gains from reinvestment companies, long-term share investments of investment companies, and the net value of investees' equity are eliminated when preparing the consolidated financial statements.

Note 2: Overseas investee is a limited liability company, and no shares were issued.

Note 3: Reinvestment in Mainland China through reinvesting in an existing company in a third country or reinvesting in a Mainland China through investing in a company established in a third country.

Four. Capital Overview

I. Capital and shares

(I) Source of share capital :

1. Formation of share capital

Unit: NT\$ thousand; thousand shares

Month/year	Issued price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares (thousand shares)	Amount (NT\$ thousand)	No. of shares (thousand shares)	Amount (NT\$ thousand)	Source of capital	Paid in properties other than cash	Others
2002, April	10	500	5,000	500	5,000	Establishment	None	Note 1
2003, March	10	1,000	10,000	1,000	10,000	Cash capital increase of NT\$5,000 thousand	None	Note 2
2007, October	10	2,000	20,000	2,000	20,000	Cash capital increase of NT\$10,000 thousand.	None	Note 3
2014, September	10	36,000	360,000	12,000	120,000	Cash capital increase of NT\$100,000 thousand.	None	Note 4
2015, April	25	36,000	360,000	17,000	170,000	Cash capital increase of NT\$50,000 thousand.	None	Note 5
2015, November	55	36,000	360,000	22,000	220,000	Cash capital increase of NT\$50,000 thousand.	None	Note 6
2015, December	55	36,000	360,000	24,400	244,000	Cash capital increase of NT\$24,000 thousand.	None	Note 7
2021, July	10	60,000	600,000	27,100	271,000	Share exchange of NT\$27,000 thousand	None	Note 8
2021, September	10	60,000	600,000	30,028	300,280	Capitalization of retained earnings of NT\$4,880 thousand Capitalization of capital surplus of NT\$24,400 thousand	None	Note 9
2023, November	28	60,000	600,000	32,870	328,700	Cash capital increase of NT\$28,420 thousand.	None	Note 10

Note 1: Approved by Letter Jin-Shou-Chung-Zi No. 09132047590 on April 29, 2002

Note 2: Approved by Letter Jin-Shou-Chung-Zi No. 09231829340 on March 27, 2003.

Note 3: Approved by Letter Jin-Shou-Chung-Zi No. 09632852650 on October 4, 2007.

Note 4: Approved by Letter Jin-Shou-Chung-Zi No. 10333649840 on September 3, 2014.

Note 5: Approved by Letter Jin-Shou-Chung-Zi No. 10433274240 on April 16, 2015.

Note 6: Approved by Letter Jin-Shou-Chung-Zi No. 10433884200 on November 5, 2015.

Note 7: Approved by Letter Jin-Shou-Chung-Zi No. 10434084720 on December 31, 2015.

Note 8: Approved by Letter Jin-Shang-Hang-Zi No. 11090946900 on July 9, 2021

Note 9: Approved by Letter Jin-Shang-Hang-Zi No. 11091024230 on September 6, 2021.

Note 10: Approved by Letter Jin-Shang-Hang-Zi No. 11291115810 on November 15, 2023.

2. Type of stock

March 20, 2023; Unit: share

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	32,870,000	27,130,000	60,000,000	6,000,000 shares were reserved for the issuance of warrants.

Note: The shares are publicly offered.

3. If approval has been granted to offer and issue securities by shelf registration, additionally disclose the approved amount and information regarding securities to be issued or already issued: Not applicable.

(II) Shareholder Composition

March 17, 2024; Unit: no. of people; share; %

Shareholders Quantity	Government institutions	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and foreign individuals	Total
No. of shareholders	-	1	20	1,403	11	1,435
No. of shares held	-	465,022	18,097,404	13,867,402	440,172	32,870,000
Shareholding percentage	-	1.42	55.06	42.19	1.33	100.00

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(III) Diffusion of ownership

1. Common share

March 17, 2024; Unit: no. of people; share; %

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding percentage
1 — 999	278	28,121	0.09
1,000 — 5,000	902	1,621,756	4.93
5,001 — 10,000	104	816,030	2.48
10,001 — 15,000	38	474,730	1.44
15,001 — 20,000	20	357,017	1.09
20,001 — 30,000	24	597,269	1.82
30,001 — 40,000	10	347,331	1.06
40,001 — 50,000	5	224,429	0.68
50,001 — 100,000	19	1,531,806	4.66
100,001 — 200,000	12	1,540,612	4.69
200,001 — 400,000	10	2,959,619	9.00
400,001 — 600,000	3	1,310,261	3.99
600,001 — 800,000	2	1,339,652	4.08
800,001 — 1,000,000	2	1,738,916	5.29
1,000,001 and above	6	17,982,451	54.70
Total	1,435	32,870,000	100.00

2. Preferred share: Not applicable.

(IV) List of major shareholders:

March 17, 2024; Unit: share; %

Shares Name of the major shareholder	No. of shares held	Shareholding percentage
Chi Bin Industrial Co., Ltd.	4,786,751	14.56
Kao Mei Industrial Co., Ltd.	4,232,729	12.88
Symtek Automation Asia Co., Ltd.	2,991,719	9.10
Zhen Ding Technology Holding Limited	2,437,697	7.42
Lin, Win-Bin	2,080,308	6.33
Chen, Wen-Sheng	1,453,247	4.42
Industrial Technology Investment Corporation	930,044	2.83
Chen, En	808,872	2.46
Delta Electronics Capital Company	674,826	2.05
De Rong Investment & Development Co., Ltd.	664,826	2.02

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Unit: NT\$

Item		Year	2022	2023	2024 up to March 31
Market price per share	Highest (Note 1)		Unlisted (Note 1)	50.40	46.65
	Lowest (Note 1)		Unlisted (Note 1)	36.55	38.70
	Average (Note 1)		Unlisted (Note 1)	40.59	43.40
Net worth per share	Before dividend		31.51	31.54	—
	After dividend		29.51	(Note 2)	—
Earnings per Share	Weighted average shares		30,028 thousand shares	30,511 thousand shares	32,870 thousand shares
	Earnings per Share		3.97	0.99	—
Dividends per share	Cash dividends		2	1.2(Note 2)	—
	Stock dividends	From earnings	—		—
		From capital surplus	—		—
	Accumulated undistributed dividends		—	—	—
Analysis of investment returns	P/E ratio (Note 3)		Unlisted (Note 1)	41.00	—
	Price to dividend ratio (Note 4)		Unlisted (Note 1)	33.83	—
	Cash dividend yield (Note 5)		Unlisted (Note 1)	0.030	—

Note 1: Because the Company's shares are unlisted in 2022, there is no market price for calculating the price/earnings ratio, price/dividend ratio, and cash dividend yield.

Note 2: The appropriation of earnings for fiscal year 2022 is subject to the approval of the 2023 Annual General Shareholders' Meeting.

Note 3: P/E ratio = average market price per share / earnings per Share

Note 4: Price to dividend ratio = average market price per share / cash dividends per share

Note 5: Cash dividend yield = cash dividends per share / average market price per share

(VI) Dividend policy and execution

1. Company's dividend policy

When the Company has a surplus in its annual final accounts, the Company shall pay taxes according to law, offset the deficits in the previous years, and then set aside 10% as legal reserve. Provided that no further provision shall be made when the legal reserve has reached the Company's paid-in capital. The Company may set aside or reverse the special reserve as required by law. If there is any remaining balance, it should be combined with the accumulated undistributed earnings, so that the Board of Directors can prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting to resolve to distribute dividends to shareholders.

The Company's dividend policy is characterized by a balanced dividend policy that includes cash dividends and stock dividends. The cash dividend payout ratio shall not be less than 10% of the total dividend distributed from the current year's earnings. Depending on the Company's current and future investment environment, capital needs, domestic and international competition, and capital budgets, as well as considering the interests of shareholders, balanced dividend policy, and the Company's long-term financial planning, the dividends are paid upon the resolution adopted at the shareholders' meeting after the Board of Directors prepares the appropriation of earnings each year as required by the law.

2. The dividend distributions proposed at the most recent shareholders' meeting:

The cash dividend distribution from 2023 earnings was proposed by the Board of Directors on February 22, 2024 and is pending to be resolved at meeting of the shareholders on May 15, 2024. The distribution of cash dividends from 2023 earnings is subject to the approval of the Board of Directors. The Company proposes to distribute NT\$39,444,000 as cash dividends to shareholders from the 2023 earnings, it is NT\$1.2 per share.

3. If a material change in dividend policy is expected, provide an explanation: Not applicable.

(VII) Impacts of stock dividends proposed for the current annual general meeting on the Company's business performance and earnings per share: Not applicable.

Item		Year	2023
Paid-in capital at the beginning (NT\$ thousand)			300,280
Dividend and stock dividend this year	Cash dividend per share		NT\$1.2 (Note 1)
	Stock dividend from retained earnings transferred to capital increase (share)		Not applicable
	Stock dividend from capital reserve transferred to capital increase (share)		Not applicable
Changes to operating	Operating profit		Not applicable (Note 2)
	Increasing (decreasing) percentage of operating		

Item		Year	2023
performances	profit compared with the same period last year		
	Net profit after tax		
	Increasing (decreasing) percentage of net profit after tax compared with the same period last year		
	Earnings per Share		
	Increasing (decreasing) percentage of earnings per share compared with the same period last year		
	Annual average rate on investment (reciprocal of annual price-earnings ratio)		
Proforma earnings per share and price-earnings ratio	If all the retained earnings transferred to capital increase were distributed by cash dividend	Proforma earnings per share (NT\$)	Not applicable (Note 2)
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase was not conducted	Proforma earnings per share (NT\$)	
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted	Proforma earnings per share (NT\$)	
		Proforma annual average rate on investment	

Note 1: The appropriation of cash dividends from earnings, stock dividends from earnings, and stock dividends from capital surplus for fiscal year 2022 was proposed by the Board of Directors on February 22, 2024, and is to be resolved by the shareholders at the 2024 Annual General Shareholders' Meeting.

Note 2: The Company has not disclosed its financial forecast for 2023, so it is not applicable.

(VIII) Employee and director remuneration:

1. Percentage or range of employee/director remuneration stated in the Articles of Incorporation.

When the Company makes a profit for the year, it shall set aside at least 3% of the profit for employees' compensation, which shall be paid in the form of stock or cash by resolution of the Board of Directors; and the Company may set aside not higher than 5% of the above profit for remuneration to the directors, which shall be resolved by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting.

In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as

employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

Changes in the estimation of employees' and directors' remuneration are recognized in profit or loss in the year in which the board of directors resolves the changes in accounting estimates. If the Board of Directors resolves that the amount to be paid is materially different from the estimated amount, the change will be adjusted in the year in which the expense was originally recognized. If the amount is still changed after the financial report has been approved, the change will be treated as a change in accounting estimation and will be adjusted in the following year.

3. Information on any approval by the board of directors of distribution of compensation:

- (1) The Board of Directors has resolved the 2023 remuneration to directors and employees compensation on February 22, 2024, as described below:

Remuneration to director: NT\$457,829.

Employees' compensation: NT\$1,526,096.

- (2) The amount of any employee profit-sharing compensation and director profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

No variance from the amount recognized as expense in the 2023 financial statements.

- (3) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation.

The Company did not propose to distribute any employee profit-sharing compensation in stock; therefore, it is not applicable.

4. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated.

The 2022 earnings distribution was reported at the shareholders' meeting held on May 18, 2023. Employees' compensation of NT\$6,127 thousand and directors' remuneration of NT\$1,757 thousand were distributed, which did not differ from the actual distribution.

(X) Buyback of the Company's shares: None.

- II. Issuance of corporate bonds: None.
- III. Preferred shares: None.
- IV. Issuance of global depositary receipts: None.
- V. Employee share subscription warrants and new restricted employee shares: None.
- VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.
- VII. Implementation of the company's capital allocation plans: As of the quarter prior to the publication date of the annual report, all issuances of marketable securities have been completed.

Five. Operational Highlights

I. Business activities

(I) Scope of operation

- (1) The company's major lines of business:
 - A. Research, develop, manufacture, sell and distribute the following products:
 - a. AI machine vision devices
 - b. Smart equipment for wet process
 - c. Smart production integration solution
 - B. Production and sales of parts, consumables, and specialty materials.
 - C. Technical and consulting services for the aforementioned products.
 - D. Import and export trading related to the aforementioned products.

(2) Weight of business of major products:

Unit: NT\$ thousand; %

Year	2022		2023	
	Net operating revenues	Weighting (%)	Net operating revenues	Weighting (%)
Product item				
AI machine vision devices	326,351	20.36	309,457	24.11
Smart solution for wet process	426,593	26.61	229,471	17.87
Smart Production Integration	324,583	20.25	325,198	25.33
Surface Treatment for PCBs	310,142	19.35	246,388	19.19
Others	215,422	13.43	173,264	13.50
Total	1,603,091	100.00	1,283,778	100.00

(3) Current product (service) items and usage

The three main business sectors of the Company are "AI Machine Vision Devices", "Smart Solutions for Wet Processing" and "Smart Production Integration". Our products can be widely used in printed circuit boards, optoelectronics, semiconductors and other related fields, and we provide raw materials, consumables and technology integration services. Our products are mainly used in traditional PCBs, flexible printed circuit, thin boards and substrates. Among them, AVI (Appearance Visual Inspection), which has a high penetration in inspection equipment, has been widely used in well-known PCB manufacturers in Taiwan, China, and Thailand. Visual smart applications can be used for alignment, measurement, inspection, recognition and other purposes, as well as various customized production, quality monitoring and development of visual applications for smart factories. Currently, we are actively expanding our business in semiconductor equipment, integration of EAP system, and online chemical monitoring and adding system integration.

Specialty materials products consist of product for special treatment, can effectively improve the current efficiency and reduce the loss of plating additives of insoluble anode; for chemical solutions used in through-hole plating, surface roughening and final surface treatment of printed circuit boards; and for nickel plating products applied to rigid boards, flexible printed circuits, and rigid-flexible PCBs, as well as peripheral parts and consumables of the equipment sold.

(4) New products (services) planned for development

The Company focuses on customer demands. We develop technology for high-end products by analyzing the market, and we seek to optimize our products by innovative thinking.

Our product planning begins with the integration of various functions such as mechanism design, system control, software development, and AI to turn customers' conceptual needs into actual equipment that can be mass-produced and highly competitive. In addition to obtaining several patents, we provide customers with cross-field technical services and more efficient and smarter equipment choices, and we are planning to develop new products in the following directions:

- A. We developed a wafer inspection machine to penetrate into the semiconductor industry, together with the automatic learning AI system, we can simultaneously activate AVI + AI inspection, multi-light source and multi-camera image system, to detect all the defects that customers ask for in one-stop.
- B. We have continued to research and develop the Optical Character Recognition, improve the stability and efficiency of the machine, and continue to introduce it to our substrate customers. We have been recognized by major international manufacturers for product testing and can be paired with the whole package line to accomplish the automatic production, testing and packaging process for the shipment.
- C. LCD dual tabletop and dual optical automatic machine has been developed and adopted by many LCD PCB factories. It can inspect several chips simultaneously. With dual tabletop and multi-chip loading system, it can enhance the productivity and flexibility.
- D. We have developed 5um high-resolution fully automatic machine to meet the high-end inspection market demand. With special light source, we can detect the defects under the solder mask, integrate the multi-angle light source and the AI system's judgment, and improve the detection rate and reduce the misjudgment for the FPC layer, so that we

can help our customers to have a quick planning for the production line inspection.

- E. ALG: It can meet the demand of fine line measurement for carrier board customers, with measurement repeatability up to $\pm 1\mu\text{m}$, and quickly and accurately measure the customer's whole data at specific points which can be used to provide feedback information for production parameters.
- F. Smart Software Optimization for Rapid Trial Production for PCB Manufacturing: By using the 2D code traceability system to record the relevant production parameters for wet process, and by using the ALG to measure the post-production line, the production parameters are integrated with the measurement data, and by analyzing the data with AI, the multi-mode smart parameter prediction improves the accuracy of the line width by $\pm 10\%$, and the time for adjusting the production parameters has increased from 3 to 4 hours to as short as 30 minutes.

(II) Industry overview

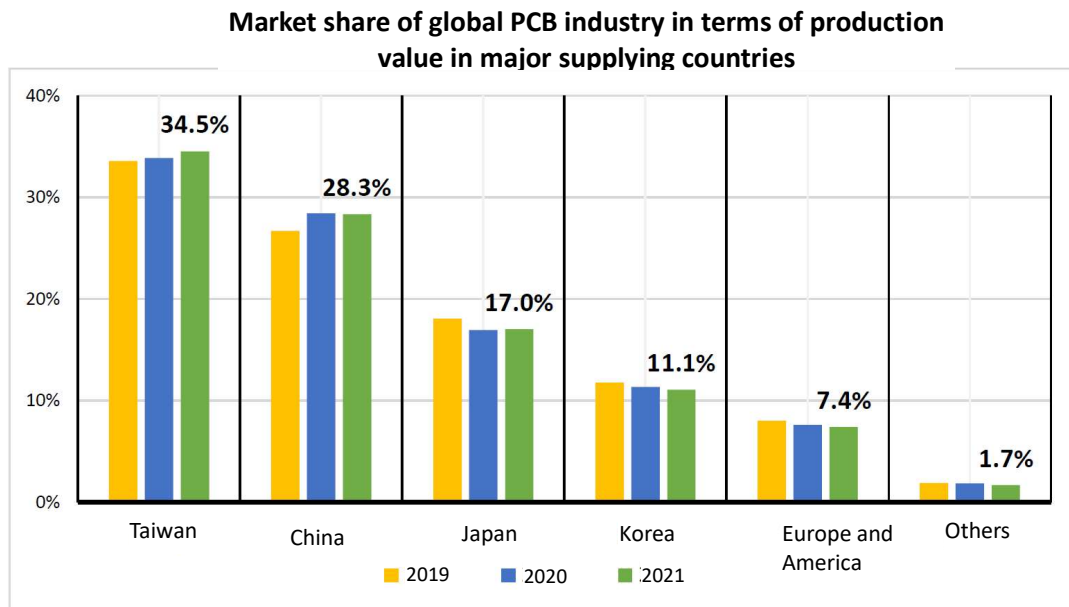
(1) Current situation of PCB industry

PCB is the main carrier for electronic components during assembly and connection after the complex circuit wires between parts are carefully and neatly planned and designed. It is an essential component for all electronic products and is widely used in consumer electronics, communication products, IT, home appliances, automobiles, medical instruments, and aerospace products. The categories include traditional single/double-sided boards, multi-layer boards, HDI high-density connectors, IC substrates, flexible printed circuits, and rigid-flexible PCBs. As the demand for electronic information and communication products has increased, the focus of the PCB market in recent years has shifted from computers to communication, mobile devices, and automotive electronics applications. This transition also means that downstream products are becoming lightweight, compact with multi-functions like high frequency and thermal design. This has not only increased the overall application of PCB products but has also led to a significant demand for advanced precision technology. Therefore, the need for precision measurement, inspection equipment, and equipment and materials for adapting to fine-line processes will become even more critical.

A. Global PCB Status

The major suppliers in the global PCB industry are from Taiwan, China, Japan, Korea, and Europe and the U.S. Taiwanese manufacturers have comparative advantages in terms of capacity and technology, and therefore, dominate the global market share; followed by China, which has gradually catching up with Taiwan's manufacturers.

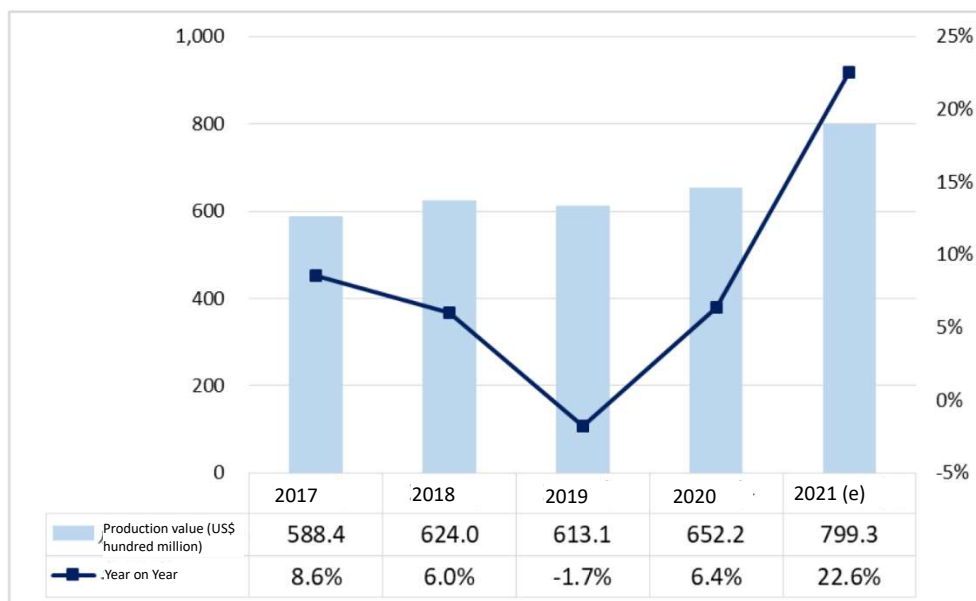
- (A) Taiwan: Taiwan's PCB industry chain is relatively mature, with advantages in IC substrates, FPCs, and mid-to-high-end HDI boards, and it has actively stepped into 5G communications and automotive electronics and other sectors that have growth potential, in order to consolidate its leading position in the global market.
- (B) China: Chinese manufacturers mainly supply rigid boards, and continue to enter the high-level digital rigid boards, flexible printed circuit, HDI boards, and IC substrates through mergers and acquisitions and expanding their R&D capabilities. In response to the demand for substituting domestic products, China manufacturers have accelerated the expansion of their product lines to meet the needs from local end-brand manufacturers, which has contributed to the increase in market share.
- (C) Japan: In recent years, Japanese companies have been focusing on emerging applications such as automotive, medical, industrial control, and Internet of Things (IoT). In 2021, Japanese companies benefited from strong demand for ABF substrates and the growing automotive electronic applications, leading to a stabilization in market share after a period of decline.
- (D) Korea: After PCB manufacturers have successively withdrawn from the HDI business, the Korean PCB industry has focused more on the development of carrier boards. It is currently the third largest carrier board producer in the world. Thanks to the global dominance of the Korean memory industry, Korean carrier boards are mainly used for DDR and mobile phone APs, and their products are BT carrier boards. In recent years, with the continuous development of 5G, AI, and HPC, the demand for ABF carrier boards has been strong. Therefore, Korean manufacturers are actively strengthening their layout in ABF carrier boards.



Source: Taiwan Printed Circuit Association (TPCA), Taiwan Institute of Economics Service (TIES) (2022.07)

In terms of the development of the PCB industry in the world, with the gradual recovery of the economy in Europe and the U.S., together with the demand for stay-at-home applications, 5G communications, AI applications, automotive electronics and other emerging technologies, all contribute to an increase in demand for printed circuit boards. This, in turn, has further upgraded PCB specifications and driven the growth of the global output value of the PCB industry.

Trend in Global PCB Industry Output Value and Annual Growth Rate



Source: Prismark (2022.01), Taiwan Printed Circuit Association (TPCA), compiled by Taiwan Industry Economics Service, Mar. 2022

According to the TPCA, under the influence of persistent negative factors such as international conflicts, high inflation, and high inventory, the global PCB output value in 2022 was estimated to be US\$88.2 billion, with an annual growth rate of 3.2%, representing a significant decrease in momentum compared to the 22.6% impressive performance in 2021. Despite the macro environment change and the international situation, the substrate has become the driver to offset the negative factors and it even raised the price. In particular, the major PCB manufacturers in Japan and Korea, like Ibiden, Shinko, SEMCO, LG-Innotek, the substrate revenue accounts for more than 90% of the PCB revenue, which means that the growth of the Japanese and Korean industry is mostly from the substrate. On the other hand, manufacturers in China have grown rapidly in the past, their gross margins and net profit growth has slowed down significantly because substrate accounted for a relatively low proportion of their business.

As many countries have set net-zero carbon emission targets, all governments are actively encouraging the development of electric vehicles and investing more in charging stations. This, coupled with the continuous advancement in battery technology, has resulted in the continuous improvement of battery life and cost reductions, driving the global electric vehicle market to grow significantly in sales scale. As far as the automotive circuit board market is concerned, the PCBs used in automobiles in the past were mostly focused on in-vehicle infotainment systems, center control systems, etc. However, the rapid development in electric vehicles and autonomous driving applications has led to the increasing demand for printed circuit boards (PCBs) that are used in power management, charging modules, ADAS systems, and the product specifications have also been effectively upgraded. According to N.T. Information's estimation, the output value of automotive PCBs needed for each vehicle will increase from US\$60-75 in 2020 to US\$250 in 2030, the output value of electric vehicles will even increase to US\$300-400; this indicates that the market of automotive PCBs will have great potential for growth in the future.

Looking back on 2023, the downturn in the economy continued in 2022. Poor market conditions have led to a slowdown in demand

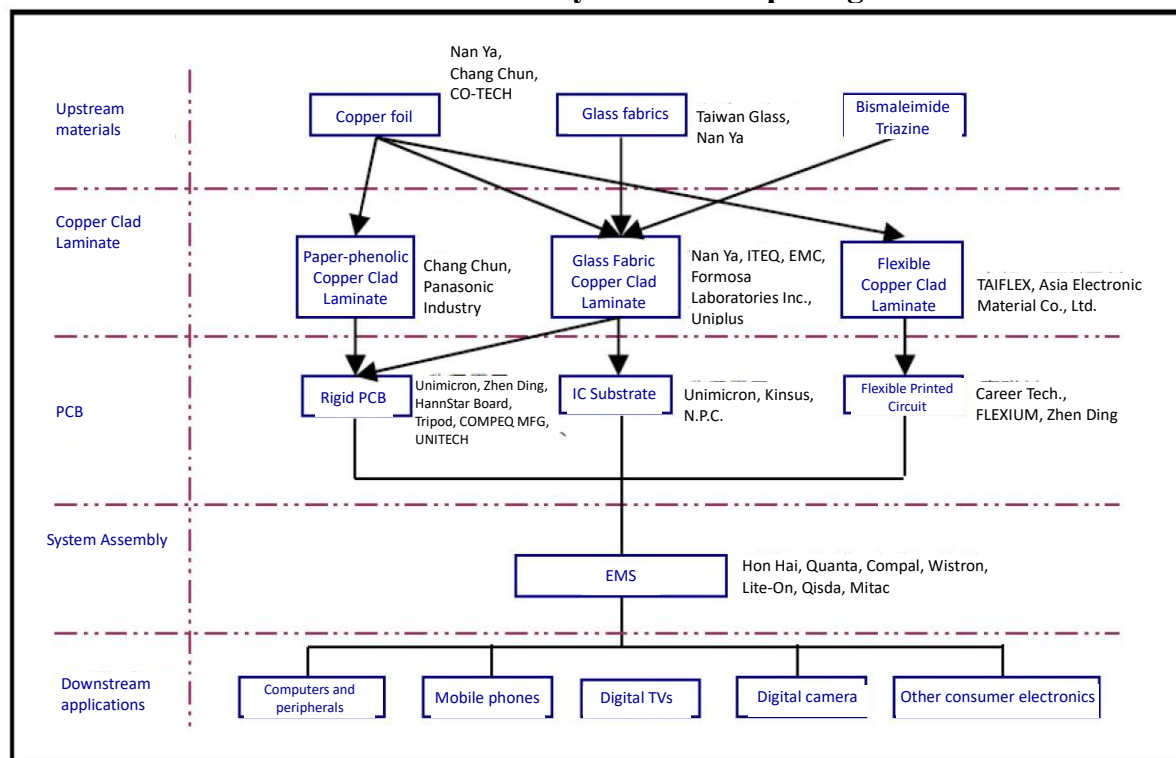
for almost all applications. According to research agency Prismark, global PCB output value in 2023 will be US\$78.367 billion, down 4.13% from US\$81.741 billion in 2022. , but will recover but slowly grow year by year from 2024, with an average annual compound growth rate of 3.8% from 2023 to 2027.

Although it will fall into recession in 2023, the market generally expects that the market will stabilize and demand will gradually recover in the second half of 2023 or 2024. Prismark's estimated data also shows that the entire industry will return to positive growth from 2024 onwards, from 2023 to 2027 The average annual compound growth rates of the four major product lines are 3.1%, 3.5%, 4.4%, and 5.1% respectively.

B. Taiwan PCB Status

Taiwan PCB industry structure has developed quite complete, from the upstream materials, copper foil substrate to various PCB manufacturers everywhere, upstream, midstream and downstream industries, and peripheral support industries are also very sound, the main manufacturers are shown in the following chart.

TaiwanPCB Industry Relationship Diagram



Source: Science and Technology International Strategy Center, Industrial Technology Research Institute (ITRI), May 2021

To observe the change in the percentage of the sales value of PCB products in Taiwan over the years, the main printed circuit board manufacturing accounted for the largest number of major products, including multi-layer boards, HDI boards, FPCs, single and double panels and other products manufacturing, have exceeded 40% in recent years. In 2018-2019, the impact of the U.S.-China trade war mainly affects the demand for end user products, together with the saturation of demand for smart phones and PC end user products, and even fell into recession, affecting the demand performance, resulting in a decline in the sales value percentage. In 2022, although Taiwan manufacturers are actively expanding servers, automotive electronics and other applications to promote the growth of printed circuit board sales. However, the stay-at-home economy is slowing down and high inflation is affecting the demand for consumer products, resulting in an annual increase in sales value that is not as strong as that of IC substrates, so the proportion of January to November 2022 dropped to 46.0% compared with that in 2021,

Regarding the development of the global PCB industry in 2024, the Taiwan Circuit Board Association (TPCA) and the Industrial Technology Research Institute (ISTI) jointly pointed out four key issues.

- a. Countries around the world are competing to strengthen the semiconductor industry, affecting the PCB and carrier board ecosystem.
- b. Carbon-neutral electronic products are on the market, and the pressure to reduce carbon in the supply chain is greatly increased.
- c. The supply chain is accelerating its globalization, and new PCB clusters are taking shape in Southeast Asia.
- d. Product specification iterations (AI mobile phones/AI computers) updates will become the main growth driver.

(2) IC Substrate Status

The IC substrate manufacturing industry is classified as one of the subsectors of PCB manufacturing in the electronic parts and components manufacturing industry. All businesses engaged in the manufacturing of various IC substrates are included in this sector. IC package refers to the

manufacturing procedure of processing IC chip or die. IC Substrate (generally referred to as the carrier) is the component that carries the IC in the packaging process, which is a product between IC semiconductor and PCB. The technology is similar to that of PCB, and its internal wiring can connect the chip to the circuit board. Its function is to protect the circuit to minimize the leakage, to fix the wire position, to provide a heat dissipation mean for protecting the IC, and to establish the standard of modularity for parts and components.

A. International market overview

The global IC substrate manufacturers are mainly from Taiwan, Japan and Korea. Among them, Taiwan and Japan are simultaneously developing ABF substrate (Ajinomoto Buildup Film) and BT substrates (Bismaleimide Triazine), while Korea is mainly developing BT substrates. Due to 5G, AI, and high-performance computing that will continuously increase the demand for IC substrates, and considering that the semiconductor industry is positioned as an international strategic focus, manufacturers from all over the world will speed up to enter the IC substrate market.

- (A) Japan: Japanese manufacturers focused on ABF substrate capacity expansion in 2021-2022. New production capacity will be mostly built for Japan, and are mainly focused on high-end PCs, servers and other large-scale substrates. In order to strengthen market competitiveness, Japanese manufacturers continue to devote themselves to the development of high-end substrates, high-frequency and high-speed PCB materials, and to strengthen their vertical integration advantages.
- (B) Korea: Korean manufacturers used to focus on the development of BT substrates. In response to the demand saturation in the global smartphone market and the stagnation of Samsung's cell phone sales, Korean manufacturers have been prompted to transform their product structure and accelerate ABF substrate production capacity expansion and new plant construction.
- (C) Taiwan: As manufacturers in various countries are focusing on building ABF substrate production capacity, Taiwanese companies continue to expand their capital expenditures to enlarge their ABF substrate production capacity and secure orders

from key clients by signing long term contracts as well as establishing production lines through cooperation with them, in order to effectively meet the huge demand for ABF substrates from clients and secure Taiwanese companies' leading position in the market.

- (D) China: In response to the demand for substituting domestic products, Chinese manufacturers have speeded up the deployment of IC substrate, and major manufacturers such as SCC, Kinwong and DSBJ have aggressively engaged in the ABF substrate, BT substrate, and other IC substrate production capacity, in order to accelerate the autonomy of China's semiconductor industry.
- (E) Austria: AT&S focuses on IC substrate capacity expansion. In addition to further expanding ABF substrate production capacity at its three plants in Chongqing, China, AT&S plans to cooperate with customers to set up an ABF substrate production base in Malaysia in order to meet customer demand in applications including servers, high-end PCs, automotive, 5G base stations, and medical applications.

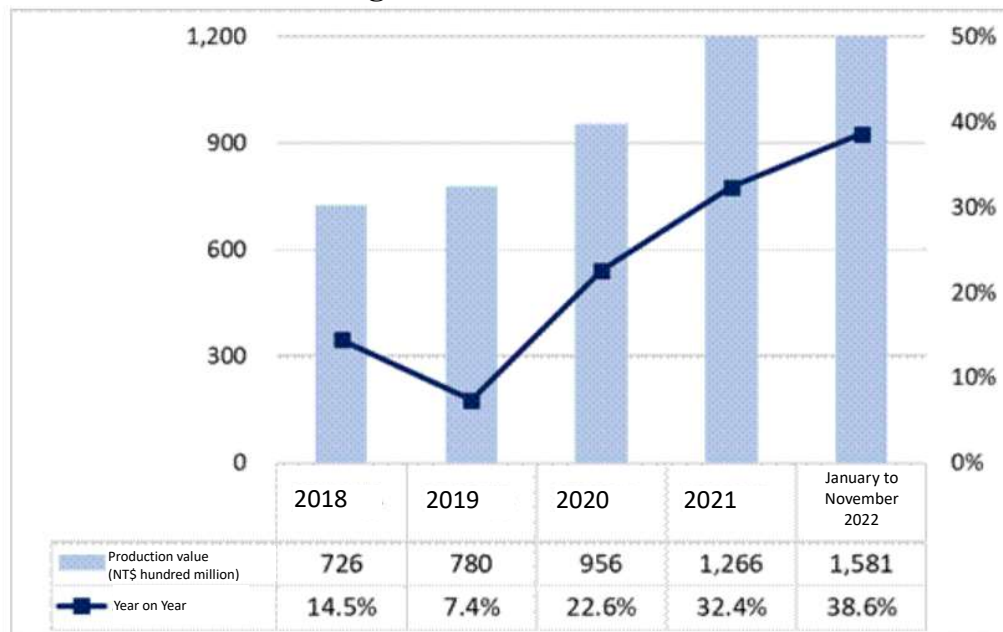
Due to 5G communication, high-performance computing, IoT, and EVs and other emerging applications that will continue to drive the demand for IC substrates, major IC substrate manufacturers in Japan and Korea have been actively increasing their capital expenditures to expand their production capacity in order to effectively meet the market demand. The investment is mainly in ABF substrates to seize business opportunities in the server, networking equipment and electric vehicle application markets.

Overall, considering that the semiconductor industry has become the center of attention in each country, plus data centers, electric vehicles, high-performance computing and other applications will drive the medium- and long-term demand for ABF substrate market, there is still potential for growth, which attracts Japanese and Korean companies to invest heavily to seize the highest position in the competition in the global IC substrate market, and to strive for new opportunities for growth.

B. Taiwan Market Overview

As we look at the value and annual growth rate of IC substrate production in Taiwan, although the stay-at-home economy has been slowing down, affecting the demand for some laptop applications, the demand for high-performance computing in 5G, AI, and IoT applications has been increasing, resulting in a strong growth in IC substrate production value in the first three quarters of 2022. ABF carrier boards were a popular industry in the past, and the stock prices of the top three ABF companies in Taiwan (Unimicron 3037-TW, N. P. C. 8046-TW, Kinsus 3189-TW) have hit highs again and again. Now the market situation has reversed, and even the previous demand was relatively weak. The affected car usage has plummeted, and industry players said that the recent market conditions are indeed sluggish. Research institutions expect that this is mainly due to the slowdown in end market demand. Among them, the output value of carrier boards will be more obvious due to the high base period in 2022, while the decline in multi-layer boards, soft boards and HDI hard boards will be smaller.

Production Value and Annual Growth Rate of IC Substrate Manufacturing in Taiwan



Source: Tape data of Industrial Production Statistics, Ministry of Economic Affairs, compiled by Taiwan Industrial Economics Services, February, 2023

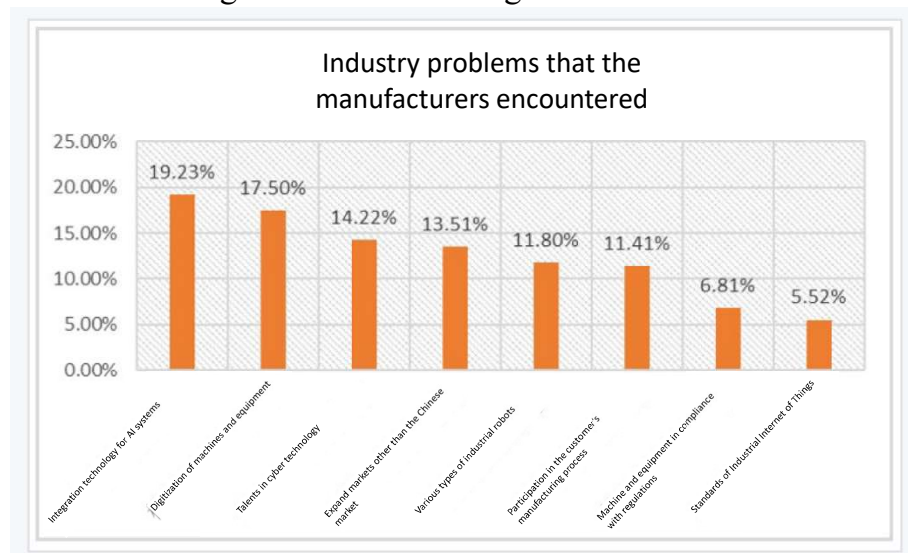
As the global economy is expected to slow down in 2023, the demand for ABF substrate market is expected to decline significantly. Unimicron has decided to revise the capital expenditure in 2023 and equipment order amount in 2024, to delay the production capacity of Yangmei plant in Phase III, and to postpone the production capacity expansion plan of Suzhou plant in China. In comparison, although there is a lack of significant growth momentum in end-market demand in 2023, medium- and long-term demand for 5G, AI, and IoT applications still has growth potential, coupled with the upgraded specifications of high-end ABF substrates and the difficulty in improving yields, which will still support the volume and price performance of ABF substrates.

(3) Smart Manufacturing Status

Smart manufacturing has become the future trend. According to TrendForce statistics, the market scale of smart manufacturing in 2021 reached USD 305 billion, the total market value is expected to reach USD 620 billion in 2026. The compound annual growth rate is estimated at 10.5% (EE Times 2021-08-19), and smart manufacturing-related products are also heading towards the government's current plan of 5+2 Innovative Industries Program. Under this program, AI is applied to accelerate the "5+2"

industrial innovation in smart machine, which will gradually expand the demand for AI and PCB industry.

Smart manufacturing is based on precision machinery, and it combines all kinds of smart technologies, for example, artificial intelligence, IoT big data, cloud computing, robotics and high-speed networks to satisfy the needs of smart equipment and systems. Therefore, what Smart Manufacturing aims to achieve is to apply Smart Manufacturing in the factory environment in order to improve the technology level or reduce the production cost, which in turn enhances the competitiveness of modern factories. According to a survey conducted by the Science and Technology International Strategy Center, Industrial Technology Research Institute (ITRI), the main problems that Taiwanese manufacturers encounter in smart manufacturing are shown in the figure below:



Overall, integration technology for AI systems, digitization of machines and equipment, and talents in cyber communication account for the biggest part of the problem. How to integrate process know-how with AI in the manufacturing, how to visualize data sensing capture and information after integrating CAD/CAM data, and how to cultivate IT talents (network communication, algorithms, embedded systems, cloud computing...). These three tasks are the most urgent for smart manufacturing.

As far as the PCB industry is concerned, most of the old machines in the existing production lines do not have the functions for internet connection and data collection, so we rely on foreign laborers to operate the production equipment and perform meter reading task. However, PCB

products are quite diversified and the manufacturing process is relatively complicated, so most of the equipment requires experienced workers to perform equipment calibration. In addition, the PCB QC is also highly dependent on labor inspection, the QC results vary a lot depending on the person, misjudgment may affect the cost and increase the labor hours. This shows that there is still a huge demand for manpower in the Taiwan PCB industry. In order to enhance the automation efficiency in factories, PCB manufacturers are accelerating their efforts to fully implement smart manufacturing in three major aspects: equipment, production, and operations. By collecting every piece of data in the production process and conducting root cause analysis, PCB defects can be quickly identified, tracked, and removed by utilizing information from the entire supply chain. Domestic PCB manufacturers use root cause analysis and AI defect classification technology to achieve equipment parameter autonomy or to assist operators to perform parameter calibration. This reduces the need for senior manpower, while AI applications can assist manpower in reading the types of product defects in order to improve the accuracy of the classification rate.

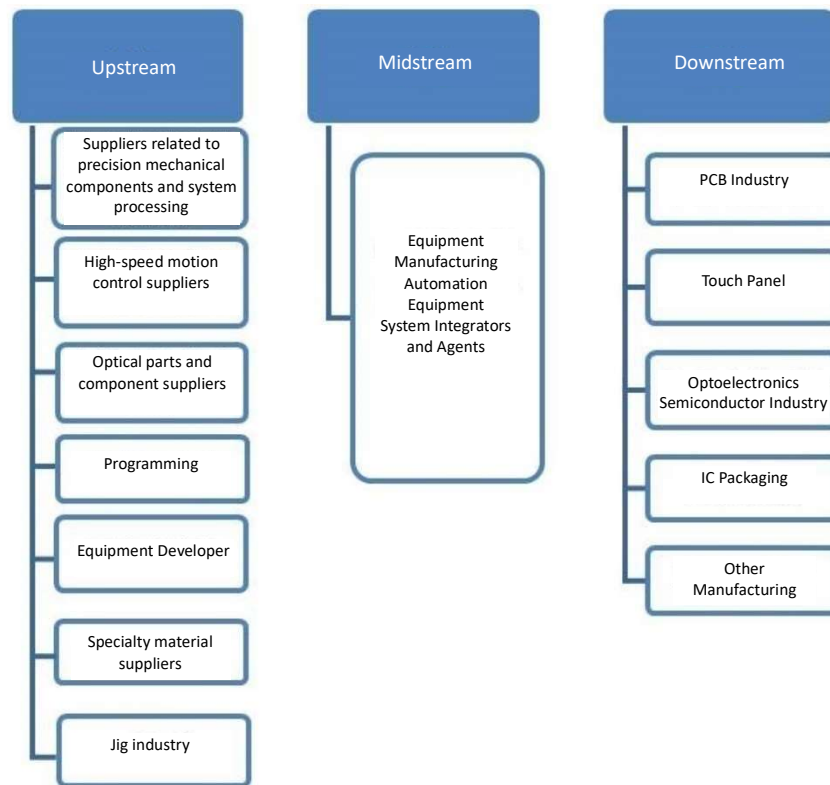
Three key aspects of smart manufacturing for PCB manufacturers in Taiwan.

Item	Main Contents
Equipment Aspect	<ul style="list-style-type: none"> ■ How Smart Manufacturing is introduced from equipment is mainly through the installation of sensors on the equipment to collect data on the status of the equipment and upload the collected data to the platform through the Internet, so that the industry can analyze the results of data analysis and algorithms to improve the stability of the equipment. ■ In order to facilitate the information integration across equipment, the PCBEI (Printed Circuit Board Equipment Communication Interfaces) equipment protocol standard promoted by the Taiwan Printed Circuit Association (TPCA) was certified by SEMI as one of the official standards in 2019. This effectively solves the inconsistency of communication standards.
Production Aspect	<ul style="list-style-type: none"> ■ Combine data application technology and actual production technology, to form a smart automation environment in the factory by integrating informatization and automation, and connecting production equipment, production lines, and factories. ■ The production aspect includes data management and analysis for production lines, production schedule, inventory management, and quality management.
Operation Aspect	The enterprise system combines internal and external production, environmental and operational information, integrates supply chain information, and provides management with a variety of operational strategies through the big data application and integration of automated processes, so that management can choose the most appropriate solution based on different calibration objectives.

Source: Taiwan PCB Industry Smart Manufacturing
Import Guidelines, TPCA, compiled by Taiwan Industry Economics Service, July. 2021

Manufacturers and governments in Taiwan and overseas have been actively promoting the Industry 4.0 in recent years. Enterprises that implement smart automation can improve the accuracy of their workflow, strengthen the ability to analyze data, and increase customer service satisfaction. According to a survey conducted by the Institute for Information Industry on the restructuring objectives of Taiwan's manufacturing industry in 2020, it appears that companies are focusing on the objectives of "improving quality" (45%), "increasing productivity" (41%), "reducing production costs" (31%), and "expanding new markets," which suggests that the restructuring objectives of Taiwan's manufacturing industry are aimed to optimize the operational performance of the organization; the smart manufacturing-related fields are the most important of these objectives.

(4) Relationship between the upstream, midstream and downstream suppliers



Source: Compiled by SynPower

(5) Product development trends

A. High-tech development trend increases the demand for automated quality inspection

Automated optical inspection equipment is the key to significantly improve production capacity and product quality. With high-speed and accurate defect detection technology for components, we can replace the cost for manual visual inspection, thus achieving the goals of reducing cost, improving yield and consistency, shortening inspection time, and improving the quality of the final product as well as the industrial competitiveness.

B. Increased demand for high-precision vision products in IT management era

As we are influenced by the population ageing and the rising labor cost worldwide, the global manufacturing operation mode is undergoing a transformation from humanized management to

automation management based on the viewpoint of information and automation. In addition, production line monitoring and control will be developed towards electronics, automation, and informatization in the future. Therefore, the key to the industry's development will be the automated production line that is able to improve production efficiency, reduce human errors, collect data and feedback, and respond in real time, towards the innovative thinking direction for developing big data and Industry 4.0. Visual application is the core technology of the Company. By combining the deep learning system, the Company has developed self-made inspection and measurement equipment to meet the customer's demand for high-end precision and smart mass production for new manufacturing processes.

- C. Lightweight, and compact consumer electronics products require higher equipment precision

Due to the prosperous development of technology and information, electronic products are moving more rapidly towards lightweight and compact. The increasing demand for quality has prompted conventional equipment to be continuously upgraded. For example, measurement technology has been upgraded from 2D to 3D inspection and measurement, thus increasing the demand for more sophisticated and high-speed inspection equipment.

- D. Increased demand for automated optical inspection equipment in traditional industries

Traditional manual visual inspection (MVI) is no longer effective to control quality. In order to avoid being phased out, the industry has moved towards high quality, and has adopted automated production and inspection equipment to replace traditional manual labor. Therefore, the demand for automation equipment will continue to increase. Utilize the image capturing function in optical equipment to judge the information in a non-contact way. By means of computerized image processing technology, we can detect defects such as foreign objects or abnormal patterns. The automated vision equipment can be deployed in the middle of the production line to inspect semi-finished products, while ensuring the quality of the products and production capacity is not affected. As a result,

automated vision equipment has become a necessary investment that weighs heavily in various industries.

(6) State of competition

The Company was originally engaged in distributing equipment and developing its own technology, and at the same time developing professional machine vision inspection, measurement applications and advanced process/wet process equipment. Now we have even become a company that integrates its production, inspection, and measurement related equipment with smart manufacturing solutions. We have professional employees and technical resources in optics, mechanism, software, electronic control, technical service, specialty materials, wet process equipment, and so on, and we can provide the package plant import solution for customers with different needs. The products are mainly used in printed circuit boards, optoelectronics and self-developed optical applications in the semiconductor industry. We also provide micro-visual traceability and inspection products, the scope of products marketed across the Taiwan Strait to Northeast Asia and Southeast Asia region. We supply AVI and automatic optical line measurement equipment for HDI, FPC, IC substrate, LCD boards, etc., as well as non-contact high level wet process equipment for next generation m-SAP process, Laminating Structured Carriers, Flexible Laminating Structured COFs, and special chemicals for FPCs. The Company focuses on the development of emerging industrial products and technologies for the smart manufacturing integration, with nearly 20 years' experience in optical vision application technology, we are able to provide equipment that meets the hardware requirements, combine production management in the factory, transform manufacturing into digitalization, and at the same time, provide the software system application integration, so that we can achieve the smart manufacturing factory object perfectly. The Company offers a wide range of equipment and services and has gained the trust from its customers, making it difficult for the industry to duplicate the Company's competitive edge.

(III) Overview of existing technologies and research and development

(1) R&D expense spent

Unit: NT\$ thousand; %

Item	Year	
	2022	2023
R&D expense	56,974	44,931
Net operating revenues	1,603,091	1,283,778
Ratio of R&D expenses to net operating revenues %	3.55	3.50

Source: 2022 and 2023 financial statements audited and certified by CPAs.

(2) Technologies and/or products successfully developed

Category	R&D Outcome
AI machine vision devices	Optical Measuring System (2021)
	Parameter Setting Method and Smart System of Visual Inspection System (2021)
	Measurement system for real-time calibration of the position and size of the object to be measured on the measuring machine (2021)
	AVI System (2021)
	Image capture device for process parameter monitoring (2021)
	Smart device with automatic parameter optimization (2021)
	Smart Image Capturing & Measuring System (2021)
	Multi-light Source Optical Inspection System (2020)
	AVI System and Methods (Eye Tracking) (2019)
	Optical Defect Detection System (Multi Light Source, Multi Countertop) (2018)
	Optical Defect Detection System and its Material Placing System (2018)
	Optical Defect Detection System (Multi-countertop mechanism reversible inspection technology) (2018)
	Optical Image Inspection Device (Coaxial Light Source) (2017)
	Optical Defect Detection System (2017)
	Optical Image Inspection Device (with Ventilation Device) (2017)
	Optical Defect Detection System (Multi-countertop inspection technology) (2017)
Smart solution for wet process	Optical defect detection device based on multi-resolution images (2017)
	Optical Inspection System (2016)
	PCB Inspection System (2016)
	Image Inspection Method for Printed Substrates (2016)
	Image Inspection System (II) (2016)
	Jig for Wet Line (Horizontal) (2021)
	Wet Line (Horizontal) Method for Flexible Printed Circuit (2021)
Smart solution for wet process	Wet Line (Horizontal) Device (2021)
	Residual Copper Detection System for Electroplating Jaws (2019)
	Electroplating fixture and its impedance test method (2017)
	Film Spallation Device (2016)

Category	R&D Outcome
Smart Production Integration	Smart PCB Etching Device (2022) Smart Processing System (2021) Traceability Method and System for PCB Yield and Production Equipment Error Rate (2021) Factory-wide Smart Traceability Adjustment System (2021) PCB with production information labeling (2021) Smart Code Reading and Positioning System and Methods (2020) Dynamic code reader (translucent rollers for PCB manufacturing process) (2019) PCB Production Labeling Methods for Statistical and Recall of PCB Production Defects (2019) Information Streaming System (Detecting Data Streaming Systems and Methods) (2019) Information Streaming System (a system and method for detecting data streaming) (2019) Code Reading System Module Structure (2018) Device for marking defective products (2018) Process parameter monitoring device (2017)
Mechanism Design and Automation	Substrate Processing Equipment (2022) Chain conveyor (2022) Paper Pickup Device (2021) Drawer type loading and unloading structure (2021) Defect Detection Mechanism and System (2020) A nozzle device (2019) Tray Flip Inspection System (2017) Side Inlet Substrate Conveyor (2019) Film Conveyor (2018) AVI for Substrate and substrate feeding mechanism (2017) PCB testing device with signal adapter and buffer pads (2016) High efficiency nozzles (2016)

(IV) Long and short-term business development plans.

(1) Short-term business objectives

- A. To cultivate talents and enhance vocational training skills and operating capabilities.
- B. Deeply develop R&D technology.
- C. Expand agency business and market.
- D. Strengthen diversified technical cooperation.
- E. Customized smart integration solutions.
- F. Develop products that have future potential.

(2) Long-term business direction

AI machine vision devices, wet process smart solutions, and production smart integration are the three key product development of the Company. We aim to expand the integration of substrate products, smart application integration, vertical production/intellectualization of wet process equipment, and localization of foreign products, in order to step into the semiconductor vision smart integration and manufacturing field,

establish business, technology, and R & D partnerships in different fields, and act as a builder for system integration platforms. The Company will not only continue to develop new R&D technologies for emerging industries, but will also continue to introduce new products that are very competitive in order to provide customers with a more complete and diversified product line. At the same time, we will combine the specialized application of special materials and technology to enhance the equipment system chain structure. We will also strengthen the cooperation relationship in the industry chain by expanding the integrated marketing and strengthening the equipment system chain structure. In addition, the Company will develop in smart integration application and visual application technology, and continue to provide high value-added and customized services, in order to become the best partner for our customers' smart manufacturing management integration.

II. Market, production and sales overview

(I) Market analysis:

- (1) Analysis of the geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT\$ thousand; %

Sales region \ Year	2022		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	565,709	35.28	572,407	44.59
Asia	1,027,847	64.12	711,371	55.41
Americas	2,495	0.16	-	-
Oceania	7,040	0.44	-	-
Total	1,603,091	100.00	1,283,778	100.00

- (2) Market share

The Company is a professional manufacturer and agent for R&D, production and sales of automatic optical inspection and measurement, circuit board dry and wet advanced equipment. Our main business is the manufacture, research and development, agency and sales of optical visual inspection and measurement systems and advanced production equipment for circuit boards. More than 90% of the circuit board manufacturers in Taiwan and Mainland China who produce automotive PCBs, server PCBs, and mobile phone PCBs have adopted our AVI; however, due to the lack of clear categorized domestic and foreign market share surveys and comprehensive statistics, we are unable to compare the market share for the other major circuit board industry equipment that we sell.

- (3) Demand and supply conditions for the market in the future and the market's potential

Printed circuit board is an important electronic component and the support body. It plays an important role in the electronic industry and is the carrier of electrical connection of electronic components. So, it is known as the mother of the electronic industry. As science and technology develops,

printed circuit boards are widely used in military, communications, medical, power, automotive, industrial control, smart phones, wearable devices, and other technical fields. The PCB production value on both sides of the Taiwan Strait is the highest in the world. This trend is expected to maintain a gradual growth in the next few years as the Mainland is the most important production region for the PCB production value. On the other hand, as downstream electronic products strive for lightweight and compact designs, various PCBs continue to develop towards high precision, high density, lightweight and compact, as well as safety and reliability, which means that the conditions for wire measurement and inspection of defects on the PCBs have become more stringent, and the traditional standardized operations performed by human eyes will become unreliable. At the same time, the labor shortage arising from the declining labor intensity in PCB industry will push up the demand for automated inspection and measurement. In addition, in order to reduce the production cost and improve the production efficiency of PCB manufacturers to increase the production value, the Company not only introduces high-performance automated equipment, but also integrates the equipment into smart manufacturing, and provides customers with a more efficient production mode to enhance the competitiveness.

(4) Competitive niches

A. Strong management team:

We have highly differentiated and comprehensive business scope, so our human capital is more diversified than that of the general equipment agencies. The Company has more than 60% professionals specialized in electronic and electrical engineering, chemistry, software application, business management and marketing, etc. The technical application and research and development talents of the Company are able to provide comprehensive services for various products. In addition, our chemical material team not only possesses chemical material application skills, but also collects equipment information to provide the automation team with new R&D directions or reference indexes for new equipment. Through the integration of corporate talents and regular education and training, this has become a favorable competitive niche for the Company.

B. Provide diversified equipment and integration solutions for automated production lines:

The Company was originally specialized in vision-related optical inspection and measurement equipment, we always inspect the PCBs before shipping, and we are the only company in the industry that owns a full series of automated AVI for different types and sizes of PCBs, and we have accumulated many years of experience in this field. Due to its services close to customer needs and the increase in the production value of flexible PCBs, the Company has been continuously devoting efforts in technology development, production, integration and application, as well as the expansion of its agency business, in order to meet the future market development and application needs for high-performance, smart process equipment and chemical materials to establish a more complete product portfolio that meets the industry's needs, and to establish a diversified

business entity. Our expertise in visual applications, together with our strong software team, allows us to provide customized visual application modules to enhance the performance of customer's equipment and the convenience of production management through the idea of customized integration solutions. In order to achieve smart and automated chemical plants in the future, wet and dry process integration is even more necessary, and the Company has the knowledge and technology to provide a variety of equipment and system integration solutions, so that the Company has more than the general equipment vendors with R & D technical capabilities, a full range of equipment and products, material expertise and the advantages of program integration.

C. Prompt on-site after-sales service and professional maintenance ability:

Due to the Company's AVI are sold all over the major PCB production areas on both sides of the Taiwan Strait, so our technical services are spread around our operating bases in Taiwan, East China, South China, North China, Thailand, etc. This shortens the technical service time, and allows us to contribute the accumulated experience to the research and development and the original factory to adjust and refine our products. Then, as we sell much process equipment, we will set up responsible and professional technical service staffs to strengthen the service efficiency. In addition, the Company has established two-way agency relationships with original manufacturers in Japan, Korea, China and Europe, such as SHIRAI, through the complementary products and technologies, not only to maintain the efficiency of service, but also to reduce each other's operating costs. The CRM system has been thoroughly implemented so that we can keep track of customer satisfaction and improve service and equipment performance.

D. Have extensive system integration technology and marketing integration capabilities:

The Company primarily engages in the manufacture and distribution of automation equipment, innovative and integrated solutions for visual applications, and high-end chemicals, and has established a unique "pillar philosophy" management principle through the diversification of its business units. Apart from the whole series of PCB optical visual inspection and measurement equipment, the Company is targeting at the small and attractive market by providing customers with high value-added automated process equipment and solutions instead of competing with price-cutting. The products developed and distributed by the Company are guided by the market trend and PCB technology development. We aim to create the highest value application in the PCB industry by improving the product manufacturing process for our customers and creating the highest value application in the PCB industry.

(5) Advantages, disadvantages and countermeasures for prospective development

A. Positive factors

- (A) Have professional customer technical service department and provide services locally.

The Company has a dedicated customer service training system to assist the customer's staff in the education and training on how to use the machine, so that the customer can feel comfortable using the Company's precision equipment over the long period of time; therefore, the customer can deepen their demand and trust in the Company. Currently, we have subsidiaries in Dongguan and Kunshan, an office in Thailand, and a service center in Qinhuangdao, China, to provide customers with comprehensive equipment repair and maintenance services, and to fully understand the customer's needs and market trends to ensure the quality of service.

- (B) Increased demand for automated machines due to increasing salary cost

The increase in wages, employee benefits, and social insurance costs in the electronics manufacturing industry has led to an increase in the demand for automated machines in the production line. In addition, the design of electronic products towards light weight and compact size has made the production and inspection conditions of electronic products more critical. Traditional manpower and human eye operations have become unreliable, yet the accuracy and high efficiency of each stage of the manufacturing process are the key factors so that the entire process can be managed in a convenient and intuitive manner. At the same time, the labor shortage arising from the declining labor intensity in PCB industry will push up the demand for automated inspection, measurement and application of automated equipment, which will be more favorable to the future development of the Company's industry.

- (C) Have diversified products and the ability to integrate marketing.

As the development of technology continues to increase the demand for high-end equipment, new types of equipment are constantly being introduced. However, the research and development of new equipment not only requires a large amount of human and material resources, but more importantly, requires a longer development time.

However, market opportunities are often gone quickly. To meet customer demand for high-end automation equipment, the Company not only actively invests in the development of its own technology, but also works with agents to introduce different series of automation equipment. In order to satisfy customers' demand for high-end automation equipment. Through our comprehensive customer portfolio, we are able to collect customer needs and market information, which helps us to quickly gain an entry point when launching new products and provides customers with the best channel to obtain the equipment they need.

(D) Have its own development team

The Company aims to become an expert in visual application and smart manufacturing solution, to engage in optical inspection, measurement equipment as a starting point for developing the business. We have the core technology to integrate optical acquisition system, image processing, software recognition and precision machinery, etc. The R&D team has accumulated extensive know-how and experience in the optical, mechanical, electrical and software integration technology, combined with agent equipment and special materials. We offer more precise and fast application technology for new product market, and can cooperate with customers to develop related visual inspection system services. At present, we have obtained more than 100 patents in Taiwan, China, Japan and Korea, etc. In response to the development of big data, we have invested in the application of production data and measurement results, and we are actively establishing an expert system to control and produce intelligently, and we have allied with other industries and customers to set up the FPC Smart Manufacturing Alliance, applying and researching the FPCB m-sap process to achieve real-time monitoring and control and the benefits of intelligent production.

B. Negative factors and countermeasures

(A) Emergence and Competition of Equipment Manufacturers in Mainland China

In the past, PCB dry process equipment was mostly high-end equipment from overseas, while advanced process equipment was dominated by domestic manufacturers.

However, the rapid development of the PCB industry in China and the factors related to the market, capital and talents of the industry have led to the emergence of Chinese equipment manufacturers, which, along with the huge capital and resources supported by PRC government, these factors have caused the Chinese PCB manufacturers to compete with the Japanese/Korean manufacturers and Taiwanese manufacturers.

Countermeasures:

- a. Strengthen the Company's local service to provide timely and high-quality services. Together with our experiences in serving many customers, we can bring the stable and efficient sales model to the original manufacturers, so that both parties could become the production and sales partners. The Company also continues to train dedicated engineers to provide maintenance and repair services for the equipment. With our strength in marketing channels and our technical and integration capabilities, we have set up a specialized research and development department to develop emerging industrial products and technologies. With nearly 20 years' experience in application technology, we not only develop new equipment and products, but also provide integrated solutions for smart manufacturing and provide customized services to our

customers.

- b. In addition to the collaboration with Japanese and Korean equipment manufacturers, we also work with manufacturers in Mainland China to develop and promote the products in line with the Company's marketing channels. Including agency, sales cooperation, business promotion and technology development cooperation.
- (B) Most of the products are sampling inspection devices, so the sales volume of these products is relatively low.

Countermeasures:

- a. Continue to develop high-precision self-made equipment and introduce new applications

Continue to invest in self-made equipment to upgrade the application development in vision and measurement; for example: the development of semiconductor wafer appearance inspection machine, 3D measurement system and dual-countertop fast PCB AVI machine, etc. to meet the customers' needs for completely automated assembly line structure. Actively devote to innovative technology, develop deep learning system, automatic etching detector and analog meter and digital monitoring products. We have introduced smart system to implement smart manufacturing and to enhance the added value of our equipment, and we are moving towards becoming a production line management consultant by combining visual technology, automated equipment, and big data in order to gain the trust and affirmation from our customers. As for specialty materials, we continue to develop advanced chemical materials and precision machines, which will become important and stable growth momentum for the Company's future business to expand the application areas of our products.

- b. Establish new brand to position itself in providing customer smart integration solutions

Provide smart equipment, plan various smart equipment system connection and installation, collect and analyze data to build precise and efficient smart production, not only to enhance the value-added of equipment, but also to develop towards the combination of visual technology, smart equipment/systems, and visual mixed reality as an integrated solution for production line management, and to gain customers' trust and affirmation through our customized services. As for specialty materials, we continue to develop advanced chemical materials and precision machines, and combine them with the above-mentioned smart integration solutions which will become important and stable growth momentum for the Company's future business to expand the application areas of our products.

- c. Introduce advanced equipment to increase sales in the market

Through our many years experiences in assisting customers

with system integration and cooperative relationships with original manufacturers, we are able to quickly and timely grasp the market pulse, and lead the industry in introducing advanced equipment to assist in the refinement of the PCB manufacturing process to meet the production capabilities of high-end consumer electronic products for ultra-thin wiring, high quality production efficiency and miniaturized design. Currently, we are the agent for many advanced equipment for next-generation cellular phones. Among them, the high-level D.E.S Line for high-level thin and flexible boards is equipped with the latest nozzle spraying system, which has excellent line and stable delivery capability for ultra-thin boards. RTR vertical copper plating equipment for non-contact electroplating and electroless plating, which allows the board to achieve the lowest contact and low tension, and minimizes the positive and negative reaction distance, which can greatly improve the process efficiency and avoid board scratching. Ultrasonic cleaning machine without chemical solvent, using ultrasonic waves through the water of the unique cleaning method, from cleaning to drying all the way to the end, than the general unidirectional type 20 ~ 40 times more cleaning power. Through the agency of advanced equipment, not only can we see the application of advanced technology, but also on the company's existing self-manufacturing and agency products for integrated marketing, so that customers can purchase a full, only need to deal with a supplier, can be more effective in providing customers with comprehensive solutions to the proposed program, to give customers a full range of equipment consulting services.

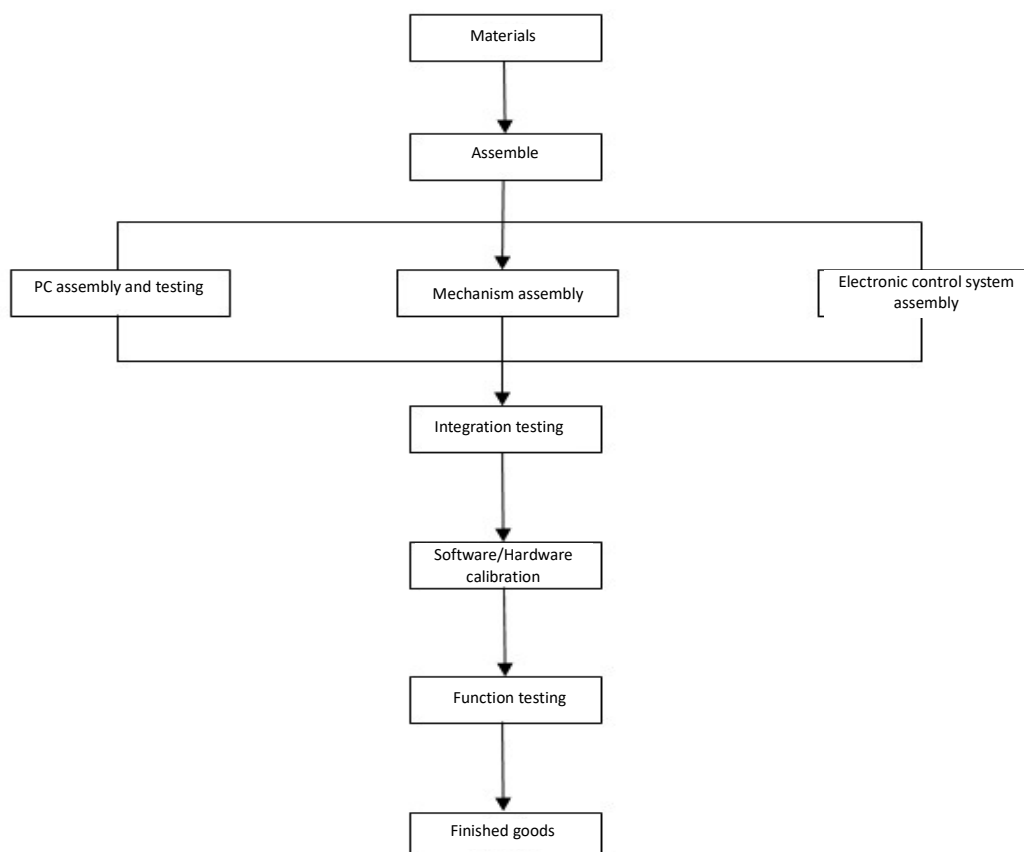
(II) Usage and manufacturing processes for the company's main products

(1) Usage for the company's main products

Product item	Important uses or functions
AI machine vision devices (Application for Inspection and Measurement)	<ol style="list-style-type: none"> 1. For high-end PCBs, we provide fully automatic and fast AOI/AVI inspection equipment, including fully automatic AOI inspection, AVI defect inspection and 3D warpage measurement. The integration of AI visual image reading technology and virtual measurement technology can minimize the detection error and accelerate the quality prediction in the process. 2. It combines visual software and hardware technologies to provide customers with solutions and equipment for optical positioning, measurement, alignment, monitoring, identification, and appearance inspection.... These solutions and equipment are designed to satisfy customers' needs in production control and quality inspection, which can be applied to PCB, IC substrate and packaging, and semiconductor wafer inspection.
Smart solution for wet process	<ol style="list-style-type: none"> 1. Smart Optimization Rapid Trial Production System for PCB, including Smart Predetermination Parameter Optimization System and Real-time Monitoring System for the whole manufacturing process. In order to carry out rapid trial production for small quantity, diversified, and customized PCB products, the optimal parameter prediction can take place within 200 sets of production data parameters, using the product specifications read from Gerber or CAD drawings and production history, and then

	<p>using the AI model to carry out the optimal process parameter prediction for different product lines, thus reducing the time for trial production of the new material.</p> <p>2. The production process of PCB is very complicated; it applies the technologies of exposure, drilling, etching and plating to produce fine wires. The advanced wet-processing equipment combined with the concentration monitoring and automatic addition of chemical can ensure the manufacturing quality is stable and less fluctuations.</p>
<p>Smart Production Integration (AVRIOT) Solution (Factory/Equipment Smart Integration)</p>	<p>1. Through our "AVRIOT" technologies (AR, VR, VIOT, VI, IOT, OT, etc.), we can lay out a smart network from a single device to the entire factory environment, gather various data from devices and analyze them through multifactor modeling to achieve parameter monitoring and virtual measurement capabilities, and then provide the best production parameter and smart decision-making solutions.</p> <p>2. We can provide customized modifications to customers' existing equipment, which not only allows production information to be uploaded, but also allows automatic management for equipment, and provides comprehensive, efficient, and real-time visual management by using 3D situation room and MR mixed reality, so that we can build a smart factory that best meets customers' needs.</p>
<p>Surface Treatment for PCBs</p>	<p>1. Immersion Silver: A layer of immersion silver is coated on the PCB, which is mainly used in radar for advanced driver assistance system, such as side collision avoidance radar, blind spot detection, and rear reversing radar.</p> <p>2. Electroless nickel: A layer of electroless nickel is coated on the PCB. It is mainly used in the communication PCBs for 5G base stations.</p> <p>3. ENEPIG: A layer of ENEPIG is coated on the PCB, which is mainly used in radar for advanced driver assistance system, such as side collision avoidance radar, blind spot detection, and rear reversing radar.</p>

(2) Manufacturing processes for main products:



(III) State of supply for primary materials

Primary materials	State of supply
Optical components	Sufficient resources and stable supply
Computer system	Sufficient resources and stable supply
Electrical & electronic appliances	Sufficient resources and stable supply
Machined parts	Sufficient resources and stable supply
Chemical materials	Sufficient resources and stable supply

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each.

(1) Information on suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years

Unit: NT\$ thousand

	2022				2023				Up to Q1 of 2024			
	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer
1	O	105,009	10.02	None	O	79,516	10.08	None	R	48,725	25.64	None
2	-	-	-	-	-	-	-	-	O	18,942	9.97	None
	Others	943,383	89.98	None	Others	709,336	89.92	None	Others	122,377	64.39	None
	Net purchase	1,048,392	100.00	None	Net purchase	788,852	100.00	None	Net purchase	190,044	100.00	None

Description of changes: The Company provides equipment and specialty materials for PCB manufacturers, including self-made and distributed equipment. The efficiency of equipment, delivery speed and price are the key factors affecting the success of the Company's product development and sales. Therefore, the Company must be able to maintain a good and stable long-term relationship with suppliers to ensure that the Company's products continue to be competitive in terms of quality, performance and price. As a result, the Company's major raw material suppliers are in long-term partnership and will not be subject to significant adjustments or changes in the near future. In the future, as new process technologies continue to be developed, the Company will actively seek cooperation with other major suppliers in order to minimize its dependence on a single supplier.

(2) Information on clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years

Unit: NT\$ thousand

	2022				2023				Up to Q1 of 2024			
	Name	Amount	As a percentage of annual net sales	Relationship with the issuer	Name	Amount	As a percentage of annual net sales	Relationship with the issuer	Name	Amount	As a percentage of annual net sales	Relationship with the issuer
1	Z	251,764	15.70	None	Z	229,350	17.87	None	D	50,659	17.91	None
2	-	-	-	-	-	-	-	-	Z	44,670	15.79	None
	Others	1,351,327	84.30	None	Others	1,054,428	82.13	None	Others	187,564	66.30	None
	Net sales	1,603,091	100.00	None	Net sales	1,283,778	100.00	None	Net sales	282,893	100.00	None

Description of changes: The changes in the Company's sales targets were mainly attributable to the changes in the product end-market, end-customer demand, development of equipment application, customer procurement strategy and customer operating conditions, which resulted in changes in the major sales customer portfolios.

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT\$ thousand

Item	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
AI machine vision devices	Note 1	46	58,303	Note 1	30	67,305
Smart solution for wet process	Note 1	61	142,114	Note 1	99	44,991
Smart Production Integration	Note 1	173	36,215	Note 1	185	29,761
Surface Treatment for PCBs	2,328,000	1,595,475	310,142	2,328,000	2,121,473	199,795
Others	Note 2	-	-	Note 2	-	-
Total	2,328,000	1,595,755	546,774	2,328,000	2,121,787	341,852

Note 1: The Company's AI machine vision equipment, smart solutions for wet process and production smart integration are all produced in response to customers' requests. The Company primarily masters the key technologies, the components required for each system are different, therefore, the production capacity data are not comparable and are not shown.

Note 2: Other products include other production equipment, process materials and consumables, and sales of commodity parts, etc. Since there are many types of products with different units, the annual production volume cannot be calculated, and therefore, the calculation of capacity utilization is not applicable.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT\$ thousand

Sales volume/value Year	2022				2023			
	Domestic distribution		International distribution		Domestic distribution		International distribution	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
AI machine vision devices	1,201	107,011	4,507	219,340	1,810	187,835	4,959	121,622
Smart solution for wet process	75	52,461	112,405	374,132	202	30,965	96,458	198,506
Smart Production Integration	151	46,930	1,388	277,653	447	69,030	1,020	256,168
Surface Treatment for PCBs	1,595,475	310,142	-	-	2,121,473	246,388	-	-
Others	29,442	49,165	199,091	166,257	32,842	38,189	244,814	135,075
Total	1,626,344	565,709	317,391	1,037,382	2,156,774	572,407	347,250	711,371

Explanation of the change: The domestic sales amount in 2023 was not significantly different from that in 2022. Due to factors such as delayed shipments of customer orders affected by the recession, the value of export sales has decreased.

III. Information on employees for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

March 31, 2024; Unit: no. of employee

<u>Year</u>		<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>2024 up to March 31</u>
Number of employees (people)	Direct employees	69	63	62
	Indirect employees	209	228	236
	Total	278	291	298
Average age		35.53	37.29	38.06
Average years of service		4.62	5.95	5.94
Distribution of academic background %	Doctoral Degree	0.72%	0.69%	0.67%
	Master's Degree	9.75%	10.65%	10.74%
	College	63.53%	64.60%	64.77%
	Senior high school	24.19%	23.02%	22.48%
	Below senior high school	1.81%	1.03%	1.34%

IV. Contribution to environmental protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor-management relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements

1. Employee benefit plans, continuing education and training

- (1) The Company has adopted welfare policies that include meal subsidies, employee bonuses, holiday bonuses, etc. Employees may apply for wedding, funeral, and maternity subsidies and other welfare benefits, as well as various employee activities and other welfare measures. In addition, we have taken measures such as providing group insurance for our employees so that we can provide them with a better protection
- (2) Education and training: To meet the company's annual strategic goals and

labor development, and to improve the employee's qualification, professional ability and work efficiency, we provide various OST, OJT, and internal and external training courses for employees according to different professional competencies, and encourage employees to share and build KM to enhance their academic skills, so that we can facilitate the passing on the key technologies or experiences, and to provide employees with convenient and diversified learning channels. For example, the customer service department has implemented a customer service competency certification system, which provides experience sharing among employees, strengthens after-sales technical maintenance capabilities, and reduces the new employee turnover rate, as well as training senior employees to educate new employees.

2. Retirement systems and the status of their implementation

The Company has implemented a new pension system since July 1, 2005. The Company contributes no less than 6% of a worker's monthly salary to his/her pension account every month under the Labor Pension Act and manages retirement in accordance with the Act and the Company's HR regulations.

3. Status of labor-management agreements and measures for preserving employees' rights and interests

Based on the relevant laws and regulations, the management and employees shall follow the work rules and various management regulations that define the rights and obligations as well as the welfare items of the employees in order to protect the employees' rights and interests. The Company has maintained harmonious labor relations since its incorporation, and has actively established a two-way and open communication, and there have never been any significant labor disputes or losses.

- (II) List any losses suffered by the company in the past two fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

As of the publication date of the annual report, the management and employees

of the Company were in good relationship with each other and no material losses were incurred due to labor disputes and conflicts.

VI. Cybersecurity Management

- (I) Describe the structure of cybersecurity risk management, cybersecurity policies, specific management solutions, resources committed towards cybersecurity management and so forth.

1. Cyber security risk management framework

In order to control or minimize the potential loss caused by information security incidents, the Company formulated the "Internal Control System - Procedures for Handling Computerized Information Systems" and the "Regulations on Computer Management" to conduct information security audits, evaluate the effectiveness of the Company's internal control over information operations to ensure the safety, availability, and completeness of the information systems and data, and to identify potential accidents or risks, and to take appropriate responses to control the potential loss within a controllable range.

2. Cyber security management

In order to implement information security risk management, the Company has formulated information security operating procedures.

- A. System development and program change procedures
- B. Compiling systematic documentation operation
- C. Program and data access operations
- D. Control operation for data input and output
- E. Data processing operations
- F. Safe operation of files and equipment
- G. Control operation and maintenance of hardware and software system.
- H. System recovery plan and test program operation
- I. Control of cyber security inspection
- J. Filing of disclosure information

3. Specific Management Solutions

Item	Management content
Information Security Control and Management	<ul style="list-style-type: none"> • The Company's systems equipment and software may not be used or accessed without authorization from a responsible officer. • The Company shall designate dedicated personnel to

	<p>maintain and review the information security.</p> <ul style="list-style-type: none"> • The Company shall implement necessary security controls on employees' private computers to prevent unauthorized access to the Company's information. • Must log in to different system when testing the system development and when officially operating the system. • Remove confidential and sensitive information and copyrighted software before disposing equipment. • Control access to the server room, staff should fill in the registration form and prohibit unauthorized staff from entering the room. • IT department must maintain an inventory of information software and hardware assets and keep it up-to-date.
Access control	<ul style="list-style-type: none"> • All contracts for external access to data must be approved in advance by the responsible officer, and should contain clauses on data protection and intellectual property rights. • When information is opened to external parties (including consultants, maintenance providers, outsourced contractors, and temporary staff) for business purposes, access rights must be strictly controlled. • There should be proper segregation of duties and decentralization of responsibilities for employees who have access to confidential or sensitive information or systems, and for those who are granted special privileges to access the system. • Employees who are rotated, reassigned, or promoted shall have their authority adjusted and reviewed accordingly.
Internet Security Management	<ul style="list-style-type: none"> • Set up firewalls to prevent hackers from illegally stealing or infringing the network, and regularly check the network operating environment for any security loopholes. • IT staff checks the network equipment every day for any abnormalities and keeps a record of them. • The servers and personal computers of the Company are required to install anti-virus software and update the virus code promptly. Relevant virus information will be

	<p>announced to the end-users.</p> <ul style="list-style-type: none"> Using or downloading unauthorized or non-business related software is prohibited. In order to avoid using the company's network resources and increasing the chance for virus infections.
Computer Software and Programs Copyright Protection	<ul style="list-style-type: none"> The acquisition and use of information software shall be lawfully licensed software and shall comply with the relevant terms and conditions of the licensor. For licensed software that has a limit to the number of users, the Company shall comply with this limit. The information staff shall check the software from time to time to see if there is any unauthorized use of the software in the Company. The IT department should keep the license certificate, original program and user manual for licensed software.
Data backup and recovery mechanism	<ul style="list-style-type: none"> Set up a system backup mechanism and implement remote backup. Regularly conduct disaster recovery drills. Regularly review the emergency response plan.
Information security policy promotion and inspection	<ul style="list-style-type: none"> Promote information security information at all times to enhance employees' awareness of information security. Perform periodic information security vulnerability scanning and social engineering drills and report to the Board of Directors.

4. Resources committed towards cybersecurity management

The Information Office is responsible for information security management, planning, and evaluation, and conducts security evaluations on users, information systems, and related equipment at least once a year.

- (II) List any losses suffered by the company in the most recent 2 fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company conducts annual inspections to ensure that employees comply with the information security policy based on the operational and information security inspections stipulated in the "Regulations on Computer Management". As of the publication date of the annual report, the Company has not experienced any significant information security incidents in the most recent two years and the current year; there is no adverse impact on the Company's operations.

VII. Major contracts

Nature of Contract	Party	Beginning and end dates	Main Contents	Restrictions
Deep Learning Multi-Class Classification Model-Technology and Patent License Agreement	Industrial Technology Research Institute	March 31, 2019 to March 31, 2029	Patent Licensing Technology Development	None
Preliminary Technology Transfer License Agreement	Chang Gung University/Professor Huang, An-Ni	June 4, 2021 to June 3, 2024	Technology Licensing	None
Patent for Circuit board clamping and stretching device and its control method and technology for monitoring and dosing the chemicals	Industrial Technology Research Institute	May 1, 2022 to December 31, 2023	Patent Licensing Technology Development	None
Patent for Compliant Compression Device and Ceramic Laser Metallization Technology	Industrial Technology Research Institute	May 1, 2022 to December 31, 2023	Patent Licensing Technology Development	None
Credit contract	E.SUN COMMERCIAL BANK	June 13, 2023 to June 13, 2024 June 10, 2022 to June 10, 2026	Credit line Credit line for medium term	None Real property held for mortgage
Credit contract	Mega Bank	July 20 2023 to July 19, 2024	Credit line	None
Credit contract	Hua Nan Commercial Bank	May 25, 2023 to May 25, 2024	Credit line Credit line for medium term	None
Credit contract	CTBC Bank Co., Ltd.	April 30, 2023 to April 30, 2024	Credit line Guarantee amount for credit lines	None Time deposit pledged
Credit contract	Taipei Fubon Commercial Bank Co., Ltd.	October 1, 2021 to October 1, 2026 September 9, 2023 to September 9, 2024	Relief amount of credit line Credit line	None
Credit contract	Shin Kong Commercial Bank Co., Ltd.	February 14, 2023 to February 14, 2024	Credit line	None
Commercial Paper Guarantee	Mega Bills	June 26, 2023 to June 25, 2024	Commercial Paper Guarantee credit line	None
Commercial Paper Guarantee	IBFC	July 17, 2023 to July 16, 2024	Commercial Paper Guarantee credit line	None
Construction contract	True-Dreams Construction Co., Ltd.	July 20, 2023 to February 14, 2025	Xinsheng Road factory building construction project	None

Nature of Contract	Party	Beginning and end dates	Main Contents	Restrictions
Construction contract	True-Dreams Construction Co., Ltd.	December 17, 2023 to July 27, 2025	Xinsheng Road factory mechanical and electrical engineering	None

Six. Financial Information

I. Summary balance sheet and statement of comprehensive income for the last 5 years

1. Condensed Consolidated Balance Sheets

Unit: NT\$ thousand

Item		Financial information for the past 5 fiscal years (Note 1)					Current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		1,277,470	1,640,513	1,485,852	1,504,105	1,426,043	None
Property, plant and equipment		10,174	80,913	91,819	413,946	473,943	
Right-of-use assets		15,096	11,237	12,669	15,892	21,259	
Equity-accounted investments		-	-	-	21,846	21,221	
Intangible assets		3,155	8,373	7,386	10,801	8,175	
Other assets		33,699	53,565	445,211	166,033	199,026	
Total assets		1,339,594	1,794,601	2,042,937	2,132,623	2,149,667	
Current liabilities	Before dividend	558,794	939,795	834,698	722,732	660,120	
	After dividend	588,074	954,435	870,732	782,788	(Note 2)	
Non-current liabilities		71,287	44,329	226,406	363,196	358,334	
Total liabilities	Before dividend	630,081	984,124	1,061,104	1,085,928	1,018,454	
	After dividend	659,361	998,764	1,097,138	1,145,984	(Note 2)	
Equity attributable to owners of the parent company		709,513	747,198	897,020	946,135	1,036,568	
Share capital		244,000	244,000	300,280	300,280	328,700	
Stock dividends to be distributed		-	-	-	-	-	
Capital surplus		237,200	237,200	287,556	287,556	359,848	
Retained earnings	Before dividend	246,583	281,702	284,073	368,388	338,461	
	After dividend	217,303	267,062	248,039	308,332	(Note 2)	
Other equity		(18,270)	(15,704)	25,111	(10,089)	9,559	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	63,279	84,813	100,560	94,645	
Equity	Before dividend	709,513	810,477	981,833	1,046,695	1,131,213	
	After dividend	680,233	795,837	945,799	986,639	(Note 2)	
Total		680,233	795,837	945,799	986,639	(Note 2)	

Note 1: The aforesaid financial statements have been audited by CPAs.

Note 2: As of the publication date of the prospectus, the proposal to distribute 2023 earnings had been approved by the Board of Directors of the Company and was subject to approval at the annual general shareholders' meeting for distribution.

2. Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	Financial information for the last 5 years (Note 1)					Current year up to March 31, 2024
	2019	2020	2021	2022	2023	
Operating incomes	927,182	1,251,101	1,374,626	1,603,091	1,283,778	None
Gross profits	259,094	301,234	319,296	405,036	306,929	
Operating profit/loss	56,166	90,324	39,518	119,904	29,539	
Non-operating incomes and expenses	(8,912)	(7,561)	16,023	59,960	15,294	
Profits before tax	47,254	82,763	55,541	179,864	44,833	
Current period net income from continuing operations	34,945	69,388	39,782	136,545	32,513	
Loss from discontinued operations	-	-	-	-	-	
Current net income (loss)	34,945	69,388	39,782	136,545	32,513	
Other comprehensive income for the period (net of tax)	(5,908)	3,063	41,054	(33,549)	19,749	
Total comprehensive income for the period	29,037	72,451	80,836	102,996	52,262	
Net income attributable to owners of the parent company	34,947	64,391	21,667	119,216	30,087	
Net income attributable to non-controlling interest	(2)	4,997	18,115	17,329	2,426	
Total comprehensive income attributed to owners of the parent company	29,039	66,965	62,706	85,149	49,777	
Total comprehensive income attributed to non-controlling interest	(2)	5,486	18,130	17,847	2,485	
Earnings per share (NT\$)	1.43	2.36	0.75	3.97	0.99	

Note 1: The aforesaid financial statements have been audited by CPAs.

3. Condensed Parent Company Only Balance Sheets

Unit: NT\$ thousand

Year Item		Financial information for the last 5 years (Note 1)					Current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		999,968	1,145,325	873,031	714,613	629,697	None
Property, plant and equipment		4,624	2,729	16,462	319,078	438,653	
Right-of-use assets		8,091	5,703	5,542	6,294	6,553	
Equity-accounted investments		209,920	296,255	328,190	421,747	421,747	
Intangible assets		3,081	6,579	5,654	6,529	4,491	
Other assets		25,599	28,336	421,056	136,724	96,670	
Total assets		1,251,283	1,484,927	1,649,935	1,604,985	1,614,717	
Current liabilities	Before dividend	477,853	705,869	542,733	373,609	266,158	
	After dividend	507,133	720,509	578,767	433,665	(Note 2)	
Non-current liabilities		63,917	31,860	210,182	285,241	311,991	
Total liabilities	Before dividend	541,770	737,729	752,915	658,850	578,149	
	After dividend	571,050	752,369	788,949	718,906	(Note 2)	
Share capital		244,000	244,000	300,280	300,280	328,700	
Stock dividends to be distributed		-	-	-	-	-	
Capital surplus		237,200	237,200	287,556	287,556	359,848	
Retained earnings	Before dividend	246,583	281,702	284,073	368,388	338,461	
	After dividend	217,303	267,062	248,039	308,332	(Note 2)	
Other equity		(18,270)	(15,704)	25,111	(10,089)	9,559	
Treasury stock		-	-	-	-	-	
Equity	Before dividend	709,513	747,198	897,020	946,135	1,036,568	
	After dividend	680,233	732,558	860,986	886,079	(Note 2)	
Total							

Note 1: The aforesaid financial statements have been audited by CPAs.

Note 2: As of the publication date of the prospectus, the proposal to distribute 2023 earnings had been approved by the Board of Directors of the Company and was subject to approval at the annual general shareholders' meeting for distribution.

4. Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	Financial information for the last 5 years (Note 1)					Current year up to March 31, 2024
	2019	2020	2021	2022	2023	
Operating incomes	626,622	915,310	567,830	693,250	516,776	None
Gross profits	157,529	199,912	112,587	138,542	125,621	
Operating profit/loss	51,604	76,224	(26,344)	(11,142)	(15,414)	
Non-operating incomes and expenses	(4,968)	(4,524)	45,830	146,165	44,492	
Profits before tax	46,636	71,700	19,486	135,023	29,078	
Current period net income from continuing operations	34,947	64,391	21,667	119,216	30,087	
Loss from discontinued operations	-	-	-	-	-	
Current net income (loss)	34,947	64,391	21,667	119,216	30,087	
Other comprehensive income for the period (net of tax)	(5,908)	2,574	41,039	(34,067)	19,690	
Total comprehensive income for the period	29,039	66,965	62,706	85,149	49,777	
Earnings per share (NT\$)	1.28	2.36	0.75	3.97	0.99	

Note 1: The aforesaid financial statements have been audited by CPAs.

(II) Names of Financial Statement Auditors in the Last Five Years and Audit Opinions

Year	Name of accounting firm	Name of CPA	Audit opinions
2019	Deloitte Taiwan	Chen, Chun-Hung and Wei, Liang-Fa	Unqualified opinion
2020	Deloitte Taiwan	Chen, Chun-Hung and Chiu, Cheng-Chun	Unqualified opinion
2021	Deloitte Taiwan	Chen, Chun-Hung and Chen, Pei-De	Unqualified opinion
2022	Deloitte Taiwan	Chen, Chun-Hung and Chen, Pei-De	Unqualified opinion
2023	Deloitte Taiwan	Shih, Chin-Chuan and Liu, Shu-Lin	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Consolidated Financial Analysis

<div> <div>Year</div> <div>item</div> </div>		Financial analysis for the last 5 years (Note 1)					2024 up to March 31
		2019	2020	2021	2022	2023	
Financial structure	Debt to assets ratio (%)	47.04	54.84	51.94	50.92	47.38	None
	Long-term capital to property, plant and equipment ratio	7,674.71	1,056.45	1,315.89	340.60	314.29	
Solvency	Current ratio (%)	228.61	174.56	178.01	208.11	216.03	
	Quick ratio (%)	203.01	158.16	154.80	168.16	180.36	
	Interest coverage ratio	13.32	24.70	14.03	30.78	9.25	
Operating efficiency	Receivables turnover ratio (times)	2.42	2.35	2.42	3.11	2.32	
	Average cash collection days	150.70	155.10	150.82	117.36	157.32	
	Inventory turnover ratio (times)	6.17	7.72	7.46	7.01	5.50	
	Payables turnover ratio (times)	2.93	3.12	2.87	3.37	2.83	
	Average inventory turnover days	59.16	47.30	48.92	52.06	66.36	
	Property, plant and equipment turnover ratio (times)	68.10	27.47	15.92	6.34	2.89	
	Total asset turnover ratio (times)	0.72	0.80	0.72	0.77	0.60	
Profitability	Return on assets (%)	2.95	4.61	2.25	6.77	1.72	
	Return on equity (%)	4.92	9.13	4.44	13.46	2.99	
	Ratio of income before tax to paid-in capital (%)	19.37	33.92	18.50	59.90	13.64	
	Net profit margin (%)	3.77	5.55	2.89	8.52	2.53	
	Earnings per share (NT\$)	1.43	2.36	0.75	3.97	0.99	
Cash flow	Cash flow ratio (%)	(3.8)	12.43	25.73	2.12	0.36	
	Cash flow adequacy ratio (%)	21.91	69.26	67.11	52.17	39.30	
	Cash reinvestment ratio (%)	(6.21)	8.65	14.55	(1.30)	(3.43)	
Degree of leverage	Degree of operating leverage	1.28	1.19	1.64	1.24	2.14	
	Degree of financial leverage	1.07	1.04	1.12	1.05	1.23	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (For the increase or decrease is more than 20%)

1. Times interest earned: The decrease in times interest earned was attributable to the decrease in net income before income tax for the period.
2. Accounts receivable turnover and average collection days: The decreases were attributable to the increase in net sales during the period.
3. Inventory turnover ratio: The decreases were attributable to the decrease in cost of goods sold during the period.
4. Property, plant and equipment turnover: The decrease was attributable to the increase in the average net fixed assets of the business combination.
5. Return on assets, return on equity, ratio of operating Income to paid-in capital, ratio of income before tax to paid-in capital , net profit Margin (%), and earnings per share (NT\$): The decreases were attributable to the decrease in operating income and net income after tax as a result of the decrease in revenue for the period.
6. Cash flow ratio and cash flow adequacy ratio: The decreases were attributable to the decreases in net cash flows generated from operating activities during the period.
7. Cash reinvestment ratio: The decrease was attributable to the decrease in net cash flows generated from operating activities and the decrease in other assets during the period.
8. Degree of operating leverage Operating leverage increased due to an decrease in operating profit for the period.

Note 1: The aforesaid financial statements have been audited by CPAs.

(II) Parent Company Only Financial Analysis

Item \ Year		Financial analyses for the past 5 fiscal years (Note 1)					2024 up to March 31
		2019	2020	2021	2022	2023	
Financial structure	Debt to assets ratio (%)	43.30	49.68	45.63	41.05	35.80	None
	Long-term capital to property, plant and equipment ratio	16,726.43	28,547.38	6,725.80	385.92	365.67	
Solvency	Current ratio (%)	209.26	162.26	160.86	191.27	236.59	
	Quick ratio (%)	198.44	156.38	141.33	163.04	188.92	
	Interest coverage ratio	14.35	23.21	6.15	27.27	12.95	
Operating efficiency	Accounts receivable turnover (times)	2.08	2.27	1.57	2.75	1.90	
	Average cash collection days	175.48	160.79	232.48	132.72	192.10	
	Inventory turnover ratio (times)	11.37	17.39	10.49	7.20	4.55	
	Accounts payable turnover (times)	2.92	3.04	1.77	2.82	2.40	
	Average inventory turnover days	32.10	20.98	43.40	50.69	80.21	
	Property, plant and equipment turnover ratio (times)	98.03	248.96	59.18	4.13	1.50	
	Total asset turnover (times)	0.53	0.67	0.36	0.43	0.32	
Profitability	Return on assets (%)	3.19	4.90	1.58	7.58	1.99	
	Return on shareholders' equity (%)	4.92	8.84	2.64	12.94	3.03	
	Ratio of income before tax to paid-in capital (%)	19.11	29.39	6.49	44.97	8.85	
	Net profit margin (%)	5.58	7.03	3.82	17.20	5.82	
	Earnings per share (NT\$)	1.43	2.36	0.75	3.97	0.99	
Cash flow	Cash flow ratio (%)	2.10	8.78	22.15	(16.33)	(40.80)	
	Cash flow adequacy ratio (%)	50.11	48.60	48.97	26.91	2.87	
	Cash reinvestment ratio (%)	(2.42)	4.08	9.39	(7.72)	(12.24)	
Degree of leverage	Degree of operating leverage	1.04	1.02	0.84	(0.09)	0.14	
	Degree of financial leverage	1.07	1.04	0.87	0.68	0.86	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (For the increase or decrease is more than 20%)

1. Current ratio: The ratio decreased mainly attributable to the decrease in short-term borrowings, accounts payable and other payable during the period.
2. Times interest earned: The decrease in times interest earned was attributable to the decrease in net income before income tax for the period.
3. Accounts receivable turnover and average collection days: The decreases were attributable to the decrease in net sales during the period.
4. Inventory turnover ratio: The decreases were attributable to the decrease in cost of goods sold during the period.
5. Property, plant and equipment turnover: The decrease was attributable to the increase in net property, plant and equipment at the end of the period as a result of the acquisition construction in process during the period.
6. Return on assets, return on equity, ratio of operating Income to paid-in capital, ratio of income before tax to paid-in capital, net profit Margin (%), and earnings per share (NT\$): The decreases were attributable to the decrease in operating income and net income after tax as a result of the decrease in revenue for the period.
7. Cash flow ratio and cash flow adequacy ratio: The decreases were attributable to the decreases in net cash flows generated from operating activities during the period.
8. Cash reinvestment ratio: The decrease was attributable to the decrease in net cash flows generated from operating activities and the decrease in other assets during the period.
9. Degree of operating leverage Operating leverage decreased due to an decrease in operating profit for the period.

Note 1: The aforesaid financial statements have been audited by CPAs.

The formula for the financial analysis is calculated as follows:

1. Financial position
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
3. Operating efficiency
 - (1) Receivables turnover ratio (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities) for each period.
 - (2) Average cash collection days = 365 / receivables turnover.
 - (3) Inventory turnover ratio = cost of sales / average inventory balance.
 - (4) Payables turnover ratio (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities) for each period.
 - (5) Average inventory turnover days = 365 / inventory turnover ratio.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income / net sales.
 - (4) Earnings per share = (income attributable to owners of the parent company- preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends)
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Degree of leverage

- (1) Operating leverage = $\frac{\text{net operating revenue} - \text{variable operating costs and expenses}}{\text{operating income}}$
- (2) Degree of financial leverage = $\frac{\text{operating profit}}{\text{operating profit} - \text{interest expense}}$.

III. Audit Committee's report on the review of the latest financial statements

SynPower Co., Ltd.

Audit Committee's Review

The Board of Directors has prepared the Company's 2023 business report, parent company only financial statements, consolidated financial statements, and earnings appropriation proposal. The parent company only financial statements and consolidated financial statements have been audited by Deloitte Taiwan, to which they issued an independent auditor's report.

We have reviewed the aforementioned business report, parent company only financial statements, consolidated financial statements, and earnings appropriation proposal, and have determined that these reports and statements are in compliance with the Securities and Exchange Act and the Companies Act, and we hereby issue the report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act, as set forth above.

Yours sincerely

For 2024 Annual General Shareholders' Meeting of SynPower Co., Ltd.

Audit Committee convener: Wu, Tsung-Chang

February 23, 2024

- IV. Financial statement for the most recent fiscal year
2023 Consolidated Financial Statements and Independent Auditors' Report:
Please see Attachment I.
- V. A parent company only financial statement for the most recent fiscal year,
certified by a CPA
2023 Parent Company Only Financial Statements and Independent
Auditors' Report: Please see Attachment II.
- VI. If the company or its affiliates have experienced financial difficulties in the
most recent fiscal year or during the current fiscal year up to the date of
publication of the annual report, the annual report shall explain how said
difficulties will affect the company's financial situation:
The Company and its affiliates had no financial difficulties.

Seven. Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Position

(I) Financial position

Statement of Comparative Analysis of Consolidated Financial Position

Unit: NT\$ thousand; %

Item	Year	2023	2022	Variation	
				Amount	%
Current assets		1,426,043	1,504,105	(78,062)	(5.19)
Funds and Investments		-	-	-	-
Property, plant and equipment		473,943	413,946	59,997	14.49
Intangible assets		8,175	10,801	(2,626)	(24.31)
Other assets		241,506	203,771	37,735	18.52
Total assets		2,149,667	2,132,623	17,044	0.80
Current liabilities		660,120	722,732	(62,612)	(8.66)
Non-current liabilities		358,334	363,196	(4,862)	(1.34)
Total liabilities		1,018,454	1,085,928	(67,474)	(6.21)
Share capital		328,700	300,280	28,420	9.46
Capital surplus		359,848	287,556	72,292	25.14
Retained earnings		338,461	368,388	(29,927)	(8.12)
Other equity		9,559	(10,089)	19,648	(194.75)
Non-controlling interest		94,645	100,560	(5,915)	(5.88)
Total shareholders' equity		1,131,213	1,046,695	84,518	8.07
Description of major changes (for items with changes of 20% or more between the consecutive periods and the absolute changes reaching the amount of NT\$10 million):					
1. Variance Analysis:(for items with changes of 20% or more between the consecutive periods and the absolute changes reaching the amount of NT\$10 million):					
(1) Increase in capital surplus: Mainly attributable to the increase in cash capital increase.					
(2) Increase in other equity: The decrease was attributable to the increase in unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income.					
2. If the effect is material significance, describe the measures to be taken in response:					
The above changes do not have a material adverse effect on the Company and there is no material abnormality in the Company's overall operating performance; therefore, there is no need to draw up a contingency plan.					

II. Financial Performance

(I) Statement of Comparative Analysis of Financial Performance

Statement of Consolidated Comparative Analysis of Financial Performance

Unit: NT\$ thousand; %

Item	Year	2023	2022	Amount increase (decrease)	Variation (%)
Operating incomes		1,283,778	1,603,091	(319,313)	(19.92)
Operating costs		976,849	1,198,055	(221,206)	(18.46)
Gross profits		306,929	405,036	(98,107)	(24.22)
Operating expenses		277,390	285,132	(7,742)	(2.72)
Operating profit		29,539	119,904	(90,365)	(75.36)
Non-operating incomes and expenses		15,294	59,960	(44,666)	(74.49)
Profits before tax		44,833	179,864	(135,031)	(75.07)
Income tax expense		12,320	43,319	(30,999)	(71.56)
Net income for the period		32,513	136,545	(104,032)	(76.19)
Other comprehensive income for the period		19,749	(33,549)	53,298	(158.87)
Total comprehensive income for the period		52,262	102,996	(50,734)	(49.26)
Net income attributable to owners of the parent company		30,087	119,216	(89,129)	(74.76)
Total comprehensive income attributed to owners of the parent company		49,777	85,149	(35,372)	(41.54)
Description of major changes (for items with changes of 20% or more between the consecutive periods and the absolute changes reaching the amount of NT\$10 million):					
(1) Gross profit, operating income, net income before tax, income tax expense, net income for the period, total comprehensive income for the period, net income attributable to owners of the parent company, and total comprehensive income attributable to owners of the parent company: Mainly attributable to the decrease in revenue during this period due to factors such as delayed shipments of customer orders affected by the recession.					
(2) Non-operating Income and Expenses: Mainly attributable to decrease in exchange gain and the gain on disposal of non-current assets held for sale during the period.					
(3) Other comprehensive income for the period: The increase was mainly attributable to the increase in unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income.					

2. Sales volume forecast and the basis therefor, and the effect upon the company's financial operations as well as measures to be taken in response:

- (1) Sales volume forecast and the basis therefor: Based on the industry environment and the future supply and demand in the market, as well as considering product development plans, business development, current order status and production capacity and other related information to be the basis for evaluation, the Company sets its annual targets by integrating the overall market environment and past operating results. In order to meet the

diversified market demands, the Company will continue to introduce new products that are competitive, and expects to maintain steady development.

- (2) The effect upon the company's financial operations as well as measures to be taken in response: No material effect.

III. Cash Flow

(I) Analysis of cash flow variations for the most recent year

1. Analysis of consolidated cash flow variations for the most recent year

Unit: NT\$ thousand

Item	Year	2023	2022	Amount increase (decrease)
Net cash generated from (used in) operating activities		2,368	15,318	(12,950)
Net cash generated from (used in) investing activities		(95,096)	(64,502)	(30,594)
Net cash generated from (used in) financing activities		23,771	(57,405)	81,176
Analysis of cash flow variations:				
(1) The decrease in net cash generated from operating activities was mainly attributable to the decrease in net income.				
(2) The decrease in net cash used in investing activities was mainly attributable to the cash paid from the acquirement of financial assets measured at amortized cost.				
(3) Increase in net cash used in financing activities was mainly attributable to the increase in cash capital increase.				

- (II) Improvement plans for the insufficient liquidity: The Company's current cash position indicates that there is no liquidity risk or cash shortage.

(III) Cash flow analysis for the coming year (2024):

Unit: NT\$ thousand

Opening cash balance (1)	Estimated net cash flow from operating activities for the year (2)	Estimated net cash flow from investing activities for the year (3)	Estimated net cash flow from financing activities for the year (4)	Estimated cash balance (inadequacy) (5)=(1)+(2)+(3)+(4)	Financing of cash deficits	
					Investment plans	Financing plan
556,975	46,701	(421,973)	249,371	431,074	—	—
(1) Analysis of changes in cash flows for the coming year:						
A. Inflow from operating activities: Net cash inflow due to increase in sales revenue.						
B. Outflow from investing activities: This was attributable to the acquisition of land for new factory and factory improvement.						
C. Inflow from financing activities: This was attributable to the increase in medium and long-term borrowings.						
(2) Expected remedies for cash shortfalls and liquidity analysis: There were no cash flow shortfalls in recent years.						

IV. Material capital expenditures in the last year and impacts on financial position and business performance

1. Smart manufacturing has become a key direction in the industry, and is also the Company's development focus. From the single-machine production and inspection in the past, we have begun to use data to link the equipment in the upper and lower processes, from collecting data to analyzing the data, and realize the parameter intelligence, optimize the analysis of the inspection data regression, and improve the overall efficiency of the production line. The smart manufacturing has systematically connected the manufacturing system and has become an important development objective of the Company. We are in line with the government's innovation and entrepreneurship policy to develop the smart machine industry, and to provide the technology and equipment related to industrial smart manufacturing. In response to the upgrade of the smart industry, AI will lead a new form of work scenario based on human-robot collaboration, which will drastically alter the technician's work pattern in the future.
 2. We continue to upgrade the R&D for automation equipment, and evolve the production lines for automation equipment through automation and smart factories, so that we can develop related equipment and provide solutions to accelerate the transformation and enhance the industry's new advantages and capabilities.
 3. Currently, the factory does not have enough space to accommodate the production capacity for machines, there is not enough office space for employees, and the Company will expand the production line and warehouse space in the future to accommodate future business development, so the Company has already purchased a new factory to address the situation.
 4. On October 13, 2021, the Company passed a resolution passed by the board of directors to purchase real estate for business use. A total of 4,161.32 square meters of land was acquired in the Dajiang section of Zhongli District, Taoyuan City, with a total amount of NT\$297,653 thousand. On November 11, 2022, the board of directors approved the case of building a self-built factory and planned to use it as a self-built factory. The total investment amount of this project is expected to be NT\$756 million, which will be paid in installments during the project period. The funding sources will be self-owned funds, bank construction and financing lines and other financing methods. It will not have a significant impact on the Company's financial scheduling and should save money. The original rental expenses and the integration of scattered office, production and warehousing areas will help future business development.
- V. Reinvestment policy for the last year, the main reasons for the profits/losses, the plan for improving re-investment profitability, and investment plans for the next year
- (I) Reinvestment policy: The Company's reinvestment policy is aimed at the development of the Company's business rather than short-term financial investments. Currently, the Company has established and implemented various management mechanisms to maximize the operating performance of each of its reinvested businesses, such as the "Operational Procedures for Acquisition or Disposal of Assets" and the "Regulations on Supervision and Managing of Subsidiaries".
 - (II) The main reasons for the profits/losses generated, the plan for improving re-investment profitability:

December 31, 2023; unit: NT\$ thousand

Re-invested Company	Investment gain (loss) recognized in 2023	Shareholding (%)	Main reasons for the profits/losses	Improvement plans
HK Synpower Ltd.	36,551	100	Investment gains from investee	None
SynPower Co., Ltd.	3,237	100	Interest income	None
SynTop Co., Ltd.	(18,020)	77	Client's revenue declined due to the impact of the economic downturn	Determined based on actual operating conditions
SynPower Co., Ltd. (Kunshan)	28,838	100	Positive operation and profitability	None
SynPower Co., Ltd. Dongguan	7,583	100	Positive operation and profitability	None
Syndia India Private Limited	103	100	Positive operation and profitability	None
Chipboard Technology Corporation	8,312	51	Positive operation and profitability	None
Jiangsu SLK High-Tech Co., Ltd.	(168)	20	Founded in February 2022, the Company is in the start-up phase, so its production has not yet reached an economic scale.	Determined based on actual operating conditions

(III) Investment plans for the coming year: None.

VI. Analysis of Risk Management

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(1) The effect upon the company's profits (losses) of interest rate fluctuations and response measures to be taken in the future:

Unit: NT\$ thousand; %

Item	2023		2022	
	Amount	to net operating revenues ratio	Amount	to net operating revenues ratio
Interest income	7,140	0.56%	4,917	0.31%
Interest expense	5,435	0.42%	6,040	0.38%

The interest expense and interest income of the Company and its subsidiaries in 2023 and 2022 represented only a small portion of the operating income, so the impact on the Company was not significant. In the future, the Company and its subsidiaries will continue to adhere to prudent capital planning principles, emphasize safety in capital allocation, as well

as take into account the Company's future development. In addition to maintaining good relationships with banks to obtain favorable interest rates, the Company will also consider the costs of different sources of capital and choose appropriate financing methods to meet its growth needs.

- (2) The effect upon the company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future:

Unit: NT\$ thousand; %		
Item	2023	2022
Operating incomes	1,283,778	1,603,091
Profits before tax	44,833	179,864
Exchange gain (loss)	1,493	19,765
Exchange gains (losses) to net revenue (%)	0.12	1.23
Exchange gains (losses) to profit before tax (%)	3.33	10.99

The Company and its subsidiaries receive payments primarily in U.S. dollars and Renminbi, and make payments primarily in NT dollars, U.S. dollars and Japanese yen. As a result of the fluctuation of the exchange rates of the U.S. dollar and the Japanese yen in 2023 and 2022, the exchange (loss) gain in 2023 and 2022 accounted for 0.12% and 1.23% of net revenues, respectively. Considering the high exchange rate fluctuations that have occurred over the years, the Company and its subsidiaries not only maintain close relationships with financial institutions to continuously observe the exchange rate fluctuations, but also keep track of the international exchange rate trends and movements in order to be able to respond to the impacts of exchange rate fluctuations anytime. The Company and its subsidiaries also flexibly adjust their foreign currency positions in the spot market and adjust the quoted rates of foreign currencies by negotiating with customers or suppliers, hoping to reduce the impact of exchange rate fluctuations on the Company and its subsidiaries through natural hedging methods such as offsetting foreign currency income and expenditure.

- (3) The effect upon the company's profits (losses) of the inflation and response measures to be taken in the future:

A. The effect upon the company's profits (losses)

There was no significant inflation as of the publication date of the annual report, nor was there any significant impact on profit or loss as a result of inflation in the past.

B. Response measures to be taken

The Company and its subsidiaries are always attentive to market price fluctuations and maintain good relationships with their suppliers. There was no significant impact on profit or loss due to inflation in recent years. In the future, the Company will continue to monitor the market price fluctuation and negotiate with various suppliers to minimize the impact of inflation on the Company.

- (II) Policies on high-risk and highly-leveraged investments, loans to external parties, endorsements/guarantees, and trading of derivatives; describe the main reasons for the profits/losses incurred and future response measures.
- (1) All investments of the Company and its subsidiaries were carefully evaluated and handled in accordance with the "Operational Procedures for Acquisition or Disposal of Assets" and the approval authority. As of the publication date of the annual report, the Company and its subsidiaries had not engaged in high-risk and high-leverage investments.
 - (2) The Company provides loans and endorsements and guarantees to its subsidiaries in accordance with the "Procedures for Lending of Funds" and "Procedures for Endorsement and Guarantee" of the Company and its subsidiaries.
 - (3) As of the publication date of the annual report, the Company and its subsidiaries have not engaged in derivative transactions for investment purposes. Future derivative transactions will be handled in accordance with the Company's "Operational Procedures for Acquisition or Disposal of Assets".
- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work

In response to the COVID-19 pandemic and supply chain imbalance, as well as the impact of the U.S.-China technology trade war, it is more important to have localization of short-chain and to be automated.

The core products of the Company include AI machine vision equipment, wet process smart solutions, and production automation integration (smart monitoring and parameter prediction system), which can be integrated to form the "PCB Intelligent Production System" to provide customers with the whole factory and whole line of PCB intelligent production system. The future R&D plan is to invest in smart factory monitoring and production applications, integrated application for automation equipment, and AI technology for vision applications. We will strengthen the application technology for the four major products, namely "machine vision application", "advanced process application/wet manufacturing equipment", " smart manufacturing", and "specialized materials", so that we can create a differentiated value and long-term competitive advantage for the Company and its subsidiaries, and enhance the added-value of our products, in order to pursue the growth of the Company's revenue and profitability at the same time. It is expected that 4~6% of sales revenue will be used for R&D expenses.

- (IV) Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company and its subsidiaries follow domestic and foreign laws and regulations in the daily operations and enhance the internal control mechanism in corporate governance. The Company and its subsidiaries also pay attention to domestic and foreign policy and changes in laws and regulations in order to be able to keep track of and respond to the changes in the market environment. Therefore, the changes in local and foreign regulations did not have any significant impact on

the financial operations of the Company and its subsidiaries in recent years.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The Company and its subsidiaries continue to devote resources to develop new components and new products and introduce advanced equipment from Japan, Korea and Europe. Technological changes and industrial changes help the Company and its subsidiaries to strengthen their supply chain relationships and to meet customers' demands for new products. At the same time, we work with our business units in market development to collect new data from the market and develop equipment that meets the needs of our customers. As for cyber security, there have been frequent cyber-attacks in recent years, especially the ransomware threat has become more severe. To cope with the cyber security risk, the Company and its subsidiaries have worked with telecommunication providers to enhance the firewall equipment to provide better protection against cyber attacks. At the same time, we enhance access control and backup periodically to ensure the data safety. Therefore, there is no significant effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change during the most recent year.

- (VI) Crisis management, impacts, and response measures in the event of a change in corporate image:

The Company and its subsidiaries did not have any incident affecting the corporate image during the most recent year and up to the publication date of the annual report. The Company and its subsidiaries will continue to implement various corporate governance requirements and corporate social responsibilities to reduce risks and impacts on the Company.

- (VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions:

During the most recent year and up to the publication date of the annual report, the Company and its subsidiaries did not have any merger plan. However, if there is any merger or acquisition plan in the future, the Company and its subsidiaries will follow the "Procedures for Acquisition or Disposal of Assets" and relevant laws and regulations, and will make a prudent assessment in order to protect the Company's interests and shareholders' rights and interests.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

- (1) Expected benefits: The current leased premises for operation and office space are not compatible with the Company's future development plan. The acquisition of the factory building has increased the utilization area of the factory while saving the rental cost and reducing the outsourcing cost incurred caused by the lack of production capacity.
- (2) Possible risks and mitigation measures being or to be taken: The Company acquired land in the Dajiang section of Zhongli District, Taoyuan City, Taiwan, for the purpose of constructing a new plant. The estimated investment was NT\$756,037 thousand,

which included land acquisition expenses of NT\$297,653 thousand, plant construction expenses of NT\$450,000 thousand, and expenses of NT\$8,384 thousand for the design, contracting, and other fees and charges. In terms of funding sources, the land purchase expenditure has obtained financing from E.SUN COMMERCIAL Bank, and the self-built factory has obtained the construction license approval in May 2023. The construction contracting was completed and construction started in the third quarter. Before the construction work began, financing from E.SUN COMMERCIAL Bank was obtained. After the company obtains the new factory construction license, it can allocate a construction financing line of NT\$310,000 thousand, and based on the individual cash and cash equivalent balance at the end of 2023, it is NT\$154,691 thousand, and the bank that can still be used at the end of 2023 The financing amount is NT\$961,460 thousand (minus the land financing and construction financing lines of E.SUN COMMERCIAL Bank), which should be enough to cover the estimated cost of the factory expansion construction project minus the construction financing amount. Therefore, there should be no major abnormalities in the source of funds for this factory construction. In addition, the company's expected cash inflow from operating activities in 2024 is approximately NT\$46,701 thousand. After the completion of the factory, the annual operating conditions should gradually grow, and it is estimated that the revenue of each major product category will grow by 5 to 10% every year in the future. Therefore the future cash flow should be sufficient to cover the repayment amount of each period, and there will not have a significant impact on the financial business.

(IX) Risks and response measures associated with concentrated sales or purchases:

(1) Concentrate Purchases

The major suppliers of the Company and its subsidiaries accounted for 10.08% and 15.70% of net sales in 2023 and 2022, respectively. The main reason is that the Company and its subsidiaries are the Asian distributor for this supplier and the Company and its subsidiaries are also the major sales customers of this supplier; both parties are in a production and sales partnership. Through the technology, service, and integration of the Company and its subsidiaries, we are able to effectively provide information on product markets and technology trends, in order to combine the production and marketing capabilities with this supplier to develop equipment that meets market demands. Furthermore, through the close exchange of technology and information between the two parties, we have strengthened the cooperative relationship in production, sales, service and daily maintenance, and have formed an inseparable strategic partnership. At the same time, by combining the advantages of the Company and its subsidiaries' distribution channels, the Company and its subsidiaries have increased his suppliers' dependence on the Company and its subsidiaries, and have created an irreplaceable position, so that we will not arbitrarily change the agent.

(2) Concentrate Sales

As the development of consumer electronic products become more lightweight and compact, and the functions of these products continue to improve, there is a growing demand for high-end precision inspection and advanced manufacturing applications in the factory. The Company and its subsidiaries are also aiming to move towards the high-end equipment market. The Company and its subsidiaries have been launching high-end advanced application products in recent years, for example, more efficient equipment for high-end ultra-thin boards and fine lines. However, its major sales customers are concentrated in a few capital-intensive and technology-intensive companies, with only a limited number of domestic and foreign manufacturers, so its sales targets are relatively concentrated. Considering the stability and growth of operations, the Company and its subsidiaries continue to develop new customers, expand business through overseas subsidiaries and sales offices, and proactively develop new markets as well as new growth opportunities.

- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

During the most recent year and up to the publication date of the annual report, the Company's directors, supervisors and major shareholders holding greater than 10% of the Company's shares did not transfer the Company's shares, and therefore, there should not be any significant impact and risk to the Company.

- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

As of the publication date of the annual report, there were no changes in the Company's governance personnel or top management.

- (XII) Litigation or non-litigation

- (1) The Company's major litigious, non-litigious or administrative disputes that are still under litigation:

The Company previously filed a lawsuit against NADI SYSTEM Corp. claiming non-performance of debts and requesting the return of the purchase price of NT\$4.02 million. After negotiation with NADI SYSTEM Corp., a repayment agreement was signed on November 1, 2023. NADI SYSTEM Corp. agreed to a one-time return of NT\$4.02 million was made on December 7, 2023, and the amount was also returned on the agreed day. Apart from normal business cooperation, the two parties have no other litigation or non-litigation relationships.

- (2) List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company. Where such a dispute could materially

affect shareholders' equity or the prices of the company's securities: None.

(XIII) Other significant risks and response measures:

Intellectual property management: The Company is technology-based and invests a lot of money in research and development and patent maintenance costs every year. In addition to continuously producing new products, we also produce a large amount of intellectual property. In order to protect the Company's important intellectual assets, apart from applying for patent, the Company has also promulgated the "Regulations for the Management of Intellectual Property Rights", which has been incorporated into the Company's internal audit and internal control system. The Legal Affairs Department holds classes to educate new employees on laws and regulations related to intellectual property rights, in order to minimize the management risks and to protect the Company's intellectual property rights.

VII. Other important matters: None.

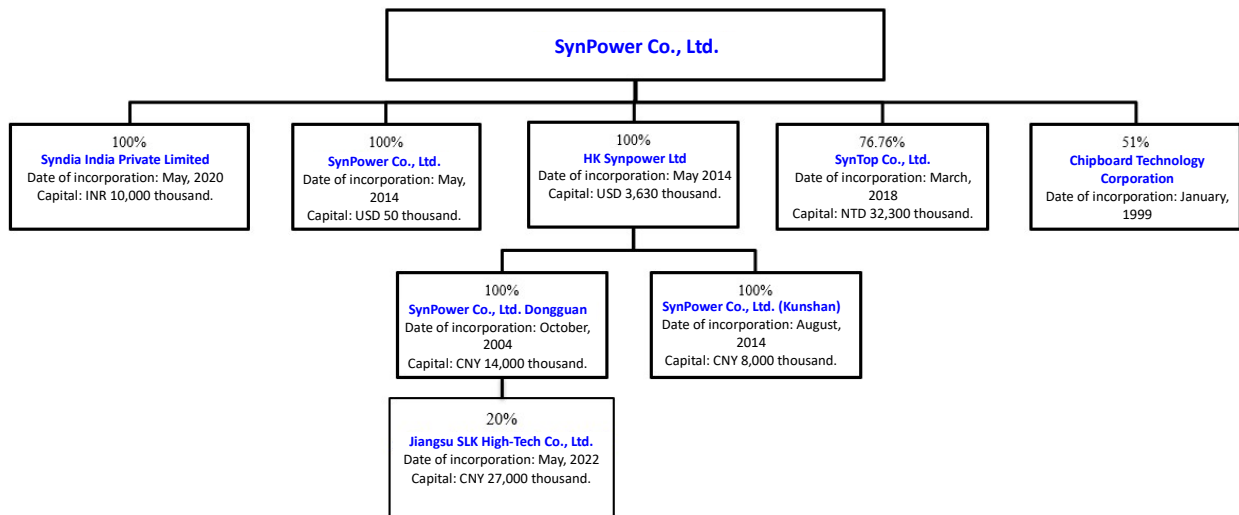
Eight. Special Disclosures

I. Summary of affiliated companies

(I) Consolidated Business Reports Covering Affiliated Enterprises

1. Overview of affiliated enterprise

(1) Organizational chart of the affiliates (Date: December 31, 2023)



(2) Basic information of affiliated enterprise

Unit: NT\$

Name	Original invested year	Incorporated location	Paid-in capital	Primary business
HK Synpower Ltd.	2014	Hong Kong	USD 3,630,000	Investment company
SynPower Co., Ltd. Dongguan	2015	Mainland China	CNY 14,000,000	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services.
SynPower Co., Ltd. (Kunshan)	2014	Mainland China	CNY 8,000,000	Electronic product testing services, automated equipment, electronic components
SynPower Co., Ltd.	2014	Seychelles	USD 318,667	Trading company
SynTop Co., Ltd.	2018	Taiwan	NTD 32,300,000	Electronic product testing services, automated

Name	Original invested year	Incorporated location	Paid-in capital	Primary business
				equipment, electronic components and other parts, and related maintenance services.
Syndia India Private Limited	2020	India	INR 10,000,000	Automated equipment, electronic components and other parts, and related maintenance services.
Chipboard Technology Corporation	2020	Taiwan	NTD 85,715,720	Electroless nickel immersion gold for PCB
Jiangsu SLK High-Tech Co., Ltd.	2022	Mainland China	CNY 27,000,000	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services.

- (3) The industries covered by the business operated by the affiliates overall: Please see item (2).
- (4) Presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: None.
- (5) Information on the directors, supervisors, and general manager of each affiliate:

Unit: shares; %

Company Name	Title	Name or Representative	Shares held (Note 1)	Shareholding ratio (Note 1)
HK Synpower Ltd.	Chairman	Chen, Wen-Sheng	3,630,000	100%
SynPower Co., Ltd. Dongguan	Chairman and General Manager	Chen, Wen-Sheng	Note 2	100%
	Supervisor	Lin, Win-Bin		
SynPower Co., Ltd. (Kunshan)	Chairman and General Manager	Chen, Wen-Sheng	Note 2	100%
	Supervisor	Chen, Shih-Hsiang		
SynPower Co., Ltd.	Chairman	Lin, Win-Bin	5,000	100%
SynTop Co., Ltd.	Chairman	Lin, Win-Bin	2,479,500	76.76%
	Supervisors	Hsu, Hung-	-	-

Company Name	Title	Name or Representative	Shares held (Note 1)	Shareholding ratio (Note 1)
		Yueh		
Syndia India Private Limited	Chairman	Lin, Win-Bin	Note 2	100%
Chipboard Technology Corporation	Chairman	Lin, Win-Bin	4,371,502	51%
	Director	Chen, Shih-Hsiang		
	Supervisor	Lin, Yu-Ting	-	-
Jiangsu SLK High-Tech Co., Ltd.	Director	Chen, Shih-Hsiang	Note 2	20%

Note 1: These shares and shareholding ratios are held directly or indirectly by the Company.

Note 2: The entity is a limited liability company, and no shares were issued.

(6) Overview of the operations of the affiliates

Unit: NT\$ thousand

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating incomes	Operating profit	Gains and losses for the period	Earnings per share (NT\$)
HKSynpower Ltd.	111,746	263,698	-	263,698	-	(37)	36,442	Not applicable
SynPower Co., Ltd. Dongguan	60,578	209,553	74,177	135,376	159,198	8,560	7,583	Not applicable
SynPower Co., Ltd. (Kunshan)	34,616	367,641	241,889	125,752	400,802	39,853	28,838	Not applicable
SynPower Co., Ltd.	1,500	62,600	752	61,848	20	327	3,237	Not applicable
SynTop Co., Ltd.	32,300	132,849	122,397	10,452	88,813	(19,077)	(18,990)	Not applicable
Syndia India Private Limited	4,044	6,646	695	5,951	4,615	174	103	Not applicable
Chipboard Technology Corporation	85,716	305,890	105,474	200,416	246,388	17,473	16,298	Not applicable
Jiangsu SLK High-Tech Co., Ltd.	116,829	261,408	155,305	106,103	175,507	(192)	(839)	Not applicable

(7) Consolidated Financial Statements of the Affiliates: Please see Attachment I.

(8) Reports on Affiliations: Not applicable.

II. Private placement of securities in the last year and up until the publication date of the annual report

III. Holding or disposal of the Company's shares by subsidiaries in the last year and up until the publication date of the annual report

IV. Other matters that require additional description: None.

- V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Attachment I
2023 Consolidated Financial
Statements and Independent
Auditors' Report

SynPower Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYNPOWER CO., LTD.

By

Lin, Win-Bin
Chairman

February 22, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SynPower Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Cut-off of Sales Revenue - Sales Revenue over Specific Types of Equipment

The Group generate their primary revenue from sales of automation equipments. Among these, the delivery and installation cycles for specific types of equipment are longer than others, and the sale of a single piece of equipment carries significant value. Whether such sales revenue is recognized only after fulfilling performance obligations and correctly cutoff will have a significant impact on the consolidated financial statements. Consequently, the auditor has identified the verification of the cut-off of these equipment sales as a key audit matter.

For accounting policies and relevant disclosure information related to revenue recognition, please refer to Notes 4 and 22 of the consolidated financial statements.

The main audit procedures performed by the accountant for the above matters are as follows:

1. Understanding and testing the effectiveness of internal controls over revenue recognition design and implementation. Evaluating the appropriateness of management's adopted revenue recognition accounting policies.
2. Sampling the transaction documents for sales revenue, including purchase orders, sales invoices, shipping documents, installation confirmation, and perform confirmation letter procedure to ensure the recognition of sales revenue is recorded upon fulfillment of obligations.
3. Reviewing post-period sales returns and allowances, as well as any anomalies in post-period receipts.

Other Matter

We have also audited the parent company only financial statements of SynPower Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the 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 consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Chuan Shih and Shu-Lin Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SYNPOWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 556,975	26	\$ 629,556	30
Financial assets at amortized cost - current (Notes 4, 8 and 30)	43,938	2	25,953	1
Notes receivable (Notes 4, 5 and 9)	1,576	-	1,368	-
Trade receivables (Notes 4, 5 and 9)	562,662	26	539,303	25
Trade receivables from related parties (Notes 4, 5, 9 and 29)	-	-	730	-
Other receivables (Notes 4, 5 and 9)	13,148	1	5,794	-
Current tax assets (Notes 4 and 24)	4,962	-	3,338	-
Inventories (Notes 4, 5 and 10)	163,214	8	192,279	9
Prepayments	72,266	3	96,468	5
Right to recover a product (Notes 4 and 5)	6,644	-	8,347	1
Other current assets	658	-	969	-
Total current assets	1,426,043	66	1,504,105	71
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	143,406	7	114,296	5
Financial assets at amortized cost - non-current (Notes 4, 8 and 30)	2,000	-	2,000	-
Investments accounted for using the equity method (Notes 4 and 12)	21,221	1	21,846	1
Property, plant and equipment (Notes 4, 13, 29 and 30)	473,943	22	413,946	19
Right-of-use assets (Notes 4 and 14)	21,259	1	15,892	1
Goodwill (Notes 4 and 16)	1,676	-	1,676	-
Other intangible assets (Notes 4 and 29)	6,499	-	9,125	1
Deferred tax assets (Notes 4 and 24)	34,333	2	31,175	2
Net defined benefit asset - non-current (Notes 4 and 20)	9,409	1	8,737	-
Prepayments of land and equipment (Note 13)	4,195	-	5,108	-
Refundable deposits (Note 4)	5,683	-	4,717	-
Total non-current assets	723,624	34	628,518	29
TOTAL	\$ 2,149,667	100	\$ 2,132,623	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 93,308	4	\$ 90,000	4
Notes payables	9	-	9	-
Trade payables	327,649	15	362,908	17
Other payables (Note 18)	90,758	4	129,088	6
Other payables to related parties (Note 29)	-	-	756	-
Current tax liabilities (Notes 4 and 24)	8,417	1	28,050	1
Lease liabilities - current (Notes 4 and 14)	11,098	1	9,472	1
Current portion of long-term borrowings (Notes 4, 17 and 30)	25,511	1	25,511	1
Refund provisions (Notes 4, 5 and 19)	23,308	1	25,934	1
Other current liabilities	80,062	4	51,004	3
Total current liabilities	660,120	31	722,732	34
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17 and 30)	322,757	15	318,425	15
Deferred tax liabilities (Notes 4 and 24)	22,512	1	20,430	1
Lease liabilities - non-current (Notes 4 and 14)	10,881	-	6,318	-
Net defined benefit liabilities - non-current (Note 20)	1,475	-	8,011	-
Other non-current liabilities	709	-	10,012	1
Total non-current liabilities	358,334	16	363,196	17
Total liabilities	1,018,454	47	1,085,928	51
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Ordinary shares	328,700	15	300,280	14
Capital surplus	359,848	17	287,556	13
Retained earnings				
Legal reserve	57,437	3	45,402	2
Special reserve	10,089	-	9,746	-
Unappropriated earnings	270,935	13	313,240	15
Total retained earnings	338,461	16	368,388	17
Other equity				
Exchange differences on translating foreign operations	(19,478)	(1)	(14,629)	-
Unrealized gain on financial assets at fair value through other comprehensive income	29,037	1	4,540	-
Total other equity	9,559	-	(10,089)	-
Total equity attributable to owners of the Company	1,036,568	48	946,135	44
NON-CONTROLLING INTERESTS (Notes 4 and 11)	94,645	5	100,560	5
Total equity	1,131,213	53	1,046,695	49
TOTAL	\$ 2,149,667	100	\$ 2,132,623	100

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

SYNPOWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 19, 22 and 29)	\$ 1,283,778	100	\$ 1,603,091	100
OPERATING COSTS (Notes 4, 10 and 23)	<u>976,849</u>	<u>76</u>	<u>1,198,055</u>	<u>75</u>
GROSS PROFIT	<u>306,929</u>	<u>24</u>	<u>405,036</u>	<u>25</u>
OPERATING EXPENSES (Notes 4, 23, 26 and 29)				
Selling and marketing expenses	124,210	10	111,907	7
General and administrative expenses	112,744	9	110,031	7
Research and development expenses	44,931	3	56,974	4
Expected credit (reversal gain) loss	<u>(4,495)</u>	<u>-</u>	<u>6,220</u>	<u>-</u>
Total operating expenses	<u>277,390</u>	<u>22</u>	<u>285,132</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>29,539</u>	<u>2</u>	<u>119,904</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12 and 23)				
Interest income	7,140	-	4,917	-
Other income	12,490	1	17,060	1
Other gains and losses	1,267	-	45,986	3
Finance costs	(5,435)	-	(6,040)	-
Share of loss of associates	<u>(168)</u>	<u>-</u>	<u>(1,963)</u>	<u>-</u>
Total non-operating income and expenses	<u>15,294</u>	<u>1</u>	<u>59,960</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	44,833	3	179,864	11
INCOME TAX EXPENSE (Notes 4 and 24)	<u>12,320</u>	<u>1</u>	<u>43,319</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>32,513</u>	<u>2</u>	<u>136,545</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 20 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	126	-	2,064	-
Unrealized gain (loss) on investments in equity instruments designated as a fair value through other comprehensive income	24,497	2	(37,424)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(25)</u>	<u>-</u>	<u>(413)</u>	<u>-</u>
	<u>24,598</u>	<u>2</u>	<u>(35,773)</u>	<u>(2)</u>

(Continued)

SYNPOWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (4,392)	-	\$ 2,569	-
Share of the other comprehensive loss in associates - exchange differences on translating foreign operations	(457)	-	(345)	-
	<u>(4,849)</u>	<u>-</u>	<u>2,224</u>	<u>-</u>
Other comprehensive gain (loss) for the year, net of income tax	<u>19,749</u>	<u>2</u>	<u>(33,549)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 52,262</u>	<u>4</u>	<u>\$ 102,996</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 30,087	2	\$ 119,216	8
Non-controlling interests	<u>2,426</u>	<u>-</u>	<u>17,329</u>	<u>-</u>
	<u>\$ 32,513</u>	<u>2</u>	<u>\$ 136,545</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 49,777	4	\$ 85,149	5
Non-controlling interests	<u>2,485</u>	<u>-</u>	<u>17,847</u>	<u>1</u>
	<u>\$ 52,262</u>	<u>4</u>	<u>\$ 102,996</u>	<u>6</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.99</u>		<u>\$ 3.97</u>	
Diluted	<u>\$ 0.98</u>		<u>\$ 3.94</u>	

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

(Concluded)

SYNPOWER CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity	Total	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	\$ 300,280	\$ 287,556	\$ 43,213	\$ 9,746	\$ 231,114	\$ 284,073	\$ (16,853)	\$ 41,964	\$ 25,111	\$ 897,020	\$ 84,813	\$ 981,833
Appropriation of 2021 earnings												
Legal reserve	-	-	2,189	-	(2,189)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(36,034)	(36,034)	-	-	-	(36,034)	-	(36,034)
Net profit for the year ended December 31, 2022	-	-	-	-	119,216	119,216	-	-	-	119,216	17,329	136,545
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,133	1,133	2,224	(37,424)	(35,200)	(34,067)	518	(33,549)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	120,349	120,349	2,224	(37,424)	(35,200)	85,149	17,847	102,996
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,100)	(2,100)
BALANCE AT DECEMBER 31, 2022	300,280	287,556	45,402	9,746	313,240	368,388	(14,629)	4,540	(10,089)	946,135	100,560	1,046,695
Appropriation of 2022 earnings												
Legal reserve	-	-	12,035	-	(12,035)	-	-	-	-	-	-	-
Special reserve	-	-	-	343	(343)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(60,056)	(60,056)	-	-	-	(60,056)	-	(60,056)
Net profit for the year ended December 31, 2023	-	-	-	-	30,087	30,087	-	-	-	30,087	2,426	32,513
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	42	42	(4,849)	24,497	19,648	19,690	59	19,749
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	30,129	30,129	(4,849)	24,497	19,648	49,777	2,485	52,262
Issuance of ordinary shares for cash	28,420	69,037	-	-	-	-	-	-	-	97,457	-	97,457
Issuance of ordinary shares under employee share options	-	3,255	-	-	-	-	-	-	-	3,255	-	3,255
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(8,400)	(8,400)
BALANCE AT DECEMBER 31, 2023	\$ 328,700	\$ 359,848	\$ 57,437	\$ 10,089	\$ 270,935	\$ 338,461	\$ (19,478)	\$ 29,037	\$ 9,559	\$ 1,036,568	\$ 94,645	\$ 1,131,213

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

SYNPOWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 44,833	\$ 179,864
Adjustments for:		
Depreciation expenses	28,894	24,685
Amortization expense	4,776	3,869
Expected credit (reversal gain) loss	(4,495)	6,220
Finance costs	5,435	6,040
Interest income	(7,140)	(4,917)
Dividend income	(10,996)	(7,733)
Compensation cost of employee share options	3,255	-
Share of loss of associates	168	1,963
Gain on disposal of property, plant and equipment	(2)	(60)
Gain on lease modification	(4)	(3)
Gain on disposal of non-current assets classified as held for sale	-	(29,578)
Write-down of inventories	2,454	4,212
(Reserve) recognized refund provisions	(654)	1,826
Changes in operating assets and liabilities		
Notes receivable	(208)	62,715
Trade receivables	(22,429)	(131,833)
Other receivables	161	(7,615)
Inventories	27,503	(36,545)
Prepayments	24,202	(52,062)
Other current assets	311	1,600
Trade payables	(35,259)	15,776
Other payables	(39,069)	12,384
Other current liabilities	29,058	(7,276)
Net defined benefit liabilities	(7,082)	(449)
Other non-current liabilities	(9,303)	(200)
Cash generated from operations	34,409	42,883
Interest received	7,279	4,834
Interest paid	(4,844)	(5,591)
Income tax paid	(34,476)	(26,808)
Net cash generated from operating activities	<u>2,368</u>	<u>15,318</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(4,613)	-
Purchase of financial assets at amortized cost	(66,013)	(45,819)
Proceeds from sale of financial assets at amortized cost	47,890	58,536
Net cash outflow on acquisition of associates	-	(24,154)
Proceeds from disposal of non-current assets classified as held for sale	-	216,522
Payments for property, plant and equipment	(102,700)	(269,105)
Proceeds from disposal of property, plant and equipment	30,016	60
(Increase) decrease in refundable deposits	(966)	8

(Continued)

SYNPOWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	\$ (2,150)	\$ (7,284)
Increase in prepayments for property, plant and equipment	(3,922)	(999)
Dividends received from investment in financial assets at fair value through other comprehensive income	<u>7,362</u>	<u>7,733</u>
Net cash used in investing activities	<u>(95,096)</u>	<u>(64,502)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	437,308	323,000
Repayments of short-term borrowings	(434,000)	(353,000)
Repayments of short-term bills payable	-	(95,000)
Proceeds from long-term borrowings	55,846	324,879
Repayments of long-term borrowings	(51,449)	(208,507)
Repayment of the principal portion of lease liabilities	(12,935)	(10,643)
Dividends paid to owners of the Company	(60,056)	(36,034)
Proceeds from issuance of ordinary shares	97,457	-
Dividends paid to non-controlling interests	<u>(8,400)</u>	<u>(2,100)</u>
Net cash generated from/(used in) financing activities	<u>23,771</u>	<u>(57,405)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,624)</u>	<u>(1,103)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(72,581)</u>	<u>(107,692)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>629,556</u>	<u>737,248</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 556,975</u>	<u>\$ 629,556</u>

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

(Concluded)

SYNPOWER CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

SynPower Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in April 29 2002. The Company and Subsidiaries (the “Group”) is mainly engaged in the combination, manufacture, testing and sales of electronic equipment and the surface processing of printed circuit board (PCB).

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2023.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 22, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of merchandise, raw materials, supplies, work in progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturity of more than 3 months, pledged certificate of deposit, notes receivable, trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

- b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and trade receivables) on each balance sheet date.

The Group always recognizes lifetime expected credit losses (ECLs) for notes receivable and trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers if there is internal or external information that the debtor is no longer able to pay off its debts, a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

- c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations generated under sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

p. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment. Sales of electronic equipment are recognized as revenue when the goods are delivered to the customer's specific location and reach the agreed usable status, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Revenue from the sale of goods are measured at fair value of consideration received or receivable, net of estimated customer returns, discounts and other similar discounts. Estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund provisions and right to recover a product.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment, the surface processing of PCB and other related technical services, is recognized at the time of service provision.

q. Leases

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

When the Group as lessee, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction. According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Management will continue to review the estimates and underlying assumptions. If the revision of the estimate only affects the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the revision period and the future period.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets,

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories 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. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,121	\$ 987
Checking accounts and demand deposits	437,550	515,987
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	118,289	112,582
Postal gift coupon	<u>15</u>	<u>-</u>
	<u>\$ 556,975</u>	<u>\$ 629,556</u>

The market rate intervals of cash in banks at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank deposits	0.001%-1.450%	0.001%-1.050%
Time deposits	1.550%-5.313%	1.000%-4.680%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Odobez system Taiwan corporation. (Odobez)	\$ 10,001	\$ 10,001
Listed shares		
Symtek Automation Asia Co., Ltd. (Symtek)	<u>133,405</u>	<u>104,295</u>
	<u>\$ 143,406</u>	<u>\$ 114,296</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 2,149	\$ 2,150
Pledged certificate of deposit	<u>41,789</u>	<u>23,803</u>
	<u>\$ 43,938</u>	<u>\$ 25,953</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 2,000</u>	<u>\$ 2,000</u>

The market rate intervals of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	3.95%	3.27%
Pledged certificate of deposit	1.56%-5.31%	1.44%-1.72%

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable - operating	\$ 1,576	\$ 1,368
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 1,576</u>	<u>\$ 1,368</u>
Trade receivables	\$ 576,064	\$ 553,199
Less: Allowance for impairment loss	<u>(13,402)</u>	<u>(13,896)</u>
	<u>\$ 562,662</u>	<u>\$ 539,303</u>
Trade receivables from related parties	<u>\$ -</u>	<u>\$ 730</u>
Other receivables	\$ 13,446	\$ 10,112
Less: Allowance for impairment loss	<u>(298)</u>	<u>(4,318)</u>
	<u>\$ 13,148</u>	<u>\$ 5,794</u>

a. Notes receivable and trade receivables

The average credit period of sales of goods is 30 to 150 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2023

	0 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 365,400	\$ 89,988	\$ 59,453	\$ 62,799	\$ 577,640
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(562)</u>	<u>(1,737)</u>	<u>(11,103)</u>	<u>(13,402)</u>
Amortized cost	<u>\$ 365,400</u>	<u>\$ 89,426</u>	<u>\$ 57,716</u>	<u>\$ 51,696</u>	<u>\$ 564,238</u>

December 31, 2022

	0 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 410,772	\$ 43,833	\$ 53,990	\$ 46,702	\$ 555,297
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(479)</u>	<u>(1,774)</u>	<u>(11,643)</u>	<u>(13,896)</u>
Amortized cost	<u>\$ 410,772</u>	<u>\$ 43,354</u>	<u>\$ 52,216</u>	<u>\$ 35,059</u>	<u>\$ 541,401</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 13,896	\$ 11,684
(Less) add: Net remeasurement of loss allowance	(475)	2,200
Foreign exchange translation (losses) gains	<u>(19)</u>	<u>12</u>
Balance at December 31	<u>\$ 13,402</u>	<u>\$ 13,896</u>

b. Other receivables

The Group has measured the loss allowance of other receivables as of December 31, 2023 and 2022.

The movements of the loss allowance of other receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 4,318	\$ 298
(Less) add: Net remeasurement of loss allowance	<u>(4,020)</u>	<u>4,020</u>
Balance at December 31	<u>\$ 298</u>	<u>\$ 4,318</u>

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 41,882	\$ 74,117
Raw materials	30,711	42,435
Work in process	41,534	54,005
Finished goods	49,087	20,630
Inventory in transit	<u>-</u>	<u>1,092</u>
	<u>\$ 163,214</u>	<u>\$ 192,279</u>

For the year ended December 31, 2023 and 2022, the cost of goods sold related to inventory were \$940,663 thousand and \$1,156,909 thousand, respectively; the cost of goods sold including write-down of inventories were \$2,454 thousand and \$4,212 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
SynPower Co., Ltd.	Synpower Co., Ltd. (Synpower)	Trading company	100.00	100.00	
	HK Synpower Ltd. (HK Synpower)	Investment company	100.00	100.00	
	SynTop Co., Ltd. (SynTop)	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	76.76	76.76	
	SYNDIA INDIA PRIVATE LIMITED	Electronic components and other parts, and related maintenance services	100.00	100.00	
	Chipboard Technology Corporation (Chipboard)	Electroless nickel immersion gold for PCB	51.00	51.00	
HK Synpower	SynPower Co., Ltd. (Kunshan) (Kunshan SynPower)	Electronic product testing services, automated equipment, electronic components	100.00	100.00	
	SynPower Co., Ltd Dongguan. (Dongguan SynPower)	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	100.00	100.00	

The Company invests in Kunshan SynPower and Dongguan SynPower through subsidiary, HK Synpower. As of December 31, 2023, the amounts invested in Kunshan SynPower and Dongguan SynPower were \$40,142 thousand (US\$1,282 thousand) and \$68,636 thousand (US\$2,222 thousand), respectively.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2023	2022
Chipboard	49.00%	49.00%

See Table 6 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Chipboard	\$ 7,986	\$ 15,330	\$ 93,606	\$ 93,961

Summarized financial information of Chipboard is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2023	2022
Current assets	\$ 190,810	\$ 219,741
Non-current assets	115,080	104,068
Current liabilities	(77,924)	(79,868)
Non-current liabilities	<u>(27,550)</u>	<u>(42,800)</u>
Equity	\$ 200,416	\$ 201,141
Equity attributable to:		
Owners of the Company	\$ 106,810	\$ 107,180
Non-controlling interests of Chipboard	<u>93,606</u>	<u>93,961</u>
	\$ 200,416	\$ 201,141
	For the Year Ended December 31	
	2023	2022
Revenue	\$ 246,388	\$ 310,142
Profit for the year	\$ 16,298	\$ 31,285
Profit attributable to:		
Owners of the Company	\$ 8,312	\$ 15,955
Non-controlling interests of Chipboard	<u>7,986</u>	<u>15,330</u>
	\$ 16,298	\$ 31,285

	For the Year Ended December 31	
	2023	2022
Cash inflow/(outflow) from:		
Operating activities	\$ 8,033	\$ 60,408
Investing activities	(26,306)	(25,254)
Financing activities	<u>(25,577)</u>	<u>(5,266)</u>
Net cash (outflow)/inflow	<u>\$ (43,850)</u>	<u>\$ 29,888</u>
Dividends paid to non-controlling interests of:		
Chipboard	<u>\$ 8,400</u>	<u>\$ 2,100</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
<u>Associate that is not individually material</u>		
Jiangsu SLK High-Tech Co., Ltd. (Symtek Jiangsu)	<u>\$ 21,221</u>	<u>\$ 21,846</u>

	For the Year Ended December 31	
	2023	2022
<u>Aggregate information of associates that are not individually material</u>		
The Group's share of:		
Loss for the year	\$ (168)	\$ (1,963)
Other comprehensive income (loss)	<u>(457)</u>	<u>(345)</u>
Total comprehensive income (loss) for the year	<u>\$ (625)</u>	<u>\$ (2,308)</u>

In order to strengthen the business activities in the mainland China, on February 25, 2022, the Group's board of directors resolved to participate in a joint investment to establish Symtek Jiangsu through its subsidiary Dongguan SynPower. In September 2023, an investment of \$24,154 thousand (CNY5,400 thousand) was injected, with a 20% shareholding ratio.

Refer to Table 7 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associate.

The share of profits and other comprehensive income enjoyed by associates and subsidiaries accounted for using equity method was calculated based on audited financial statements for the year ended December 31, 2023, and non-audited financial statements for the year ended December 31, 2022. The Group's management believes that financial statements of the investee companies, which have not been audited by an accountant, are not expected to require significant adjustments.

13. PROPERTY, PLANT AND EQUIPMENT

	2023					
	Beginning Balance	Additions	Disposals	Reclassification	Currency Exchange Differences	Ending Balance
<u>Cost</u>						
Land	\$ 337,382	\$ -	\$ (30,013)	\$ -	\$ -	\$ 307,369
Buildings	59,399	9,993	-	9,781	(250)	78,923
Machinery and equipment	114,159	1,016	(528)	(735)	(336)	113,576
Transportation equipment	3,416	93	-	-	(53)	3,456
Office equipment	12,332	533	(558)	-	(72)	12,235
Leasehold improvements	7,929	2,020	(2,612)	-	(69)	7,268
Other equipment	51,596	3,067	(273)	1,828	(62)	56,156
Construction in progress	<u>8,270</u>	<u>85,900</u>	<u>-</u>	<u>(6,774)</u>	<u>-</u>	<u>87,396</u>
	<u>\$ 594,483</u>	<u>\$ 102,622</u>	<u>\$ (33,984)</u>	<u>\$ 4,100</u>	<u>\$ (842)</u>	<u>\$ 666,379</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	\$ 24,107	\$ 4,473	\$ -	\$ -	\$ (10)	\$ 28,570
Machinery and equipment	93,520	6,233	(528)	455	(35)	99,645
Transportation equipment	2,515	199	-	-	(46)	2,668
Office equipment	10,352	722	(557)	-	(61)	10,456
Leasehold improvements	7,859	302	(2,612)	-	(41)	5,508
Other equipment	<u>42,184</u>	<u>3,724</u>	<u>(273)</u>	<u>-</u>	<u>(46)</u>	<u>45,589</u>
	<u>\$ 180,537</u>	<u>\$ 15,653</u>	<u>\$ (3,970)</u>	<u>\$ 455</u>	<u>\$ (239)</u>	<u>\$ 192,436</u>
Net	<u>\$ 413,946</u>					<u>\$ 473,943</u>
	2022					
	Beginning Balance	Additions	Disposals	Reclassification	Currency Exchange Differences	Ending Balance
<u>Cost</u>						
Land	\$ 36,000	\$ 242,077	\$ -	\$ 59,305	\$ -	\$ 337,382
Buildings	28,250	6,287	-	24,905	(43)	59,399
Machinery and equipment	109,810	3,314	(1,990)	2,993	32	114,159
Transportation equipment	2,845	530	-	-	41	3,416
Office equipment	11,828	836	(384)	-	52	12,332
Leasehold improvements	7,671	237	(8)	-	29	7,929
Other equipment	47,873	3,967	(292)	-	48	51,596
Construction in progress	<u>14,422</u>	<u>19,487</u>	<u>-</u>	<u>(25,899)</u>	<u>260</u>	<u>8,270</u>
	<u>\$ 258,699</u>	<u>\$ 276,735</u>	<u>\$ (2,674)</u>	<u>\$ 61,304</u>	<u>\$ 419</u>	<u>\$ 594,483</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	\$ 22,838	\$ 1,269	\$ -	\$ -	\$ -	\$ 24,107
Machinery and equipment	84,439	8,052	(1,990)	2,993	26	93,520
Transportation equipment	2,160	324	-	-	31	2,515
Office equipment	10,156	539	(384)	-	41	10,352
Leasehold improvements	7,463	375	(8)	-	29	7,859
Other equipment	<u>39,824</u>	<u>2,620</u>	<u>(292)</u>	<u>-</u>	<u>32</u>	<u>42,184</u>
	<u>\$ 166,880</u>	<u>\$ 13,179</u>	<u>\$ (2,674)</u>	<u>\$ 2,993</u>	<u>\$ 159</u>	<u>\$ 180,537</u>
Net	<u>\$ 91,819</u>					<u>\$ 413,946</u>

The Group's board of directors resolved to purchase land in the Dajiang section of Zhongli District for the purpose of constructing factory buildings and offices for the use of the Group. The Group had signed a land purchase contract on October 15, 2021, and agreed on the total transaction price of \$297,653 thousand on April 20, 2022. After completing land registration transfer process in July 2022, the Group had reclassified the prepayment and related acquisition costs as land.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-25 years
Machinery and equipment	3-10 years
Transportation equipment	3-10 years
Office equipment	1-5 years
Leasehold improvements	2-5 years
Other equipment	2-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	\$ 17,745	\$ 10,305
Transportation equipment	<u>3,514</u>	<u>5,587</u>
	<u>\$ 21,259</u>	<u>\$ 15,892</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 21,180</u>	<u>\$ 14,133</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 8,957	\$ 6,378
Transportation equipment	<u>4,284</u>	<u>4,433</u>
	<u>\$ 13,241</u>	<u>\$ 10,811</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	\$ 11,098	\$ 9,472
Non-current	<u>\$ 10,881</u>	<u>\$ 6,318</u>

Range of weighted average interest rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.46%	0.96%
Transportation equipment	1.73%	1.28%

The Group leases buildings and transportation equipment for operational use with lease terms of 1 to 4 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 6,653	\$ 6,891
Expenses relating to low-value asset leases	\$ 3,390	\$ 2,895
Total cash outflow for leases	\$ 22,978	\$ 20,624

The Group's leases of certain buildings qualify as short-term leases and leases of certain office equipments as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES (FOR THE YEAR ENDED DECEMBER 31, 2023: NONE)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 155,210	\$ 32,429	\$ 187,639
Reclassification	<u>(155,210)</u>	<u>(32,429)</u>	<u>(187,639)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Depreciation expenses	-	695	695
Reclassification	<u>-</u>	<u>(695)</u>	<u>(695)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Since the Group considered that investment properties were available for immediate sale and highly likely to be sold. The carrying amounts of investment properties were reclassified to non-current assets held for sale in September 2022. The disposal transaction was completed in December 2022, deducting necessary disposal expenses of \$3,478 thousand, resulting in a net disposal proceeds of \$216,522 thousand.

16. GOODWILL

The Group acquired 51% equity interest of Chipboard Technology Corporation on October 30, 2020. The consideration paid, including the fair value of non-controlling interests had exceeded the fair value of net identifiable assets, resulting in the recognition of goodwill of \$1,676 thousand on the acquisition date. As of December 31, 2023 and 2022, the carrying value of goodwill remained unchanged.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 93,308	\$ 90,000

Range of interest rate on balance sheet date was as follows:

	December 31	
	2023	2022
Line of credit borrowings	0.50%-2.41%	1.63%-1.87%

As of December 31, 2023, the credit borrowings of SynTop is guaranteed jointly by the Chairman of the Company. Additionally, the credit borrowings of the Company is jointly guaranteed by the Chairman and the General Manager of the Company.

b. Long-term borrowings

	For the Year Ended December 31	
	2023	2022
Bank loans	\$ 348,268	\$ 343,936
Less: Current portion	<u>(25,511)</u>	<u>(25,511)</u>
Long-term borrowings	\$ 322,757	\$ 318,425

In order to purchase land and plants on Beiyuan Road, Zhongli District, and to support subsequent repairment and renovation projects, the Group had signed three medium-to-long-term facility agreements with Mega Bank in April 2021. The facility limits were \$124,000 thousand, \$50,000 thousand, and \$50,000 thousand respectively. The Group initially used the facility drawdown on April 28, May 7, and May 17, 2021 correspondingly. According to the agreements, the first installment was due two years, one year, and one year respectively from the initial drawdown date, followed by installments every three months. The principal amounts were amortized over 53, 17, and 25 installments respectively. The long-term borrowings were secured by the land and plants on Beiyuan Road, Zhongli District, and were fully repaid ahead of schedule in December 2022.

To enhance midterm operational funds, the Group entered into a medium-term facility agreement with Taipei Fubon Commercial Bank, with a facility limit of \$80,000 thousand. The Group initially used the facility drawdown in October 2021. According to the agreement, the principal was to be repaid in 48 monthly installments starting one year after the initial drawdown date. As of December 31, 2023, the effective annual interest rate was 1.64%. The medium-to-long-term borrowing was pledged by land and buildings on Datong 1st Rd., Guanyin Dist., Taoyuan City as collateral.

To enhance midterm operational funds, the Group entered into a medium-to-long-term facility agreement with Hua Nan Commercial Bank, with a facility limit of \$40,000 thousand. The Group initially used the facility drawdown in May 2022. According to the agreement, the principal was to be repaid monthly starting from the initial drawdown date. As of December 31, 2023, the effective annual interest rate was 2.17%. The medium-term borrowing was not secured by any assets but was jointly guaranteed by the Chairman and the General Manager of the Company.

For the expanding operational scale and capacity, the Group purchased land on Xinsheng Road, Zhongli District, and planned to construct plants. Therefore, the Group entered into a comprehensive facility agreement with E.Sun Commercial Bank in June 2022. The medium-term facility limit for land was \$208,000 thousand, and The Group initially used the facility drawdown on July 5, 2022, with a drawdown period of four years. According to the agreement, interest was to be paid monthly, and the repayment was to be made upon maturity. As of December 31, 2023, the effective annual interest rate was 2.09%. On the other hand, the medium-term facility limit for buildings was \$310,000 thousand, and The Group initially used the facility drawdown on September 1, 2023, with a drawdown period of four years. According to the agreement, interest was to be paid monthly, and the repayment was to be made upon maturity. As of December 31, 2023, the effective annual interest rate was 2.09%. The borrowing were secured by the land on Xinsheng Road, Zhongli District, please refer to Note 30 for more information. Additionally, after the completion of the plant and acquiring the usage permission, the plant should also be pledged as collateral.

In order to proceed long-term equity investments, the Group entered into a long-term facility agreement with Taipei Fubon Commercial Bank in September 2022, with a facility limit of \$127,000 thousand (US\$4,000 thousand). The Group initially used the facility drawdown on September 16, 2022, with a drawdown period of seven years. According to the agreement, interest was to be paid quarterly, and the repayment was to be made upon maturity. As of December 31, 2023, the effective annual interest rate was 2.99%. The facility was fully repaid ahead of schedule on December 28, 2023.

18. OTHER PAYABLES

	December 31	
	2023	2022
Other payables	\$ 36,696	\$ 47,486
Payables for salaries or bonuses	20,512	21,329
Payables for insurance	2,641	9,662
Payables for bonuses to employees' compensation and directors' remuneration	-	7,630
Payables for equipment	<u>30,909</u>	<u>42,981</u>
	<u>\$ 90,758</u>	<u>\$ 129,088</u>

19. REFUND PROVISIONS

	December 31	
	2023	2022
Customer returns and rebates	<u>\$ 23,308</u>	<u>\$ 25,934</u>

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 25,934	\$ 41,987
Reserve during the year	(2,324)	(2,215)
Used during the year	(256)	(14,118)
Effect of foreign currency exchange differences	<u>(46)</u>	<u>280</u>
Balance at December 31	<u>\$ 23,308</u>	<u>\$ 25,934</u>

The refund provisions is based on the management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and Chipboard adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Kunshan SynPower and Dongguan SynPower are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute specific percentage of the basic salary costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Chipboard in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and Chipboard contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 15,562	\$ 15,063
Fair value of plan assets	<u>(23,496)</u>	<u>(15,789)</u>
Net defined benefit (assets) liabilities	<u>\$ (7,934)</u>	<u>\$ (726)</u>

(Continued)

	December 31	
	2023	2022
Net defined benefit assets	\$ (9,409)	\$ (8,737)
Net defined benefit liabilities	<u>1,475</u>	<u>8,011</u>
	<u>\$ (7,934)</u>	<u>\$ (726)</u> (Concluded)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 15,690</u>	<u>\$ (13,903)</u>	<u>\$ 1,787</u>
Service cost			
Current service cost	234	-	234
Net interest expense (income)	<u>110</u>	<u>(113)</u>	<u>(3)</u>
Recognized in profit or loss	<u>344</u>	<u>(113)</u>	<u>231</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,093)	(1,093)
Actuarial loss - changes in financial assumptions	(895)	-	(895)
Actuarial gain - experience adjustments	<u>(76)</u>	<u>-</u>	<u>(76)</u>
Recognized in other comprehensive income	<u>(971)</u>	<u>(1,093)</u>	<u>(2,064)</u>
Contributions from the employer	<u>-</u>	<u>(680)</u>	<u>(680)</u>
Balance at December 31, 2022	<u>15,063</u>	<u>(15,789)</u>	<u>(726)</u>
Service cost			
Current service cost	218	-	218
Net interest expense (income)	<u>210</u>	<u>(203)</u>	<u>7</u>
Recognized in profit or loss	<u>428</u>	<u>(203)</u>	<u>225</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(197)	(197)
Actuarial loss - changes in financial assumptions	110	-	110
Actuarial gain - experience adjustments	<u>(39)</u>	<u>-</u>	<u>(39)</u>
Recognized in other comprehensive income	<u>71</u>	<u>(197)</u>	<u>(126)</u>
Contributions from the employer	<u>-</u>	<u>(7,307)</u>	<u>(7,307)</u>
Balance at December 31, 2023	<u>\$ 15,562</u>	<u>\$ (23,496)</u>	<u>\$ (7,934)</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate(s)	1.250%-1.380%	1.250%-1.500%
Expected rate(s) of salary increase	2.250%-3.000%	2.250%-3.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	\$ (371)	\$ (381)
0.25% decrease	\$ 384	\$ 394
Expected rate(s) of salary increase		
0.25% increase	\$ 869	\$ 906
0.25% decrease	\$ (786)	\$ (816)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ 112	\$ 709
Average duration of the defined benefit obligation	13.3-14.2 years	10.4-14.9 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	60,000	60,000
Shares authorized	\$ 600,000	\$ 600,000
Shares issued and fully paid (in thousands of shares)	32,870	30,028
Shares issued and fully paid	\$ 328,700	\$ 300,280

The issued ordinary share has a par value of NT\$10 per share and each share has one voting right and the right to receive dividends.

The Company's board of directors resolved to issue 2,842 thousand ordinary shares with \$10 par value for pre-initial public offering placement, the above issuance of shares for cash capital increase was approved by the Taiwan Stock Exchange under letter No. 1121804375 and effective on October 31, 2023, the registration change was completed on November 15, 2023. The shares in the aforementioned cash capital increase are issued at a premium, includes the issuance of an underwriting price of \$28 per share for employee subscription and public subscription and at weighted average price of the winning bidders of \$38.32 per share for the auction. After deducting the underwriting handling fees, the net issuance amount of \$97,457 thousand has been fully collected.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 354,592	\$ 285,555
Executive employees stock options	3,255	-
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>2,001</u>	<u>2,001</u>
	<u>\$ 359,848</u>	<u>\$ 287,556</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23-7.

The Company's Articles also stipulate a dividends policy whereby the dividend distribution is mainly based on cash dividends and stock dividends balanced dividend policies, of which the cash dividend payment ratio is limited to not less than 10% of the total dividends distributed from the earnings of the current year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter No. 1090150022 and the "Q&A of Application of Set Aside Special Reserve After Adoption of International financial statements Standards (IFRSs)".

The appropriations of earnings for 2022 and 2021 were as follows:

	Earning Appropriation		Dividend Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 12,035	\$ 2,189		
Special reserve	343	-		
Cash dividend	60,056	36,034	\$ 2.0	\$ 1.2

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 29, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 18, 2023 and June 10, 2022, respectively.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 22, 2023, were as follows:

	Earning Appropriation	Dividend Per Share (NT\$)
Legal reserve	\$ 3,013	
Cash dividend	39,444	\$ 1.2

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 15, 2024.

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,011,492	\$ 1,281,414
Revenue from surface processing of PCB	246,388	310,142
Revenue from the rendering of services	<u>25,898</u>	<u>11,535</u>
	<u>\$ 1,283,778</u>	<u>\$ 1,603,091</u>

23. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits interest	\$ 6,115	\$ 4,792
Reverse repurchase bonds interest	849	82
Others	<u>176</u>	<u>43</u>
	<u>\$ 7,140</u>	<u>\$ 4,917</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 10,996	\$ 7,733
Government grants income	497	8,428
Rental income	287	-
Others	<u>710</u>	<u>899</u>
	<u>\$ 12,490</u>	<u>\$ 17,060</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 1,493	\$ 19,765
Gain on lease modification	4	3
Gain on disposal of property, plant and equipment	2	60
Gain on disposal of non-current assets classified as held for sale	-	29,578
Fair value changes of financial assets designated as at FVTPL	-	38
Others	<u>(232)</u>	<u>(3,458)</u>
	<u>\$ 1,267</u>	<u>\$ 45,986</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 9,407	\$ 7,341
Interest on lease liabilities	565	195
Less: Capitalized interest	<u>(4,537)</u>	<u>(1,496)</u>
	<u>\$ 5,435</u>	<u>\$ 6,040</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	\$ 4,537	\$ 1,496
Capitalization rate	1.84%-2.22%	1.55%-1.84%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 15,653	\$ 13,179
Right-of-use assets	13,241	10,811
Investment properties	-	695
Intangible assets	<u>4,776</u>	<u>3,869</u>
	<u>\$ 33,670</u>	<u>\$ 28,554</u>
An analysis of depreciation by function		
Operating costs	\$ 11,055	\$ 7,871
Operating expenses	<u>17,839</u>	<u>16,814</u>
	<u>\$ 28,894</u>	<u>\$ 24,685</u>
An analysis of amortization by function		
Operating costs	\$ 166	\$ 216
Operating expenses	<u>4,610</u>	<u>3,653</u>
	<u>\$ 4,776</u>	<u>\$ 3,869</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 10,034	\$ 10,388
Defined benefit plans	<u>225</u>	<u>231</u>
	<u>10,259</u>	<u>10,619</u>
Share-based payments	3,255	-
Other employee benefits	<u>249,027</u>	<u>254,739</u>
Total employee benefits expense	<u>\$ 262,541</u>	<u>\$ 265,358</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 81,028	\$ 77,566
Operating expenses	<u>181,513</u>	<u>187,792</u>
	<u>\$ 262,541</u>	<u>\$ 265,358</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 22, 2024 and February 23, 2023, respectively, are as follows:

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Compensation of employees	\$ 1,526	\$ 6,127
Remuneration of directors	458	1,757

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Foreign exchange gains	\$ 43,867	\$ 73,780
Foreign exchange losses	<u>(42,374)</u>	<u>(54,015)</u>
Net gain on foreign currency exchange	<u>\$ 1,493</u>	<u>\$ 19,765</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 14,852	\$ 35,679
Income tax on unappropriated earnings	2,336	1,534
Adjustments for prior year	<u>(3,798)</u>	<u>(892)</u>
	<u>13,390</u>	<u>36,321</u>
Deferred tax		
In respect of the current year	902	6,998
Adjustments for prior year	<u>(1,972)</u>	<u>-</u>
	<u>(1,070)</u>	<u>6,998</u>
Income tax expense recognized in profit or loss	<u>\$ 12,320</u>	<u>\$ 43,319</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 44,833	\$ 179,864
Income tax expense calculated at the statutory rate	\$ 23,714	\$ 65,137
Items to be adjusted in determining taxable income	(11,758)	(33,865)
Income tax on unappropriated earnings	2,336	1,534
Unrecognized loss carryforwards	3,798	-
Unrecognized loss carryforwards recognized in prior year used	-	(1,906)
Adjustments for prior year - current tax	(3,798)	(892)
Adjustments for prior year - deferred tax	(1,972)	-
House and land transactions income tax	-	13,311
Income tax expense recognized in profit or loss	\$ 12,320	\$ 43,319

The statutory rate of Kunshan SynPower and Dongguan SynPower are both 25% and depending on the objective conditions such as profitability, the preferential tax rate of the small and low-profit businesses, enterprise income tax issued by the Ministry of Finance and the State Taxation Administration of Mainland China might be applicable. The tax rate of HK Synpower is 16.5%. Synpower is registered in a tax-exempt country and enjoys preferential tax rates under local laws. The tax rate of SYNDIA INDIA PRIVATE LIMITED is 40% and additional tax shall be paid in proportion to a specific proportion of the tax payable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (25)	\$ (413)

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ 4,962	\$ 3,338
Current tax liabilities		
Income tax payable	\$ 8,417	\$ 28,050

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized net gain on sale of goods	\$ 491	\$ (51)	\$ -	\$ -	\$ 440
Defined benefit retirement plan	1,601	(1,312)	5	-	294
Refund provisions	3,599	(235)	-	(3)	3,361
Unrealized loss on inventories	9,866	107	-	(75)	9,898
Others	<u>11,265</u>	<u>3,380</u>	<u>-</u>	<u>(152)</u>	<u>14,493</u>
	26,822	1,889	5	(230)	28,486
Tax losses	<u>4,353</u>	<u>1,494</u>	<u>-</u>	<u>-</u>	<u>5,847</u>
	<u>\$ 31,175</u>	<u>\$ 3,383</u>	<u>\$ 5</u>	<u>\$ (230)</u>	<u>\$ 34,333</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investments accounted for using the equity method	\$ 6,902	\$ 667	\$ -	\$ -	\$ 7,569
Others	<u>13,528</u>	<u>1,646</u>	<u>30</u>	<u>(261)</u>	<u>14,943</u>
	<u>\$ 20,430</u>	<u>\$ 2,313</u>	<u>\$ 30</u>	<u>\$ (261)</u>	<u>\$ 22,512</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized net gain on sale of goods	\$ 808	\$ (317)	\$ -	\$ -	\$ 491
Defined benefit retirement plan	1,891	123	(413)	-	1,601
Refund provisions	3,971	(388)	-	16	3,599
Unrealized loss on inventories	9,046	745	-	75	9,866
Others	<u>8,019</u>	<u>3,173</u>	<u>-</u>	<u>73</u>	<u>11,265</u>
	23,735	3,336	(413)	164	26,822
Tax losses	<u>6,259</u>	<u>(1,906)</u>	<u>-</u>	<u>-</u>	<u>4,353</u>
	<u>\$ 29,994</u>	<u>\$ 1,430</u>	<u>\$ (413)</u>	<u>\$ 164</u>	<u>\$ 31,175</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investments accounted for using the equity method	\$ 5,731	\$ 1,171	\$ -	\$ -	\$ 6,902
Others	<u>6,207</u>	<u>7,257</u>	<u>-</u>	<u>64</u>	<u>13,528</u>
	<u>\$ 11,938</u>	<u>\$ 8,428</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 20,430</u>

- e. Information on unused investment credits, unused loss carryforwards and tax-exemptions

	December 31	
	2023	2022
Loss carryforwards	<u>\$ 45,955</u>	<u>\$ 29,363</u>

- f. Related to investment for which no deferred tax assets have been recognized in the consolidated balance sheets:

As of December 31, 2023 and 2022, deferred tax liabilities have not been recognized for taxable temporary differences associated with investments in subsidiaries is \$170,681 thousand and \$134,130 thousand, respectively.

- g. Income tax assessments

The income tax returns of the Company, Chipboard and SynTop through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 0.99</u>	<u>\$ 3.97</u>
Diluted earnings per share	<u>\$ 0.98</u>	<u>\$ 3.94</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	<u>\$ 30,087</u>	<u>\$ 119,216</u>

Number of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	30,511	30,028
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>64</u>	<u>203</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>30,575</u>	<u>30,231</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

On August 31, 2023, the Company's board of directors resolved to issue ordinary shares, which consisted of 313 thousand shares for employee share option plan. Employees who meet specific criteria are given the options and could exercise the shares in accordance with the employee share option plan issuance and subscription terms and conditions immediately. The duration of the employee share option plan is 9 days and the exercise price is \$28.

Information on employee share options was as follows:

	For the Year Ended December 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Balance at January 1	-	\$ -
Options granted	313	28
Options exercised	<u>(313)</u>	
Balance at December 31	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 12.04</u>	

Options granted in August 2023 is priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

Grant-date share price	\$40.04
Exercise price	\$28.00
Expected volatility	26.99%
Expected dividend yield	0%
Duration	9 days
Risk-free interest rate	0.95%

Compensation costs recognized were \$3,255 thousand for the year ended December 31, 2023.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are closer to their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Investments in equity instruments				
Listed shares	\$ 133,405	\$ -	\$ -	\$ 133,405
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,001</u>	<u>10,001</u>
	<u>\$ 133,405</u>	<u>\$ -</u>	<u>\$ 10,001</u>	<u>\$ 143,406</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Investments in equity instruments				
Listed shares	\$ 104,295	\$ -	\$ -	\$ 104,295
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,001</u>	<u>10,001</u>
	<u>\$ 104,295</u>	<u>\$ -</u>	<u>\$ 10,001</u>	<u>\$ 114,296</u>

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. To calculate the fair value of the investment, the fair value is determined by the transaction price of the shares traded in the active market of an enterprise engaged in the same or similar business, the value multiplier of the price and related transaction information, and the significant unobservable input value is mainly the liquidity discount. The unobservable input value used on December 31, 2023 and 2022 are both a liquidity discount of 20%.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,185,982	\$ 1,209,421
Financial assets at fair value through other comprehensive income	143,406	114,296
<u>Financial liabilities</u>		
Amortized cost (2)	859,992	926,697

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, pledged certificate of deposit, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable, trade receivables, trade payables and borrowings. The financial risk management objectives of the Group is to manage market risk, credit risk and liquidity risk related to operational activities. In order to mitigate the associated risks, the Group's management is committed to identifying, evaluating and avoiding market uncertainties in order to mitigate the potential adverse impact of market changes on the Group's financial performance.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group engages in foreign currency-denominated sales and purchase transactions, causing the Group to cause risk exposure to the fluctuation of the exchange rates. In order to avoid fluctuations in the value of foreign currency assets and future cash flows due to exchange rate fluctuations, the Group avoids the impact of the exchange rates fluctuations through analyzing the amount and maturity period of foreign currency assets and liabilities and considering the risk of foreign currency net position to avoid related risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 31.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. When the functional currency of the Group appreciates/depreciates by 1% against USD, the Group's net income before tax will decrease/increase by \$1,819 thousand and \$2,608 thousand in 2023 and 2022, respectively.

In the opinion of the Group's management, this sensitivity analysis is unrepresentative of the Group's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate financial assets and financial liabilities; the Group is also exposed to cash flow interest rate risk in relation to variable-rate financial assets and financial liabilities. The Group's management regularly monitors changes in market interest rates and adjusts the fixed and floating rate financial liabilities to keep the interest rates of the Group close to the market interest rates to cope with the risks arising from changes in market interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 164,242	\$ 140,535
Financial liabilities	115,287	85,790
Cash flow interest rate risk		
Financial assets	436,731	515,064
Financial liabilities	348,268	363,936

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of financial assets and financial liabilities on the balance sheet date. The Group uses a 0.5% increase/decrease in market interest rates as a reasonable risk assessment to report interest rate changes to management. If the interest rate increased/decreased by 0.5% basis points and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$442 thousand and \$756 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk is fairly equivalent to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policies adopted by the Group are to trade only with well-reputed counterparties, and to continuously monitor credit exposure and the credit status of counterparties to mitigate the risk of financial losses arising from default. The Group uses other publicly available financial information and mutual transaction records to rate its major customers. The Group continues to monitor credit exposure and the creditworthiness of counterparties.

The trade receivables balance of the largest five customers accounted for 40% and 53% of the total trade receivables of the Group as of December 31, 2023 and 2022, respectively. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank borrowings facilities set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate (%)	Demand or Less than 1 Year	1-5 Years	5+ Years
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities</u>				
Non-derivative financial liabilities		\$ 418,416	\$ -	\$ -
Variable interest rate liabilities	2.04	33,285	335,467	26,416
Fixed interest rate liabilities	1.36	93,731	-	-
Lease liabilities	2.27	<u>11,500</u>	<u>11,849</u>	<u>-</u>
		<u>\$ 556,932</u>	<u>\$ 347,316</u>	<u>\$ 26,416</u>
<u>December 31, 2022</u>				
<u>Non-derivative financial liabilities</u>				
Non-derivative financial liabilities		\$ 492,761	\$ -	\$ -
Variable interest rate liabilities	1.85	51,750	301,806	33,329
Fixed interest rate liabilities	1.82	70,267	-	-
Lease liabilities	1.07	<u>9,623</u>	<u>6,365</u>	<u>-</u>
		<u>\$ 624,401</u>	<u>\$ 308,171</u>	<u>\$ 33,329</u>

b) Financing amount

The undrawn facility facilities of the banks of the Group at the balance sheet date are as follows:

	December 31	
	2023	2022
Financing amount		
Undrawn amount	<u>\$ 1,557,030</u>	<u>\$ 1,517,933</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Industrial Technology Research Institute (ITRI)	Related party in substance (as of February 24, 2023)
Shengyi Limited Company (Shengyi)	Related party in substance

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Related party in substance ITRI	\$ -	\$ 1,335

c. Receivables from related parties

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance ITRI	\$ -	\$ 730

The credit period of the receivable is 30 days from the end of the month.

The outstanding balances of trade receivables from related parties is not collateralized. No bad debts expense was set aside for receivables from related parties for the years ended December 31, 2023 and 2022.

d. Payables to related parties

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance ITRI	\$ -	\$ 756

e. Acquisition of property, plant and equipment

<u>Related Party Category/Name</u>	<u>Purchase Price</u>	
	<u>For the Year Ended December 31</u>	<u>2022</u>
Related party in substance Shengyi	\$ -	\$ 1,400

f. Acquisition of intangible equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Related party in substance ITRI	\$ <u>500</u>	\$ <u>3,220</u>

g. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Research and development expenses	Related party in substance ITRI	\$ <u>-</u>	\$ <u>733</u>
Other expenses	Related party in substance ITRI	\$ <u>-</u>	\$ <u>14</u>

h. Remuneration of key management personnel

The total remuneration of key management personnel as of December 31, 2023 and 2022, respectively were as follows:

	For the Year Ended December 31	
	2023	2022
Salaries and other	\$ 22,962	\$ 25,688
Post-employment benefits	<u>300</u>	<u>418</u>
	\$ <u>23,262</u>	\$ <u>26,106</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, bank financing amount and post-release duty payment:

	For the Year Ended December 31	
	2023	2022
Pledged certificate of deposit (recognized as financial assets at amortized cost)	\$ 43,789	\$ 25,803
Property, plant and equipment, net	<u>344,965</u>	<u>359,030</u>
	\$ <u>388,754</u>	\$ <u>384,833</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,331	30.705 (USD:NTD)	\$ 225,098
JPY	50,476	0.217 (JPY:NTD)	10,963
CNY	12,435	4.327 (CNY:NTD)	53,806
RS	15,669	0.370 (RS:NTD)	5,798

Financial liabilities

Monetary items			
USD	1,408	30.705 (USD:NTD)	43,233
JPY	46,170	0.217 (JPY:NTD)	10,028
CNY	941	4.327 (CNY:NTD)	4,072

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,729	30.710 (USD:NTD)	\$ 298,786
JPY	34,138	0.232 (JPY:NTD)	7,934
CNY	42,321	4.408 (CNY:NTD)	186,550
RS	16,743	0.372 (RS:NTD)	6,229

Financial liabilities

Monetary items			
USD	1,236	30.710 (USD:NTD)	37,963
JPY	99,685	0.232 (JPY:NTD)	23,167
CNY	6,104	4.408 (CNY:NTD)	26,905

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$1,493 thousand and \$19,765 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions [and/or] functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2 and 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were including sales of smart manufacturing equipment and its components and surface processing of PCB.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended December 31, 2023

	Sales of Smart Manufacturing Equipment	Surface Processing of PCB	Total
Revenue from external customers	\$ 1,037,390	\$ 246,388	\$ 1,283,778
Segment revenue	<u>\$ 10,606</u>	<u>\$ 18,933</u>	29,539
Interest income			7,140
Other income			12,490
Share of loss of associates			(168)
Other gains and losses			1,267
Finance costs			<u>(5,435)</u>
Profit before tax (continuing operations)			<u>\$ 44,833</u>

For the year ended December 31, 2022

	Sales of Smart Manufacturing Equipment	Surface Processing of PCB	Total
Revenue from external customers	\$ 1,292,949	\$ 310,142	\$ 1,603,091
Inter-segment revenue	460	-	460
Segment revenue	<u>\$ 1,293,409</u>	<u>\$ 310,142</u>	<u>1,603,551</u>
Eliminations			<u>(460)</u>
Consolidated revenue			1,603,091
Segment income	<u>\$ 77,788</u>	<u>\$ 42,116</u>	119,904
Interest income			4,917
Other income			17,060
Share of loss of associates			(1,963)
Other gains and losses			45,986
Finance costs			<u>(6,040)</u>
Profit before tax (continuing operations)			<u>\$ 179,864</u>

Segment profit represents the profit before tax earned by each segment without interest income, other income, share of loss of associates, other gains and losses and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The information on the segments provided to the operating decision-makers by the Group did not include the assets of individual operating segments, so the financial information on the segments did not include the measured amount of the assets of the operating segments.

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Taiwan	\$ 572,407	\$ 565,709	\$ 493,061	\$ 435,005
Asia	711,371	1,027,847	27,927	22,520
Others	<u>-</u>	<u>9,535</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,283,778</u>	<u>\$ 1,603,091</u>	<u>\$ 520,988</u>	<u>\$ 457,525</u>

Non-current assets exclude financial instruments, investments accounted for using the equity method, goodwill and deferred tax assets.

c. Information on major customers

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	<u>\$ 229,350</u>	<u>18</u>	<u>\$ 251,764</u>	<u>16</u>
Customer B	<u>\$ 106,871</u>	<u>8</u>	<u>\$ 96,987</u>	<u>6</u>

TABLE 1**SYNPOWER CO., LTD. AND SUBSIDIARIES**
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Amount Borrowed (Notes 3 and 4)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	SynPower Co., Ltd.	SynPower Co., Ltd. (Kunshan)	Other receivables from related parties	Yes	\$ 17,308 (CNY 4,000 thousand)	\$ -	\$ -	-	1	\$ 16,684	-	\$ -	-	\$ -	\$ 16,684	\$ 414,627
		SynPower Co., Ltd. Dongguan	Other receivables from related parties	Yes	16,443 (CNY 3,800 thousand)	-	-	-	1	25,540	-	-	-	-	25,540	414,627
		SynTop Co., Ltd.	Other receivables from related parties	Yes	30,000	-	-	-	1	82,634	-	-	-	-	82,634	414,627
1	SynPower Co., Ltd. Dongguan	SynPower Co., Ltd. (Kunshan)	Other receivables from related parties	Yes	8,654 (CNY 2,000 thousand)	-	-	-	2	-	Operating turnover	-	-	-	135,376	135,376

Note 1: The nature of financing is explained as follows:

- a. Fill in 1 for any business interaction.
- b. Fill in 2 for any needs in short-term financing.

Note 2: The total amount for guarantees and endorsements provided by the Company to other entity for short-term financing shall not exceed 40% of the Company's net equity. The amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 40% of the Company's net equity. The amount of each loan by the Company for business relationships shall not exceed the amount of the business relationships in the past year. The amount of business relationship refers to the higher of the sales amount or purchase amount. The amount of each loan by the Company to any individual entity shall not exceed the amount of the business relationship. The amount of business relationship refers to the higher of the predictable sales amount or purchase amount. The total amount for guarantees and endorsements provided by DongGuan SynPower shall not exceed 100% of it's net equity.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

Note 4: All the transactions had been eliminated in the consolidated financial statements.

TABLE 2**SYNPOWER CO., LTD. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	SynPower Co., Ltd.	SynPower Co., Ltd. Dongguan	Sub-subsidiary	\$ 1,036,568	\$ 122,820 (US\$ 4,000 thousand)	\$ 122,820 (US\$ 4,000 thousand)	\$ 23,366 (US\$ 761 thousand)	\$ 23,366 (US\$ 761 thousand)	12	\$ 1,036,568	Yes	No	Yes
		SynPower Co., Ltd. (Kunshan)	Sub-subsidiary	1,036,568	69,232 (CNY 16,000 thousand)	69,232 (CNY 16,000 thousand)	-	-	7	1,036,568	Yes	No	Yes
		SynTop Co., Ltd.	Subsidiary	1,036,568	115,000	115,000	61,308	-	11	1,036,568	Yes	No	No

Note 1: Calculated using the net value of the company as of December 31, 2023.

Note 2: The total amount of endorsements/guarantees provided to the subsidiary in which the Company directly or indirectly holds 100% of the shares is limited to 100% of net value of the parent company. The limit on endorsements/guarantees provided to a single entity is 100% of the net assets of the parent company.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

SYNPOWER CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
SynPower Co., Ltd.	Odobez System Taiwan Corporation	-	Financial assets at fair value through other comprehensive income	259,000	\$ 10,001	0.60	\$ 10,001	-
	Symtek Automation Asia Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,276,599	133,405	1.70	133,405	Note

Note: It is evaluated based on the closing price of the last trading day of December 2023 on the Taiwan Stock Exchange.

TABLE 4**SYNPOWER CO., LTD. AND SUBSIDIARIES****ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Property Owner	Property Owner	Property Owner			
SynPower Co., Ltd.	Plant construction works on Xinsheng Road	July 20, 2023	\$ 398,900	Note	True-Dreams Construction Co., Ltd	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Planning and construction of plant and offices	None

Note: As of December 31, 2023, according to the agreement of the project contract, the company has paid a total of \$75,981 thousand for the project and recognized as construction in progress.

SYNPOWER CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount (Note 2)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ending Balance	
SynPower Co., Ltd.	SynTop Co., Ltd.	Parent company and subsidiary	Purchase	\$ 82,606	22.55	-	-	Note 1	\$ 46,723	30.43	-

Note 1: In order to enrich the production capacity of SynTop Co., Ltd., the Company pays for partial purchase transaction in advance, the other transactions are not materially different from the general transaction type.

Note 2: All the transactions had been eliminated in the consolidated financial statements.

TABLE 6**SYNPOWER CO., LTD. AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2023 (Note 3)			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 3)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
SynPower Co., Ltd.	HK Synpower Ltd.	Hong Kong	Investment company	\$ 111,876 (US\$ 3,630 thousand)	\$ 111,876 (US\$ 3,630 thousand)	3,630,000	100	\$ 259,583	\$ 36,442	\$ 36,551	
	Synpower Co., Ltd	Republic of Seychelles	Trading Company	9,613 (US\$ 319 thousand)	9,613 (US\$ 319 thousand)	50,000	100	61,848	3,237	3,237	
	SynTop Co., Ltd.	Taiwan	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services.	49,996	49,996	2,479,500	77	2,914	(18,990)	(18,020)	
	Chipboard Technology Corporation	Taiwan	Electroless nickel immersion gold for PCB	71,211	71,211	4,371,502	51	108,357	16,298	8,312	
	SYNDIA INDIA PRIVATE LIMITED	India	Electronic components and other parts, and related maintenance services	4,044 (INR 10,000 thousand)	4,044 (INR 10,000 thousand)	-	100	5,951	103	103	

Note 1: The original investment amount is converted at the exchange rate prevailing at the time of the original investment.

Note 2: Investments in mainland China are included in Table 7.

Note 3: All the transactions had been eliminated in the consolidated financial statements.

TABLE 7

SYNPOWER CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
SynPower Co., Ltd. (Kunshan)	Electronic product testing services, automated equipment, electronic components	\$ 34,616 (CNY 8,000 thousand)	Invest Company in Mainland China through HK Synpower Ltd.	\$ 40,142 (US\$ 1,282 thousand)	\$ -	\$ -	\$ 40,142 (US\$ 1,282 thousand)	\$ 28,838 (CNY 6,560 thousand)	100	\$ 28,838 (CNY 6,560 thousand)	\$ 125,752 (CNY 29,062 thousand)	\$ -	Notes 5 and 6
SynPower Co., Ltd. Dongguan	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	60,578 (CNY 14,000 thousand)	Invest Company in Mainland China through HK Synpower Ltd.	68,636 (US\$ 2,222 thousand)	-	-	68,636 (US\$ 2,222 thousand)	7,583 (CNY 1,725 thousand)	100	7,583 (CNY 1,725 thousand)	135,376 (CNY 31,286 thousand)	-	Notes 5 and 6
Jiangsu SLK High-Tech Co., Ltd	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	116,829 (CNY 27,000 thousand)	Invest Company in Mainland China through DongGuan SynPower Co., Ltd.	-	-	-	-	(839) (CNY (191) thousand)	20	(168) (CNY (38) thousand)	21,221 (CNY 4,904 thousand)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (Note 1)	Investment Amount Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$108,778 (US\$3,504 thousand)	\$107,590 (US\$3,504 thousand)	\$621,941

Note 1: The foreign currencies are translated at the exchange rate at the time of remittance of the original investment cost.

Note 2: The foreign currencies are translated at the average exchange rate in 2023.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

Note 4: It was calculated by 60% of the Group's net equity on December 31, 2023.

Note 5: All the transactions had been eliminated in the consolidated financial statements.

Note 6: The investment income (loss) recognized was based on the audited financial statement.

TABLE 8**SYNPOWER CO., LTD. AND SUBSIDIARIES****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount (Note 1)	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
SynPower Co., Ltd. Dongguan	Sale	\$ 25,540	5	No significant differences	No significant differences	No significant differences	\$ 14,902	5	\$ -	
	Purchase	296	-	No significant differences	No significant differences	No significant differences	(33)	-	-	
SynPower Co., Ltd. (Kunshan)	Sale	16,684	3	No significant differences	No significant differences	No significant differences	9,663	3	-	
	Purchase	422	-	No significant differences	No significant differences	No significant differences	(42)	-	-	

Note: All the transactions had been eliminated in the consolidated financial statements.

SYNPOWER CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets (Note 1)
0	SynPower Co., Ltd.	Dongguan SynPower	Parent company to sub-subsidiary	Trade receivables	\$ 14,902	No significant differences with unrelated parties	0.69
		Kunshan SynPower	Parent company to sub-subsidiary	Sales	25,540	No significant differences with unrelated parties	1.99
				Trade receivables	9,663	No significant differences with unrelated parties	0.45
		SynTop	Parent company to sub-subsidiary	Sales	16,684	No significant differences with unrelated parties	1.30
				Prepayments	27,837	No significant differences with unrelated parties	1.29
				Trade payables	(46,723)	No significant differences with unrelated parties	(2.17)
				Purchase	(82,606)	No significant differences with unrelated parties	(6.43)
1	SynTop Co., Ltd.	Dongguan SynPower	Subsidiary company to sub-subsidiary	Purchase	(2,910)	No significant differences with unrelated parties	(0.23)
		Kunshan SynPower	Subsidiary company to sub-subsidiary	Purchase	(3,083)	No significant differences with unrelated parties	(0.24)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- a. Parent company is “0”.
- b. The subsidiaries are numbered in order starting from “1”.

Note 2: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 3: All the transactions had been eliminated in the consolidated financial statements.

TABLE 10**SYNPOWER CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Number of Shares
Chi Bin Industrial Co., Ltd	4,786,751	14.56%
Kao Mei Industrial Co., Ltd	4,232,729	12.87%
Symtek Automation Asia Co., Ltd.	2,991,719	9.10%
Zhen Ding Technology Holding Limited	2,437,697	7.41%
Lin, Win-Bin	2,080,308	6.32%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Group as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Attachment II
2023 Parent Company Only
Financial Statements and
Independent Auditors' Report

SynPower Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SynPower Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of SynPower Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, parent company only changes in equity and parent company only cash flows for the years then ended, and the 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 Company as of December 31, 2023 and 2022, and its parent company only 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 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Cut-off of Sales Revenue - Sales Revenue over Specific Types of Equipment

The Company generates its primary revenue from sales of automation equipment. Among these, the delivery and installation cycles for specific types of equipment are longer than others, and the sale of a single piece of equipment carries significant value. Whether such sales revenue is recognized only after fulfilling performance obligations and correctly cutoff will have a significant impact on the financial statements. Consequently, the auditor has identified the verification of the cut-off of these equipment sales as a key audit matter.

For accounting policies and relevant disclosure information related to revenue recognition, please refer to Notes 4 and 20 of the parent company only financial statements.

The main audit procedures performed by the accountant for the above matters are as follows:

1. Understanding and testing the effectiveness of internal controls over revenue recognition design and implementation. Evaluating the appropriateness of management's adopted revenue recognition accounting policies.
2. Sampling the transaction documents for sales revenue, including purchase orders, sales invoices, shipping documents, installation confirmation, and perform confirmation letter procedure to ensure the recognition of sales revenue is recorded upon fulfillment of obligations.
3. Reviewing post-period sales returns and allowances, as well as any anomalies in post-period receipts.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer 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 maintain 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 and appropriate audit evidence regarding the financial information of 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.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Chuan Shih and Shu-Lin Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SYNPOWER CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS **DECEMBER 31, 2023 AND 2022** **(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 154,691	10	\$ 270,099	17
Financial assets at amortized cost - current (Notes 4, 8 and 28)	41,789	3	23,803	2
Notes receivable (Notes 4, 5 and 9)	9	-	259	-
Trade receivables (Notes 4, 5 and 9)	266,105	17	229,186	14
Trade receivables from related parties (Notes 4, 5, 9 and 27)	24,565	2	24,223	2
Other receivables (Notes 4 and 9)	5,845	-	4,995	-
Other receivables from related parties (Notes 4, 9 and 27)	84	-	47,716	3
Current tax assets (Notes 4 and 22)	4,542	-	3,315	-
Inventories (Notes 4, 5 and 10)	88,206	5	83,743	5
Prepayments (Note 27)	38,655	2	21,752	2
Right to recover a product (Notes 4 and 5)	5,092	-	5,239	-
Other current assets	114	-	283	-
Total current assets	<u>629,697</u>	<u>39</u>	<u>714,613</u>	<u>45</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	143,406	9	114,296	7
Financial assets at amortized cost - non-current (Notes 4, 8 and 28)	2,000	-	2,000	-
Investments accounted for using the equity method (Notes 4 and 11)	438,653	27	421,747	26
Property, plant and equipment (Notes 4, 12, 27 and 28)	368,795	23	319,078	20
Right-of-use assets (Notes 4 and 13)	6,553	1	6,294	-
Other intangible assets (Notes 4 and 27)	4,491	-	6,529	1
Deferred tax assets (Notes 4 and 22)	17,697	1	17,109	1
Refundable deposits (Note 4)	3,425	-	3,319	-
Total non-current assets	<u>985,020</u>	<u>61</u>	<u>890,372</u>	<u>55</u>
TOTAL	<u>\$ 1,614,717</u>	<u>100</u>	<u>\$ 1,604,985</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	\$ 32,000	2	\$ 90,000	6
Trade payables	106,700	7	109,759	7
Trade payables to related parties (Note 27)	46,798	3	62,431	4
Other payables (Note 16)	31,666	2	49,688	3
Other payables to related parties (Note 27)	141	-	12,393	1
Current tax liabilities (Notes 4 and 22)	-	-	13,112	1
Lease liabilities - current (Notes 4 and 13)	4,708	-	3,983	-
Current portion of long-term borrowings (Notes 4, 15 and 28)	19,797	1	19,797	1
Refund provisions (Notes 4, 5 and 17)	6,843	1	8,829	-
Other current liabilities (Note 27)	17,505	1	3,617	-
Total current liabilities	<u>266,158</u>	<u>17</u>	<u>373,609</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 15 and 28)	297,519	18	263,670	16
Deferred tax liabilities (Notes 4 and 22)	7,569	1	9,574	1
Lease liabilities - non-current (Notes 4 and 13)	1,870	-	2,328	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	1,475	-	8,011	1
Other non-current liabilities	3,558	-	1,658	-
Total non-current liabilities	<u>311,991</u>	<u>19</u>	<u>285,241</u>	<u>18</u>
Total liabilities	<u>578,149</u>	<u>36</u>	<u>658,850</u>	<u>41</u>
EQUITY (Notes 4, 19 and 24)				
Ordinary shares	328,700	20	300,280	19
Capital surplus	359,848	22	287,556	18
Retained earnings				
Legal reserve	57,437	3	45,402	3
Special reserve	10,089	1	9,746	1
Unappropriated earnings	270,935	17	313,240	19
Total retained earnings	<u>338,461</u>	<u>21</u>	<u>368,388</u>	<u>23</u>
Other equity				
Exchange differences on translating foreign operations	(19,478)	(1)	(14,629)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	29,037	2	4,540	-
Total other equity	<u>9,559</u>	<u>1</u>	<u>(10,089)</u>	<u>(1)</u>
Total equity	<u>1,036,568</u>	<u>64</u>	<u>946,135</u>	<u>59</u>
TOTAL	<u>\$ 1,614,717</u>	<u>100</u>	<u>\$ 1,604,985</u>	<u>100</u>

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

SYNPOWER CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 5, 17, 20 and 27)	\$ 516,776	100	\$ 693,250	100
OPERATING COSTS (Notes 4, 10, 21 and 27)	<u>391,155</u>	<u>76</u>	<u>554,708</u>	<u>80</u>
GROSS PROFIT	125,621	24	138,542	20
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>254</u>	<u>-</u>	<u>1,584</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>125,875</u>	<u>24</u>	<u>140,126</u>	<u>20</u>
OPERATING EXPENSES (Notes 4, 21, 24 and 27)				
Selling and marketing expenses	41,007	8	33,645	5
General and administrative expenses	66,363	13	64,605	9
Research and development expenses	38,252	7	47,098	7
Expected credit (reversal gain) loss	<u>(4,333)</u>	<u>(1)</u>	<u>5,920</u>	<u>1</u>
Total operating expenses	<u>141,289</u>	<u>27</u>	<u>151,268</u>	<u>22</u>
LOSS FROM OPERATIONS	<u>(15,414)</u>	<u>(3)</u>	<u>(11,142)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 21 and 27)				
Interest income	2,381	1	2,218	-
Other income	12,260	2	17,616	3
Other gains and losses	2,101	-	40,073	6
Finance costs	(2,433)	-	(5,139)	(1)
Share of profit in subsidiaries accounted for under the equity method	<u>30,183</u>	<u>6</u>	<u>91,397</u>	<u>13</u>
Total non-operating income and expenses	<u>44,492</u>	<u>9</u>	<u>146,165</u>	<u>21</u>
PROFIT BEFORE INCOME TAX	29,078	6	135,023	19
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 22)	<u>(1,009)</u>	<u>-</u>	<u>15,807</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>30,087</u>	<u>6</u>	<u>119,216</u>	<u>17</u>

(Continued)

SYNPOWER CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 18 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (24)	-	\$ 744	-
Unrealized gain (loss) on investments in equity instruments designated as a fair value through other comprehensive income	24,497	5	(37,424)	(5)
Share of the other comprehensive gain in subsidiaries - remeasurement of defined benefit plans	61	-	538	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>5</u>	<u>-</u>	<u>(149)</u>	<u>-</u>
	<u>24,539</u>	<u>5</u>	<u>(36,291)</u>	<u>(5)</u>
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(4,849)</u>	<u>(1)</u>	<u>2,224</u>	<u>-</u>
Other comprehensive gain (loss) for the year, net of income tax	<u>19,690</u>	<u>4</u>	<u>(34,067)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 49,777</u>	<u>10</u>	<u>\$ 85,149</u>	<u>12</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.99</u>		<u>\$ 3.97</u>	
Diluted	<u>\$ 0.98</u>		<u>\$ 3.94</u>	

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

SYNPOWER CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

								Other Equity		
	Ordinary Shares	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 300,280	\$ 287,556	\$ 43,213	\$ 9,746	\$ 231,114	\$ 284,073	\$ (16,853)	\$ 41,964	\$ 25,111	\$ 897,020
Appropriation of 2021 earnings										
Legal reserve	-	-	2,189	-	(2,189)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(36,034)	(36,034)	-	-	-	(36,034)
Net profit for the year ended December 31, 2022	-	-	-	-	119,216	119,216	-	-	-	119,216
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,133	1,133	2,224	(37,424)	(35,200)	(34,067)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	120,349	120,349	2,224	(37,424)	(35,200)	85,149
BALANCE AT DECEMBER 31, 2022	300,280	287,556	45,402	9,746	313,240	368,388	(14,629)	4,540	(10,089)	946,135
Appropriation of 2022 earnings										
Legal reserve	-	-	12,035	-	(12,035)	-	-	-	-	-
Special reserve	-	-	-	343	(343)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(60,056)	(60,056)	-	-	-	(60,056)
Net profit for the year ended December 31, 2023	-	-	-	-	30,087	30,087	-	-	-	30,087
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	42	42	(4,849)	24,497	19,648	19,690
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	30,129	30,129	(4,849)	24,497	19,648	49,777
Issuance of ordinary shares for cash	28,420	69,037	-	-	-	-	-	-	-	97,457
Issuance of ordinary shares under employee share options	-	3,255	-	-	-	-	-	-	-	3,255
BALANCE AT DECEMBER 31, 2023	\$ 328,700	\$ 359,848	\$ 57,437	\$ 10,089	\$ 270,935	\$ 338,461	\$ (19,478)	\$ 29,037	\$ 9,559	\$ 1,036,568

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

SYNPOWER CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 29,078	\$ 135,023
Adjustments for:		
Depreciation expenses	10,048	10,144
Amortization expense	3,533	3,535
Expected credit (reversed) loss	(4,333)	5,920
Finance costs	2,433	5,139
Interest income	(2,381)	(2,218)
Dividend income	(10,996)	(7,733)
Compensation cost of employee share options	3,255	-
Share of profit in subsidiaries accounted for under the equity method	(30,183)	(91,397)
Gain on disposal of property, plant and equipment	(471)	-
Gain on lease modification	(4)	-
Gain on disposal of non-current assets classified as held for sale	-	(29,578)
Write-down of inventories	6,001	5,509
Realized gain on transactions with subsidiaries	(254)	(1,584)
(Reserve) recognized refund provisions	(1,839)	(1,958)
Changes in operating assets and liabilities		
Notes receivable	250	4,399
Trade receivables	(36,606)	(40,449)
Other receivables from related parties	(342)	31,237
Other receivables	6,804	(6,995)
Other receivables from related parties	-	(357)
Inventories	(9,274)	(18,932)
Prepayments	(16,903)	13,903
Other current assets	169	155
Trade payables	(3,059)	(106,323)
Trade payables to related parties	(15,633)	57,941
Other payables	(17,053)	7,549
Other payables to related parties	(12,252)	9,896
Other current liabilities	13,888	(41,391)
Net defined benefit liabilities	(6,560)	255
Cash used in operations	(92,684)	(58,310)
Interest received	2,381	2,207
Interest paid	(2,373)	(4,700)
Income tax paid	(15,918)	(199)
Net cash used in operating activities	(108,594)	(61,002)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(4,613)	-
Purchase of financial assets at amortized cost	(63,812)	(25,945)
Proceeds from financial assets at amortized cost	45,826	35,358
Proceeds from disposal of non-current assets classified as held for sale	-	216,522

(Continued)

SYNPOWER CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for property, plant and equipment	\$ (87,882)	\$ (247,352)
Proceeds from disposal of property, plant and equipment	33,513	-
(Increase) decrease in refundable deposits	(106)	356
Increase in other receivables from related parties	-	(47,632)
Decrease in other receivables from related parties	47,632	26,448
Payments for intangible assets	(1,495)	(4,410)
Dividends received from subsidiaries	8,743	2,186
Dividends received from investment in financial assets at fair value through other comprehensive income	<u>7,362</u>	<u>7,733</u>
Net cash used in investing activities	<u>(14,832)</u>	<u>(36,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	319,000	321,000
Repayments of short-term borrowings	(377,000)	(351,000)
Proceeds from short-term bills payable	200,000	-
Repayments of short-term bills payable	(200,000)	(60,000)
Proceeds from long-term borrowings	55,846	261,000
Repayments of long-term borrowings	(21,997)	(205,173)
Repayment of the principal portion of lease liabilities	(5,232)	(4,397)
Increase in other non-current liabilities	-	1,658
Dividends paid to owners of the Company	(60,056)	(36,034)
Proceeds from issuance of ordinary shares	<u>97,457</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>8,018</u>	<u>(72,946)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(115,408)	(170,684)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>270,099</u>	<u>440,783</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 154,691</u>	<u>\$ 270,099</u>

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

(Concluded)

SYNPOWER CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

SynPower Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in April 29, 2002. The Company is mainly engaged in the combination, manufacture, testing and sales of electronic equipment.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2023.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on February 22, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis of consolidation were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of merchandise, raw materials, supplies, work in progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, pledged certificate of deposit, notes receivable, trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and trade receivables) on each balance sheet date.

The Company always recognizes lifetime expected credit losses (ECLs) for notes receivable and trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers if there is internal or external information that the debtor is no longer able to pay off its debts, a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations generated under sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment. Sales of electronic equipment are recognized as revenue when the goods are delivered to the customer's specific location and reach the agreed usable status, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Revenue from the sale of goods are measured at fair value of consideration received or receivable, net of estimated customer returns, discounts and other similar discounts. Estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund provisions and right to recover a product.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment, and other related technical services, is recognized at the time of service provision.

n. Leases

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

When the Company as lessee, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction. According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Management will continue to review the estimates and underlying assumptions. If the revision of the estimate only affects the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the revision period and the future period.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories 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. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 505	\$ 345
Checking accounts and demand deposits	154,171	238,898
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	-	30,856
Postal gift coupon	15	-
	<u>\$ 154,691</u>	<u>\$ 270,099</u>

The market rate intervals of cash in banks at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank deposits	0.001%-1.450%	0.001%-1.050%
Time deposits	-	1.000%-1.680%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Odobez system Taiwan corporation. (Odobez)	\$ 10,001	\$ 10,001
Listed shares		
Symtek Automation Asia Co., Ltd. (Symtek)	<u>133,405</u>	<u>104,295</u>
	<u>\$ 143,406</u>	<u>\$ 114,296</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Pledged certificate of deposit	\$ <u>41,789</u>	\$ <u>23,803</u>
<u>Non-current</u>		
Pledged certificate of deposit	\$ <u>2,000</u>	\$ <u>2,000</u>

The market rate intervals of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2023	2022
Pledged certificate of deposit	1.56%-5.31%	1.44%-1.72%

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable - operating	\$ <u>9</u>	\$ <u>259</u>
Trade receivables	\$ 278,472	\$ 241,866
Less: Allowance for impairment loss	<u>(12,367)</u>	<u>(12,680)</u>
	\$ <u>266,105</u>	\$ <u>229,186</u>
Trade receivables from related parties (Note 27)	\$ <u>24,565</u>	\$ <u>24,223</u>
Other receivables	\$ 5,970	\$ 9,140
Less: Allowance for impairment loss	<u>(125)</u>	<u>(4,145)</u>
	\$ <u>5,845</u>	\$ <u>4,995</u>
Other receivables from related parties (Note 27)	\$ <u>84</u>	\$ <u>47,716</u>

a. Notes receivable and trade receivables

The average credit period of sales of goods is 30 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2023

	0 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 156,824	\$ 59,830	\$ 30,158	\$ 56,234	\$ 303,046
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(312)</u>	<u>(1,432)</u>	<u>(10,623)</u>	<u>(12,367)</u>
Amortized cost	<u>\$ 156,824</u>	<u>\$ 59,518</u>	<u>\$ 28,726</u>	<u>\$ 45,611</u>	<u>\$ 290,679</u>

December 31, 2022

	0 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 156,680	\$ 33,442	\$ 32,778	\$ 43,448	\$ 266,348
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(360)</u>	<u>(1,257)</u>	<u>(11,063)</u>	<u>(12,680)</u>
Amortized cost	<u>\$ 156,680</u>	<u>\$ 33,082</u>	<u>\$ 31,521</u>	<u>\$ 32,385</u>	<u>\$ 253,668</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 12,680	\$ 10,780
(Less) add: Net remeasurement of loss allowance	<u>(313)</u>	<u>1,900</u>
Balance at December 31	<u>\$ 12,367</u>	<u>\$ 12,680</u>

b. Other receivables

The Company has measured the loss allowance of other receivables as of December 31, 2023 and 2022.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 4,145	\$ 125
(Less) add: Net remeasurement of loss allowance	<u>(4,020)</u>	<u>4,020</u>
Balance at December 31	<u>\$ 125</u>	<u>\$ 4,145</u>

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 22,308	\$ 26,759
Raw materials	5,191	8,779
Work in process	8,162	29,674
Finished goods	52,545	17,439
Inventory in transit	<u>-</u>	<u>1,092</u>
	<u>\$ 88,206</u>	<u>\$ 83,743</u>

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventory were \$381,245 thousand and \$541,073 thousand, respectively; the cost of goods sold including write-down of inventories were \$6,001 thousand and \$5,509 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2023		2022	
	Amount	%	Amount	%
<u>Subsidiaries</u>				
HK Synpower Ltd. (HK Synpower)	\$ 259,583	100.00	\$ 227,655	100.00
Synpower Co., Ltd. (Synpower)	61,848	100.00	58,611	100.00
SynTop Co., Ltd. (SynTop)	2,914	76.76	20,934	76.76
Chipboard Technology Corporation (Chipboard)	108,357	51.00	108,699	51.00
SYNDIA INDIA PRIVATE LIMITED	<u>5,951</u>	100.00	<u>5,848</u>	100.00
	<u>\$ 438,653</u>		<u>\$ 421,747</u>	

The Company invests in Kunshan SynPower and Dongguan SynPower through subsidiary, HK Synpower. As of December 31, 2023, the amounts invested in Kunshan SynPower and Dongguan SynPower were \$40,142 thousand (US\$1,282 thousand) and \$68,636 thousand (US\$2,222 thousand), respectively.

12. PROPERTY, PLANT AND EQUIPMENT

	2023				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 301,382	\$ -	\$ (30,013)	\$ -	\$ 271,369
Machinery and equipment	26,417	464	(2,308)	(735)	23,838
Office equipment	7,304	489	-	-	7,793
Leasehold improvements	3,340	-	-	-	3,340
Other equipment	4,345	-	(120)	-	4,225
Construction in progress	1,496	85,900	-	-	87,396
	<u>344,284</u>	<u>\$ 86,853</u>	<u>\$ (32,441)</u>	<u>\$ (735)</u>	<u>397,961</u>
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	12,818	\$ 4,030	\$ (1,179)	\$ 455	16,124
Office equipment	6,301	348	-	-	6,649
Leasehold improvements	3,288	51	-	-	3,339
Other equipment	2,799	375	(120)	-	3,054
	<u>25,206</u>	<u>\$ 4,804</u>	<u>\$ (1,299)</u>	<u>\$ 455</u>	<u>29,166</u>
Net	<u>\$ 319,078</u>				<u>\$ 368,795</u>
	2022				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ -	\$ 242,077	\$ -	\$ 59,305	\$ 301,382
Machinery and equipment	20,712	2,712	-	2,993	26,417
Office equipment	6,989	347	(32)	-	7,304
Leasehold improvements	3,111	237	(8)	-	3,340
Other equipment	2,867	1,512	(34)	-	4,345
Construction in progress	-	1,496	-	-	1,496
	<u>33,679</u>	<u>\$ 248,381</u>	<u>\$ (74)</u>	<u>\$ 62,298</u>	<u>344,284</u>
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	5,631	\$ 4,194	\$ -	\$ 2,993	12,818
Office equipment	6,051	282	(32)	-	6,301
Leasehold improvements	2,937	359	(8)	-	3,288
Other equipment	2,598	235	(34)	-	2,799
	<u>17,217</u>	<u>\$ 5,070</u>	<u>\$ (74)</u>	<u>\$ 2,993</u>	<u>25,206</u>
Net	<u>\$ 16,462</u>				<u>\$ 319,078</u>

The Company's board of directors resolved to purchase land in the Dajiang section of Zhongli District for the purpose of constructing factory buildings and offices for the use of the Company. The Company had signed a land purchase contract on October 15, 2021, and agreed on the total transaction price of \$297,653 thousand on April 20, 2022. After completing land registration transfer process in July 2022, the Company had reclassified the prepayment and related acquisition costs as land.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	4-6 years
Office equipment	2-5 years
Leasehold improvements	2-4 years
Other equipment	2-6 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 28.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	\$ 5,832	\$ 2,769
Transportation equipment	<u>721</u>	<u>3,525</u>
	<u>\$ 6,553</u>	<u>\$ 6,294</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 7,154</u>	<u>\$ 5,131</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 2,702	\$ 1,691
Transportation equipment	<u>2,542</u>	<u>2,688</u>
	<u>\$ 5,244</u>	<u>\$ 4,379</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	\$ 4,708	\$ 3,983
Non-current	<u>\$ 1,870</u>	<u>\$ 2,328</u>

Range of weighted average interest rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.31%	1.04%
Transportation equipment	1.14%	1.10%

The Company leases buildings and transportation equipment for operational use with lease terms of 2 to 3 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 1,614	\$ 1,718
Expenses relating to low-value asset leases	\$ 720	\$ 558
Total cash outflow for leases	\$ 7,566	\$ 6,715

The Company's leases of certain buildings qualify as short-term leases and leases of certain office equipments as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTIES (FOR THE YEAR ENDED DECEMBER 31, 2023: NONE)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 155,210	\$ 32,429	\$ 187,639
Reclassification	<u>(155,210)</u>	<u>(32,429)</u>	<u>(187,639)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Depreciation expenses	-	695	695
Reclassification	<u>-</u>	<u>(695)</u>	<u>(695)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Since the Company considered that investment properties were available for immediate sale and highly likely to be sold. The carrying amounts of investment properties were reclassified to non-current assets held for sale in September 2022. The disposal transaction was completed in December 2022, deducting necessary disposal expenses of \$3,478 thousand, resulting in a net disposal proceeds of \$216,522 thousand.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 32,000	\$ 90,000

Range of interest rate on balance sheet date was as follows:

	December 31	
	2023	2022
Line of credit borrowings	1.65%-2.41%	1.63%-1.87%

As of December 31, the credit borrowings of the Company is jointly guaranteed by the Chairman and the General Manager of the Company.

b. Long-term borrowings

	December 31	
	2023	2022
Bank loans	\$ 317,316	\$ 283,467
Less: Current portion	<u>(19,797)</u>	<u>(19,797)</u>
Long-term borrowings	<u>\$ 297,519</u>	<u>\$ 263,670</u>

In order to purchase land and plants on Beiyuan Road, Zhongli District, and to support subsequent repairment and renovation projects, the Company had signed three medium-to-long-term facility agreements with Mega Bank in April 2021. The facility limits were \$124,000 thousand, \$50,000 thousand and \$50,000 thousand, respectively. The Company initially used the facility drawdown on April 28, May 7 and May 17, 2021 correspondingly. According to the agreements, the first installment was due two years, one year and one year, respectively from the initial drawdown date, followed by installments every three months. The principal amounts were amortized over 53, 17 and 25 installments, respectively. The long-term borrowings were secured by the land and plants on Beiyuan Road, Zhongli District, and were fully repaid ahead of schedule in December 2022.

To enhance midterm operational funds, the Company entered into a medium-term facility agreement with Taipei Fubon Commercial Bank, with a facility limit of \$80,000 thousand. The Company initially used the facility drawdown in October 2021. According to the agreement, the principal was to be repaid in 48 monthly installments starting one year after the initial drawdown date. As of December 31, 2023, the effective annual interest rate was 1.64%. The borrowing was jointly guaranteed by the Chairman and the General of the Company and with no assets provided as collateral.

The borrowed funds did not provide any assets as collateral.

For the expanding operational scale and capacity, the Company purchased land on Xinsheng Road, Zhongli District, and planned to construct plants. Therefore, the Company entered into a comprehensive facility agreement with E.Sun Commercial Bank in June 2022. The medium-term facility limit for land was \$208,000 thousand, and The Company initially used the facility drawdown on July 5, 2022, with a drawdown period of four years. According to the agreement, interest was to be paid monthly, and the repayment was to be made upon maturity. As of December 31, 2023, the effective annual interest rate was 2.09%. On the other hand, the medium-term facility limit for buildings was \$310,000 thousand, and The Company initially used the facility drawdown on September 1, 2023, with a drawdown period of four years. According to the agreement, interest was to be paid monthly, and the repayment was to be made upon maturity. As of December 31, 2023, the effective annual interest rate was 2.19%. The borrowing were secured by the land on Xinsheng Road, Zhongli District, please refer to Note 28 for more information. Additionally, after the completion of the plant and acquiring the usage permission, the plant should also be pledged as collateral.

16. OTHER PAYABLES FROM UNRELATED PARTIES

	December 31	
	2023	2022
Payables for salaries or bonuses	\$ 13,383	\$ 19,286
Payables for professional fee	2,359	3,945
Payables for bonuses to employees' compensation and directors' remuneration	1,984	7,884
Others	<u>13,940</u>	<u>18,573</u>
	<u>\$ 31,666</u>	<u>\$ 49,688</u>

17. REFUND PROVISIONS

	December 31	
	2023	2022
Customer returns and rebates	<u>\$ 6,843</u>	<u>\$ 8,829</u>
	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 8,829	\$ 15,913
Reserve during the year	<u>(1,986)</u>	<u>(7,084)</u>
Balance at December 31	<u>\$ 6,843</u>	<u>\$ 8,829</u>

The refund provisions is based on the management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 9,272	\$ 8,829
Fair value of plan assets	<u>(7,797)</u>	<u>(818)</u>
Net defined benefit liabilities	<u>\$ 1,475</u>	<u>\$ 8,011</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 9,225</u>	<u>\$ (725)</u>	<u>\$ 8,500</u>
Service cost			
Current service cost	234	-	234
Net interest expense (income)	<u>58</u>	<u>(5)</u>	<u>53</u>
Recognized in profit or loss	<u>292</u>	<u>(5)</u>	<u>287</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(56)	(56)
Actuarial gain - changes in financial assumptions	(591)	-	(591)
Actuarial gain - experience adjustments	<u>(97)</u>	<u>-</u>	<u>(97)</u>
Recognized in other comprehensive income	<u>(688)</u>	<u>(56)</u>	<u>(744)</u>
Contributions from the employer	<u>-</u>	<u>(32)</u>	<u>(32)</u>
Balance at December 31, 2022	<u>8,829</u>	<u>(818)</u>	<u>8,011</u>
Service cost			
Current service cost	218	-	218
Net interest expense (income)	<u>132</u>	<u>(12)</u>	<u>120</u>
Recognized in profit or loss	<u>350</u>	<u>(12)</u>	<u>338</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(69)	(69)
Actuarial loss - changes in financial assumptions	110	-	110
Actuarial gain - experience adjustments	<u>(17)</u>	<u>-</u>	<u>(17)</u>
Recognized in other comprehensive income	<u>93</u>	<u>(69)</u>	<u>24</u>
Contributions from the employer	<u>-</u>	<u>(6,898)</u>	<u>(6,898)</u>
Balance at December 31, 2023	<u>\$ 9,272</u>	<u>\$ (7,797)</u>	<u>\$ 1,475</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate(s)	1.375%	1.500%
Expected rate(s) of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	\$ (219)	\$ (221)
0.25% decrease	\$ 226	\$ 228
Expected rate(s) of salary increase		
0.25% increase	\$ 220	\$ 222
0.25% decrease	\$ (214)	\$ (216)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ 112	\$ 33
Average duration of the defined benefit obligation	13.3 years	10.4 years

19. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	60,000	60,000
Shares authorized	\$ 600,000	\$ 600,000
Shares issued and fully paid (in thousands of shares)	32,870	30,028
Shares issued and fully paid	\$ 328,700	\$ 300,280

The issued ordinary share has a par value of NT\$10 per share and each share has one voting right and the right to receive dividends.

The Company's board of directors resolved to issue 2,842 thousand ordinary shares with \$10 par value for pre-initial public offering placement, the above issuance of shares for cash capital increase was approved by the Taiwan Stock Exchange under letter No. 1121804375 and effective on October 31, 2023, the registration change was completed on November 15, 2023. The shares in the aforementioned cash capital increase are issued at a premium, includes the issuance of an underwriting price of \$28 per share for employee subscription and public subscription and at weighted average price of the winning bidders of \$38.32 per share for the auction. After deducting the underwriting handling fees, the net issuance amount of \$97,457 thousand has been fully collected.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 354,592	\$ 285,555
Executive employees stock options	3,255	-
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>2,001</u>	<u>2,001</u>
	<u>\$ 359,848</u>	<u>\$ 287,556</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 21-7.

The Company's Articles also stipulate a dividends policy whereby the dividend distribution is mainly based on cash dividends and stock dividends balanced dividend policies, of which the cash dividend payment ratio is limited to not less than 10% of the total dividends distributed from the earnings of the current year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter No. 1090150022 and the "Q&A of Application of Set Aside Special Reserve After Adoption of International financial statements Standards (IFRSs)".

The appropriations of earnings for 2022 and 2021 were as follows:

	Earning Appropriation		Dividend Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 12,035	\$ 2,189		
Special reserve	343	-		
Cash dividend	60,056	36,034	\$ 2.0	\$ 1.2

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 29, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 18, 2023 and June 10, 2022, respectively.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 22, 2023, were as follows:

	Earning Appropriation	Dividend Per Share (NT\$)
Legal reserve	\$ 3,013	
Cash dividend	39,444	\$ 1.2

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 15, 2024.

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 510,426	\$ 690,194
Revenue from the rendering of services	<u>6,350</u>	<u>3,056</u>
	<u>\$ 516,776</u>	<u>\$ 693,250</u>

21. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits interest	\$ 1,356	\$ 2,093
Reverse repurchase bonds interest	849	82
Others	<u>176</u>	<u>43</u>
	<u>\$ 2,381</u>	<u>\$ 2,218</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 10,996	\$ 7,733
Government grants income	-	8,342
Others	<u>1,264</u>	<u>1,541</u>
	<u>\$ 12,260</u>	<u>\$ 17,616</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 1,645	\$ 12,672
Gain on disposal of property, plant and equipment	471	-
Gain on lease modification	4	-
Gain on disposal of non-current assets classified as held for sale	-	29,578
Fair value changes of financial assets designated as at FVTPL	-	38
Others	<u>(19)</u>	<u>(2,215)</u>
	<u>\$ 2,101</u>	<u>\$ 40,073</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 6,892	\$ 6,593
Interest on lease liabilities	78	42
Less: capitalized interest	<u>(4,537)</u>	<u>(1,496)</u>
	<u>\$ 2,433</u>	<u>\$ 5,139</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	\$ 4,537	\$ 1,496
Capitalization rate	1.84%-2.22%	1.55%-1.84%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 4,804	\$ 5,070
Right-of-use assets	5,244	4,379
Investment properties	-	695
Intangible assets	<u>3,533</u>	<u>3,535</u>
	<u>\$ 13,581</u>	<u>\$ 13,679</u>
An analysis of depreciation by function		
Operating costs	\$ 1,530	\$ 1,245
Operating expenses	<u>8,518</u>	<u>8,899</u>
	<u>\$ 10,048</u>	<u>\$ 10,144</u>
An analysis of amortization by function		
Operating costs	\$ 166	\$ 216
Operating expenses	<u>3,367</u>	<u>3,319</u>
	<u>\$ 3,533</u>	<u>\$ 3,535</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 4,400	\$ 3,890
Defined benefit plans	<u>338</u>	<u>287</u>
	<u>4,738</u>	<u>4,177</u>
Share-based payments	3,255	-
Other employee benefits	<u>105,361</u>	<u>109,223</u>
Total employee benefits expense	<u>\$ 113,354</u>	<u>\$ 113,400</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 18,896	\$ 15,237
Operating expenses	<u>94,458</u>	<u>98,163</u>
	<u>\$ 113,354</u>	<u>\$ 113,400</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 22, 2024 and February 23, 2023, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 1,526	\$ 6,127
Remuneration of directors	458	1,757

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 42,013	\$ 68,037
Foreign exchange losses	<u>(40,368)</u>	<u>(55,365)</u>
Net gain on foreign currency exchange	<u>\$ 1,645</u>	<u>\$ 12,672</u>

22. INCOME TAXES

a. Income tax (benefit) expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ -	\$ 13,311
Income tax on unappropriated earnings	2,336	-
Adjustments for prior year	<u>(757)</u>	<u>-</u>
	<u>1,579</u>	<u>13,311</u>
Deferred tax		
In respect of the current year	(1,149)	2,496
Adjustments for prior year	<u>(1,439)</u>	<u>-</u>
	<u>(2,588)</u>	<u>2,496</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (1,009)</u>	<u>\$ 15,807</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 29,078	\$ 135,023
Income tax expense calculated at the statutory rate	\$ 5,816	\$ 27,005
Items to be adjusted in determining taxable income	(6,965)	(24,509)
Income tax on unappropriated earnings	2,336	-
Adjustments for prior year - current tax	(757)	-
Adjustments for prior year - deferred tax	(1,439)	-
House and Land Transactions Income Tax	-	13,311
Income tax (benefit) expense recognized in profit or loss	\$ (1,009)	\$ 15,807

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 5	\$ (149)

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ 4,542	\$ 3,315
Current tax liabilities		
Income tax payable	\$ -	\$ 13,112

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized net gain on sale of goods	\$ 491	\$ (50)	\$ -	\$ 441
Defined benefit retirement plan	1,602	(1,312)	5	295
Refund provisions	718	(368)	-	350
				(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Unrealized foreign exchange losses	\$ -	\$ 901	\$ -	\$ 901
Others	<u>9,945</u>	<u>(82)</u>	<u>-</u>	<u>9,863</u>
	12,756	(911)	5	11,850
Tax losses	<u>4,353</u>	<u>1,494</u>	<u>-</u>	<u>5,847</u>
	<u>\$ 17,109</u>	<u>\$ 583</u>	<u>\$ 5</u>	<u>\$ 17,697</u>
Temporary differences				
Investments accounted for using the equity method	\$ 6,901	\$ 668	\$ -	\$ 7,569
Unrealized foreign exchange gains	<u>2,673</u>	<u>(2,673)</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,574</u>	<u>\$ (2,005)</u>	<u>\$ -</u>	<u>\$ 7,569</u>
				(Concluded)

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized net gain on sale of goods	\$ 808	\$ (317)	\$ -	\$ 491
Defined benefit retirement plan	1,700	51	(149)	1,602
Refund provisions	1,109	(391)	-	718
Others	<u>6,841</u>	<u>3,104</u>	<u>-</u>	<u>9,945</u>
	10,458	2,447	(149)	12,756
Tax losses	<u>6,259</u>	<u>(1,906)</u>	<u>-</u>	<u>4,353</u>
	<u>\$ 16,717</u>	<u>\$ 541</u>	<u>\$ (149)</u>	<u>\$ 17,109</u>
Temporary differences				
Investments accounted for using the equity method	\$ 5,731	\$ 1,170	\$ -	\$ 6,901
Unrealized foreign exchange gains	<u>806</u>	<u>1,867</u>	<u>-</u>	<u>2,673</u>
	<u>\$ 6,537</u>	<u>\$ 3,037</u>	<u>\$ -</u>	<u>\$ 9,574</u>

- e. Related to investment for which no deferred tax assets have been recognized in the balance sheets:

As of December 31, 2023 and 2022, deferred tax liabilities have not been recognized for taxable temporary differences associated with investments in subsidiaries is \$170,681 thousand and \$134,130 thousand, respectively.

- f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 0.99	\$ 3.97
Diluted earnings per share	\$ 0.98	\$ 3.94

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 30,087	\$ 119,216

Number of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	30,511	30,028
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>64</u>	<u>203</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>30,575</u>	<u>30,231</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

On August 31, 2023, the Company's board of directors resolved to issue ordinary shares, which consisted of 313 thousand shares for employee share option plan. Employees who meet specific criteria are given the options and could exercise the shares in accordance with the employee share option plan issuance and subscription terms and conditions immediately. The duration of the employee share option plan is 9 days and the exercise price is \$28.

Information on employee share options was as follows:

	For the Year Ended December 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Balance at January 1	-	\$ -
Options granted	313	28
Options exercised	<u>(313)</u>	
Balance at December 31	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 12.04</u>	

Options granted in August 2023 is priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

Grant-date share price	\$40.04
Exercise price	\$28.00
Expected volatility	26.99%
Expected dividend yield	0%
Duration	9 days
Risk-free interest rate	0.95%

Compensation costs recognized were \$3,255 thousand for the year ended December 31, 2023.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are closer to their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Investments in equity instruments				
Listed shares	\$ 133,405	\$ -	\$ -	\$ 133,405
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,001</u>	<u>10,001</u>
	<u>\$ 133,405</u>	<u>\$ -</u>	<u>\$ 10,001</u>	<u>\$ 143,406</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Investments in equity instruments				
Listed shares	\$ 104,295	\$ -	\$ -	\$ 104,295
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,001</u>	<u>10,001</u>
	<u>\$ 104,295</u>	<u>\$ -</u>	<u>\$ 10,001</u>	<u>\$ 114,296</u>

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. To calculate the fair value of the investment, the fair value is determined by the transaction price of the shares traded in the active market of an enterprise engaged in the same or similar business, the value multiplier of the price and related transaction information, and the significant unobservable input value is mainly the liquidity discount. The unobservable input value used on December 31, 2023, and 2022 are both a liquidity discount of 20%.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 498,513	\$ 605,600
Financial assets at fair value through other comprehensive income	143,406	114,296
<u>Financial liabilities</u>		
Amortized cost (Note 2)	534,621	607,738

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, pledged certificate of deposit, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include notes receivable, trade receivables, trade payables and borrowings. The financial risk management objectives of the Company is to manage market risk, credit risk and liquidity risk related to operational activities. In order to mitigate the associated risks, the Company's management is committed to identifying, evaluating and avoiding market uncertainties in order to mitigate the potential adverse impact of market changes on the Company's financial performance.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company engages in foreign currency-denominated sales and purchase transactions, causing the Company to cause risk exposure to the fluctuation of the exchange rates. In order to avoid fluctuations in the value of foreign currency assets and future cash flows due to exchange rate fluctuations, the Company avoids the impact of the exchange rates fluctuations through analyzing the amount and maturity period of foreign currency assets and liabilities and considering the risk of foreign currency net position to avoid related risks.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 29.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. When the functional currency of the Company appreciates/depreciates by 1% against USD, the Company's net income before tax will decrease/increase by \$1,171 thousand and \$1,993 thousand in 2023 and 2022, respectively.

In the opinion of the Company's management, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company is exposed to fair value interest rate risk in relation to fixed-rate financial assets and financial liabilities; the Company is also exposed to cash flow interest rate risk in relation to variable-rate financial assets and financial liabilities. The Company's management regularly monitors changes in market interest rates and adjusts the fixed and floating rate financial liabilities to keep the interest rates of the Company close to the market interest rates to cope with the risks arising from changes in market interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 43,804	\$ 56,659
Financial liabilities	38,578	76,311
Cash flow interest rate risk		
Financial assets	153,366	238,093
Financial liabilities	317,516	303,467

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of financial assets and financial liabilities on the balance sheet date. The Company uses a 0.5% increase/decrease in market interest rates as a reasonable risk assessment to report interest rate changes to management. If the interest rate increased/decreased by 0.5% basis points and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$821 thousand and \$327 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk is fairly equivalent to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policies adopted by the Company are to trade only with well-reputed counterparties, and to continuously monitor credit exposure and the credit status of counterparties to mitigate the risk of financial losses arising from default. The Company uses other publicly available financial information and mutual transaction records to rate its major customers. The Company continues to monitor credit exposure and the creditworthiness of counterparties.

The trade receivables balance of the largest five customers accounted for 71% and 58% of the total trade receivables of the Company as of December 31, 2023 and 2022, respectively. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank borrowings facilities set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate (%)	Demand or Less than 1 Year	1-5 Years	5+ Years
<u>December 31, 2023</u>				
Non-derivative financial liabilities	-	\$ 185,305	\$ -	\$ -
Variable interest rate liabilities	2.03	26,960	311,391	24,022
Fixed interest rate liabilities	1.70	32,043	-	-
Lease liabilities	1.23	<u>4,765</u>	<u>1,885</u>	<u>-</u>
		<u>\$ 249,073</u>	<u>\$ 313,276</u>	<u>\$ 24,022</u>
<u>December 31, 2022</u>				
Non-derivative financial liabilities	-	\$ 234,271	\$ -	\$ -
Variable interest rate liabilities	1.74	44,644	274,452	-
Fixed interest rate liabilities	1.82	70,267	-	-
Lease liabilities	1.07	<u>4,029</u>	<u>2,340</u>	<u>-</u>
		<u>\$ 353,211</u>	<u>\$ 276,792</u>	<u>\$ -</u>

b) Financing amount

The undrawn facility facilities of the banks of the Company at the balance sheet date are as follows:

	December 31	
	2023	2022
Financing amount		
Undrawn amount	<u>\$ 1,215,614</u>	<u>\$ 1,199,816</u>

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Synpower Co., Ltd. (Synpower)	Subsidiary
HK Synpower Ltd.	Subsidiary
SynTop Co., Ltd. (SynTop)	Subsidiary
SYNDIA INDIA PRIVATE LIMITED. (Syndia India)	Subsidiary
Chipboard Technology Corporation (Chipboard)	Subsidiary
SynPower Co., Ltd (Kunshan). (Kunshan SynPower)	Sub-subsidiary
SynPower Co., Ltd Dongguan. (Dongguan SynPower)	Sub-subsidiary
Industrial Technology Research Institute (ITRI)	Related party in substance (as of February 24, 2023)
Shengyi Limited Company (Shengyi)	Related party in substance

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Subsidiary		
	Chipboard	\$ -	\$ 460
	Sub-subsidiary		
	Dongguan SynPower	25,540	72,092
	Kunshan SynPower	16,620	24,340
	Related party in substance		
	ITRI	<u>-</u>	<u>1,335</u>
		<u>\$ 42,160</u>	<u>\$ 98,227</u>
Technical service revenue	Sub-subsidiary		
	Kunshan SynPower	<u>\$ 64</u>	<u>\$ -</u>
Sales discount and sales return	Sub-subsidiary		
	Dongguan SynPower	\$ -	\$ 10,336
	Kunshan SynPower	<u>-</u>	<u>2,734</u>
		<u>\$ -</u>	<u>\$ 13,070</u>

c. Purchase

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary		
SynTop	\$ 82,606	\$ 227,110
Sub-subsidiary		
Kunshan SynPower	422	293
Dongguan SynPower	<u>296</u>	<u>6,662</u>
	<u>\$ 83,324</u>	<u>\$ 234,065</u>

d. Receivables from related parties

Related Party Category/Name	December 31	
	2023	2022
Sub-subsidiary		
Dongguan SynPower	\$ 14,902	\$ 9,104
Kunshan SynPower	9,663	14,389
Related party in substance		
ITRI	<u>-</u>	<u>730</u>
	<u>\$ 24,565</u>	<u>\$ 24,223</u>

The credit period of the receivable is 30-120 days from the end of the month.

The outstanding balances of trade receivables from related parties is not collateralized. No bad debts expense was set aside for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payables to related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
SynTop	\$ 46,723	\$ 60,623
Sub-subsidiary		
Dongguan SynPower	33	1,622
Kunshan SynPower	<u>42</u>	<u>186</u>
	<u>\$ 46,798</u>	<u>\$ 62,431</u>

f. Other receivables form related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
Chipboard	\$ 84	\$ 84
SynTop	-	30,000
Sub-subsidiary		
Dongguan SynPower	<u>-</u>	<u>17,632</u>
	<u>\$ 84</u>	<u>\$ 47,716</u>

Other receivables from subsidiaries and sub-subsidiaries are loans and on behalf of the collection. The Company's loans to subsidiaries and sub-subsidiaries are interest-free loans.

g. Other payables to related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
SynTop	\$ 63	\$ 63
Sub-subsidiary		
Kunshan SynPower	78	773
Dongguan SynPower	-	10,801
Related party in substance		
ITRI	<u>-</u>	<u>756</u>
	<u>\$ 141</u>	<u>\$ 12,393</u>

h. Prepayments

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
SynTop	<u>\$ 27,837</u>	<u>\$ -</u>

i. Contract liabilities

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
Chipboard	<u>\$ -</u>	<u>\$ 3,150</u>

j. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2023	2022
Related party in substance		
Shengyi	<u>\$ -</u>	<u>\$ 1,400</u>

k. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Subsidiary				
Chipboard	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 2,371</u>	<u>\$ -</u>

l. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Rental expense</u>		
Subsidiary SynTop	\$ <u>720</u>	\$ <u>720</u>

The Company leased a plant located in Taoyuan from SynTop and paid fixed rental expenses monthly based on the contract terms.

m. Acquisition of intangible equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2023	2022
Related party in substance ITRI	\$ <u>500</u>	\$ <u>3,220</u>

n. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Research and development expenses	Related party in substance ITRI	\$ <u>-</u>	\$ <u>733</u>
Other expenses	Related party in substance ITRI	\$ <u>-</u>	\$ <u>14</u>
Technical service expenses	Subsidiary SynTop	\$ <u>28</u>	\$ <u>-</u>
Other income	Subsidiary Chipboard	\$ <u>960</u>	\$ <u>960</u>

Others are the research and development expenses paid to ITRI, the technical service expenses paid to SynTop and other income from Chipboard for providing management and technical advisory service.

o. Remuneration of key management personnel

The total remuneration of key management personnel as of December 31, 2023 and 2022, respectively were as follows:

	For the Year Ended December 31	
	2023	2022
Salaries and other	\$ 22,962	\$ 25,688
Post-employment benefits	<u>300</u>	<u>418</u>
	\$ <u>23,262</u>	\$ <u>26,106</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, bank financing amount and post-release duty payment:

	For the Year Ended December 31	
	2023	2022
Pledged certificate of deposit (recognized as financial assets at amortized cost)	\$ 43,789	\$ 25,803
Property, plant and equipment, net	<u>271,369</u>	<u>301,382</u>
	<u>\$ 315,158</u>	<u>\$ 327,185</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,199	30.705 (USD:NTD)	\$ 159,635
JPY	47,876	0.217 (JPY:NTD)	10,399
CNY	12,337	4.327 (CNY:NTD)	53,382
<u>Financial liabilities</u>			
Monetary items			
USD	1,384	30.705 (USD:NTD)	42,496
JPY	46,170	0.217 (JPY:NTD)	10,028
CNY	799	4.327 (CNY:NTD)	3,457

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,702	30.710 (USD:NTD)	\$ 236,528
JPY	31,651	0.232 (JPY:NTD)	7,356
CNY	42,187	4.408 (CNY:NTD)	185,959

Financial liabilities

Monetary items			
USD	1,212	30.710 (USD:NTD)	37,210
JPY	99,685	0.232 (JPY:NTD)	23,167
CNY	6,104	4.408 (CNY:NTD)	26,905

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$1,645 thousand and \$12,672 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)

- b. Information on investees (Table 6)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 1, 2 and 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

TABLE 1

SYNPOWER CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Amount Borrowed (Notes 3 and 4)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	SynPower Co., Ltd.	SynPower Co., Ltd. (Kunshan)	Other receivables from related parties	Yes	\$ 17,308 (CNY 4,000 thousand)	\$ -	\$ -	-	a	\$ 16,684	-	\$ -	-	\$ -	\$ 16,684	\$ 414,627
		SynPower Co., Ltd. Dongguan	Other receivables from related parties	Yes	16,443 (CNY 3,800 thousand)	-	-	-	a	25,540	-	-	-	-	25,540	414,627
		SynTop Co., Ltd.	Other receivables from related parties	Yes	30,000	-	-	-	a	82,634	-	-	-	-	82,634	414,627
1	SynPower Co., Ltd. Dongguan	SynPower Co., Ltd. (Kunshan)	Other receivables from related parties	Yes	8,654 (CNY 2,000 thousand)	-	-	-	b	-	Operating turnover	-	-	-	135,376	135,376

Note 1: The nature of financing is explained as follows:

- a. Fill in 1 for any business interaction.
- b. Fill in 2 for any needs in short-term financing.

Note 2: The total amount for guarantees and endorsements provided by the Company to other entity for short-term financing shall not exceed 40% of the Company's net equity. The amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 40% of the Company's net equity. The amount of each loan by the Company for business relationships shall not exceed the amount of the business relationships in the past year. The amount of business relationship refers to the higher of the sales amount or purchase amount. The amount of each loan by the Company to any individual entity shall not exceed the amount of the business relationship. The amount of business relationship refers to the higher of the predictable sales amount or purchase amount. The total amount for guarantees and endorsements provided by DongGuan SynPower shall not exceed 100% of it's net equity.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

TABLE 2**SYNPOWER CO., LTD.****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	SynPower Co., Ltd.	SynPower Co., Ltd. Dongguan	Sub-subsidiary	\$ 1,036,568	\$ 122,820 (US\$ 4,000 thousand)	\$ 122,820 (US\$ 4,000 thousand)	\$ 23,366 (US\$ 761 thousand)	\$ 23,366 (US\$ 761 thousand)	12	\$ 1,036,568	Yes	No	Yes
		SynPower Co., Ltd. (Kunshan)	Sub-subsidiary	1,036,568	69,232 (CNY 16,000 thousand)	69,232 (CNY 16,000 thousand)	-	-	7	1,036,568	Yes	No	Yes
		SynTop Co., Ltd.	Subsidiary	1,036,568	115,000	115,000	61,308	-	11	1,036,568	Yes	No	No

Note 1: Calculated using the net value of the company as of December 31, 2023.

Note 2: The total amount of endorsements/guarantees provided to the subsidiary in which the Company directly or indirectly holds 100% of the shares is limited to 100% of net value of the parent company. The limit on endorsements/guarantees provided to a single entity is 100% of the net assets of the parent company.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

SYNPOWER CO., LTD.**MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
SynPower Co., Ltd.	Odobez system Taiwan corporation.	-	Financial assets at fair value through other comprehensive income	259,000	\$ 10,001	0.60	\$ 10,001	-
	Symtek Automation Asia Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,276,599	133,405	1.70	133,405	Note

Note: It is evaluated based on the closing price of the last trading day of December 2023 on the Taiwan Stock Exchange.

SYNPOWER CO., LTD.**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Property Owner	Property Owner	Property Owner			
SynPower Co., Ltd.	Plant construction works on Xinsheng road	July 20, 2023	\$ 398,900	Note	True-Dreams Construction Co., Ltd	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Planning and construction of plant and offices	None

Note: As of December 31, 2023, according to the agreement of the project contract, the company has paid a total of \$75,981 thousand for the project and recognized as construction in progress.

SYNPOWER CO., LTD.**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ending Balance	
SynPower Co., Ltd.	SynTop Co., Ltd.	Parent company and subsidiary	Purchase	\$ 82,606	22.55	-	-	Note	\$ 46,723	30.43	-

Note: In order to enrich the production capacity of SynTop Co., Ltd., the Company pays for partial purchase transaction in advance, the other transactions are not materially different from the general transaction type.

TABLE 6**SYNPOWER CO., LTD.**
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2023 (Note 3)			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
SynPower Co., Ltd.	HK Synpower Ltd.	Hong Kong	Investment company	\$ 111,876 (US\$ 3,630 thousand)	\$ 111,876 (US\$ 3,630 thousand)	3,630,000	100	\$ 259,583	\$ 36,442	\$ 36,551	
	Synpower Co., Ltd.	Republic of Seychelles	Trading Company	9,613 (US\$ 319 thousand)	9,613 (US\$ 319 thousand)	50,000	100	61,848	3,237	3,237	
	SynTop Co., Ltd.	Taiwan	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services.	49,996	49,996	2,479,500	77	2,914	(18,990)	(18,020)	
	Chipboard Technology Corporation	Taiwan	Electroless nickel immersion gold for PCB	71,211	71,211	4,371,502	51	108,357	16,298	8,312	
	SYNDIA INDIA PRIVATE LIMITED	India	Electronic components and other parts, and related maintenance services	4,044 (INR 10,000 thousand)	4,044 (INR 10,000 thousand)	-	100	5,951	103	103	

Note 1: The original investment amount is converted at the exchange rate prevailing at the time of the original investment.

Note 2: Investments in mainland China are included in Table 7.

TABLE 7

SYNPOWER CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
SynPower Co., Ltd. (Kunshan)	Electronic product testing services, automated equipment, electronic components	\$ 34,616 (CNY 8,000 thousand)	Invest Company in Mainland China through HK Synpower Ltd.	\$ 40,142 (US\$ 1,282 thousand)	\$ -	\$ -	\$ 40,142 (US\$ 1,282 thousand)	\$ 28,838 (CNY 6,560 thousand)	100	\$ 28,838 (CNY 6,560 thousand)	\$ 125,752 (CNY 29,062 thousand)	\$ -	Note 5
SynPower Co., Ltd. Dongguan	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	60,578 (CNY 14,000 thousand)	Invest Company in Mainland China through HK Synpower Ltd.	68,636 (US\$ 2,222 thousand)	-	-	68,636 (US\$ 2,222 thousand)	7,583 (CNY 1,725 thousand)	100	7,583 (CNY 1,725 thousand)	135,376 (CNY 31,286 thousand)	-	Note 5
Jiangsu SLK High-Tech Co., Ltd	Electronic product testing services, automated equipment, electronic components and other parts, and related maintenance services	116,829 (CNY 27,000 thousand)	Invest Company in Mainland China through DongGuan SynPower Co., Ltd.	-	-	-	-	(839) (CNY (191) thousand)	20	(168) (CNY (38) thousand)	21,221 (CNY 4,904 thousand)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (Note 1)	Investment Amount Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$108,778 (US\$3,504 thousand)	\$107,590 (US\$3,504 thousand)	\$621,941

Note 1: The foreign currencies are translated at the exchange rate at the time of remittance of the original investment cost.

Note 2: The foreign currencies are translated at the average exchange rate in 2023.

Note 3: The foreign currencies are translated at the exchange rates prevailing on December 31, 2023.

Note 4: It was calculated by 60% of the Company's net equity on December 31, 2023.

Note 5: The investment income (loss) recognized was based on the audited financial statement.

TABLE 8**SYNPOWER CO., LTD.****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
SynPower Co., Ltd. Dongguan	Sale	\$ 25,540	5	No significant differences	No significant differences	No significant differences	\$ 14,902	5	\$ -	
	Purchase	296	-	No significant differences	No significant differences	No significant differences	(33)	-	-	
SynPower Co., Ltd. (Kunshan)	Sale	16,684	3	No significant differences	No significant differences	No significant differences	9,663	3	-	
	Purchase	422	-	No significant differences	No significant differences	No significant differences	(42)	-	-	

TABLE 9**SYNPOWER CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Number of Shares
Chi Bin Industrial Co., Ltd	4,786,751	14.56
Kao Mei Industrial Co., Ltd	4,232,729	12.87
Symtek Automation Asia Co., Ltd.	2,991,719	9.10
Zhen Ding Technology Holding Limited	2,437,697	7.41
Lin, Win-Bin	2,080,308	6.32

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

SYNPOWER CO., LTD.

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STATEMENT 1**SYNPOWER CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash on hand		\$ <u>505</u>
Bank deposits		
Demand deposits		93,381
Demand deposits (foreign currency)	US\$1,430,597, exchange rate at 30.705 JPY47,875,870, exchange rate at 0.2172 THB228,070, exchange rate at 0.9017 GBP71, exchange rate at 39.15 CNY1,259,907, exchange rate at 4.327	59,985
Check deposits		<u>805</u>
		<u>154,171</u>
Cash equivalents		
Postal gift coupon		<u>15</u>
		<u>\$ 154,691</u>

SYNPOWER CO., LTD.**STATEMENT OF NOTES and TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Notes receivable	
Customer A	\$ <u>9</u>
Trade receivables from unrelated parties	
Customer B	69,453
Customer C	68,200
Customer D	26,561
Customer E	20,659
Others (Note)	<u>93,599</u>
	278,472
Less: Allowance for impairment loss	<u>(12,367)</u>
	<u>266,105</u>
Trade receivables from related parties	
SynPower Co., Ltd. Dongguan	14,902
SynPower Co., Ltd. (Kunshan)	<u>9,663</u>
	<u>24,565</u>
	<u>\$ 290,679</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

SYNPOWER CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note)
Merchandise	\$ 39,815	\$ 58,363
Raw materials	8,014	8,527
Work in process	8,202	8,208
Finished goods	<u>58,297</u>	<u>63,108</u>
	114,328	<u>\$ 138,206</u>
Allowance for inventory valuation	<u>(26,122)</u>	
	<u>\$ 88,206</u>	

Note: Market value is calculated using net realizable value.

SYNPOWER CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Prepayments for goods	\$ 32,761
Offset against business tax payable	2,705
Others (Note)	<u>3,189</u>
	<u>\$ 38,655</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Beginning Balance		Increase/Decrease in This Year		Ending Balances		Year-end Shareholding %	Market Value/Net Equity	Guarantee or Pledge	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				
Unlisted shares										
Synpower Co., Ltd.	50	\$ 58,611	-	\$ 3,237	50	\$ 61,848	100	\$ 61,848	None	Note 1
HK Synpower Co., Ltd.	3,630	227,655	-	31,928	3,630	259,583	100	259,583	None	Note 2
SynTop Co., Ltd.	2,480	20,934	-	(18,020)	2,480	2,914	77	2,914	None	Note 3
Chipboard Technology Corporation	4,372	108,699	-	(342)	4,372	108,357	51	108,357	None	Note 4
SYNDIA INDIA PRIVATE LIMITED	-	<u>5,848</u>	-	<u>103</u>	-	<u>5,951</u>	100	5,951	None	Note 5
		<u>\$ 421,747</u>		<u>\$ 16,906</u>		<u>\$ 438,653</u>				

Note:1 The increase in the current year is due to the recognition of investment gain of \$3,237 thousand.

Note 2: The increase in the current year is due to the recognition of investment gain of \$36,551 thousand, realized sales gain of \$226 thousand and deducted of cumulative translation adjustments of \$4,849 thousand.

Note 3: The increase in the current year is due to the recognition of investment loss of \$18,020 thousand.

Note 4: The increase in the current year is due to the recognition of investment gain of \$8,312 thousand, change in the remeasurement of the investee's defined benefit plan of \$61 thousand and realized sales gain of \$28 thousand and the subsidiary paid cash dividends of \$8,743 thousand.

Note 5: The increase in the current year is due to the recognition of investment gain of \$103 thousand.

SYNPOWER CO., LTD.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Beginning Balance	Increased in This Year	Decrease in This Year	Ending Balance	Note
Cost					
Buildings	\$ 7,285	\$ 4,634	\$ (4,140)	\$ 7,779	
Transportation equipment	<u>3,800</u>	<u>2,520</u>	<u>(3,835)</u>	<u>2,485</u>	
	<u>11,085</u>	<u>\$ 7,154</u>	<u>\$ (7,975)</u>	<u>10,264</u>	
Accumulated depreciation					
Buildings	4,516	\$ 2,702	\$ (5,271)	1,947	
Transportation equipment	<u>275</u>	<u>2,542</u>	<u>(1,053)</u>	<u>1,764</u>	
	<u>4,791</u>	<u>\$ 5,244</u>	<u>\$ (6,324)</u>	<u>3,711</u>	
	<u>\$ 6,294</u>			<u>\$ 6,553</u>	

SYNPOWER CO., LTD.

STATEMENT OF CHANGES IN SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Type of Loans	Ending Balance	Contract Period	Interest Rate (%)	Financing Amount	Pledge or Guarantee
Unsecured borrowings					
Shin Kong Commercial Bank	\$ 30,000	2023.02.14-2024.02.14	1.65	\$ 100,000	None
Hua Nan Commercial Bank	<u>2,000</u>	2023.05.25-2024.05.25	2.41	<u>50,000</u>	None
	<u>\$ 32,000</u>			<u>\$ 150,000</u>	

SYNPOWER CO., LTD.**STATEMENT OF CHANGES IN TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Trade payables from unrelated parties	
Vendor A	\$ 20,694
Vendor B	12,842
Vendor C	11,786
Vendor D	10,895
Vendor E	7,273
Others (Note)	<u>43,210</u>
	<u>106,700</u>
Trade payables from related parties	
SynTop Co., Ltd.	46,723
Others (Note)	<u>75</u>
	<u>46,798</u>
	<u>\$ 153,498</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.

STATEMENT OF CHANGES IN OTHER CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Contract liabilities	\$ 15,413
Temporary Credits	1,726
Others (Note)	<u>366</u>
	<u>\$ 17,505</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.

STATEMENT OF CHANGES IN LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Borrowing Balance	Contract Period	Interest Rate (%)	Financing Amount	Pledge or Guarantee
Secured borrowings					
E.Sun Commercial Bank	\$ 178,100	2022.07.05-2026.07.03	2.09	\$ 180,000	Real estate
	27,700	2022.07.05-2026.07.03	2.09	28,000	Real estate
	55,846	2022.07.05-2026.07.03	2.19	310,000	Real estate
Unsecured borrowings					
Taipei Fubon Commercial Bank	<u>55,670</u>	2021.10.01-2026.10.01	1.64	<u>80,000</u>	None
	<u>\$ 317,316</u>			<u>\$ 598,000</u>	

SYNPOWER CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Sales	
Wet process smart solutions	\$ 254,396
AI machine vision equipment	172,880
Production automation integration	53,757
Others (Note)	<u>35,743</u>
	<u>\$ 516,776</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold from trading business	
Beginning balance of merchandise	\$ 43,334
Add: Purchase of merchandise	247,834
Less: Material request between departments	(10,555)
Others	(9,475)
Ending balance of merchandise	<u>(39,815)</u>
Costs of merchandise sold	<u>231,323</u>
Raw materials	
Beginning balance of raw materials	11,620
Add: Purchase of raw materials	28,429
Less: Sales of raw materials	(4,688)
Material request between departments	(1,748)
Others	(507)
Ending balance of raw materials	<u>(8,014)</u>
Raw materials used in production	25,092
Manufacturing expenses (Statement 13)	<u>9,830</u>
Manufacturing costs	34,922
Beginning balance of work in process	29,715
Add: Purchase of work in process	7,701
Less: Ending balance of work in process	<u>(8,202)</u>
Finished goods costs	64,136
Beginning balance of finished goods	19,672
Add: Purchase of finished goods	82,429
Others	16,231
Less: Ending balance of finished goods	<u>(58,297)</u>
Production costs	<u>124,171</u>
Cost of goods sold before adjustment	355,494
Maintenance and warranty cost	9,882
Inventory valuation loss	6,001
Right to recover a product	147
Others	<u>19,631</u>
Operating costs	<u>\$ 391,155</u>

SYNPOWER CO., LTD.**STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Salaries and pensions	\$ 6,252
Depreciation expenses	1,530
Others (Note)	<u>2,048</u>
	<u>\$ 9,830</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salaries and pension	\$ 26,011	\$ 37,913	\$ 19,138
Insurance fees	3,596	3,404	1,826
Travelling fees	2,685	1,080	863
Depreciation expenses	681	2,084	5,753
Professional fees	66	8,076	2,544
Research fees	-	-	4,234
Others (Note)	<u>7,968</u>	<u>13,806</u>	<u>3,894</u>
	<u>\$ 41,007</u>	<u>\$ 66,363</u>	<u>\$ 38,252</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYNPOWER CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	2023			2022		
	Cost of Goods Sold	Operating Expenses	Total	Cost of Goods Sold	Operating Expenses	Total
Employee benefits expense						
Salaries	\$ 15,860	\$ 72,382	\$ 88,242	\$ 12,878	\$ 74,637	\$ 87,515
Share-based payments	-	3,255	3,255	-	-	-
Labor and health insurance	1,567	7,539	9,106	1,164	6,470	7,634
Pension	785	3,953	4,738	631	3,546	4,177
Remuneration paid to directors	-	3,472	3,472	-	9,371	9,371
Others	684	3,857	4,541	564	4,139	4,703
	<u>\$ 18,896</u>	<u>\$ 94,458</u>	<u>\$ 113,354</u>	<u>\$ 15,237</u>	<u>\$ 98,163</u>	<u>\$ 113,400</u>
Depreciation expenses	<u>\$ 1,530</u>	<u>\$ 8,518</u>	<u>\$ 10,048</u>	<u>\$ 1,245</u>	<u>\$ 8,899</u>	<u>\$ 10,144</u>
Amortization expenses	<u>\$ 166</u>	<u>\$ 3,367</u>	<u>\$ 3,533</u>	<u>\$ 216</u>	<u>\$ 3,319</u>	<u>\$ 3,535</u>

Note 1: The number of employees in 2023 and 2022 is 107 and 95, respectively, of which the number of directors who are not also employees is 4 and 5, respectively.

Note 2: a. Average employee benefits for the years ended December 31, 2023 and 2022 were \$1,067 thousand and \$1,156 thousand, respectively.

b. Average salary for the years ended December 31, 2023 and 2022 were \$888 thousand and \$972 thousand, respectively.

c. The average salary decreased by 8.64% year over year.

d. The Company did not have supervisors for the years ended December 31, 2023 and 2022. Therefore, there was no compensation to the supervisor.

e. The compensation policies of the company are as follow:

Directors

The remuneration of directors was determined by in accordance with the Company's regulations. If the company makes annual profits, the remuneration shall be allocated in accordance with the Articles and approved by the Remuneration Committee and Board of Directors and report on the shareholder's meeting. If the directors are also employees, the remuneration should be paid in accordance with the following regulation.

Managers

The remuneration policy for the general manager and deputy general manager is based on the Company's operating strategy, profit ability, operating performance, job contribution and the future risks. The remuneration are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

Employees

The remuneration of employees was positively correlated with the individual's ability, contribution to the Company, and the correlation between performance and business performance. The remuneration mainly includes basic salary, bonus and employee bonus. The standard of remuneration is based on the market competition situation of the position held by the employee and the company's policy: bonuses and employee bonuses are paid in connection with the department's goals or the company's business performance.

The rule for employees share option plan or transfer treasury stock to employees should be established and reviewed by the Remuneration Committee and approved by the Board of Directors.

SynPower Co., Ltd.

Chairman: Lin, Win-Bin