Stock coed:2429

# ABONMAX CO., LTD

# 2023Annual Report

Notice to readers
This English version annual report is a summary translation of the Chinese version and is not an officialdocument of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, theChinese version shall prevail.

Information Disclosure Website: https://mops.twse.com.tw/
Webpage where the Company Discloses Annual Report Information: https://mops.twse.com.tw/
Publication: 2024.04.30

■ Spokesperson
Name: LIU CHEN CHEN
Title: Chief Financial Officer
Tel: (03)452-6136
Email:audit@abonmax.com.tw
■Deputy Spokesperson:
Name: LIN TE YU
Title: assistant manager
Tel: (03)452-6136
Email: roseate_lin@abonmax.com.tw
■ Headquarters, Branches and Plant
Company Address: NO. 9. TZU-CHIANG 4TH RD.,
ZHONGLI DIST.,TAOYUAN CITY 320,
Tel: (03)452-6136
■ Stock Transfer Agent
Name: Stock Service Department of MEGA Securities Co., Ltd.
Address: 1F., No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City, Taiwan
Tel: (02)33930898 (switchboard number)
Website: https://www.emega.com.tw
■ CPA Auditors
Name of Auditors: Lien,Shu-Ling & Chen,Ying-Ju
Name of Firm: KPMG.
Address: TAIPEI 101 TOWER, 68F, No.7, Sec. 5, Xinyi Rd.,
Taipei City 110615, Taiwan (R.O.C.)
Tel: (886 2) 8101 6666
Website:https://home.kpmg/tw
■ Overseas Securities Exchange
None.
■ Corporate Website
http://www.abonmax.com.tw

# Table of Contents

# I. Report to Shareholders

Ladies and gentlemen, esteemed shareholders,

In 2023, the panel industry was affected by the overall inventory adjustment of the industry, the Russia-Ukraine War, and global inflation. Therefore, 2023 was considered the downturn for the panel industry as sales or costs were greatly impacted. Through the economic slumps of 2022 and 2023, the market expects panel prices and shipment volume to look up and even to enter a positive business cycle in 2024. Our company has long been dedicated to the touch panel business and has been highly recognized by customers for our quality and delivery capabilities. With a strong customer base, we are well-positioned for stable growth. To adapt to market conditions, we aim to expand our product portfolio and increase retail offerings by actively launching high-value niche products. These include large-sized projected capacitive touch panels, specialized touch panels for medical and gaming applications, both through OEM and OBM channels. We will also work towards reducing lead times and enhancing the development of TDM and TPM products to improve overall operational efficiency.

We continue to establish physical and virtual channels for our AbonMax own-branded products, expanding sales channels for 65-inch, 75-inch, and 86-inch touch panels. We continue to grow our customer base in stable-demand sectors such as healthcare and gaming, while also developing an after-sales service system and collaborating with local agents in overseas regions.

Our panelmarketing team, composed of experienced industry professionals, possesses keen insights into industry characteristics, trends, and fluctuations. They have a proven ability to develop innovative products that align with market trends and offer unique value. Moving forward, we will actively pursue orders from internationally renowned manufacturers to increase market share. By integrating company-wide resources, we will leverage our innovative R&D capabilities, manufacturing competitiveness, effective cost control, and outstanding customer service system to provide a one-stop solution for products and services. This approach aims to lower transaction costs for our customers. We will continue to expand our customer base by exploring new market demand and establishing partnerships with local collaborators in different regions. Through cooperation with local agents and distributors, we will swiftly meet the diverse needs of customers in various regions.

Our company is well aware of the significant impact of market conditions on panels and of the international advocate and emphasis on environmental protection as well as renewable energy.Apart from panel business, we established the Green Energy Department in April 2023 to span the renewable energy industry through solar power plants installation and operation, actively pursuing transformation, corporate sustainable operation, and enhancement of shareholders' interests.

**(1) Implementation Overview and Results of Business Plan:**

In 2023, our company achievedanindividual revenue of NT$279,893 thousand, with an individual gross profit of NT$375 thousand and an individual net loss of NT$58,744 thousand. Compared to 2022, there was an11.73%increase in revenue, a 97.33% decrease in gross profit, and a 50.02% increase in net loss.The changes in individual gross profit over the past two years were primarily due to the fact that the main panel products were confronted with market modification and weakening market momentum and bargaining power after the massive demands in the pandemic. In addition, China has encouraged the development of panel industry in the recent years, resulting in products undercutting and a significant decrease in gross profit margin. Furthermore, the fixed expenses of the Company, such as remuneration and depreciation of plants, are relatively higher. Withthe profit substantially decreased, we are unable to cover the fixed expenditures, resulting in the dilation of net operating loss.

In 2023, our company recorded consolidated revenue of NT$512,544 thousand, a consolidated gross profit of NT$23,990 thousand, and a consolidated net operating loss of NT$80,482 thousand. Compared to 2022, there was a decrease of 1.57% in revenue, a decrease of 58.50% in gross profit, and an increase of 96.51% in net operating loss. The reason of changes over the past two years was approximately similar to that of the individual operation.

The consolidated net loss after tax was NT$49,340 thousand, which decreased by 6.78% compared to 2022. Under the unfavorable condition of the business profit, there was still a decreasing trend in loss mainly because the Company had recognized a non-operating gain of around NT$74,006 thousand from selling Abon Touchsystems in the end of 2023, an important subsidiary that had been in consecutive deficit.

**(2) Profitability Analysis:**

Unit: Thousand NTD

| Item | | Year 2023 | Year 2022 |
|---|---|---|---|
| Return on assets (%) | | -5.82 | -5.44 |
| Return on Equity (%) | | -18.21 | -17.32 |
| Capitalization ratio (%) | Operating Profit | -18.40 | -9.36 |
| | Pre-tax profit | -8.70 | -10.25 |
| Net profit margin (%) | | -9.63 | -10.16 |
| Earnings per share (in NTD) (Note) | | -0.56 | -1.24 |

Note: Earnings per share are calculated based on the retrospectively adjusted number of shares (calculated using IFRSs as the basis).

**(3) Research and Development Status:**

The Company specializes in the representation, manufacturing, and sales of professional optical and touch panels and modules. As of the end of 2023, research and development department of our company is located in our subsidiary, Abon Touchsystems Inc. The Company itself has no research and development department. Abon Touchsystems Inc. focuses on the research and development of touch panel material improvements and production process optimization, acting as the production base of touch panels and modules for the Company. The department stays ahead of technological development trends at all times and originates electronic touch products with more compatibility according to market demands, higher efficiency, and better efficacy that satisfy the demands of minimal size and compound functions targeting industrial touch product applications.

However, the Company disposed of its entire shareholding in AbonTouchsystems Inc. at the end of 2023. Starting from 2024, we will establish our own research and development department, focusing on developing and improving the components related to electric assisted bicycles and more innovative products with excellent performance.

Here are the specific research and development achievements of our company for the most recent five years:

| Year | Item | Specific R&D Achievements |
|---|---|---|
| 2019 | Projection Electronic Whiteboard Technology | 1. Successful mass production of large-size multi-touch projection capacitive touch panels using proprietary technology.<br>2. Optimization of processing and lamination techniques for coating materials.<br>3. Improved design of ITO projection capacitive touch panel products. |
| 2020 | Laser Engraving Technology | 1. Overcame the appearance design challenges of narrow bezels.<br>2. Planning of automated production lines using inkjet processes. |
| 2021 | TPM and TDM Modules | 1. Completed customer sampling of medium-sized TPM and TDM modules. |

(4) Business Plan for 2024

To adapt to the changing industrial landscape in Taiwan, our company has outlined the following key strategies:

Short-term:

(1) Meet customer deadlines to ensure a stable source of orders.

(2) Enhance the differentiation of products by increasing their added value, gaining a competitive advantage.

(3) Actively develop overseas markets and continually pursue new factory orders.

(4) Foster strong relationships within the supply chain and secure reliable sources of supply.

(5) Originate business on electric assisted bicycles.

(6) Develop solar photovoltaic power plants and obtain stable and long-term income resources.

Medium to long-term:

(1) Establish close connections with upstream and downstream suppliers and customers to build long-term cooperative relationships.

(2) Align with market product trends and develop new processes and technologies to enhance market competitiveness.

(3) Develop and design innovative products to increase profitable capability.

(4) Actively promote self-branded products to elevate brand awareness.

(5) Continuously expand achievements of solar photovoltaic power and renewable energy and extend our territory to overseas markets.

Finally, we would like to express our gratitude to all shareholders for their long-term support and encouragement. We are committed to maximizing our efforts and delivering strong business performance to everyone.

Chairman: CHOU, WEI-KUNN

# II. Company Profile

1. Date of Establishment: The Company was authorized for registration on November 30, 1978.

2. Address and Contact of Headquarter, Branch Office, and Plant.

Headquarter Address: No. 9, Ziqiang 4th Rd., Zhongli Dist., Taoyuan City
Headquarter Contact: (03)452-6136
Plant Address: No. 9, Ziqiang 4th Rd., Zhongli Dist., Taoyuan City
Plant Contact: (03)452-6136

3. Company History:

| | |
|---|---|
| Year 1978: | Establishment of Yongzhao Precision Electronics Co., Ltd. with a registered capital of NT$20 million, specializing in the production of copper-based double-sided printed circuit boards. |
| Year 1984: | Capital increase to NT$60 million and a shift in focus to become a major player in the production of multilayer printed circuit boards, solidifying the company's position in the market. |
| Year 1987: | Capital increase to NT$80 million, expansion of factory facilities, and more than 70% of the company's production dedicated to multilayer printed circuit boards, establishing itself as a specialist manufacturer in this field. |
| Year 1990: | Capital increase to NT$100 million, further expansion of the factory, and acquisition of fully automated production equipment to enhance product quality standards. |
| Year 1991: | Through a capitalization of cash and retained earnings, the paid-up capital increased to NT$180 million. |
| Year 1993: | Integration of business, production management, accounting, and personnel management systems was completed, leveraging the synergy between personal computers and network systems. Real-time departmental information needs were met, effectively achieving computerization goals. |
| Year 1994: | ISO-9002 certification was obtained, and plans for further expansion were initiated. |
| Year 1995: | The expansion project was nearing completion, adding an additional 2975.4 square meters of space. |
| Year 1996: | The expansion project was fully completed, and the annual revenue reached NT$920 million. Active efforts were made to search for land for a second factory. |
| Year 1997: | Through a capitalization of retained earnings, the paid-up capital was increased to NT$216 million. Additionally, a cash capital increase of NT$100 million was conducted, with shares issued at a premium of NT$12 per share. The paid-up capital increased to NT$496 million. A further expansion project added 4297.8 square meters of space. |
| Year 1998: | The company increased its paid-in capital to NT$124 million by capitalizing retained earnings, bringing the total paid-in capital to NT$620 million. Expansion of the plant was ongoing. |
| Year 1999: | Due to favorable business development, the company applied for and obtained approval from the Taiwan Stock Exchange Corporation to list on the over-the-counter market. The company was officially listed on April 2, 1999. |
| Year 2000: | The company continued to experience growth in its operational scale. In September 2000, it was officially listed on the Taiwan Stock Exchange. In October 2000, the Malaysia plant was completed, marking the entry into the trial production phase. |

Year 2001: The Malaysian factory in Malacca obtained QS-9000 and ISO-14001 certifications.

Year 2005: On August 1, 2005, the extraordinary general meeting of shareholders approved a private placement of new shares, totaling 117,261,500 shares, to be executed within one year.

The initial private placement issued 17,261,500 shares, with August 8, 2005, designated as the first private placement benchmark date. The capital increase was approved by the Ministry of Economic Affairs, as per the letter No. 09401198250, dated October 5, 2005, resulting in a paid-in capital of NT$1 billion.

Year 2006: On August 1, 2005, during an extraordinary shareholders' meeting, it was approved to reduce the company's capital by NT$552,738,000 to offset losses. This reduction was officially approved and registered by the Ministry of Economic Affairs on February 15, 2006, under the letter of approval with reference number 09531680510. Following the reduction, the paid-in capital was adjusted to Nt$447,262,000 with a total of 44,726,200 shares.

On March 7, 2006, the company conducted a second private placement, issuing 17,803,800 new shares. After the capital increase, the paid-in capital reached NT$625,300,000. The approval for this increase was obtained and registered by the Ministry of Economic Affairs on April 14, 2006, under the letter of approval with reference number 09501067910.

On October 24, 2006, the extraordinary general meeting of shareholders approved a private placement of new shares, totaling 180,000,000 shares, to be executed within one year.

The first private placement issued 95,000,000 new shares, and November 1, 2006, was set as the first private placement reference date. After obtaining approval from the Ministry of Economic Affairs on November 16, 2006, under the letter number 09501254550, the company's paid-in capital increased to NT$1,575,300,000.

Year 2007: On October 24, 2006, the extraordinary general meeting of shareholders approved a private placement to issue 180,000,000 new shares, which could be implemented in stages within one year.

The second private placement issued 30,470,000 new shares, and July 30, 2007, was set as the second private placement reference date. After obtaining approval from the Ministry of Economic Affairs on August 20, 2007, under the letter number 09601198340, the company's paid-in capital increased to NT$1.88 billion.

Year 2008: On June 15, 2007, the resolution to reduce the capital by NTD 1,275,300,000 to offset the losses was approved at the shareholders' general meeting. The approval was granted by the Financial Supervisory Commission (FSC) in their letter No. 0970020162 dated May 19, 2008. Subsequently, on June 13, 2008, the Ministry of Economic Affairs, Department of Commerce, approved the registration changes in their letter No. 09701137900. Furthermore, the Taiwan Stock Exchange Corporation approved the application for capital reduction and issuance of new shares in their letter No. 0970016235 dated June 20, 2008. After the capital reduction, the paid-in capital became NTD 604,700,000 with a par value of NTD 10 per share. A total of 60,470,000 new shares were issued (including 11,902,872 shares of ordinary shares without physical certificates and 48,567,128 shares of privately placed ordinary shares with physical certificates).

In 2005, 2,483,263 privately placed ordinary shares were issued at a par value of NTD 10 per share, totaling NTD 24,832,630. These shares were subsequently publicly offered and the application was approved by the Financial Supervisory Commission in their letter No. 0970059801 dated November 10, 2008. The total number of outstanding ordinary shares in circulation, including the originally listed ordinary shares of 11,902,872 and privately placed ordinary shares of 2,483,263, is 14,386,135 shares, with an additional 46,083,865 shares of privately placed ordinary shares with physical certificates.

Year 2009: On June 10, 2009, the resolution to reduce the capital by NTD 404,700,000 to offset the losses was approved at the shareholders' general meeting. The approval was granted by the Financial Supervisory Commission (FSC) in their letter No. 0980066326 dated December 21, 2009. Subsequently, on February 01, 2010, the Ministry of Economic Affairs, Department of Commerce, approved the registration changes in their letter No. 09931636500. Furthermore, the Taiwan Stock Exchange Corporation approved the application for capital reduction and issuance of new shares in their letter No. 0990003825 dated February 05, 2010.

After the capital reduction, the paid-in capital became NTD 0.2 billion, with a par value of NTD 10 per share. A total of 20,000,000 new shares were issued (including 4,758,107 shares of ordinary shares without physical certificates and 15,241,893 shares of privately placed ordinary shares with physical certificates).

Year 2010: On June 10, 2009, the shareholders' meeting approved a private placement of 240,000,000 new shares, which could be conducted in up to five installments within one year. The first private placement involved the issuance of 110,000,000 new shares, with January 22, 2010, designated as the first private placement record date. After obtaining approval from the Ministry of Economic Affairs in their letter No. 09901030190 dated February 5, 2010, the company's paid-in capital increased to NTD 1.3 billion.

The company's original name, "Yung Chao Precision Electronics Co., Ltd.," was changed to "ABONMAX CO., LTD." on June 3, 2010, following the approval of the Ministry of Economic Affairs in their letter No. 09901114790.

Year 2012: On June 28, 2012, the shareholders' meeting approved a capital reduction of NTD 1,092,000,000 to offset the accumulated losses. After obtaining approval from the Financial Supervisory Commission in their letter No. 1010056082 dated December 18, 2012, and subsequent approval from the Ministry of Economic Affairs in their letter No. 10233067880 dated January 15, 2013, the company underwent registration changes. Additionally, on January 25, 2013, the Taiwan Stock Exchange Corporation issued their letter No. 1020001667, granting permission to carry out the stock replacement process for the capital reduction.

Following the reduction, the company's paid-in capital amounted to NTD 208,000,000, with a par value of NTD 10 per share. A total of 20,800,000 new shares were issued, all of which were in non-physical form (including 761,297 publicly traded common shares and 20,038,703 privately placed common shares).

Year 2013: On May 28, 2013, the board of directors resolved to conduct a cash capital increase by issuing 16,000,000 common shares. After obtaining approval from the Financial Supervisory Commission in their letter No. 1020028591 dated August 8, 2013, and subsequent approval from the

Ministry of Economic Affairs in their letter No. 10233927590 dated October 3, 2013, the company underwent registration changes. Furthermore, on October 14, 2013, the Taiwan Stock Exchange Corporation issued their letter No. 10200210751, granting permission for the newly issued shares to be traded on the market.
Following the capital increase, the company's paid-in capital amounted to NTD 368,000,000, with a total of 36,800,000 shares issued at a par value of NTD 10 per share. All shares were issued in non-physical form (including 16,761,297 publicly traded common shares and 20,038,703 privately placed common shares).

Year 2016: On March 16, 2016, the board of directors resolved to invest NTD 50,534 thousand to acquire a 51.13% stake in Abon Touchsystems. The company's accumulated ownership in Abon Touchsystems has reached 81.81%. Abon Touchsystems has officially become a subsidiary of our company. The company specializes in the production of five-wire resistive touch panels and projected capacitive touch panels.

Year 2018: On June 29, 2018, the shareholders' meeting approved a capital reduction of NTD 97,888 thousand to offset losses. This resolution was subsequently approved and recorded by the Financial Supervisory Commission on September 26, 2018, under the letter of approval with reference number 1070334737. Furthermore, the registration change was approved by the Taoyuan City Government on November 28, 2018, under the letter of approval with reference number 10791081230. The Taiwan Stock Exchange Corporation also granted permission for the reduction and issuance of new shares on December 5, 2018, under the letter of approval with reference number 1070023931.
Following the capital reduction, the paid-in capital of the company amounted to NTD 270,112 thousand, with a par value of NTD 10 per share. A total of 27,011,200 new shares were issued, all in electronic form. These shares included 12,302,792 shares of common stock for public trading and 14,708,408 shares of privately placed common stock.

Year 2019: On June 29, 2018, the shareholders' meeting approved a private placement of 21,000,000 new shares, which could be issued in three installments within one year. The first private placement involved the issuance of 3,000,000 new shares, with April 9, 2019, set as the reference date for the first round of private placement. The company received approval for the increase in capital from the Taoyuan City Government under the letter of approval with reference number 10890842830 on April 29, 2019. Following the increase in capital, the paid-in capital of the company amounted to NTD 300,112 thousand.

Year 2019: On June 29, 2018, the shareholders' meeting approved a private placement of 21,000,000 new shares, which could be issued in three installments within one year. The second private placement involved the issuance of 3,500,000 new shares, with May 21, 2019, designated as the reference date for the second round of private placement. On June 18, 2019, the company received approval for the increase in capital from the Taoyuan City Government under the letter of approval with reference number 10890905130. Following the increase in capital, the paid-in capital of the company amounted to NTD 335,112 thousand.

Year 2019: On June 27, 2019, the shareholders' meeting approved a private placement to issue a total of 14,500,000 new shares, to be conducted in four installments within one year. The first private placement involved the issuance of 3,225,000 new shares, with October 23, 2019, designated as the reference date for the first round of private placement. On December 2, 2019, the company received approval for the increase in capital from the Taoyuan City Government under the letter of approval with reference number 10891115500. Following the increase in capital, the paid-in capital of the company amounted to NTD 367,362 thousand.

Year 2020: In 2020, on June 30, the shareholders' meeting approved a private placement to issue a total of 11,000,000 new shares, to be conducted in two installments within one year. The first private placement involved the issuance of 3,012,000 new shares, with September 28, 2020, designated as the reference date for the first round of private placement. On October 16, 2020, the company received approval for the increase in capital from the Taoyuan City Government under the letter of approval with reference number 10991065680. Following the increase in capital, the paid-in capital of the company amounted to NTD 397,482 thousand ($397,482,000), and the total number of issued ordinary shares reached 39,748,200 shares (including 27,445,408 shares from private placement).

Year 2021: In 2021, on May 4, the company received approval from the regulatory authority to change its classification from "Electronic Components Industry" to "Optoelectronics Industry." The letter with reference number 1101802256 from the Taiwan Stock Exchange is on record.

Year 2022: In 2022, on June 30, the shareholders' meeting approved a private placement to issue a total of 8,000,000 new shares, to be conducted in two installments within one year. The first private placement involved the issuance of 4,000,000 new shares, with November 24, 2022, designated as the reference date for the first round of private placement. On December 22, 2022, the company received approval for the increase in capital from the Taoyuan City Government under the letter of approval with reference number 11191157910. Following the increase in capital, the paid-in capital of the company amounted to NTD 397,482 thousand ($397,482,000), and the total number of issued ordinary shares reached 43,748,200 shares (including 31,445,408 shares from private placement).

Year 2023 On March 23, 2023, the Board of Directors approved the establishment of the subsidiary, “Abonmax Green Energy Co., Ltd.” in response to the strategic layout of the Company’s green energy business.

In April 2023, the Green Energy Department was established.

In May 2023, the Company acquired half of shares and controlling power of Yunan Energy Development and Investment Co., Ltd.

On August 10, 2023, the Board of Directors approved the establishment of the subsidiary, “Abonmax Power One Energy Co., Ltd.” in response to the strategic layout of the Company’s green energy business.

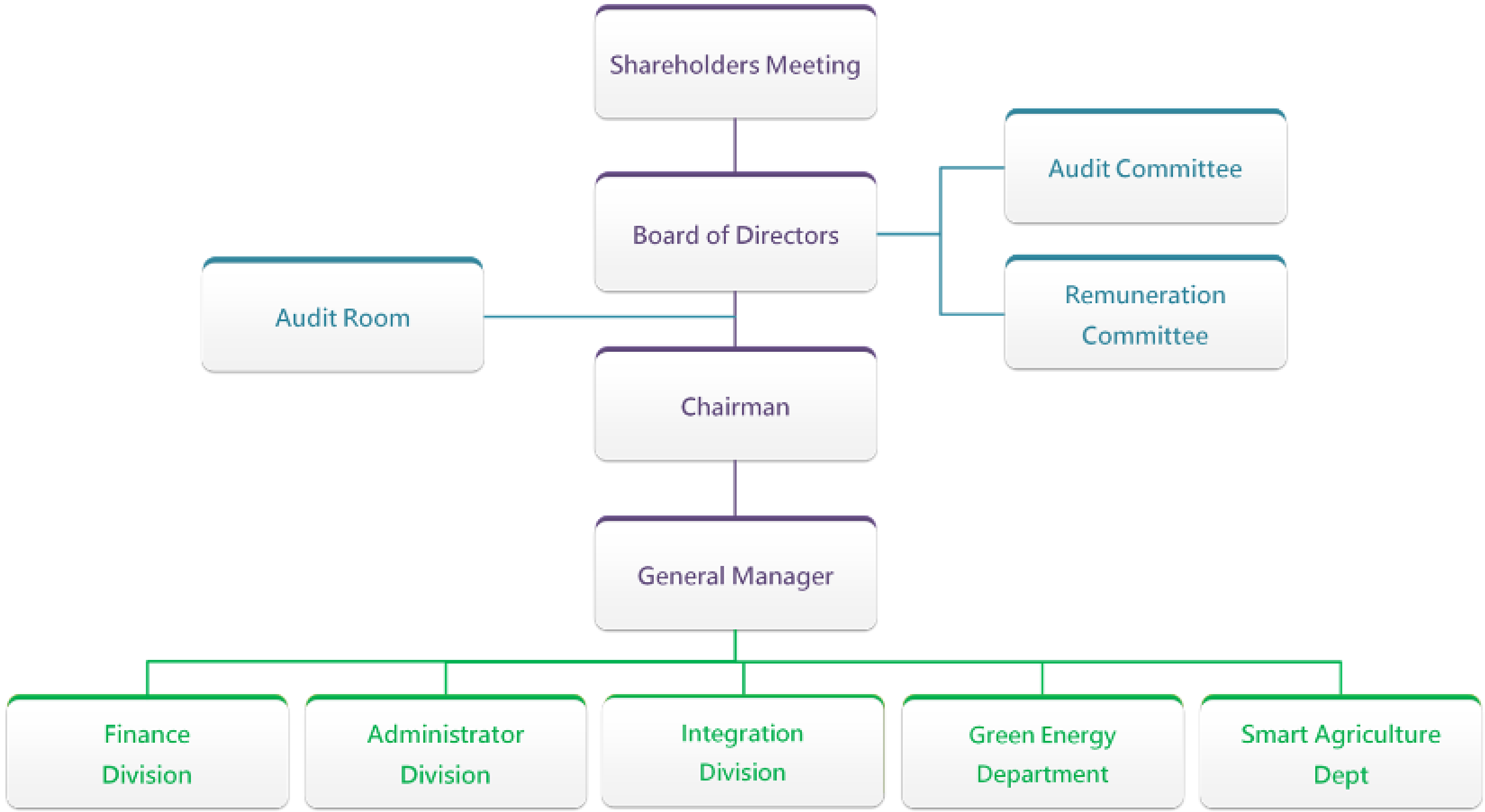
In September 2023, the Board of Directors resolved to dispose of all shares in the Company’s important subsidiary, Abon Touchsystems. The disposal case was resolved and approved at the Extraordinary Shareholder’s Meeting on November 17, 2023, where the settlement date was set to be December 30, 2023.

# III. Corporate Governance Report

1. Organization System：

(1) Corporate Organizational System:

1. Internal Organization



(2) Business Operations of Major Departments

| Department | Business Operations |
|---|---|
| Finance Division | 1. Adherence to Financial Accounting Systems.<br>2. Financial Planning, Allocation, Control, and Utilization.<br>3. Accounting Records, Cost Analysis, and Financial Statement Preparation.<br>4. Handling Various Auditing, Reporting, and Tax-related Matters.<br>5. Compilation and Review of Budget Data: Consolidating and reviewing budget information.<br>6. Support for Shareholder and Board Meetings. |
| Administrator Division | 1. Procurement of Machinery, Equipment, Parts, Raw Materials, and Office Supplies: Responsible for the procurement of machinery, equipment, parts, raw materials, and office supplies.<br>2. General Affairs, Asset, and Administrative Affairs Execution and Management: Handles the execution and management of general affairs, assets, and administrative affairs.<br>3. Human Resources: Includes activities such as recruitment, attendance management, payroll calculation, and related reporting procedures.<br>4. Control of Computer System Permissions, Network Systems, and Servers: Manages and controls computer system permissions, network systems, and servers.<br>5. Enhancing Computer Information System Performance and Mitigating Security Risks: Focuses on improving the performance of computer information systems and reducing security concerns. |
| Integration Division: | 1. Evaluation and implementation of new product development and new production technologies.<br>2. Development and sales of derivative products derived from various departments within the company.<br>3. Participation and execution of tenders related to touch display products from government agencies and educational institutions.<br>4. Talent development and resource management for new product businesses.<br>5. Sales of LCD display panel-related products.<br>6. Providing reliable contract manufacturing quality and stable delivery.<br>7. Promoting customer relationships and enhancing after-sales services. |
| Green Energy Department | 1. Design-planning and executing of solar photovoltaic case, and topic follow-up and monitor.<br>2. Evaluation, audit, planning, and execution of solar photovoltaic tender cases.<br>3. Contracting, construction quality, and progress management.<br>4. Monitoring and maintenance management of power plants. |
| Smart Agriculture Department | 1. Introducing technology related to smart agriculture and installing fully automated facilities.<br>2. Building innovative green houses to put sustainable agriculture into practice.<br>3. Cooperating with government policies to promote Agricultural 4.0.<br>4. Collaborating on the development of agriculture-related facility, equipment, and cultivation technique.<br>5. Planting, cultivation, and harvest management of agricultural products from green house.<br>6. Agricultural product sales and channel management. |
| Internal Audit | 1. Evaluation of the effectiveness of internal control systems and making appropriate recommendations.<br>2. Auditing and monitoring of internal audit and operational process management to ensure compliance with company policies, plans, and established procedures for various transaction activities. |

2. Information of Directors, Supervisors, the General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments

(1) Director and Supervisor Information

April 6, 2024; Unit: Share; %

| Job Title | Name | Gender Age | Nationality or Place of Registration | InitialElection Date | Appointment Date | Term of Office | Time of Election Shares Held | | Currently Shares Held | | Current Shares Held by Spouses and Minor Children | | Shareholding Held in the Name of Others | | Principal Education and Career Background | Currently Serving Posts in the Company and Other Companies | Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of Shares | Shareholding Ratio % | Number of Shares | Shareholding Ratio % | Number of Shares | Shareholding Ratio % | Number of Shares | Shareholding Ratio % | | | Job title | Name | Relationship | |
| Chairman | STAR TREND ENTERPRISE CORP. | - | Taiwan R.O.C. | 2019.06.27 | 2022.06.30 | 3 years | 6,450,000 | 16.22 | 7,545,000 | 17.25 | - | - | - | - | - | - | - | - | - | - |
| | Legal Representative: CHOU,WEI-KUN | Male | Taiwan R.O.C. | 2019.06.27 | 2022.06.30 | 3 years | - | - | - | - | 1,000,000 | 2.29 | - | - | Chairman of Star Trend Enterprise Corp. Space Science Institute, National Central University | Chairman of Star Trend Enterprise Corp. | - | - | - | - |
| Director | Change Investment CO., Ltd. | - | Taiwan R.O.C. | 2019.06.27 | 2022.06.30 | 3 years | 1,000,000 | 2.52 | 1,000,00 | 2.29 | - | - | - | - | - | - | - | - | - | - |
| | Legal Representative: ZHONG, KEVIN | Male | Taiwan R.O.C. | (Note 2) | 2024.02.01 | 3 years | - | - | - | - | - | - | - | - | Attorney of AY Commercial Law Offices. Master of Department of Law of National Taipei University | Independent Director of Min Aik Precision Industrial Co., Ltd. | | | | |
| Director | Seda Prosperity Co., Ltd.(Note 3) | - | Taiwan R.O.C. | 2023.06.29 | 2023.06.29 | 3 years | 6,000,000 | 13.72 | 6,000,000 | 13.72 | - | - | - | - | - | - | | | | |

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Legal Representative: LIN, YI-YING | Female | Taiwan R.O.C. | (Note 4) | 2023.09.18 | 3 years | - | - | - | - | - | - | - | - | Deputy General Manager of United Orthopedic Corporation USA Sector. MBA of University of Chicago | Deputy General Manager of Smart Agriculture Department of our company | | | | |
| Director | XIANG, FU-QI | Male | Taiwan R.O.C. | 2021.08.24 | 2022.06.30 | 3 years | - | - | - | - | - | - | - | - | Director of AbonMax Co., Ltd. Mechanical Engineering Research Institute of National Cheng Kung University | - | - | - | - | - |
| Independent Director | LIN, LI-SYUAN | Male | Taiwan R.O.C. | 2016.06.29 | 2022.06.30 | 3 years | - | - | - | - | - | - | - | - | University of Warwick Ph.D. in Accounting. | Independent Director and member of the Compensation Committee of our company. | - | - | - | - |
| Independent Director | SHEN, HUA-RONG | Male | Taiwan R.O.C. | 2022.06.30 | 2022.06.30 | 3 years | - | - | - | - | - | - | - | - | Chairman of Taiwan Environmental Management Accounting Association. Ph.D. in Management Science from National Chiao Tung University. | Independent Director and member of the Compensation Committee of our company. | - | - | - | - |

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Independent Director | LI, TIAN-XING (Note 3) | Male | Taiwan R.O.C. | 2023.06.29 | 2023.06.29 | 3 years | - | - | - | - | - | - | - | - | Professor of Graduate Institute of Business Administration of Fu Jen Catholic University. PhD in Operations Research and Industrial Engineering of University of Texas at Austin | Director of POWERTECH Industrial Co., Ltd. Independent Director of Max Zipper CO., LTD. | - | - | - | - |

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) 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 (For example, increase of independent directors and more than half of the directorship not serving as employees or managers.): None.

Note 2: Reappointment on February 1, 2024.

Note 3: By-election at the Shareholders' Meeting on June 29, 2023.

Note 4: Reappointment on September 18, 2023.

1. Major Shareholders of Corporate Shareholders:

April 6, 2024

| Name of Corporate Shareholder | Major Shareholders of Corporate Shareholders | |
|---|---|---|
| STAR TREND ENTERPRISE CORP. | CHOU, WEI-KUNN | 96.67% |
| | WU, TSUI-CHUAN | 3.33% |
| Change Investment CO., Ltd. | LIN, YI-SHAN | 40.00% |
| | YU, CHIH-YIN | 40.00% |
| | CHIANG, AI-LAN | 10.00% |
| | LIN, YI-TONG | 10.00% |
| Seda Prosperity Co., Ltd. | STAR TREND ENTERPRISE CORP. | 100.00% |

2. Table 1: Major Shareholders who are Legal Entities: None.

3. Directors and Supervisors Information (2)

1. Professional Qualifications and Independence Disclosure of Directors and Supervisors:

| Conditions / Name | Professional Qualifications and Experience | Independence status | Concurrent positions in other publicly traded companies Number of independent directors in the company |
|---|---|---|---|
| Jurisdic Director STAR TREND ENTERPRISE CORP. Legal Representative of the Board of Directors: CHOU,WEI-KUN | Mr. Chou Wei-Kun has been serving as the Chairman and General Manager of our company since 2019. He also holds the position of Chairman at our subsidiary, Abon Touchsystems Inc. Additionally, he has been serving as the Chairman of Star Trend Enterprise Corp. since 2013. | NA | None |
| Director XIANG, FU-QI | Mr. XIANG, FU-QI has been serving as the Special Assistant to the Chairman since 2020. He assumed the role of Director and Legal Representative (JAIN SHIN) of the company in 2021. On June 30, 2022, he also took on the position of Director as an individual. | NA | None |
| Jurisdic Director Change Investment CO., Ltd. Legal Representative of the Board of Directors ZHONG, KEVIN | Mr. ZHONG, KEVIN has been serving as the Legal Representative of the Board of Directors of Change Investment Co., Ltd since February 2024. He is also a practicing attorney. | NA | 1 |

| | | | |
|---|---|---|---|
| Jurisdic Director<br>Seda Prosperity Co., Ltd. Legal Representative of the Board of Directors:<br>LIN, YI-YING | Mrs. LIN, YI-YING had been the Deputy General Manager of the Green Energy Department since April 2023 and was reappointed as the Deputy General Manager of the Smart Agriculture Department in December 2023. She also took on the position of the Legal Representative of Board of Directors of Seda Prosperity Co., Ltd. | NA | None |
| LIN, LI-SYUAN<br>(Independent Director) | Mr. LIN, LI-SYUAN has been serving as an Independent Director of our company since 2016. He has also been a member of the Compensation Committee since 2012. In addition, he has been an Associate Professor at China University of Culture on a part-time basis for 3 years starting from 2017. Furthermore, he has been a tenured Associate Professor in the Department of Accounting at Yuan Ze University for 29 years starting from 1995. | I, my spouse, or relatives within the second degree of kinship does not exist circumstances described in paragraphs 3 and 4 of Article 26-3; complied with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. | None |
| SHEN, HUA-RONG<br>(Independent Director) | Mr. SHEN, HUA-RONG has been serving as the Chairman of Taiwan Environmental Management Accounting Association since 2015. He has also been serving as a Compensation Committee Member of ABONMAX CO., LTD since 2020. | I, my spouse, or relatives within the second degree of kinship does not exist circumstances described in paragraphs 3 and 4 of Article 26-3; complied with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. | None |
| LI, TIAN-XING<br>(Independent Director) | Mr. LI, TIAN-XING has been serving as the Independent Director and the Remuneration Committee member of our company since 2023. He has also taken the position of the Professor of the Graduate Institute of Business Administration of Fu Jen Catholic University since 1994. | I, my spouse, or relatives within the second degree of kinship does not exist circumstances described in paragraphs 3 and 4 of Article 26-3; complied with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. | 1 |

Note: The director independence situation two years prior to election and during the term of service. (Qualified persons are disclosed in the table above.)

2. Board Diversity and Independence:

(1) Board Diversity:

In order to strengthen corporate governance and promote the sound development of the board of directors, the selection of board members in our company is based on the principles of merit, regardless of nationality, gender, or age. In compliance with regulations, we adhere to the principle of appointing individuals to suitable positions, aiming to enhance the board's effectiveness through the accumulated work experience of directors in areas such as operational management, financial analysis, leadership decision-making, and crisis management.

Achievement of diversity policy:

After evaluating the seven directors of our company, including three independent directors, it is determined that each director possesses relevant experience and meets the company's principles for director selection. The independent directors have work experience in finance, business management, and related practical operational management at the university level. Therefore, the overall board of directors has the expertise and experience to contribute to business judgment, accounting and financial analysis, operational management, crisis management, and decision-making, thereby achieving the goal of board diversity policy.

| Diversity / Directors and Supervisors Name | Nationality | Gender Age | Tenure of Independent Directors | | Related Industries or Academic Experience | Professional Competencies | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 3 years | 3- 9 years | | Finance and Accounting | Business Management | Operating | Risk Management | Concurrent Positions |
| STAR TREND ENTERPRISE CORP. Legal Representative of the Board of Directors: CHOU,WEI-KUN | Taiwan R.O.C. | Male 51~60 | | | V | | V | V | V | V |
| XIANG, FU-QI (Director) | Taiwan R.O.C. | Male 61~70 | | | V | | V | V | V | |
| Change Investment CO., Ltd. Legal Representative of the Board of Directors ZHONG, KEVIN | Taiwan R.O.C. | Male 51-60 | | | V | | V | V | V | |
| Seda Prosperity Co., Ltd. Legal Representative of the Board of Directors: LIN, YI-YING | Taiwan R.O.C. | Female 41~50 | | | V | | V | V | V | V |
| LIN, LI-SYUAN (Independent Director) | Taiwan R.O.C. | Male 71~80 | | V | V | V | | | V | |
| SHEN, HUA-RONG (Independent Director) | Taiwan R.O.C. | Male 71~80 | V | | V | | V | V | V | |
| LI, TIAN-XING (Independent Director) | Taiwan R.O.C. | Male 51-60 | V | | V | V | V | V | V | |

(2) Independence of Independent Directors:

Out of the 7 directors in our company, 3 directors serve as independent directors, accounting for 42.85% of the total board seats. These independent directors are professionals with extensive practical experience.

The 3 independent directors, namely LIN, LI-SYUAN, SHEN, HUA-RONG, and LI, TIAN-XING, meet the qualifications set forth in the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies." They possess the required expertise, work experience, independence, and fulfill the criteria for the number of concurrent positions as independent directors.

| Conditions<br>Name | Professional Qualifications and Experience | Independence status | Concurrent positions in other publicly traded companies Number of independent directors in the company |
|---|---|---|---|
| LIN, LI-SYUAN (Independent Director) | ● Complying with the provisions of Article 2, Paragraph 1 of the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies."<br><br>Mr. LIN, LI-SYUAN has been serving as an Independent Director of our company since 2016. He has also been a member of the Compensation Committee since 2012. In addition, he has been an Associate Professor at China University of Culture on a part-time basis for 3 years starting from 2017. Furthermore, he has been a tenured Associate Professor in the Department of Accounting at Yuan Ze University for 29 years starting from 1995. | ● Meeting the requirements specified in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies."<br>● The situations specified in Article 30 of the Company Act, as well as the provision in Article 27 of the Company Act regarding election by the government, juridical persons, or their representatives, do not apply.<br>● In the past two years, no business, legal, financial, or accounting services have been provided to the Company or its affiliated enterprises.<br>● Independent directors and their spouses, parents, and other close relatives (or individuals acting on their behalf) holding shares of the company and their respective proportions are detailed in Section II, "Board of Directors, General Manager, Deputy General Manager, Managers, and Department/Branch Managers" under subsection (I) "Director Information."<br><br>Whether I, my spouse, or relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the company or its affiliated enterprises; None.<br>Whether I, my spouse, or relatives within the second degree of kinship (or using another person's name) hold any shares or ownership percentage in the company; 0.<br>Whether I hold any positions as a director, supervisor, or employee of any related company; None.<br>Remuneration amounts received in the past 2 years for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises: 0. | 0 |

| | | | |
|---|---|---|---|
| SHEN, HUA-RONG (Independent Director) | ● Compliant with the provisions of Article 2, Paragraph 1 of the "Regulations Governing the Appointment of Independent Directors in Publicly Listed Companies."<br><br>Mr. SHEN, HUA-RONG has been serving as the Chairman of Taiwan Environmental Management Accounting Association since 2015. He has also been serving as a Compensation Committee Member of ABONMAX CO., LTD since 2020. | ● Meeting the requirements specified in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies."<br>● The situations specified in Article 30 of the Company Act, as well as the provision in Article 27 of the Company Act regarding election by the government, juridical persons, or their representatives, do not apply.<br>● In the past two years, no business, legal, financial, or accounting services have been provided to the Company or its affiliated enterprises.<br>● Independent directors and their spouses, parents, and other close relatives (or individuals acting on their behalf) holding shares of the company and their respective proportions are detailed in Section II, "Board of Directors, General Manager, Deputy General Manager, Managers, and Department/Branch Managers" under subsection (I) "Director Information."<br><br>Whether I, my spouse, or relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the company or its affiliated enterprises; None.<br>Whether I, my spouse, or relatives within the second degree of kinship (or using another person's name) hold any shares or ownership percentage in the company; 0.<br>Whether I hold any positions as a director, supervisor, or employee of any related company; None.<br>Remuneration amounts received in the past 2 years for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises: 0. | 0 |
| LI, TIAN-XING (Independent Director) | ● Compliant with the provisions of Article 2, Paragraph 1 of the "Regulations Governing the Appointment of Independent Directors in Publicly Listed Companies."<br><br>Mr. LI, TIAN-XING has been serving as the Independent Director and the Remuneration Committee member of our company since 2023. He has also taken the position of the Professor of the Graduate Institute of Business Administration of Fu Jen Catholic University since 1994. | ● Meeting the requirements specified in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies."<br>● The situations specified in Article 30 of the Company Act, as well as the provision in Article 27 of the Company Act regarding election by the government, juridical persons, or their representatives, do not apply.<br>● In the past two years, no business, legal, financial, or accounting services have been provided to the Company or its affiliated enterprises.<br>● Independent directors and their spouses, parents, and other close relatives (or individuals acting on their behalf) holding shares of the company and their respective proportions are detailed in Section II, "Board of Directors, General Manager, Deputy General Manager, Managers, and Department/Branch Managers" under subsection (I) "Director Information."<br><br>Whether I, my spouse, or relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the company or its affiliated enterprises; None.<br>Whether I, my spouse, or relatives within the second degree of kinship (or using another person's name) hold any shares or ownership percentage in the company; 0.<br>Whether I hold any positions as a director, supervisor, or employee of any related company; None.<br>Remuneration amounts received in the past 2 years for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises: 0. | 1 |

(2) General Manager, Deputy General Managers, Assistant General Managers, Department Heads, and Branch Managers Information.

April 6, 2024; Unit: shares; %

| Job title | Name | Gender | Nationality | Appointment Date | Shares Held | | Shares Held by Spouses and Minor Children | | Shareholding Held in the Name of Others | | Main education and work experience | Currently Serving Posts in Other Companies | Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors | | | Managers Obtaining Employee Stock Option | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of Shares (Shares) | Shareholding Ratio (%) | Number of Shares (Shares) | Shareholding Ratio (%) | Number of Shares (Shares) | Shareholding Ratio (%) | | | Position | Name | Relationship | | |
| General Manager | TSENG, HSIN-CHIEH | Female | Taiwan R.O.C. | 2023.12.01 | — | — | — | — | — | — | Project Manager of Finance Division of Star Trend Enterprise Corp.<br>Assistant Manager of Audit Department and Taxation Administration Department of Deloitte Touche Tohmatsu Limited<br>Taiwan CPA Senior Examination Qualified<br>USCPA ExaminationQualified<br>Master in Professional Accounting of University of Texax<br>Bachelor in Accounting of National Taiwan University | Abonmax Power One Energy Co., Ltd.–Chairman<br>Yunan Energy Development and Investment Co., Ltd.–Chairman<br>Ririwang Renewable Energy Co., Ltd.–Chairman<br>Xuwang Green Energy Co., Ltd.–Chairman<br>Liu Jia Yi Power Co., Ltd.–Chairman | - | - | - | | - |
| Integration Division Deputy General Manager | LIU, LI-HSIN | Male | Taiwan R.O.C. | 2019.11.08 | — | — | 430,000 | 0.98 | — | — | Sales Director of Hong Kong Yutong Group<br>General Manager of Ningbo Chuangshi<br>Electrics Science of Southeast Technical College | **None** | - | - | - | | - |
| Smart Agriculture Department Deputy General Manager | LIN, YI-YING | Female | Taiwan R.O.C. | 2023.12.04 | — | — | — | — | — | — | Deputy General Manager of United Orthopedic Corporation USA Sector–<br>MBA of University of Chicago | **None** | - | - | - | | - |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Green Energy Department Deputy General Manager | KUO, MING-CHANG | Male | Taiwan R.O.C. | 2023.12.04 | — | — | — | — | — | — | Chairman of Otodus Megalodon Energy Investment Co., Ltd.<br>Department of Advertising of National Cheng Chi University | **None** | - | - | - | | - |
| Finance Division Chief Financial Officer | LIU, CHEN-CHEN | Female | Taiwan R.O.C. | 2019.11.08 | - | - | 70,000 | 0.16% | - | - | Accounting Manager of Gigastone International Electronics Corp.<br>Financial Management Department at Chung Hua University | **None** | - | - | - | | - |

Note 1: The table above listed the personnel in office as of the print date of the annual report.

Note 2: Where the general manager or person of an equivalent post (the highest level manager) is the same person, spouse, or relative of the chairman 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: Not applicable due to no such situation.

## 3. Remuneration of Directors (including independent directors), Supervisors, General Manager, and Deputy General Managers

### (1) Remuneration of Directors (including independent directors), disclosed individually with names and remuneration methods

Unit: Thousand NTD; Thousand Shares

| Job title | | Name | Remuneration of Directors | | | | | | | | Proportion of total remuneration for A, B, C, and D to post-tax net income (Note 10). | | Remuneration received as an employee in concurrent positions. | | | | | | | | The total amount and proportion of A, B, C, D, E, F, and G, as well as their respective percentages of net income after tax. (Note 10) | | Remuneration received from investments outside of subsidiaries or parent companies (Note 11) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Remuneration (A) (Note 2) | | Retirement benefits (B) | | Director Compensation (C) (Note 3) | | Business Allowances (D) (Note 4) | | | | Salary, bonus, and special support fees (E) (Note 5) | | Retirement and severance pay (F) | | Employee remuneration (G) (Note 6) | | | | | | |
| | | | The Company | All companies in the financial report (Note 7) | The Company | All companies in the financial report (Note 7) | The Company | All companies in the financial report (Note11) | The Company | All companies in the financial report (Note 7) | The Company | All companies in the financial report | The Company | All companies in the financial report (Note 7) | The Company | All companies in the financial report (Note 7) | The Company | | Financial reports All Companies Included in Financial Statements (Note 7) | | The Company | All companies in the financial report | |
| | | | | | | | | | | | | | | | | | Cash Amount | Stocks Amount | Cash amount | Stocks Amount | | | |
| Director | Chairman | Star Trend Enterprise Corp. Representative: CHOU,WEI-KUN | — | — | — | — | — | — | 93.5 | 133.5 | (0.19) | (0.27) | 2,400 | 2,400.2 | — | — | — | — | — | — | (4.86) | (4.86) | — |
| Director | Director | Change Investment CO., Ltd. Representative: LIN, YI-SHAN (Note 12) | — | — | — | — | — | — | 50 | 80 | (0.1) | (0.16) | 300 | 1,860.2 | — | — | — | — | — | — | (0.61) | (3.77) | — |
| Director | Director | Representative: ZHONG, KEVIN (Note 12) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Director | Director | Seda Prosperity Co., Ltd. | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Director | Director | Representative: CHENG, HSIANG-JEN (Note 13) | — | — | — | — | — | — | 20 | 20 | (0.04) | (0.04) | — | — | — | — | — | — | — | — | (0.04) | (0.04) | — |

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Representative: LIN, YI-YING (Note 13) | — | — | — | — | — | — | 47.5 | 47.5 | (0.10) | (0.10) | 1,200 | 1,200 | — | — | — | — | — | — | (2.53) | (2.53) | — |
| | Director | FAN, YU-LONG (Note 16) | — | — | — | — | — | — | 10 | 10 | (0.02) | (0.02) | 720 | 720 | — | — | — | — | — | — | (1.48) | (1.48) | — |
| | Director | XIANG, FU-QI | — | — | — | — | — | — | 80 | 120 | (0.16) | (0.24) | 945 | 2,490.2 | — | — | — | — | — | — | (1.90) | (5.05) | — |
| Independent Director | Director | LIN, LI-SYUAN | — | — | — | — | 480 | 480 | 97.5 | 97.5 | (1.17) | (1.17) | — | — | — | — | — | — | — | — | (1.17) | (1.17) | — |
| | Director | SHEN, HUA-RONG | — | — | — | — | 480 | 480 | 103.5 | 103.5 | (1.18) | (1.18) | — | — | — | — | — | — | — | — | (1.18) | (1.18) | — |
| | Director | LIN, JIN-LI (Note 14) | — | — | — | — | 80 | 80 | — | — | (0.16) | (0.16) | — | — | — | — | — | — | — | — | (0.16) | (0.16) | — |
| | Director | LI, TIAN-XING (Note 15) | — | — | — | — | 240 | 240 | 40 | 40 | (0.57) | (0.57) | — | — | — | — | — | — | — | — | (0.57) | (0.57) | — |
| | 1. Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by theindependent:directors to the amount of remuneration paid:<br>In addition to the performance evaluation results of the Board of Directors, the remuneration for independent directors of the Company is also determined by the Remuneration Committee's review on the their level of involvement and contribution to the Company operations. Combining the reasonableness and fairness of performance risk with the remuneration received and taking into account the Company's operational performance and industry standards, advices are submitted to the Board of Directors for resolution.<br>2. 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 /any companies in the financial report /invested enterprises): None. | | | | | | | | | | | | | | | | | | | | | | |

Note 12: On February 1, 2024, the legal representative of board of directors of Change Investment Co., Ltd. was reassigned to Mr. ZHONG, KEVIN.

Note 13: On September 18, 2023, the legal representative of board of directors of Seda Prosperity Co., Ltd. was reassigned to Mrs. LIN, YI-YING.

Note 14: On March 10, 2023, Director, LIN, JIN-LI, resigned.

Note 15: On June 29, 2023, Director, LI, TIAN-XING, was elected.

Note 16: On March 24, 2023, Director,FAN, YU-LONG, resigned.

# Remuneration level table

| Payment of remuneration levels for each director of the Company | Director's name | | | |
|---|---|---|---|---|
| | Total amount of the first four levels of remuneration (A+B+C+D) | | Total remuneration for the first seven items (A+B+C+D+E+F+G) | |
| | The Company (Note 8) | All companies in the financial report (H) (Note 9) | The Company (Note 8) | All companies in the financial report (I) (Note 9) |
| Less than $1,000,000. | CHOU, WEI-KUNN, LIN, YI-SHAN, CHENG, HSIANG-JEN, LIN, YI-YING, FAN, YU-LONG, XIANG, FU-QI, LIN, LI-SYUAN, SHEN, HUA-RONG, LIN, JIN-LI, and LI, TIAN-XING | CHOU, WEI-KUNN, LIN, YI-SHAN, CHENG, HSIANG-JEN, LIN, YI-YING, FAN, YU-LONG, XIANG, FU-QI LIN, LI-SYUAN, SHEN, HUA-RONG, LIN, JIN-LI, and LI, TIAN-XING | LIN, YI-SHAN, FAN, YU-LONG, XIANG, FU-QI LIN, LI-SYUAN, SHEN, HUA-RONG, LIN, JIN-LI, and LI, TIAN-XING | FAN, YU-LONG, LIN, LI-SYUAN, SHEN, HUA-RONG, LIN, JIN-LI, and LI, TIAN-XING |
| 1,000,000 NT dollars (inclusive) to 2,000,000 NT dollars (exclusive) | — | — | LIN, YI-YING | LIN, YI-YING and LIN, YI-SHAN |
| 2,000,000 NT dollars (inclusive) to 3,500,000 NT dollars (exclusive) | — | — | CHOU, WEI-KUNN | CHOU, WEI-KUN and XIANG, FU-QI |
| 3,500,000 NT dollars (inclusive) to 5,000,000 NT dollars (exclusive) | — | — | — | — |
| 5,000,000 NT dollars (inclusive) to 10,000,000 NT dollars (exclusive) | — | — | — | — |
| 10,000,000 NT dollars (inclusive) to 15,000,000 NT dollars (exclusive) | — | — | — | — |
| 15,000,000 NT dollars (inclusive) to 30,000,000 NT dollars (exclusive) | — | — | — | — |
| 30,000,000 NT dollars (inclusive) to 50,000,000 NT dollars (exclusive) | — | — | — | — |
| 50,000,000 NT dollars (inclusive) to 100,000,000 NT dollars (exclusive) | — | — | — | — |
| Over NT$100,000,000. | — | — | — | — |
| Total | Total of 10 positions. | Total of 10positions. | Total of 10positions. | Total of 10positions. |

Note 1: The names of directors should be listed separately (for corporate shareholders, the name of the corporate shareholder and the representative should be listed separately), and the amounts of remuneration for both general and independent directors should be disclosed in aggregate.

Note 2: Refers to the remuneration of directors for the most recent fiscal year (including director salaries, position allowances, severance pay, various bonuses, rewards, etc.).

Note 3: Refers to the director's remuneration amount distributed by the board of directors for the most recent fiscal year.

Note 4: Refers to the relevant business execution expenses of the directors for the most recent fiscal year (including transportation expenses, special expenses, various allowances, dormitories, car allocations, etc.). If housing, cars, other transportation, or special personal expenses are provided, the nature and cost of the assets provided, actual or fair market rental fees, fuel costs, and other payments should be disclosed. If a driver is provided, please explain the relevant remuneration provided by the company to the driver, but do not include it in the remuneration.

Note 5: Refers to the total amount received by directors who concurrently serve as employees (including those who concurrently serve as general managers, deputy general managers, other executives, and employees) during the most recent year, including salaries, job allowances, severance pay, various bonuses, rewards, transportation allowances, special allowances, various subsidies, dormitories, company cars, and other tangible benefits. If housing, cars, other transportation, or special personal expenses are provided, the nature and cost of the assets provided, actual or fair market rental fees, fuel costs, and other payments should be disclosed. If a driver is provided, please explain the relevant remuneration provided by the company to the driver, but do not include it in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payments," including the acquisition of employee share option certificates, restricted stock options for employees, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration.

Note 6: The disclosure shall include the amount of employee compensation (including stock dividends and cash dividends) received by directors who concurrently serve as employees (including those serving as general managers, deputy general managers, other managers, and employees) in the most recent year, which was approved by the board of directors. If it cannot be estimated, the proposed distribution amount for this year shall be calculated based on the proportion of actual distribution amount last year, and shall also be listed in Schedule 1-3.

Note 7: The total amount of all companies' (including this company's) remuneration to this company's directors shall be disclosed in the consolidated financial statements.

Note 8: The total amount of remuneration paid by the company to each director shall be disclosed in the corresponding range of ownership, and the name of the director shall be disclosed.

Note 9: The total amount of remuneration paid by all companies (including this company) to each director of this company shall be disclosed in the corresponding range of ownership, and the name of the director shall be disclosed.

Note 10: Net income after tax refers to the net income after tax for the most recent year of the individual or separate financial statements.
Note 11:a. This column shall clearly indicate the amount of remuneration received by the company's directors from investment businesses outside subsidiaries or related parties of the parent company (if none, please indicate "none").
b. If any company director receives remuneration from investees or parent companies outside of subsidiaries, the remuneration should be included in the Remuneration Level Table column I and the column name should be changed to "Parent Company and All Investees Outside of Subsidiaries."
c. Remuneration refers to the compensation received by the directors, supervisors, or executives of the Company in their capacity as directors, supervisors, or executives of the parent company or investees outside of subsidiaries, including remuneration for employees, directors, and supervisors, as well as business execution expenses and related remuneration.
*The contents of the remuneration disclosed in this table are different from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure purposes and not for tax purposes.
Note 12: On February 1, 2024, the legal representative of board of directors of Change Investment Co., Ltd. was reassigned to Mr. ZHONG, KEVIN
Note 13: On September 18, 2023, the legal representative of board of directors of Seda Prosperity Co., Ltd. was reassigned to Mrs. LIN, YI-YING.
Note 14: On March 10, 2023, Director, LIN, JIN-LI, resigned.
Note 15: On June 29, 2023, Director, LI, TIAN-XING, was elected.
Note 16: On March 24, 2023, Director, FAN, YU-LONG, resigned.

## (2) Remuneration of the Supervisors: Not applicable as the Company has an Audit Committee.

## (3) Remuneration for the General Manager and Deputy General Manager

Unit: Thousand NTD; Thousand Shares

| Job Title | Name | Salary (A) (Note 2) | | Retirement benefits (B) | | Bonuses and Special Expenses (C) (Note 3) | | Employee Compensation Amount (D) (Note 4) | | | | The proportion (in percentage) of the total amount of A, B, C, and D to the net profit after tax (Note 8). | | Remuneration received from investments outside of subsidiaries or parent companies (Note 9) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies in the financial report (Note 5) | The Company | All companies in the financial report (Note 5) | The Company | All companies in the financial report (Note 5) | The Company | | All companies in the financial report (Note 5) | | The Company | All companies in the financial report | |
| | | | | | | | | Cash Amount | Stocks Amount | Cash Amount | Stocks Amount | | | |
| General Manager | CHOU, WEI-KUNN (Note 1) | 2,200 | 2,200 | – | – | – | – | – | – | – | – | (4.46) | (4.46) | – |
| General Manager | TSENG, HSIN-CHIEH | 160 | 160 | – | – | – | – | – | – | – | – | (0.32) | (0.32) | – |
| Integration Division Deputy General Manager | LIU, LI-HSIN | 2,016 | 2,016 | – | – | – | – | – | – | – | – | (4.09) | (4.09) | – |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Smart Agriculture Department Deputy General Manager | LIN, YI-YING | 1,200 | 1,200 | — | — | — | — | — | — | — | — | (2.43) | (2.43) | — |
| Green Energy Department Deputy General Manager | KUO, MING-CHANG | 54 | 54 | | | | | | | | | (0.11) | (0.11) | |

Note 1: Since December 1, 2023, CHOU, WEI-KUNN is no longer the General Manager. TSENG, HSIN-CHIEH took the position as the General Manager.

## Remuneration level table

| Pay ranges for the general manager and deputy general manager of the Company | Names of the general manager and deputy general manager | |
|---|---|---|
| | The Company (Note 6) | All companies in the financial report (Note 7) |
| Less than $1,000,000. | TSENG, HSIN-CHIEH and KUO, MING-CHANG | TSENG, HSIN-CHIEH and KUO, MING-CHANG |
| 1,000,000 NT dollars (inclusive) to 2,000,000 NT dollars (exclusive) | LIN, YI-YING | LIN, YI-YING |
| 2,000,000 NT dollars (inclusive) to 3,500,000 NT dollars (exclusive) | CHOU,WEI-KUN and LIU, LI-HSIN | CHOU,WEI-KUN and LIU, LI-HSIN |
| 3,500,000 NT dollars (inclusive) to 5,000,000 NT dollars (exclusive) | — | — |
| 5,000,000 NT dollars (inclusive) to 10,000,000 NT dollars (exclusive) | — | — |
| 10,000,000 NT dollars (inclusive) to 15,000,000 NT dollars (exclusive) | — | — |
| 15,000,000 NT dollars (inclusive) to 30,000,000 NT dollars (exclusive) | — | — |
| 30,000,000 NT dollars (inclusive) to 50,000,000 NT dollars (exclusive) | — | — |
| 50,000,000 NT dollars (inclusive) to 100,000,000 NT dollars (exclusive) | — | — |
| Over NT$100,000,000. | — | — |
| Total | Total of 5 positions. | Total of 5 positions. |

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).
Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.
Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in the most recent fiscal year. If housing, car or other forms of transportation, or personalized expenses are provided,

disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, P. 19 of 94 etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

## (4-1) The remuneration of the top five highest-ranking executives in listed and OTC companies, disclosed individually with their names and remuneration methods (Note 1).

| Job Title | Name | Salary (A) (Note 2) | | Retirement benefits (B) | | Bonuses and Special Expenses (C) (Note 3) | | Employee Compensation Amount (D) (Note 4) | | | | The proportion (in percentage) of the total amount of A, B, C, and D to the net profit after tax (Note 6). | | Remuneration received from investments outside of subsidiaries or parent companies (Note 7) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies in the financial report (Note 5) | The Company | All companies in the financial report (Note 5) | The Company | All companies in the financial report (Note 5) | The Company | | All companies in the financial report (Note 5) | | The Company | All companies in the financial report | |
| | | | | | | | | Cash Amount | Stocks Amount | Cash Amount | Stocks Amount | | | |
| General Manager | CHOU,WEI-KUN | 2,400 | 2,400.2 | — | — | — | — | — | — | — | — | (4.86) | (4.86) | — |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Senior Executive Assistant | XIANG, FU-QI | 945 | 2,490.2 | – | – | – | – | – | – | – | – | (1.92) | (1.92) | – |
| Deputy General Manager | LIU, LI-HSIN | 2,016 | 2,016 | – | – | – | – | – | – | – | – | (4.09) | (4.09) | – |
| Chief Financial Officer | LIU, CHEN-CHEN | 1,668 | 1,668 | – | – | – | – | – | – | – | – | (3.38) | (3.38) | – |
| Deputy General Manager | LIN, YI-YING | 1,200 | 1,200 | – | – | – | – | – | – | – | – | (2.43) | (2.43) | – |

Note 1: The term "top five highest-paid executives" refers to the company's managers. The criteria for identifying these managers shall comply with the guidelines set forth in the letter of the former Ministry of Finance Securities and Futures Bureau dated March 27, 2003, with reference number Tai Cai Zheng San Zi No. 0920001301. The determination of the "top five highest-paid" is based on the total amount of salaries, retirement benefits, bonuses, special allowances received by the company's managers from all consolidated financial reporting companies, as well as employee compensation (i.e., the total of items A+B+C+D), ranked in descending order to identify the top five highest-paid executives. If directors also serve as the aforementioned executives, they should be listed in this table as well as table (1-1).

Note 2: This section provides the salary, position allowances, and severance pay of the top five highest-paid executives in the most recent fiscal year.

Note 3: This section lists the amounts of various bonuses, incentives, transportation allowances, special allowances, subsidies, housing, car benefits, and other forms of remuneration received by the top five highest-paid executives in the most recent fiscal year. If housing, cars, other transportation, or special personal expenses are provided, the nature and cost of the assets provided, actual or fair market rental fees, fuel costs, and other payments should be disclosed. If a driver is provided, please explain the relevant remuneration provided by the company to the driver, but do not include it in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payments," including the acquisition of employee share option certificates, restricted stock options for employees, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration.

Note 4: Fill in the total amount of employee compensation (including stocks and cash) allocated to the top five highest-paid executives approved by the board of directors in the most recent fiscal year. If it is not possible to estimate, calculate the proposed allocation amount for this year based on the proportion of actual allocation amounts from the previous year, and also fill in Annex 1-3.

Note 5: Disclose the total amount of various remunerations paid to the top five highest-paid executives of all companies included in the consolidated financial statements (including the company).

Note 6: Net income after tax refers to the net income after tax for the most recent year of the individual or separate financial statements.

Note 7: a. This column should clearly indicate the amount of remuneration received by the top five highest-paid executives of the company from entities other than subsidiaries or affiliated companies (if none, please state "N/A").

b. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the top five highest-paid executives of the company in their capacity as directors, supervisors, or managers of entities other than subsidiaries or affiliated companies.

*The contents of the remuneration disclosed in this table are different from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure purposes and not for tax purposes.

(4) The names of managers who have distributed employee remuneration and the distribution status: N/A.

(5) Analysis of the total remuneration paid to directors, supervisors, general managers, and deputy general managers of the Company and all consolidated companies in the past two years as a percentage of the individual financial statements' after-tax net income, and the policy, criteria, composition, procedures for setting remuneration, and the correlation with business performance and future risks:

1. Analysis of the proportion of total remuneration paid to the directors, supervisors, general manager, and deputy general manager of the Company and its consolidated subsidiaries in the past two fiscal years as a percentage of the individual financial report's after-tax net income:

| Remuneration as a percentage of after-tax net income (%) Fiscal Year of Payment | Director | | Supervisor | | General Manager and Vice General Manager | |
|---|---|---|---|---|---|---|
| | The Company | Consolidated Financial Statements of All Companies | The Company | Consolidated Financial Statements of All Companies | The Company | Consolidated Financial Statements of All Companies |
| Year 2022 | -0.60 | -0.79 | -0.00 | -0.00 | -8.88 | -8.95 |
| Year 2023 | -7.71 | -3.75 | -- | -- | -23.16 | -10.64 |

2. Compensation Policy, Standards, Composition, and Procedures for Determining Compensation, and the Relationship with Business Performance:

（1） Compensation for Directors and Supervisors: In accordance with the Company's bylaws, the compensation for directors and supervisors is authorized by the Board of Directors based on their level of involvement and contribution to the Company's operations. It is determined with reference to the customary industry salary levels and should not be less than 4% of the year's profit before deducting employee compensation and director and supervisor remuneration, and should not exceed 3% of the year's profit for distributing director and supervisor remuneration. However, when the Company has accumulated losses, they should be compensated. The policy and procedures for determining the compensation for directors and supervisors, as well as the relationship with business performance, are positively correlated.

（2） Compensation for General Managers, Deputy General Managers, and other executives: In accordance with the Company's personnel management regulations and the "Compensation Management Measures for Executives," the base salary for executives is based on factors such as educational background, job performance, and job rank. Allowances are provided based on factors such as job responsibilities, nature of work, professional skills, and working environment. Bonuses are given based on factors such as job performance, contribution, and the Company's profit situation. The policy and procedures for determining the compensation for the General Manager and Deputy General Managers, as well as the relationship with job performance, are positively correlated.

4. Operations of Corporate Governance：

（1） Board of Directors operation situation：

1. During the most recent fiscal year or the current fiscal year up to the date of the publication of the annual report, the Board of Directors held a total of 13 (A) meetings.

(A) The attendance of directors is as follows:

| Job Title | Name | Number of attendance in person (B) | Delegated attendance count | Actual attendance rate (%)【B/A】 | Remarks |
|---|---|---|---|---|---|
| Chairman | Star Trend Enterprise Corp. Representative: CHOU, WEI-KUNN | 13 | 0 | 100.00 | — |
| Director | Change Investment CO., Ltd. Representative: LIN, YI-SHAN | 6 | 0 | 60.00 | Note 1 |
| | ZHONG, KEVIN | 3 | 0 | 100.00 | Note 1 |
| Director | FAN, YU-LONG | 1 | 0 | 100.00 | Note 2 |
| Director | XIANG, FU-QI | 12 | 0 | 92.31 | — |
| Independent Director | LIN, LI-SYUAN | 13 | 0 | 100.00 | — |
| Independent Director | SHEN, HUA-RONG | 13 | 0 | 100.00 | — |
| Independent Director | LI, TIAN-XING | 7 | 0 | 70.00 | Note 3 |
| Director | Seda Prosperity Co., Ltd. Representative: CHENG, HSIANG-JEN | 3 | 0 | 100.00 | Note 4 |
| Director | Seda Prosperity Co., Ltd. Representative: LIN, YI-YING | 6 | 0 | 100.00 | Note 5 |

Note 1:On January 31, 2024, ZHONG, KEVIN was appointed to be the Legal Representative of the Board of Directors, effective from February 1, 2024.
Note 2: Director FAN, YU-LONG resigned on March 15, 2023, effective from March 24, 2023.
Note 3: Appointed at the by-election of Shareholders' Meeting on June 29, 2023.
Note 4: Appointed at the by-election of Shareholders' Meeting on June 29, 2023.On September 18, 2023, LIN, YI-YING was appointed to be the representative of the juristic/corporate director
Note 5: On September 18, 2023, LIN, YI-YING was appointed to be the representative of the juristic/corporate director

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act.: Not applicable as the Company has set up an Audit Committee.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.
2. 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: None.

| Board Meeting Date | Director Name | Content of Motion | Cause for Recusal | Voting Situation |
|---|---|---|---|---|
| 2023.3.23 | LIN, YI-SHAN | The acquisition of private shares in listed companies for short-term investment by the subsidiary company, Abon Touchsystems Inc. | General Manager of Abon Touchsystems Inc. | LIN, YI-SHAN did not participate in the discussion and voting of this motion due to conflict of interest. The rest of the attending directors, including independent directors, agreed and passed the proposal. |
| 2023.5.11 | LIN, YI-SHAN | The acquisition of private shares in listed companies for short-term investment by the subsidiary company, Abon Touchsystems Inc. | General Manager of Abon Touchsystems Inc. | LIN, YI-SHAN did not participate in the discussion and voting of this motion due to conflict of interest. The rest of the attending directors, including independent directors, agreed and passed the proposal. |
| 2023.6.29 | LI, TIAN-XING | Remuneration of the Remuneration Committee members | Individual Remuneration Committee members avoided the involvement in the motion of their remuneration and appointment. | LI, TIAN-XING did not participate in the discussion and voting of this motion due to conflict of interest. The rest of the attending directors, including independent directors, agreed and passed the proposal. |

3. Information on the evaluation cycle, duration, scope, methods, and content of the self-assessment or peer assessment conducted by the Board of Directors, as well as the execution of the board evaluation:

Implementation of Board Evaluation

| Evaluation Period | Evaluation duration | Evaluation Scope | Evaluation Method | Evaluation Content |
|---|---|---|---|---|
| Performed once per year | January 1, 2023 to December 31, 2023 | Board of Directors and its individual members. | Self assessment of the Board of Directors and its individual members. | Evaluation Content:<br>Board performance evaluation includes five aspects: level of participation in company operations, enhancing the quality of board decision-making, board composition and structure, director selection and continuous education, internal controls.<br>Individual director performance evaluation includes grasp of company goals and tasks, awareness of director responsibilities, level of participation in company operations, internal relationship management and communication, director's expertise and continuous education, internal controls.<br>Evaluation Results:<br>The results of the board and individual member performance evaluation are rated as "between satisfactory and good." |

Evaluation results: The results of the board evaluation for the year 2023 were reported to the Board of Directors on March 5, 2024.

4. Evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.:
   1. The Board of Directors of the Company stipulated “Rules of Procedure of the Board of Directors” in compliance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.”
   2. On August 2, 2016, the Company established a RemunerationCommittee to stipulate and regularly review the policies, systems, and structures of the performance evaluation and remuneration for directors and managers.
   3. On June 30, 2022, the Company established an Audit Committee in replacement of the Supervisory System to exercise the duties required by the Securities and Exchange Act, Company Act, and other applicable laws and regulations.
   4. On May 11, 2023, the Company established a Corporate Governance Supervisor to strengthen the functions of the Board of Directors.
   5. The composition of the Company’s Board of Directors is diversified, including different expertise backgrounds in industries, academia, and the law. It also consists of a female director.
   6. The Chairman of the Company does not take the positions of managers.
   7. The Company website includes an “Investor Zone” where the spokesmen’ contact are provided for shareholders to consult information related to company finance and business.

(2) Audit Committee Operations:

1. The Audit Committee operations situation

During the most recent fiscal year of 2023 andthe current fiscal year of 2024 up to the date of the publication of the annual report, the Audit Committee held a total of 13 (A) meetings. The attendance of independent directors is as follows:

| Job Title | Name | Number of attendance in person (B) | Delegated attendance count | Rate of attendance in person (%) (B/A) (Note 1, Note 2) | Remarks |
|---|---|---|---|---|---|
| Independent Director | LIN, LI-SYUAN | 13 | 0 | 100% | — |
| Independent Director | SHEN, HUA-RONG | 13 | 0 | 100% | — |
| Independent Director | LI, TIAN-XING | 7 | 0 | 70% | Note |

Note: Appointed at the by-election of Shareholders' Meetings on June 29, 2023.

Note 1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.:

| Meeting Date and Session | Agenda content and Subsequent Handling |
|---|---|
| March 23, 2023<br>Third time of the first term | 1. Change of accounting supervisor.<br>2. Financial statements for the year 2022<br>3. Appropriation of profit and loss and distribution of dividends for the year 2022.<br>4. "Internal Control System Declaration"<br>5. Review on accountant fees for the year 2023.<br>6. Regular evaluation of the independence and competence of the Company's CPA<br>7. Stipulation of the general principles for the Company's policy on pre-approval of non-assurance services.<br>8. Amendment to the "Operational Procedures for Endorsement and Guarantees" of the Company.<br>9. Changes in the endorsement and guarantee amount for the subsidiary, Abon Touchsystems Inc. and vice versa.<br>10. Establishment of a subsidiary, "AbonMax Green Energy Co., Ltd."<br>11. Addition of business item – semiconductor equipment agency business<br>12. Disposal of partial shares of the subsidiary company, Abon Touchsystems Inc.<br>13. Proposal of the acquisition of private shares in public companies for short-term investment by the subsidiary, Abon TouchsystemsInc.<br>14. Lifting of non-competition restrictions for newly-appointed directors (including independent directors) and their representatives. |
| | Resolutions of the Audit Committee: All members of the committee in attendance approved. |

| | | | |
|---|---|---|---|
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | April 14, 2023<br>Fourth time of the first term | 1. The subsidiary company, AbonMax Green Energy Co., Ltd, proposed to acquire shareholding in Yunan Energy Development and Investment Co., Ltd. | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors:<br>1. AbonMax Green Energy shall establish investment audit committee at its earliest. The technology and fundraising related to future investment projects shall subject to professional evaluation and review.<br>2. The Committee approved the subsidiary's proposed investment in Yunan company. However, the Board of Director shall be reported regarding whether the cooperation mode with Yunan., the future outlook, competitive capability, advantages, reasonableness, fairness, and the number of seats in the board of directors are in line with AbonMax Green Energy's interest and protection<br>3. The finance division should evaluate the handling and rising of future funding resources. | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | May 11, 2023<br>Fifth time of the first term | 1. Proposal of the acquisition of private shares in public companies for short-term investment by the subsidiary, Abon Touchsystems Inc.<br>2. The Company's other overdue receivables are not considered loans of funds to others<br>3. Proposal of issuance of new shares through private placement for the year 2023. | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | June 29, 2023<br>Sixth time of the first term | 1. The subsidiary, "AbonMax Green Energy Co., Ltd,"proposed to participate in the public tender on Pingtung renewable energy installment through its subsidiary, "Yunan Energy Development and Investment Co., Ltd."<br>2. The subsidiary, "AbonMax Green Energy Co., Ltd," proposed to participate in the public tender on Yunlin renewable energy installment through its subsidiary, "Yunan Energy Development and Investment Co., Ltd."<br>3. Proposal of fund increase to the subsidiary, "AbonMax Green Energy Co., Ltd," and investment in renewable energy installment on the plant rooftop in Pingtung through its subsidiary, "Yunan Energy Development and Investment Co., Ltd." | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | August 10, 2023<br>Seventh time of the first term | 1. Proposal of cash capital increase by the Company's important subsidiary, Abon Touchsystems Inc.<br>2. Establishment of a subsidiary, "Mingwei Sunlight Co., Ltd."<br>3. Establishment of a subsidiary, "Abonmax Power One Energy Co., Ltd."<br>4. Proposal of investment in renewable energy installment by the subsidiary, "Abonmax Power One Energy Co., Ltd."<br>5. Proposal of participation in solar photovoltaic installment by "Yunan Energy Development and Investment Co., Ltd.," a subsidiary of "AbonMax Green Energy Co., Ltd." and the Company's proposal of twenty-million capital increase. | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit | |

| | | | |
|---|---|---|---|
| | | Committee: All members of the committee in attendance approved. | |
| | September 15, 2023<br>Eighth time of the first term | 1. Proposal of cash capital increase by the Company's important subsidiary, Abon Touchsystems Inc.<br>2. Proposal of capital increase to the Company's subsidiary, AbonMax Green Energy, Co., Ltd.<br>3. Proposal of investment in renewable energy installment by the subsidiary, "Xuwang Green Energy Co., Ltd."<br>4. Proposal of investment in renewable energy installment by the subsidiary, "Ririwang Green Energy Co., Ltd.." | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | September 27, 2023<br>Ninth time of the first term | 1. The Company abstained from the participation of the first cash capital increase processed by its important subsidiary, Abon Touchsystems Inc., in 2021, which was passed by the Board of Directors on February 3, 2021. To assess such impact on the Company's shareholder interests and continuance in becoming listed, an Independent Expert Opinion Statement was issued to rectify proceeding in accordance with the law.<br>2. The Company abstained from the participation of the second cash capital increase processed by its important subsidiary, Abon Touchsystems Inc., in 2021, which was passed by the Board of Directors on June 21, 2021. To assess such impact on the Company's shareholder interests and continuance in becoming listed, an Independent Expert Opinion Statement was issued to rectify proceeding in accordance with the law.<br>3. Proposed disposal of shareholding in the Company's important subsidiary, Abon Touchsystems Inc. | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | November 9, 2023<br>Tenth time of the first term | 1. Change of Accounting Supervisor<br>2. Consolidated financial statements for the third quarter of 2023<br>3. "Annual Audit Plan" for the year 2024<br>4. Amendment to the internal control system of the Company<br>5. Proposal of investment in renewable energy installment by the subsidiary, "Xuwang Green Energy Co., Ltd."<br>5. Proposal of investment in renewable energy installment by the subsidiary, "Yunan Power One Energy Co., Ltd." | |
| | | Resolutions of the Audit Committee: All members of the committee in attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | November 30, 2023<br>Eleventh time of the first term | 1. Reassignment of General Manager of the Company | |
| | | Resolutions of the Audit Committee: All members of the committeein attendance approved. | |
| | | Any dissenting or qualified opinion or significant recommendation of the independent directors: None | |
| | | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. | |
| | December 28, 2023<br>Twelfth time of the first term | 1. Proposal of solar power plant purchase in Jiali District, Tainan by the subsidiary, "AbonMax Green Energy Co., Ltd."<br>2. Proposal of solar power plant purchase in Guantien District, Tainan by the subsidiary, "AbonMax Green Energy Co., Ltd."<br>3. Proposal of solar power plant purchase in Xinying District, Tainan by "Xuwang Green Energy Co., Ltd.," a subsidiary of "Yunan Energy Development and Investment Co., Ltd."<br>4. Proposal of investment in renewable energy installment in Fongshan District, Kaohsiung by the subsidiary, "Abonmax Power One Energy Co., Ltd." | |
| | | Resolutions of the Audit Committee: Except for Agenda No.4 which was reserved, the rest were approved by all members of the committee in attendance. | |
| | | Any dissenting or qualified opinion or significant recommendation of | |

| | |
|---|---|
| | the independent directors: Agenda No.4 was reserved by all members in attendance and was proceeded for discussion and resolution by the Board of Directors. |
| | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. |
| February 1, 2024<br>Thirteenth time of the first term | 1. The exceeding endorsements and guarantees of the Company and its planning schedule of subsequent improvement<br>2. Proposal of signing a letter of intent on the shareholding in Liangwei Electricity Co., Ltd. and renewable energy power facilities with J&V Energy Technology Co., Ltd. and Xinjia Engineering Co., Ltd. to protect the Company's right of first refusal in price negotiation. |
| | Resolutions of the Audit Committee: All members of the committee in attendance approved. |
| | Any dissenting or qualified opinion or significant recommendation of the independent directors: None |
| | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. |
| March 5, 2024<br>Fourteenth time of the first term | 1. Financial statements for the year 2023.<br>2. Appropriation of profit and loss and distribution of dividends for the year 2023.<br>3. "Internal Control System Declaration"<br>4. Review on accountant fees for the year 2024.<br>5. Regular evaluation of the independence and competence of the Company's CPA.<br>6. Stipulation of the general principles for the Company's policy on pre-approval of non-assurance services.<br>7. Related handling of the first cash capital increase for issuance of new shares for the year 2024. |
| | Resolutions of the Audit Committee: Except for Agenda No.7 which was reserved, the rest were approved by all members of the committee in attendance. |
| | Any dissenting or qualified opinion or significant recommendation of the independent directors: Agenda No.7 was reserved by all members in attendance and was proceeded for discussion and resolution by the Board of Directors. |
| | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. |
| March 14, 2024<br>Fifteenth time of the first term | 1. Handling of issuance of new shares through private placement for the year 2024 |
| | Resolutions of the Audit Committee: All members of the committee in attendance approved. |
| | Any dissenting or qualified opinion or significant recommendation of the independent directors: None |
| | Measures taken by the Company based on the opinions of the Audit Committee: All members of the committee in attendance approved. |

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: There were no resolutions in 2023 in which the independent directors had conflict of interest.
3. 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.)

(1) Communication between Independent Directors and CPA: At least once a year. The purpose of these communications is to discuss the status of financial statement audits, clarify the roles, responsibilities, and independence of the CPA.

(2) Communication between Independent Directors andChief Internal Audit Officer:

1. The results of the audit on the financial and business status of the Company are regularly reported in writing to the independent directors by the internal audit chief. If the independent directors have any opinions, the internal audit chief attends the Audit Committee meeting for communication. There were no exceptional matters in the most recent year.
2. The annual audit plan and the self-assessment report on the effectiveness of the internal control system are submitted to the Audit Committee for review. The internal audit chief attends the Audit Committee meeting for communication. Please refer to the table above for their participation.

## (4) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such departure.

| Evaluation Items | Implementation Status (Note ) | | | The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE &TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary and Explanation | |
| I. Does the company establish and disclose a code of practice of corporate governance in accordance with the “Corporate Governance Best Practice Principles for TWSE &TPEx Listed Companies?” | V | | The Company has established the “Corporate Governance Code of Practice” and has related regulations in place to strengthen management functions, respect interests of stakeholders, and enhance information transparency. | No differences. |
| 2. Equity Structure and Shareholders' Equity of the Company<br>(1) Does the Company have internal procedures in place to handle shareholders’ suggestions, questions, disputes, and lawsuits, and implement these procedures accordingly?<br>(2) Does the Company have a list of its major shareholders and a list of actual controllers of the major shareholders?<br>(3) Does the Company establish and implement risk management and firewall mechanisms with related companies?<br>(4) Does the Company have internal rules that prohibit insiders from trading securities using market information that is not publicly available? | V<br>V<br>V<br>V | | The company has established channels for a spokesperson and proxy spokesperson, company website, and email address to handle related matters. In special cases, the company may seek assistance from legal advisors.<br>The company reports monthly to the Public Information Observation System regarding changes in shareholdings of directors, supervisors, managers, and shareholders holding 10% or more of the company's shares, in accordance with legal requirements.<br>The company has established subsidiary supervision measures, internal control, and internal audit systems to manage risks related to affiliated companies. The financial and business operations of affiliated companies are conducted independently, and the parent company has the authority to conduct audits.<br>The company's internal control system includes "Internal Procedures for Handling Material Nonpublic Information" to regulate such matters. | No differences. |
| 3. Composition and Responsibilities of the Board of Directors<br>(1) The Board of Directors has formulated a policy on diversity, specific management objectives, and has effectively implemented them.<br>(2) Besides the Compensation Committee and Audit Committee, does the company voluntarily set up other functional committees?<br>(3) Has the company established a board performance evaluation method and its evaluation method, conducted performance evaluations regularly every year, and reported the results of the evaluation to the board for use as a reference for individual director compensation and nomination for reappointment? | V<br><br>V | V | The members of the Board of Directors, including independent directors, possess diverse expertise in various fields, which contributes to the company's operations.<br>The company has established a Remuneration and Compensation Committee in compliance with the law but has not established other functional committees at present.<br>On August 13, 2020, the Board of Directors approved the "Board Performance Evaluation Measures" to implement corporate governance and enhance the effectiveness of the Board. The internal performance evaluation is conducted at least once a year. In 2023, the evaluation scope includes the overall Board of Directors and individual board members. The evaluation methods consist of both internal | No differences.<br>No differences found according to operational requirements of the company.<br>No differences. |

| Evaluation Items | Implementation Status (Note ) | | | The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE &TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary and Explanation | |
| | | | assessment within the Board of Directors and self-assessment by individual directors. The internal performance evaluation of the Board of Directors includes the following aspects: 1. Participation in company operations. 2. Enhancement of decision-making quality by the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Selection and continuing education of directors. 5. Internal control. The performance evaluation of board members includes the following:1. Understanding of company objectives and mission. 2. Awareness of director responsibilities. 3. Level of involvement in company operations. 4. Internal relationship management and communication. 5. Directors' expertise and ongoing professional development. 6. Internal controls. The performance evaluation results of the internal self-assessment conducted by the board of directors in 2023, including both the overall board performance and individual director self-assessments, were reported to the board on March 5, 2024. | No differences. |
| (4) Does the company regularly assess the independence of its auditing CPAs? | V | | The independent auditor of our company, KGMP United Accounting Firm, has issued an "Independence Statement" in accordance with Article 47 of the Accountants Act and the Code of Ethics for Professional Accountants Bulletin No. 10. The evaluation results confirm that no incompetence or violations of independence have been found regarding our company's independent auditor. | |
| 4. Does the company have qualified and appropriate personnel for corporate governance and appoint a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing necessary information to directors and supervisors for their duties, assisting directors and supervisors in complying with laws, conducting board meetings and shareholder meetings in accordance with the law, preparing minutes of board and shareholder meetings, etc.)? | V | | The company's Finance Department serves as a part-time unit to promote corporate governance and handle related corporate governance matters. On May 11, 2023, a corporate governance officer was appointed (position taken by the Chief Financial Officer) to execute relevant corporate governance tasks. | No differences. |

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status (Note )</th><th rowspan="2">The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE &TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td>5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and does it have a dedicated section for stakeholders on its website to address important corporate social responsibility (CSR) issues raised by stakeholders?</td><td>V</td><td></td><td>The Company has established a communication channel with stakeholders and set up the Stakeholder Area on the Company website to properly respond to stakeholders' concerns regarding material issues of corporate social responsibility.</td><td>No differences.</td></tr>
<tr><td>6. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders?</td><td>V</td><td></td><td>Mega Securities is appointed as the professional shareholder services agent by the company to handle matters related to shareholders' meetings.</td><td>No differences.</td></tr>
<tr><td>7. Information Disclosure<br>(1) Does the company have a website that discloses financial and corporate governance information?<br>(2) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing judicial person briefings on the company website, etc.)?<br><br>(3) Has the company announced and filed its annual financial report within two months after the end of the accounting year, and announced and filed its first, second, and third quarter financial reports and monthly business operations before the prescribed deadline?</td><td>V<br><br>V</td><td><br><br><br>V</td><td>Yes<br><br>The company currently has both Chinese and English websites where one can obtain relevant information about the company's operations.<br>A spokesperson and a deputy spokesperson have been appointed to represent the company in external communications.<br>The company's website can be accessed at http://www.abonmax.com.tw.<br>The presentation materials of corporate briefings are available in the Investor Relations section of the company's website, providing reference for investors.<br>Financial and operational information is disclosed in the Investor Relations section and is also entered into the Market Observation Post System (MOPS) as required by the Taiwan Stock Exchange. The website for MOPS is http://mops.twse.com.tw.<br><br>Although the company does not announce and file the annual financial report within two months after the end of every fiscal year, we still announce and file the annual financial report within three months of the required deadline after the end of every fiscal year. In the future, we will improve the efficiency of reports preparation and coordinate the audit timeline with accounting firms to complete, announce, and file annual financial reports ahead of time. For the fiscal year of 2023, the company has announced the first, second, and third quarters of financial reports and the monthly</td><td>No differences.<br><br>No differences.<br><br><br>No differences.</td></tr>
</table>

| Evaluation Items | | Implementation Status (Note ) Yes | No | Summary and Explanation | The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE &TPEx Listed Companies |
|---|---|---|---|---|---|
| | | | | operation situation, all of which were filed within the prescribed deadline. | |
| 8. Is there any other important information that helps understand the operation of corporate governance | (1) Employee benefits. | V | | Employee Benefits and Employee Care: The company has established various welfare programs, of which information is located in the Corporate Governance section (Employee Welfare Measures) of the company website. | No differences. |
| | (2) Employee Care | V | | | No differences. |
| | (3) Investor Relations | V | | Investor Relations, Supplier Relationships, and Rights of Stakeholders: The company has established a stakeholder section on its website, accessible at: http://www.abonmax.com.tw]. The company complies with regulations by announcing relevant information regarding finance, business, and insider stock holdings on the Public Information Observation System. Additionally, the company's website features an investor relations section to ensure information disclosure and transparency. | No differences. |
| | (4) Supplier Relationships | V | | | No differences. |
| | (5) Rights of Stakeholders | V | | | No differences. |
| | (6) Training for Directors and Supervisors | V | | The company has followed the guidelines set by the Taiwan Stock Exchange Corporation for the training of directors and supervisors. (Please refer to the note below for details about the relevant training courses: The relevant courses of professional institutions attended by the directors of the Company.) | No differences. |
| | (7) Implementation of Risk Management Policies and Standards for Risk Assessment | V | | The company stipulates regulations in accordance with the law, submits significant motions to the Board of Directors for approval, and implements internal audit checks. | No differences. |
| | (8) Implementation of Customer Policies | V | | The company maintains close communication with its customers, providing timely information on products that align with their interests and ensuring that the products meet expected reliability and quality standards. | No differences. |
| | (9) Insurance Coverage for Directors and Supervisors' Liability | V | | The company has purchased liability insurance for directors and executives. The coverage amount is evaluated annually, and the status of directors' liability insurance renewal is reported to the Board of Directors. | No differences. |
| 9. Please explain the improvement measures implemented in response to the Corporate Governance Evaluation System results of the most recent year published by the Corporate Governance Center of Taiwan Stock Exchange; and propose improvement measures for under-performing aspects: None | | | | | |

The relevant courses of professional institutionsattended by the directors of the Company in 2023 are as follows:

| Job Title | Name | Date of Education | Organizer | Course Name | Study Hours |
|---|---|---|---|---|---|
| Chairman | CHOU, WEI-KUNN | 2023/12/08 | Securities and Futures Institute | 2023 Insider Equity Transaction Compliance Seminar | 3 |
| Chairman | CHOU, WEI-KUNN | 2023/10/20 | Securities and Futures Institute | 2023 Insider Trading Prevention Seminar | 3 |
| Director | LIN, YI-YING | 2023/12/08 | Securities and Futures Institute | 2023 Insider Equity Transaction Compliance Seminar | 3 |
| Director | XIANG, FU-QI | 2023/12/08 | Securities and Futures Institute | 2023 Insider Equity Transaction Compliance Seminar | 3 |
| Independent Director | LIN, LI-SYUAN | 2023/12/08 | Securities and Futures Institute | 2023 Insider Equity Transaction Compliance Seminar | 3 |
| Independent Director | LIN, LI-SYUAN | 2023/10/20 | Securities and Futures Institute | 2023 Insider Trading Prevention Seminar | 3 |
| Independent Director | SHEN, HUA-RONG | 2023/10/20 | Securities and Futures Institute | 2023 Insider Trading Prevention Seminar | 3 |
| Independent Director | LI, TIAN-XING | 2023/04/11 | Securities and Futures Institute | Global Economy and Industrial Technology Development Trends | 3 |
| Independent Director | LI, TIAN-XING | 2023/04/11 | Securities and Futures Institute | Server System Integration Technology and Applicable Opportunities | 3 |

(5) Compensation Committee:

1. The members of the Compensation Committee for the fifth term of our company consist of three independent directors.

| Criteria<br>Identity (Note1) | Name | Professional Qualifications and Experience (Note 2) | Independence Status (Note 3) | Number of members who are also members of the compensation committee of other public corporations. |
|---|---|---|---|---|
| Independent Director | LIN, LI-SYUAN | ● Meeting the requirements of Article 5, Section 1 of the "Regulations for the Establishment and Exercise of Powers of Compensation Committees of Companies Listed on the Stock Exchange or Engaging in Securities Business."<br><br>LIN, LI-SYUAN has served as an independent director of the company since 2016 and as a member of the compensation committee since 2012. Additionally, she has held a concurrent position as an associate professor at Chinese Culture University since 2017 for a period of 3 years. Furthermore, she has been a full-time associate professor in the Department of Accounting at Yuan Ze University for 29 years since 1995. | ● Meeting the requirements specified in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Practice of Independent Directors of Public Companies."<br>● The situations specified in Article 30 of the Company Act, as well as the provision in Article 27 of the Company Act regarding election by the government, juridical persons, or their representatives, do not apply.<br>● In the past two years, no business, legal, financial, or accounting services have been provided to the Company or its affiliated enterprises.<br>● Independent directors and their spouses, parents, and other close relatives (or individuals acting on their behalf) holding shares of the company and their respective proportions are detailed in Section 2, "Board of Directors, Supervisors, General Manager, Deputy General Manager, Managers, and Department/Branch Managers" under subsection (1) "Director Information." | 0 |
| Independent Director (Convener) | SHEN, HUA-RONG | ● Meeting the requirements of Article 5, Section 1 of the "Regulations for the Establishment and Exercise of Powers of Compensation Committees of Companies Listed on the Stock Exchange or Engaging in Securities Business."<br><br>Mr. SHEN, HUA-RONG has been serving as the Chairman of Taiwan Environmental Management Accounting Association since 2015. He has also been serving as a Compensation Committee Member of ABONMAX CO., LTD since 2020. | | 0 |
| Independent Director | LI, TIAN-XING | ● Meeting the requirements of Article 5, Section 1 of the "Regulations for the Establishment and Exercise of Powers of Compensation Committees of Companies Listed on the Stock Exchange or Engaging in Securities Business."<br><br>Mr. LI, TIAN-XING has been serving as the independent director and the member of the Remuneration Committee of the Company since 2023. Since 1994, he has taken the position of the Professor at the Graduate Institute of Business Administration of Fu Jen Catholic University. | | 1 |

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent

director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. ____. For "Capacity," please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Responsibilities of the Remuneration Committee:
In accordance with Article 7 of the Organizational Regulations of the Remuneration Committee, the committee shall faithfully fulfill the following duties with due care of a good administrator and submit its recommendations to the Board of Directors for discussion.
(1) Regularly review and propose amendments to these regulations.
(2) Establish and periodically review the policies, systems, standards, and structures of the annual and long-term performance objectives and remuneration of the company's directors, supervisors, and executives.
(3) Regularly evaluate the achievement of performance objectives by the company's directors, supervisors, and executives and determine the content and amount of their individual remuneration.

3. Operation of the Remuneration Committee of the company:
(1) The Compensation Committee of the company consists of three members.
(2) Term of the current committee: From June 30, 2022, to June 29, 2025.During the most recent fiscal year or the current fiscal year up to the date of the publication of the annual report,the Remuneration Committee held a total of 5 (A) meetings. The qualification and attendance of the committee members are as follows:

| Job Title | Name | Number of attendance in person (B) | Delegated attendance count | Rate of attendance in person (%)【B/A】 | Remarks |
|---|---|---|---|---|---|
| Convenor | SHEN, HUA-RONG | 5 | 0 | 100% | – |
| Committee member | LIN, LI-SYUAN | 5 | 0 | 100% | – |
| Committee member | LI, TIAN-XING | 2 | 0 | 66.67% | Note |

Note: Committee member, LI, TIAN-XING, accepted the appointment on June 29, 2023.

Other items that shall be recorded:
1. If the Board of Directors rejects or amends the suggestions of the Compensation Committee, the date, session number, proposal content, results of Board resolution, and the Company's handling of Compensation Committee's opinions should be recorded in details (e.g., where the compensation approved by the Board is higher than the compensation suggested by the Compensation Committee, the difference and reasons should be detailed): None.
2. If any Committee member has objections and/or reservations with the resolutions of the Compensation Committee and such situations were recorded or as written statements, the committee meeting date, session number, proposal content, all members' opinions, and the handling of opinions shall be

documented in details. None

3. Topics of discussion and resolutions of the Remuneration Committee and handling of member opinions by the company:

| Dates of the Remuneration Committee meetings | Agenda content | Resolutions and opinions of all members |
|---|---|---|
| Second time of the fifth term 2023.03.23 | 1. Compensation proposal for the newly appointed Production Manufacturing Department Plant Manager.<br>2. Compensation proposal for the newly appointed Semiconductor Business Division Assistant Manager.<br>3. Appointment of the new Accounting Manager's compensation proposal.<br>4. Amendment to the "Executive Compensation Management Policy" of the company. | All attending committee members approved the proposals. |
| Third time of the fifth term 2023.05.11 | 1. New appointment of Deputy General Manager’s compensation proposal.<br>2. New appointment of Finance Project Manager’s compensation proposal. | All attending committee members approved the proposals. |
| Fourth time of the fifth term 2023.9.15 | 1. Payment of traffic allowance for the attending members of the Investment Review Committee.<br>2. Amendment to the “Director, Independent Director, and Supervisor RemunerationDistribution Policy” of the Company | All attending committee members approved the proposals. |
| Fifth time of the fifth term 2023.11.9 | 1. Remuneration of the newly appointed Accounting Supervisor of the Company.<br>3. Payment of traffic allowance for the attending members of the Investment Review Committee. | All attending committee members approved the proposals. |
| Sixth time of the fifth term 2023.11.30 | 1. Remuneration of the newly appointed Deputy General Manager of the Green Energy Department.<br>2. Reassignment of the General Manager and the remuneration of the newly appointed General Manager. | All attending committee members approved the proposals. |

4. Scope of responsibilities of the Remuneration Committee:

The Remuneration Committee shall exercise its duties with due care and faithfully fulfill the following responsibilities, submitting its recommendations for discussion by the Board of Directors:

1. Formulating and regularly reviewing policies, systems, standards, and structures for evaluating and rewarding the performance of directors and executives.
2. Periodically evaluating and determining the remuneration and compensation of directors and executives.

(1) For committee members who have resigned before the end of the fiscal year, their departure date shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings and their actual attendance during their tenure.

(2) For committee elections before the end of the fiscal year, both new and outgoing committee members should be listed, and it should be indicated in the remarks column whether the member is outgoing, newly appointed, reappointed, or elected in a new election, along with the respective dates. The actual attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings and the actual attendance of each member during their tenure.

(6) Implementation of sustainable development and differences from the practical guidelines for listed and OTC companies' sustainable development and the reasons

| Initiatives for promotion. | Implementation Status (Note 1) | | | Differences and reasons from sustainability practices guidelines for listed and OTC companies. |
|---|---|---|---|---|
| | Yes | No | Summary and Explanation | |
| 1. Is the company established with a governance framework for promoting sustainable development, including the establishment of dedicated personnel responsible for driving sustainable development initiatives, authorized by the board of directors and supervised by the board of directors? | V | | 1. The governance framework for promoting sustainable development in the company is led by the Chief Executive Officer, with the Finance Department holding a (concurrent) role. At least once a year, the Finance Department reports to the Board of Directors on the progress of sustainable development initiatives and is supervised by the Board of Directors.<br>2. On May 11, 2023, the Board of Directors decided to establish a Governance Manager position, to be held concurrently by the Chief Financial Officer.<br>3. The part-time position responsible for promoting sustainable development reports to the Board of Directors on sustainability issues and implementation outcomes within the company. | No differences. |
| 2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to its operations, in accordance with the principles of materiality, and established relevant risk management policies or strategies? (Note 2) | V | | The company has not yet implemented risk assessments related to environmental, social, and corporate governance issues that are relevant to its business operations, nor has it established related risk management policies or strategies. | No differences. |
| 3. Environmental issues<br>(1) Has the company established an appropriate environmental management system based on its industry characteristics? | V | | The company obtained ISO-14001 certification for its environmental management system in 2011 (currently valid from September 3, 2020, to September 2, 2023). The company is committed to improving pollution prevention, energy and resource conservation, and waste reduction. It | No differences. |

| | | | | |
|---|---|---|---|---|
| | | | implements feasible improvement plans to reduce overall environmental risks. | |
| (2) The company is committed to enhancing energy efficiency and utilizing low-impact renewable materials to minimize environmental burdens? | V | | The company is actively promoting a low-carbon and environmentally friendly environment, as well as the development of green products to reduce greenhouse gas emissions. | No differences. |
| (3) Has the company assessed the potential risks and opportunities of climate change on its current and future operations and implemented relevant measures? | V | | The company has established a part-time position in the Finance Department, with the General Manager as the highest responsible executive. Detailed implementation schedules for various projects have been formulated, and the Board of Directors provides oversight and controls the phased targets. The content mainly includes talent training, internal verification and external validation planning, greenhouse gas inventory and reporting planning, etc. | No differences. |
| (4) Has the company compiled data on greenhouse gas emissions, water consumption, and total waste weight for the past two years, and developed policies for greenhouse gas reduction, water conservation, or other waste management? | V | | The company continuously promotes and implements activities to conserve energy and reduce carbon emissions for the love of the Earth. Process water consumption is reduced through effective production and control management to minimize emissions. Effective resource recycling is implemented to reduce waste and achieve sustainable resource reuse. Non-recyclable general business waste is cleared and properly handled through institutions designated by the Environmental Protection Agency. | No differences. |
| 4. Social Issues<br>(1) Does the Company establish management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | V | | The company adheres to relevant labor laws and regulations to ensure the legitimate rights and interests of employees. The company has established various measures to comply with the provisions of labor laws and regulations, allowing all company personnel to follow them. | No differences. |

| | | | | |
|---|---|---|---|---|
| (2) Has the company established and implemented reasonable employee welfare measures (including salary, vacation, and other benefits), and appropriately reflected business performance or results in employee compensation? | V | | The company has established relevant measures that clearly define the compensation and rewards system. Regular evaluations of employee performance are conducted, and employee benefits such as labor insurance, health insurance, retirement funds, and statutory leave under the Labor Standards Act are provided in accordance with the law. Red envelopes are provided during the Lunar New Year.<br>Regarding the appropriate reflection of business performance or results in employee compensation: According to Article 25 of the company's bylaws, if the company generates profits during the fiscal year, 5% of the profits should be allocated for employee compensation, and director compensation should not exceed 3%. However, in the case of accumulated losses, the company should reserve funds to offset the losses in advance. | No differences. |
| (3) The company provides a safe and healthy working environment for employees and regularly conducts safety and health education. | V | | The company regularly provides employee health checks and periodically conducts safety and health education for employees.<br>The company has established safety and health regulations, which include guidelines for workplace safety, fire safety, access control management, emergency handling, and regular operational standards for occupational safety.<br>High-voltage electrical equipment inspections are conducted once a year. | No differences. |
| (4) The company establishes an effective career development and training plan for employees. | V | | In our company, each department has the opportunity to participate in job examinations based on their expertise and interests. Supervisors also consider employees' skills and may arrange training and transfers accordingly, aiming to find the right fit for each individual and allow them to fully utilize their strengths. | No differences. |

| | | | | |
|---|---|---|---|---|
| (5) With regard to issues such as customer health and safety, customer privacy, marketing and labeling related to products and services, does the company comply with relevant laws and international standards, and develop relevant policies and complaint procedures to protect consumer or customer rights? | V | | Our company complies with relevant laws and regulations regarding the marketing and labeling of products and services. We address consumer inquiries about products, after-sales services, customer complaints, and conduct necessary investigations without any discrimination. | No differences. |
| (6) Has the company established a supplier management policy, requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and implemented such policy? | V | | Our company requires suppliers to meet the requirements of environmental protection, occupational health and safety, and human rights. We lead by example and conduct supplier evaluations to collectively shape a better trading environment. | No differences. |
| 5. Does the company refer to internationally recognized reporting standards or guidelines when preparing non-financial information disclosure reports such as sustainability reports? Has the aforementioned report obtained a confirmation or assurance opinion from a third-party verification agency? | | V | Our company has not yet formulated a corporate social responsibility (CSR) policy. However, we comply with relevant laws by publicly disclosing company information and significant messages on the Public Information Observation System. We also include relevant CSR information in our annual reports. | A CSR policy has not been established. |
| 6. If the company has its own sustainability guidelines in accordance with the "Practice Guidelines for Sustainable Development of Listed and OTC Companies," please describe the differences between its operation and the established guidelines: Our company has not yet formulated its own sustainability guidelines. | | | | |
| 7. Other important information that helps understand the implementation of sustainable development: Relevant information is disclosed on our company's website and the Public Information Observation System. | | | | |

Note 1: If selected "Yes" for the implementation status, please provide specific details on the important policies, strategies, measures, and execution status. If selected "No" for the implementation status, please explain the differences and reasons compared to the sustainable development practices guidelines for listed and OTC companies, and describe the plans for future adoption of related policies, strategies, and measures. However, for the implementation of items one and two, listed and OTC companies should disclose the governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and goal setting, and review measures. Additionally, the company should state its risk management policies or strategies for environmental, social, and corporate governance issues related to its operations, as well as their evaluation status.
Note 2: The materiality principle refers to issues related to environmental, social, and corporate governance that have significant impacts on the company's investors and other stakeholders.
Note 3: Please refer to the Taiwan Stock Exchange's Corporate Governance Center website for disclosure methods and best practice reference examples.

(7) Compliance with integrity in business operations and differences with the integrity guidelines for listed and OTC companies

| Evaluation Items | Operational Status | | | Departure from the Ethical Corporate Management Best Practice Principles for TWSE &TPEx Listed Companies, and reasons |
|---|---|---|---|---|
| | Yes | No | Summary and Explanation | |
| 1. Formulating Policies and Plans for Ethical Corporate Management<br>(1) Has the company established a policy of ethical management approved by the board of directors and clearly stated the policy and practices of ethical management in regulations and external documents, and has the board of directors and senior management actively implemented the commitment to the management policy? | | V | The Board of Directors of the Company has approved and stipulated the "Integrity Business Code,"the"Procedures for Ethical Management and Guidelines for Conduct," and the "Code of Ethical Conduct"which explicitly state the policies and practices of integrity business and the awareness and commitment of the Board and the management to implement such business policies. | No significant differences. |
| (2) Has the company established a risk assessment mechanism for dishonest behavior, regularly analyzed and evaluated business activities with higher risk of dishonest behavior within its scope of business, and formulated measures to prevent dishonest behavior, covering at least preventive measures for each item in Article 7, Paragraph 2 of the "Code of Conduct for Integrity in Listed and OTC Companies"? | | V | The Board of Directors of the Company has approved and stipulated the "Integrity Business Code,"the"Procedures for Ethical Management and Guidelines for Conduct," and the "Code of Ethical Conduct" as the ethical conducts standards for the Company's directors and managers. The Company emphasizes integrity business from the management to employees. We regularly analyze and evaluate risks of dishonest behaviors within the scope of business, plan internal organizations, structures, and allocations of responsibilities, set up check-and-balance mechanisms for mutual supervision, and prevent unethical conducts through the checking mechanisms of the internal audit units. | No significant differences. |
| (3) Has the company clearly defined operating procedures, behavioral guidelines, disciplinary measures for violations, and appeal procedures in its plan to prevent dishonest behavior, and implemented and periodically reviewed and revised the | | V | The Company stipulated the"Procedures for Ethical Management and Guidelines for Conduct," set up check-and-balance mechanisms for mutual supervision, regularly propagandizes and examine | No significant differences. |

| | | | | |
|---|---|---|---|---|
| aforementioned plan? | | | integrity business policies, and prevents unethical conducts through the checking mechanisms of the internal audit units. | |
| 2. Implementation of Integrity in Business Operations<br>(1) Does the company evaluate the integrity records of its business counterparts and include clauses on ethical conduct in contracts signed with them? | | V | The Company and customers as well asvendors whom it does business with all adhere to the principle of integrity. We promote contractual legitimacy and keep taps on transactions between customers and vendors. Should there be circumstances of significant abnormality; evaluations will be conducted to terminate transactions. | No significant differences. |
| (2) Has the company established a dedicated unit under the Board of Directors to promote corporate integrity and reports regularly (at least once a year) to the Board of Directors on its integrity management policy, measures to prevent dishonest behavior, and the monitoring and implementation status? | | V | The Company designated the Governance Supervisor to be the responsible unit, which is subordinate to the Board of Directors and reports to the Board of Directors (at least once per year). | No significant differences. |
| (3) Has the company formulated a policy to prevent conflicts of interest, established appropriate channels for reporting, and ensured its implementation? | | V | Should there be conflict of interests, employees of the Company may report not only to the direct departmental supervisors, but also the management departments. Should there be conflict of interests in proposals of the Board of Directors; the relevant personnel shall not participate in the voting. | No significant differences. |
| (4) Does the company have effective accounting and internal control systems in place to implement corporate integrity, and does the internal audit unit develop relevant audit plans based on the assessment of the risk of dishonest behavior, and use them to verify compliance with anti-dishonesty behavior plans, or commission accountants to conduct audits? | | V | The Company has professional and effective accounting and internal control mechanisms in place. All employees adhere to the audit plans formulated by the internal audit unit and are provided with ample assistance. In the event of dishonest behaviors with potential risks, immediate and effective improvementwill be carried out, of which information will be reported to the Board of Directors annually. Accountants will also confirm the effectiveness of the internal control simultaneously when conducting annual audits on financial statements. | No significant differences. |

| | | | | |
|---|---|---|---|---|
| (5) Does the company regularly conduct internal and external education and training on ethical corporate management? | | V | The Company propagandizes the relevant information of integrity business on an unscheduled basis through employee educational trainings or meetings. | No significant differences. |
| 3. Implementation of the Company's Whistleblowing System<br>(1) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing? | | V | The Company stipulated the “Implementation Measures for Reporting System,” set up Stakeholder Area, and provides “Stakeholder Communication Channel and Reporting Email.” The responsible unit is the Audit Office. Internal and external personnel may submit anonymous reports or email. | No significant differences. |
| (2) Has the company established standard operating procedures for investigating reported matters, including the actions to be taken after the investigation and relevant confidentiality measures? | | V | The responsible unit for reporting affairs of the Company is obligated to the confidentiality of the informants. All reported cases are handled confidentially and appropriate protection measures are taken to ensure informants’ privacy. | No significant differences. |
| (3) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions? | | V | The Company strictly protects whistleblowers. Cases are handled with entire confidentiality to protect whistleblowersfrom inappropriate disciplinary actions. | No significant differences. |
| 4. Strengthening Information Disclosure<br>Has the company disclosed the content and effectiveness of its code of conduct on its website and the Public Information Observation Station? | | V | The Company has an official website in place (https://www.abonmax.com.tw/index.php) in which the planning the relevant information is disclosed. | No significant differences. |
| 5. If the company has established its own integrity management guidelines based on the "Integrity Management Guidelines for Listed and OTC Companies," please describe the differences between their operation and the established guidelines: The Company has stipulated the “Integrity Business Code,”the“Procedures for Ethical Management and Guidelines for Conduct,” and the “Code of Ethical Conduct” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.” There is no significant difference between the actual implementation and the contents of the codes. | | | | |
| 6. Other important information that contributes to understanding the company's integrity management operation: The company's business philosophy is based on integrity, teamwork, professionalism, and dignity. The company continually promotes its business philosophy and emphasizes adherence to the principle of "integrity" through education and training for all employees. The company also enters into procurement contracts with suppliers that specify the rights and obligations of both parties in terms of buying, selling, and cooperation, and strictly prohibits favoritism, fraud, and bribery. | | | | |

(8) If the company has established corporate governance guidelines and related provisions, the disclosure of their access methods should be provided: The Company upholds the spirit of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and stipulated the relevant regulations such as the “Corporate Governance Code of Practice,” the “Integrity Business Code,” the “Code of Ethical Conduct,” the “Processing Procedures of Internal Major Information,” the “Rules of Procedure of the General Meeting of Shareholders,” the “Rules of Procedure of the Board of Directors,” and the“Organizational Rules of Salary and Compensation Committee” to implement corporate governance. Regarding the Company’s Corporate Governance Code of Practice and its relevant regulations, please refer to the official website (http://www.abonmax.com.tw) or the Market Observation Post System.

(9) Other significant information that enhances understanding of the company's corporate governance practices:Please refer to the official website of the Company or the Market Observation Post System.

(10) Implementation status of the internal control system:

1. Internal control statement: Please refer to page 38 of the annual report.

2. If an accountant is entrusted to examine the internal control system, the audit report shall be disclosed: None.

Items that should be disclosed on the status of implementation of the internal control system:

# Internal Control System Statement

## Abonmax Co., Ltd Internal Control System Statement

Date: March 5, 2023

This Internal Control System Statement is issued based on the self-assessment results of the Company for 2023.

1. The Company is fully aware that the establishment, implementation and maintenance of its internal control system are the responsibility of the Board of Directors and managing officers. In this regard, the Company has already established such a system, aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.
2. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures have been implemented within the Company's internal control policies to facilitate immediate. rectification once procedural flaws are identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: i. Environment control, ii.Risk assessment, iii. Operation control, iv. Information and communication, and v. Monitoring.Each element further contains several items. For more nformation on the abovementioned items, please refer to the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, timeliness, transparency, and ompliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been approved by the Board of Directors' meeting of the Company held on March 5, 2024, where none of the 6 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Abonmax Co., Ltd

Chairman: CHOU, WEI-KUN Signature and Seal

President: TSENG, HSIN-CHIEHSignature and Seal

(11) Recent Year and Up to the Date of Annual Report Printing, the Company and its Internal Personnel Punishments According to Law, Company's Punishments for Violations of Internal Control System Regulations by Internal Personnel, Major Deficiencies, and Improvement Status: None.

(12) In the most recent fiscal year and up to the date of printing of the annual report, important resolutions of the shareholders' meeting and the board of directors are as follows:

1. Important resolutions and implementation status of the 2023 shareholders' meeting:

| |
|---|
| ● Approval of the 2022 business report and financial statements.<br>Implementation status: Resolution passed. |
| ● Approval of the appropriation of losses for the year 2022.<br>Implementation status: Resolution passed. |
| ● The resolution to revise the endorsement and guarantee operational procedures has been passed.<br>● Implementation status: The revised articles of incorporation have been announced on the company's website. |
| ● The resolution to revise the rules of the shareholders' meeting has been passed.<br>Implementation status: The revised articles of incorporation have been announced on the company's website. |
| ● The resolution to conduct a private placement of new shares through cash capital increase has been passed.<br>Implementation status: A total of 4,000 thousand shares were issued for the private placement of new shares through cash capital increase, with 4,000 thousand shares remaining unexecuted. The board of directors passed a resolution on March 14, 2024, to no longer proceed with this case. A significant announcement was made after the meeting to inform the investors. |
| ● By-election of director and independent director with the appointment date from June 29, 2023 to June 29, 2025.<br>Implementation status: The Independent Director, LI, TIAN-XING, and the Representative, CHENG, HSIANG-JEN, of the Jurisdic Director, Seda Prosperity Co., Ltd. were elected. |

2. Important resolutions and implementation status of the 2023 shareholders' extraordinary meetings:

| |
|---|
| ● Approval of disposal of shareholding in the important subsidiary, Abon Touchsystems Inc.<br>Implementation status: A significant announcement was made after the meeting to inform the investors. |

3. Important resolutions of the Board of Directors as of the date of the annual report printing:

| | |
|---|---|
| Fifth term Board of Directors Fourth Meeting<br>2023.03.23 | 1. Approved the change of the accounting supervisor.<br>2. Approved the appointment of a new Manufacturing Plant Director.<br>3. Approved the appointment of a new Deputy Manager of the Semiconductor Division.<br>4. Approved the "Annual Operation Plan" for the year 2023.<br>5. Approved the financial statements for the year 2022.<br>6. Approved the deficit offset and distribution of dividends for the year 2022.<br>7. Approved the "Internal Control System Declaration" of the company. |

| | |
|---|---|
| | 8. Approved the review of the auditors' fees for the year 2023.<br>9. Approved the assessment of the independence of the signing auditors.<br>10. Approved the establishment of general principles for the company's policy on pre-approval of non-assurance services.<br>11. Approved the amendment to the "Operational Procedures for Endorsement and Guarantees" of the company.<br>12. Approved the changes in the endorsement guarantee amount for subsidiary companies.<br>13. Approved the short-term financing arrangement with Taishin Commercial Bank.<br>14. Approved the short-term financing arrangement with T.C.C.B.<br>15. Approved the short-term financing arrangement with Hua Nan Commercial Bank, Lichang Branch.<br>16. Approved the short-term financing arrangement with Chailease Finance Co., Ltd. or Jihsun Securities Co., Ltd.<br>17. Approved the proposed investment to establish a subsidiary, "ABONMAX GREEN ENERGY CO., LTD."<br>18. The company proposes to expand its business scope by engaging in semiconductor equipment agency business.<br>19. Not approved the partial disposal of shares of a subsidiary.<br>20. Approved the short-term investment plan for subsidiary companies.<br>21. Approved the addition of 2 independent directors and 1 general director through supplementary election.<br>22. Approved the lifting of non-competition restrictions for newly appointed directors, including independent directors, and their representatives.<br>23. Approved matters related to convening the annual general meeting of shareholders for the year 2023.<br>24. Approved the nomination, proposal submission, acceptance period, and acceptance location for the annual general meeting of shareholders for the year 2023. |
| Fifth term Board of Directors Fifth Meeting 2023.04.17 | 1. Approved the cancellation of the election for 1 independent director.<br>2. Approved the revision of matters related to convening the annual general meeting of shareholders for the year 2023.<br>3. Approved the revision of matters related to the acceptance of nominations, proposals, acceptance period, and acceptance location for the annual general meeting of shareholders for the year 2023. |
| Fifth term Board of Directors Sixth Meeting 2023.05.11 | 1. Reviewed the list of nominees and qualifications for the supplementary election of directors and independent directors for the year 2023.<br>2. Approved the decision to no longer proceed with the issuance of common shares through private placement for the year 2022.<br>3. Approved the implementation of private placement for the issuance of new shares for the year 2022.<br>4. Approved the appointment of a new Deputy General Manager.<br>5. Approved the appointment of a new Corporate Governance Officer.<br>6. Approved the appointment of a new Project Manager in the Finance Department.<br>7. Approved the investment in private equity shares by a subsidiary.<br>8. Approved the retrospective approval of investments made by a subsidiary.<br>9. Approved the establishment of an Investment Review Committee.<br>10. Passed the amendment to the "Shareholders' Meeting Rules" of the |

| | |
|---|---|
| | company.<br>11. Passed the resolution regarding the overdue receivables from Abunno Co., Ltd., which is not classified as a loan.<br>12. Passed the amendment to the matters concerning the convening of the shareholders' general meeting for the year 2023. |
| Fifth term Board of Directors Seventh Meeting<br>2023.06.29 | 1. Approved the appointment of the Remuneration Committee members.<br>2. Approved the participation in the public tender of Pingtong renewable energy installment by the subsidiary company.<br>3. Approved the participation in the public tender of Yunlin renewable energy installment by the subsidiary company.<br>4. Approved the capital increase to the subsidiary for investment in the renewable energy installment on the factory rooftop in Pingtong. |
| Fifth term Board of Directors Eighth Meeting<br>2023.08.10 | 1. Approved the selection of the Investment Review Committee members of the Company.<br>2. Approved the amendment to the “Methods of Board Performance Evaluation” of the Company.<br>3. Approved the amendment to the “Processing Procedures of Internal Major Information.”<br>4. Approved the amendment to the “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties.”<br>5. Approved the proposal of cash capital increase by the Company’s important subsidiary, Abon Touchsystems Inc.<br>6. Approved the proposal of establishing a subsidiary, “Mingwei Sunlight Co., Ltd.”<br>7. Approved the proposal of establishing a subsidiary, “Abonmax Power One Energy Co., Ltd.”<br>8. Approved the cancellation of registration of the subsidiary in China, “Shenzhen Sungsung Optoelectronics Co., Ltd.”<br>9. Approved the proposal of investment in renewable energy installment by the subsidiary, “Abonmax Power One Energy Co., Ltd.”<br>10. Approved the capital increase of twenty million of “Yunan Energy Development and Investment Co., Ltd,” a subsidiary of “AbonMax Green Energy Co., Ltd.” |
| Fifth term Board of Directors Ninth Meeting<br>2023.09.15 | 1. Approved the proposal of cash capital increase by the Company’s important subsidiary, Abon Touchsystems Inc.<br>2. Approved the proposal of capital increase to the subsidiary, AbonMax Green Energy Co., Ltd.<br>3. Approved the proposal of investment in renewable energy installment by the subsidiary, “Xuwang Green Energy Co., Ltd.”<br>4. Approved the proposal of investment in renewable energy installment by the subsidiary, “Ririwang Renewable Energy Co., Ltd.”<br>5. Approved the payment of reviews on committee members by the Investment Review Committee.<br>6. Approved the amendment to the “Rules of Remuneration and Remuneration Distribution for Directors, Independent Directors, and Supervisors.” |
| Fifth term Board of Directors Tenth Meeting | 1. The Company abstained from the participation of the first cash capital increase processed by its important subsidiary, Abon Touchsystems Inc., in 2021, which was passed by the Board of Directors on February 3, 2021. To assess such impact on the Company’s shareholder interests and continuance in becoming listed, an Independent Expert Opinion Statement was issued to rectify proceeding in accordance with the law. |

| | |
|---|---|
| 2023.09.27 | 2. The Company abstained from the participation of the second cash capital increase processed by its important subsidiary, Abon Touchsystems Inc., in 2021, which was passed by the Board of Directors on June 21, 2021. To assess such impact on the Company's shareholder interests and continuance in becoming listed, an Independent Expert Opinion Statement was issued to rectify proceeding in accordance with the law.<br>3. Approved the proposal of shareholding disposal in the Company's important subsidiary, Abon Touchsystems Inc.<br>4. Approved the convening of the first Shareholders' Extraordinary Meeting for the year 2023. |
| Fifth term Board of Directors Eleventh Meeting<br>2023.11.09 | 1. Approved the change of Accounting Supervisor of the Company.<br>2. Approved the consolidated financial statements of the Company for the third quarter of 2023.<br>3. Approved the "2024 Annual Audit Plan" of the Company.<br>4. Approved the amendment to partial items in the internal control mechanisms.<br>5. Approved the proposal of investment in renewable energy installment by the subsidiary, "Xuwang Green Energy Co., Ltd."<br>6. Approved the proposal of investment in renewable energy installment by the subsidiary, "Yunan Power One Energy Co., Ltd."<br>7. Approved the payment of traffic allowance for the attending members of the Investment Review Committee.<br>8. Approved the stipulation of "Corporate Governance Code of Practice."<br>9. Approved the stipulation of "Integrity Business Code."<br>10. Approved the stipulation of "Code of Ethical Conduct."<br>11. Approved the stipulation of "Procedures for Ethical Management and Guidelines for Conduct."<br>12. Approved the stipulation of "Implementation Measures for the Reporting System."<br>13. Approved the change of Company spokesman. |
| Fifth term Board of Directors Twelfth Meeting<br>2023.11.30 | 1. Approved the proposal of disposal of shareholding in the Company's important subsidiary, Abon Touchsystems Inc. and setting of the settlement date.<br>2. Approved the new appointment of the Deputy General Manager of the Green Energy Department.<br>3. Approved the change of the General Manager of the Company.<br>4. Approved the funding conditions of the capital increase to the subsidiary, AbonMax Green Energy Co., Ltd.<br>5. Approved the proposal of capital increase of ten million by AbonMax Green Energy Co., Ltd. for investment in its subsidiary, Yunan Energy Development and Investment Co., Ltd.<br>6. Approved the capital increase of six million of Yunan Energy Development and Investment Co., Ltd., a subsidiary of AbonMax Green Energy Co., Ltd. |
| Fifth term Board of Directors Thirteenth Meeting<br>2023.12.28 | 1. Approved the proposal of solar power plant purchase in Jiali District, Tainan by the subsidiary, "AbonMax Green Energy Co., Ltd."<br>2. Approved the proposal of solar power plant purchase in Guantien District, Tainan by the subsidiary, "AbonMax Green Energy Co., Ltd."<br>3. Approved the proposal of solar power plant purchase in Xinying District, Tainan by "Xuwang Green Energy Co., Ltd.," a subsidiary of "Yunan Energy Development and Investment Co., Ltd."<br>4. Approved the proposal of investment in renewable energy installment in Fongshan District, Kaohsiung by the subsidiary, "Abonmax Power |

| | |
|---|---|
| | One Energy Co., Ltd.” |
| Fifth term Board of Directors Fourteenth Meeting 2024.02.01 | 1. Approved the amendment to “Company Policy.”<br>2. Approved the amendment to “Designation of Decision-Making Authority.”<br>3. Approved the amendment to “Rules of Procedure of the Board of Directors.”<br>4. Approved the proposal of signing a letter of intent on the shareholding in Liangwei Electricity Co., Ltd. and renewable energy power facilities with J&V Energy Technology Co., Ltd. and Xinjia Engineering Co., Ltd. |
| Fifth term Board of Directors Fifteenth Meeting 2024.03.05 | 1. Approved the “Annual Operating Plan for the year 2024.”<br>2. Approved the financial statements for the year 2023.<br>3. Approved the appropriation of profit and loss and distribution of dividends for the year 2023.<br>4. Approved the “Internal Control Statement.”<br>5. Approved the review on accounting fees for the year 2024.<br>6. Approved the regular assessment of the independence and competence of the Company’s CPA.<br>7. Approved the stipulation of the general principles for the Company’s policy on pre-approval of non-assurance services.<br>8. Approved the short-term financing by Taishin International Bank.<br>9. Approved the relevant handling of the first cash capital increase for issuance of new shares for the year 2024.<br>10. Approved the proposal of the Company’s sound operating plan in coordination with the first cash capital increase for issuance of new shares for the year 2024.<br>11. Approved the convening of Shareholders’ Meeting for the year 2024.<br>12. Approved the stipulation of proposal acceptance, period, and place by shareholders at Shareholders’ Meeting for the year 2024.<br>13. Approved the reduction in transaction price of the purchase in Liangwei Electricity Co., Ltd. from J&V Energy Technology Co., Ltd. and Xinjia Engineering Co., Ltd. |
| Fifth term Board of Directors Sixteenth Meeting 2024.03.14 | 1. Approved that the ordinary share issuance through private placement for the fiscal year of 2023 is no longer in execution. .<br>2. Approved the amendment to the “Regulations of Seal Management and Application.”<br>3. Approved the issuance of new shares through private placement for the year 2024.<br>4. Approved the convening of Shareholders’ Meeting for the year 2024.<br>5. Approved the amendment to the proposal acceptance, period, and place by shareholders at Shareholders’ Meeting for the year 2024. |

(13) 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.

(14) 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 personnel, including chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

| Job Title | Name | Date of appointment | Date of termination | Reason for resignation or dismissal |
|---|---|---|---|---|
| Accounting Supervisor: | YANG, HUI-AN | 2023/02/16 | 2023/08/16 | Personal Career Planning |

5. CPA Fee Information：

(1) Information on Certified Public Accountants' Fees

Amount unit: NTD in thousands.

| Name of accounting firm | Name of the accountant | Auditor's review period | Audit Fees | Non-Audit Fees | Total | Remarks |
|---|---|---|---|---|---|---|
| KGMP United Accounting Firm. | Lien, Shu-Ling<br>Chen, Ying-Ju | 2023.01.01~2023.12.31 | 2,200 | 0 | 2,200 | - |

(2) The term "audit fees" refers to the fees paid by the company to the certified public accountants for the audit, review, and review of financial forecasts.

(3) If there has been a change in the accounting firm and the audit fees paid for the current year are lower than the previous year, the amounts and reasons for the change in audit fees before and after the change should be disclosed: No such case exists.

(4) If the audit fees have decreased by more than 10 percent compared to the previous year, the amount, percentage, and reasons for the decrease in audit fees should be disclosed: No such case exists.

6. Information on changing accounting firms: None.

7. The name, title, firm name of the Company’s Chairperson of the Board, General Manager, and manager in charge of financial or accounting affairs, who has worked in the auditing firm or its affiliated enterprises in the recent one year,shall be disclosed: None.

8. Recent changes in share transfers and pledge of shares involving directors, supervisors, executives, and shareholders holding more than 10% of the shares, up to the date of printing of the annual report:

(1) Changes in the Shareholding of Directors, Supervisors, Managers, and Major Shareholders:

Unit: Shares

| Job title | Name | Year 2022 | | Year 2023 | | As of April6, 2024 | |
|---|---|---|---|---|---|---|---|
| | | Increase (decrease) in the number of shares held. | Increase (decrease) in the number of shares pledged. | Increase (decrease) in the number of shares held. | Increase (decrease) in the number of shares pledged. | Increase (decrease) in the number of shares held. | Increase (decrease) in the number of shares pledged. |
| Chairman | STAR TREND ENTERPRISE CORP. | 5,570,000 | (1,000,000) | (5,400,000) | – | 925,000 | – |
| | Representative: CHOU,WEI-KUN | – | – | – | – | – | – |
| Director | Seda Prosperity Co., Ltd. | – | – | 6,000,000 | – | – | – |
| | Representative: LIN, YI-YING | – | – | – | – | – | – |

(2) Related parties among directors, supervisors, managers, and relative parties involved in the transfer of ownership exceeding 10% of the shares of major shareholders: None.

(3) Related parties among directors, supervisors, managers, and relative parties involved in the pledge of ownership exceeding 10% of the shares of major shareholders: None.

9. The relationship information among the top ten shareholders based on their respective shareholding percentages is as follows:

Unit: Shares; %

| Name | Shares Held Shares Held | | Shares Held by Spouses and Minor Children | | Total Shares Held in the Name of Other Persons | | The top ten shareholders have relationships with each other or are spouses or relatives within the second degree. Please provide the names or identities and their relationships. | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | Name (Or Name) | Relation | |
| STAR TREND ENTERPRISE CORP. | 7,545,000 | 17.25% | - | - | - | - | - | - | |
| Representative: CHOU, WEI-KUNN | - | - | - | - | - | - | CHOU, WEI-KUNN | Chairman of the corporate shareholder | |
| Seda Prosperity Co., Ltd. | 6,000,000 | 13.71% | - | - | - | - | - | - | |
| Representative: LIN, YI-YING | - | - | - | - | - | - | CHOU, WEI-KUNN | Chairman of the corporate shareholder | |
| JAIN SHIN ELECTRONIC CO., LTD. | 2,049,920 | 4.69% | - | - | - | - | - | - | |
| Change Investment CO., Ltd. | 1,000,000 | 2.29% | - | - | - | - | - | - | |
| Representative: ZHONG, KEVIN | - | - | - | - | - | - | - | - | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| LIN, CHIN-YUAN | 1,000,000 | 2.29% | | | | | - | - | |
| HT PRECISION TECHNOLOGIES, INC. | 1,000,000 | 2.29% | - | - | - | - | - | - | |
| WU, TSUI-CHUAN | 1,000,000 | 2.29% | - | - | - | - | CHOU, WEI-KUNN | Spouse | |
| CHEN, CHIU-LAN | 998,240 | 2.28% | - | - | - | - | - | - | |
| KO, CHIEN-YU | 895,164 | 2.05% | - | - | - | - | - | - | |
| LAI, CHIN-TSAI | 704,640 | 1.61% | - | - | - | - | TSAO, YUEH-HSI A | Spouse | |
| TSAO, YUEH-HSIA | 704,640 | 1.61% | - | - | - | - | LAI, CHIN-TSAI | Spouse | |
| LIU, TUNG-JUI | 643,855 | 1.47% | - | - | - | - | - | - | |
| HUANG, SHIH-KUNG | 612,000 | 1.40% | | | | | - | | |
| NIU, CHI-TSANG | 605,638 | 1.38% | | | | | - | | |

Note 1: All top ten shareholders, including corporate shareholders, should be listed, with the names of the corporate shareholders and their representatives listed separately.
Note 2: The calculation of shareholding percentage should include shares held under one's own name, as well as those held under the name of one's spouse, minor children, or held by others on one's behalf.
Note 3: The disclosure of relationships between the shareholders listed above, including both corporate and natural persons, should be made in accordance with the disclosure requirements of the financial reporting standards for issuers.
Note 4: The information is based on the shareholder registry as of the most recent record date (April6, 2024).

## 10. The total shareholding of the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same investee business, and the comprehensive shareholding percentage calculated on a consolidated basis:

Unit: Shares; %

| Investee Enterprise | Investments made by the company. | | Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled | | Comprehensive Investment | |
|---|---|---|---|---|---|---|
| | Number of Shares | Shareholding Percentage | Number of Shares | Shareholding Percentage | Number of Shares | Shareholding Percentage |
| Shenzhen Sungsung Optoelectronics Co., Ltd. | (Note 1) | 100% | - | - | (Note 1) | 100% |
| Goal Reachholdings Limited | - | 100% | - | - | - | 100% |
| AbonMax Green Energy Co., Ltd. | 3,100,000 | 100% | - | - | 3,100,000 | 100% |
| Abonmax Power One Energy Co., Ltd. | 20,000 | 100% | - | - | 20,000 | 100% |
| Yunan Energy Development and Investment Co., Ltd.(Note 2) | 1,500,000 | 50% | - | - | 1,500,000 | 50% |
| Xuwang Green Energy Co., Ltd.(Note 3) | 1700,000 | 100% | - | - | 1700,000 | 100% |
| Liu Jia Yi Power Co., Ltd.(Note 3) | 1,000,000 | 100% | - | - | 1,000,000 | 100% |
| Ririwang Renewable Energy Co., Ltd.(Note3) | 200,500 | 100% | - | - | 200,500 | 100% |

Note 1: It is a limited liability company; therefore, there is no number of shares to calculate earnings per share.
Note 2: It is aninvestee enterprise with 50% investment by AbonMax Green Energy Co., Ltd.
Note 3: It is an investee enterprise with 100% investment byYunan Energy Development and Investment Co., Ltd..

# IV. Funding Status

1. Share capital and shares

(1) Source of Share Capital

1. Share Capital Formation

Unit: Thousand shares; NTD; Thousand NTD

| Year/Month | Issue Price (NTD) | Authorized Capital | | Paid-In Capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares (1,000 shares) | Amount (Thousand NTD) | Number of Shares (1,000 shares) | Amount (Thousand NTD) | Source of Share Capital | Offset of capital with non-cash assets | Others |
| 1978.11 | 10 | 8,000 | 80,000 | 2,000 | 20,000 | Cash incorporation | None | - |
| 1984.06 | 10 | 8,000 | 80,000 | 6,000 | 60,000 | Cash capital increase of 40,000 thousand NTD | None | - |
| 1987.07 | 10 | 8,000 | 80,000 | 8,000 | 80,000 | Cash capital increase of 20,000 thousand NTD | None | - |
| 1990.08 | 10 | 16,000 | 160,000 | 10,000 | 100,000 | Cash capital increase of 20,000 thousand NTD | None | - |
| 1991.04 | 10 | 18,000 | 180,000 | 18,000 | 180,000 | Cash capital increase of 20,000 thousand NTD Increase in capital through surplus: 60,000 thousand NTD. | None | - |
| 1997.09 | 10 | 100,000 | 1,000,000 | 49,600 | 496,000 | Cash capital increase of 100,000 thousand NTD Increase in capital through surplus: 216,000 thousand NTD. | None | Note 1 |
| 1998.06 | 10 | 100,000 | 1,000,000 | 62,000 | 620,000 | Increase in capital through surplus: 124,000 thousand NTD. | None | Note 2 |
| 1999.10 | 10 | 100,000 | 1,000,000 | 74,927 | 749,270 | Increase in capital through surplus: 129,270 thousand NTD. | None | Note 3 |
| 2000.10 | 10 | 100,000 | 1,000,000 | 82,739 | 827,385 | Increase in capital through surplus: 78,115 thousand NTD. | None | Note 4 |
| 2005.10 | 10 | 250,000 | 2,500,000 | 100,000 | 1,000,000 | Private placement capital increase of 172,615 thousand NTD | None | Note 5 |
| 2006.02 | 10 | 250,000 | 2,500,000 | 44,726 | 447,262 | Capital reduction of 552,738 thousand NTD | None | Note 6 |
| 2006.04 | 10 | 250,000 | 2,500,000 | 62,530 | 625,300 | Private placement capital | None | Note 7 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | increase of 178,038 thousand NTD | | |
| 2006.10 | 10 | 250,000 | 2,500,000 | 157,530 | 1,575,300 | Private placement capital increase of 950,000 thousand NTD | None | Note 8 |
| 2007.08 | 10 | 250,000 | 2,500,000 | 188,000 | 1,880,000 | Private placement capital increase of 304,700 thousand NTD | None | Note 9 |
| 2008.06 | 10 | 250,000 | 2,500,000 | 60,470 | 604,700 | Capital reduction of 1,275,300 thousand NTD | None | ote 10 |
| 2010.02 | 10 | 250,000 | 2,500,000 | 20,000 | 200,000 | Capital reduction of 404,700 thousand NTD | None | ote 11 |
| 2010.02 | 10 | 250,000 | 2,500,000 | 130,000 | 1,300,000 | Private placement capital increase of 1,100,000 thousand NTD | None | ote 12 |
| 2013.01 | 10 | 250,000 | 2,500,000 | 20,800 | 208,000 | Capital reduction of 1,092,000 thousand NTD | None | ote 13 |
| 2013.10 | 10 | 250,000 | 2,500,000 | 36,800 | 368,000 | Cash capital increase of 160,000 thousand NTD | None | ote 14 |
| 2018.11 | 10 | 250,000 | 2,500,000 | 27,011.2 | 270,112 | Capital reduction of 97,888 thousand NTD | None | ote 15 |
| 2019.04 | 10 | 250,000 | 2,500,000 | 30,011.2 | 30,011.2 | Private placement capital increase of 30,000 thousand NTD | None | ote 16 |
| 2019.06 | 10 | 250,000 | 2,500,000 | 33,511.2 | 335,112 | Private placement capital increase of 35,000 thousand NTD | None | ote 17 |
| 2019.12 | 10 | 400,000 | 4,000,000 | 36,736.2 | 367,362 | Private placement capital increase of 32,250 thousand NTD | None | ote 18 |
| 2020.10 | 10 | 400,000 | 4,000,000 | 39,748.2 | 397,482 | Private placement capital increase of 30,120 thousand NTD | None | ote 19 |
| 2022.12 | 10 | 400,000 | 4,000,000 | 43,748.2 | 437,482 | Private placement capital increase of 34,000 thousand NTD | None | ote 20 |

Note 1: Approved under Approval Document No. (86) Tai Cai Zheng (1) No. 74777.
Note 2: Approved under Approval Document No. (87) Tai Cai Zheng (1 No. 59647.
Note 3: Approved under Approval Document No. (88) Tai Cai Zheng (1) No. 78625.
Note 4: Approved under Approval Document No. (89) Tai Cai Zheng (1) No. 55221.
Note 5: Approved under Approval Document No. 09401198250 dated October 5, 2005.
Note 6: Approved under Approval Document No. 09531680510 dated February 15, 2006.
Note 7: Approved under Approval Document No. 09501067910 dated April 14, 2006.
Note 8: Approved under Approval Document No. 09501254550 dated November 16, 2006.
Note 9: Approved under Approval Document No. 09601198340 dated August 20, 2007.

Note 10: Approved under Approval Document No. 09701137900 dated June 13, 2008.
Note 11: Approved under Approval Document No. 09932636500 dated February 1, 2010.
Note 12: Approved under Approval Document No. 09901030190 dated February 11, 2010.
Note 13: Approved under Approval Document No. 10233067880 dated January 15, 2013.
Note 14: Approved under Approval Document No. 10233927590 dated October 3, 2013.
Note 15: Approved under Approval Document No. 10791081230 dated November 28, 2018.
Note 16: Approved under Approval Document No. 10890842830 dated April 29, 2019.
Note 17: Approved under Approval Document No. 10890905130 dated June 18, 2019.
Note 18: Approved under Approval Document No. 10891115500 dated December 2, 2019.
Note 19: Approved under Approval Document No. 10991065680 dated October 16, 2020.
Note 20: Approved under Approval Document No. 11191157910 dated December 22, 2022.

2. Type of Shares

As of April6, 2024; Unit: shares

| Number of Shares Type of Shares | Approved Share Capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding Shares | Unissued Shares | Total | |
| Common Share | 12,302,792 | 360,251,800 | 400,000,000 | Listed Stock |
| Private Placement | 31,445,408 | 0 | 0 | Private Placement Common Stock |

3. Comprehensive Declaration System: None.

(2) Shareholding structure

As of April6, 2024; Unit: shares; %

| Shareholding Structure / Quantity | Government Agencies. | Financial Institutions Agencies. | Other Corporations | Individuals | Foreign institutions and foreigners | Total |
|---|---|---|---|---|---|---|
| Number of people | 0 | 1 | 21 | 2,825 | 11 | 2,858 |
| Shares Held | 0 | 32,000 | 18,655,846 | 24,651,350 | 409,004 | 43,748,200 |
| Shareholding Ratio | 0.00 | 0.073% | 42.643% | 56.348% | 0.936% | 100.00% |

(3) Ownership Structure

As of April6, 2024; Unit: shares; %

| Shareholding categories | Number of Shareholders | Shares Held | Shareholding Ratio |
|---|---|---|---|
| 1 to 999 | 1,587 | 116,919 | 0.27% |
| 1,000 to 5,000 | 847 | 1,888,875 | 4.32% |
| 5,001 to 10,000 | 165 | 1,383,490 | 3.16% |
| 10,001 to 15,000 | 56 | 719,445 | 1.64% |
| 15,001 to 20,000 | 31 | 565,242 | 1.29% |
| 20,001 to 30,000 | 41 | 1,071,082 | 2.45% |
| 30,001 to 40,000 | 15 | 528,964 | 1.21% |
| 40,001 to 50,000 | 17 | 790,121 | 1.81% |
| 50,001 to 100,000 | 47 | 3,386,247 | 7.74% |
| 100,001 to 200,000 | 22 | 2,932,832 | 6.70% |
| 200,001 to 400,000 | 11 | 3,197,744 | 7.31% |
| 400,001 to 600,000 | 5 | 2,408,142 | 5.50% |
| 600,001 to 800,000 | 5 | 3,270,773 | 7.48% |
| 800,001 to 1,000,000 | 6 | 5,893,404 | 13.47% |
| 1,000,001 and above | 3 | 15,594,920 | 35.65% |
| Total | 2,858 | 43,748,200 | 100.00% |

(4) List of Major Shareholders: Shareholders with a shareholding percentage of 5% or more, or among the top ten shareholders by shareholding percentage, their names, shareholding quantities, and shareholding percentages.

As of April6, 2024; Unit: shares; %

| Shares / Major Shareholder Name | Shares Held | Shareholding Ratio |
|---|---|---|
| STAR TREND ENTERPRISE CORP. | 7,545,000 | 17.25% |
| Seda Prosperity Co., Ltd. | 6,000,000 | 13.71% |
| JAIN SHIN ELECTRONIC CO., LTD. | 2,049,920 | 4.69% |
| Change Investment CO., Ltd. | 1,000,000 | 2.29% |
| LIN, CHIN-YUAN | 1,000,000 | 2.29% |
| HT PRECISION TECHNOLOGIES, INC. | 1,000,000 | 2.29% |
| WU, TSUI-CHUAN | 1,000,000 | 2.29% |
| CHEN, CHIU-LAN | 998,240 | 2.28% |
| KO, CHIEN-YU | 895,164 | 2.05% |
| LAI, CHIN-TSAI | 704,640 | 1.61% |
| TSAO, YUEH-HSIA | 704,640 | 1.61% |
| LIU, TUNG-JUI | 643,855 | 1.47% |

| | | |
|---|---|---|
| HUANG, SHIH-KUNG | 612,000 | 1.40% |
| NIU, CHI-TSANG | 605,638 | 1.38% |

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

Unit: NTD 1,000

| Item \ Year | | | Year 2022 | Year 2023 | Current fiscal year up to March 31, 2024 (Note 8) |
|---|---|---|---|---|---|
| Per Share Market Price (Note 1) | Highest | | 20.9 | 23.45 | 19.7 |
| | Lowest | | 8.99 | 9.65 | 18 |
| | Average | | 13.96 | 17.52 | 20.62 |
| Per Share Net Asset Value (Note 2) | Dividend before distribution | | 5.73 | 5.34 | – |
| | Dividend after distribution | | Not applicable | Not applicable | – |
| Earnings per share | Weighted Average Shares Outstanding | | 40,164 | 40,164 | 43,748 |
| | Earnings per Share (Note 3) | | (1.24) | (0.56) | – |
| Per Share Dividend | Cash Dividends | | – | – | – |
| | Free Share Issuance | Earnings Stock Dividends | – | – | – |
| | | Capital Surplus Stock Dividends | – | – | – |
| | Accumulated unpaid dividends (Note 4) | | – | – | – |
| Investment Return Analysis | Price-to-Earnings Ratio (Note 5) | | – | – | – |
| | Price-to-Earnings Ratio (Note 6) | | – | – | – |
| | Cash dividend yield ratio (Note 7) | | – | – | – |

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

Note 1: List the highest and lowest market prices of common shares for each fiscal year, and calculate the average market price based on the trading value and volume for each year.

Note 2: Please use the year-end issued shares and fill in the information based on the resolutions of the board of directors or the shareholders' meeting for the following year.

Note 3: If there are adjustments due to no-cost bonus shares or other situations, both the pre-adjustment and post-adjustment earnings per share should be presented.

Note 4: If there are provisions in the conditions of equity securities issuance stating that undistributed dividends accumulate until they are paid in a profitable year, disclose the accumulated unpaid dividends as of the end of the current fiscal year separately.

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

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

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

Note 8: Per share net asset value and earnings should be filled in based on the latest quarter's audited (reviewed) data as of the date of printing the annual report; other columns should be filled in with data for the current fiscal year up to the date of printing the annual report.

(6) Company Dividend Policy and Implementation Status

1. Dividend policy stipulated in the company's articles ofincorporation:

The company shall distribute employee compensation not less than 4% of the annual profit and shall distribute director and supervisor compensation not exceeding 3% of the annual profit. However, when the company has accumulated losses, they shall be compensated. The annual profit mentioned in the preceding paragraph refers to the profit after deducting employee compensation and director/supervisor compensation from the pre-tax profit for the year.

The distribution of employee and director remuneration shall be resolved by the board of directors with a quorum of two-thirds or more of the directors present and a majority of the directors present agreeing, and shall be reported to the shareholders' meeting. Employee remuneration may be provided in the form of stocks or cash, and the recipients may include employees of subsidiary companies who meet certain conditions.

In the annual final accounts of the company, if there is a surplus, it shall first pay the taxes, offset the accumulated losses from previous years, allocate 10% as the statutory surplus reserve, and make appropriations or reversals to special surplus reserves in accordance with laws and regulations or regulatory authorities. If there is still a surplus, the remaining balance, plus the accumulated undistributed profits from previous years, shall be proposed by the Board of Directors and distributed after approval by the shareholders' meeting.

2. The distribution of dividends discussed at this shareholders' meeting:

The distribution of the company's profits is decided by the board of directors based on the profit distribution ratio and the profit situation of the distribution year as stipulated in the articles of incorporation, and is approved by the general meeting of shareholders. Based on the resolution of the board of directors on March 5, 2024, the company will not distribute dividends for the fiscal year 2023, pending approval by the shareholders' meeting.

(7) Impact of Proposed Stock Dividend on Company's Business Performance and Earnings per Share: There was no issuance of stock dividend for the fiscal year 2023, so it is not applicable.

(8) Employee, Director, and Supervisor Compensation

1. The percentage or range of employee, director, and supervisor compensation as stated in the company's articles of incorporation: Please refer to the explanations in (5) 1 and 2 above.
2. Basis for estimating the amount of employee, director, and supervisor compensation for the current period, calculation basis for stock-based employee compensation, and accounting treatment in case of deviation between the actual distribution amount and the estimated amount: Not applicable.
3. Details of the compensation distribution approved by the Board of Directors:
   (1) The amounts of employee compensation and director and supervisor remuneration distributed in cash or in stock. Disclosure of differences, reasons, and treatment if there are deviations from the estimated expense recognition amount: Not distributed.

(2) Proportion of employee compensation distributed in the form of stock to the total net profit after tax for the period and total employee compensation: Not applicable.

4. Report on the distribution of compensation at the shareholders' meeting and its results:
   (1) The amount of any employee profit-sharing compensation and director and supervisor 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: Based on the resolution of the board of directors on March 5, 2024, the proposal for profit distribution for the fiscal year 2023, including employee, director, and supervisor compensation, is not intended to be distributed and has not yet been approved by the shareholders' meeting.
   (2) 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 for the current period and total employee profit-sharing compensation: Not applicable.
5. Actual distribution of employee, director, and supervisor compensation in the previous fiscal year (including the number of shares, amount, and stock price), and any discrepancies from the recognition of employee, director, and supervisor compensation should be disclosed, along with the differences, reasons, and actions taken to address them.
   (1) Actual Distribution: The Company did not distribute any compensation due to the accumulated losses.
   (2) Proposed Distribution Approved by the Previous Board of Directors: The Company did not propose any distribution of compensation due to the accumulated losses.
   (3) Differences between Actual Distribution and Proposed Distribution: Not applicable.

(9) Share Repurchase by the Company: None.

2. Corporate bond situation: Not applicable.

3. Issuance of preferred stocks: Not applicable.

4. Handling of overseas depositary receipts: No such situation exists.

5. Handling of employee stock options: No such situation exists.

6. Implementation of employee stock restriction policies: Not applicable.

7. Handling of merger & acquisition, or being transferred shares of other companies and issuing new shares: Not applicable.

8. Plans of allocation of funds:

Execution status of previous issuances or private placements of securities that have not been completed as of the date of the annual report or have been completed within the last three years without evident project benefits: None.

# IV. Funding Status

1. Business Contents

(1) Business Scope

1. The main planned business items of the Company's photovoltaic panel processing, manufacturing, and application business are as follows:
   (1)Touch panel glass processing and trading: Cutting, polishing, strengthening, and thinning of glass for touch panels.
   (2) Optical coating glass processing and trading: Coating of glass for touch panels.
   (3) Thin and strengthen glass processing and trading: Thinning and strengthening of LCD display panels.
   (4)Supplier of various terminal application products, including mobile phones, tablets, e-book readers, satellite navigation systems, ATMs, ticket vending machines, electronic touch whiteboards, industrial equipment, and public information inquiry stations.

2. Business proportion:

(1) Product business proportion

Unit: Thousand NTD

| Year / Product | Year 2022 | | Year 2023 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Optical panels. | 491,471 | 94.37 | 461,365 | 90.01 |
| Others | 29,268 | 5.63 | 51,179 | 9.99 |
| Total | 520,739 | 100.00 | 512,544 | 100.00 |

Note: Other products include contract manufacturing and motor sales.

(2) Domestic and overseas sales proportion.

| Year / Percentage of contribution. | Year 2022 | Year 2023 |
|---|---|---|
| Domestic sales | 57.81% | 48.68% |
| Overseas sales | 42.19% | 51.32% |
| Total | 100.00% | 100.00% |

3. Current product and service offerings of the company.

(1) Optical panels.
(2) Glass substrates.
(3) Electronic whiteboards.

4. Planned development of new products:

The company provides customized products to customers in industries such as TN/STN, TP, OLED, TFT, 3D displays, with glass as the main substrate material. Whether it is for various sizes of touch displays, including large-sized smart classroom displays, e-book readers, multimedia displays, telemedicine displays, interactive fitness displays, etc., the applications are increasingly diverse, and the requirements are becoming more stringent. Therefore, the company actively enhances production capacity while continuously researching and developing cutting-edge technologies and applications to meet future demands.

(2) Sector Overview

1. International Development Trends in Display Technology and Applications.

The gradual establishment of AIoT and 5G communication infrastructure in various countries is driving the next generation of display technology, bringing more diverse application services and cross-industry development opportunities. This creates value in terms of multi-screen high-definition, user-friendly interaction, and intelligent applications. The emerging field of display technology and application industry will develop system integration solutions guided by the needs of smart environments, seamlessly integrating application services and new business models to meet the demands of future smart living. Currently, countries such as the United States, Japan, South Korea, China, and Europe are actively engaged in the technical research and application verification of display technology for smart environments. In addition to driving industry development and seizing market opportunities, they also hope that innovative application services can drive industry innovation and upgrades, leading to paradigm shifts and societal growth.


Figure: Next-generation multi-screen seamless integration ofapplication services driven by AIoT and 5G.

Source: Industrial Technology Research Institute, Industrial Economics and Knowledge Center (IEK) (2019.10).

2. Current Status and Trends in the Global Display Market Development.

In the future, the display industry will be driven by niche products and emerging applications. It is projected that by 2025, the shipment growth of panel products for mainstream consumer electronics such as smart phones, LCD TVs, laptops, desktop monitors, and tablets will approach saturation and stagnation. However, emerging niche products such as automotive displays, commercial displays, and smart wearables are expected to experience high growth. The automotive display market is estimated to have a compound annual growth rate (CAGR) of 5.5% with shipments reaching 220 million units and a market size of $10.09 billion, showing significant growth. Other high-growth products include public displays, wristband displays, near-eye displays (AR/VR), and OLED TVs.

Furthermore, under the global trend of intelligent Internet of Things (AIoT) in the ICT industry, various vertical applications are being developed, including the consumer market, retail market, healthcare, transportation, education, and entertainment. This trend focuses on smart appliances, automated public transit, remote health monitoring, digital signage, connected vehicles, and air traffic monitoring, among other application areas. For specific vertical applications, product development through software and hardware integration will be the key to achieving new heights in the industry.


Figure: By 2025, the global display market will be driven by niche products and moving towards emerging applications.

Source: Industrial Technology Research Institute, Industrial Economics and Knowledge Center (IEK), Office of Science and Technology of the Executive Yuan (2019.10).

3. Future potential business opportunities in the global display market.

(1) Ecosystem integration of ultra-high resolution and virtual-physical integration.

Consumers demand better image quality, immersive experiences, and appealing designs in large-size display products. With the gradual maturity of the global UHD 4K/8K ecosystem, future seamless display products with ultra-high resolution, arbitrary sizes, and various forms will provide consumers with a more immersive visual experience and perfect imagery. As the global deployment of 5G high-speed communication networks progresses, consumers will experience faster transmission and high-quality real-time communication services. Therefore, the development of integrated technologies that combine virtual-physical interactive displays with sensing, perception, and information security systems will enable the application of new display technologies such as AR/VR/MR and 3D volumetric display.

(2) High-growth application markets

There are highly promising products in the TFT-LCD terminal applications, such as the automotive market, medical displays, retail/commercial displays, wearable devices, and smart entertainment displays for AR/MR. In the steadily growing automotive market in recent years, it has not only attracted panel manufacturers to actively enter the high-end automotive panel market with high technological barriers but also formed a trend of integrated solutions combining automotive panels with touch sensors and bonding techniques. By incorporating flexible system integration design concepts, it has successfully attracted major automotive manufacturers from Japan, Europe, the United States, South Korea, and China to adopt these solutions.

(3) Opportunities in the IoT (Internet of Things) industry.

The gradual commercialization of 5G, with its dense network coverage, efficient data transmission, ultra-reliability, and low latency communication, will help expand service applications that require both speed and stability. In the future 5G IoT environment, the number of connected devices will rapidly increase, leading to accelerated development of new business models and applications. This will bring about a more diverse and extensive range of display applications, with a trend towards larger panel sizes and increased demand for display area. In the fields of smart retail, smart entertainment, smart vehicles, and smart healthcare, among others, it is necessary to incorporate technologies such as ultra-high resolution, curved displays, wide color gamut, high dynamic contrast, integrated touch screens, and value-added applications. By leveraging the advantages of integration and enhancing the added value, products can differentiate themselves and achieve high value through technological diversity, thus embracing the opportunities of the smart IoT era.

(4) Green process opportunities.

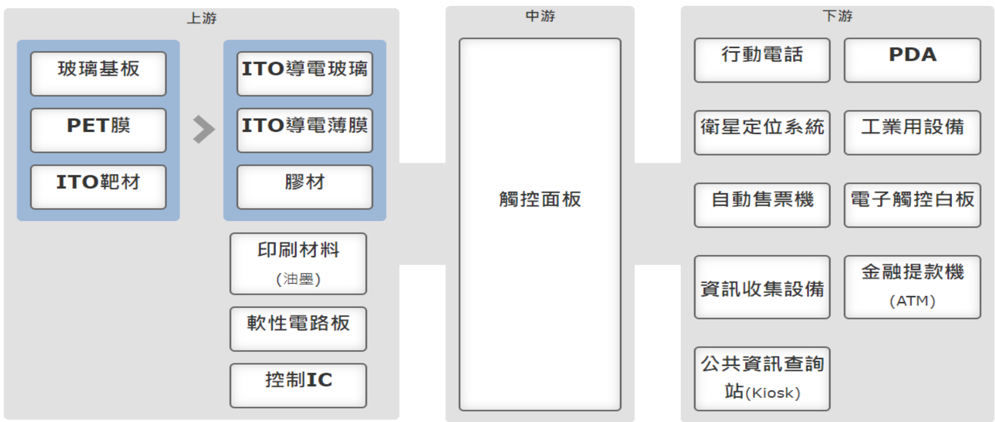
With diminishing global resources, governments and businesses worldwide are incentivizing or regulating industries to develop green process technologies. In Taiwan, the "Five Plus Two Innovative Industries" initiative considers promoting the circular economy as an important part of industrial transformation, upgrading, and sustainable development. Display technology and application industries are investing in the development of materials such as digital exposure TFT backplanes and digital printing QLED, as well as exploring technologies for easy disassembly of panels and the reuse of functional materials. These efforts will become opportunities for Taiwan to implement and promote a green circular economy in the future.

4. Interrelationship among industry upstream, midstream, and downstream

(1) The touch panel industry.

Our Company primarily engages in the cutting, polishing, strengthening, and thinning of glass substrates, which belong to the upstream sector of the industry. The midstream sector consists of touch panel manufacturers, while the downstream sector includes suppliers of various terminal application products, such as mobile phones, tablets, e-book readers, satellite navigation systems, ATMs, self-service ticket machines, electronic whiteboards, industrial equipment, and public information kiosks.

D




Source: Industry Value Chain Information Platform.

5. Development trends and competitive landscape in the touch panel industry.

In the future, touch displays will develop in five major directions: integration of form factors, high-definition displays, product flexibility, diversified applications, and localization of materials. Furthermore, the next generation of applications, such as augmented reality (AR) with machine vision capabilities and convenient biometric sensing, will further expand the use cases of touch panels.

(1) Integrating sensors into panels becomes a key driver to enhance added value.

a. Full-screen smart phones drive the trend of functional integration:

Under-display fingerprint sensors, touch and display integration (TDDI), haptic feedback, pressure sensing, and acoustic panels are all integration challenges for manufacturers in the era of full-screen smart phones. These integration technologies have significant application potential in the era of full-screen smart phones, with the highest market demand being under-display fingerprint sensors (FoD).

b. Panel technology transforms into sensing components.

The application of panel technology as sensing components includes fingerprint recognition, X-ray sensors, electronic patches, and NFC antennas. With the development of the digital economy, convenient and diverse electronic payments have become important channels in transactions. However, they also bring security risks, leading to the emergence of various mechanisms to ensure transaction security. In terms of system processes, there is a demand for blockchain and encryption mechanisms. On the hardware side, there is a new market demand for biometric components. Using existing panel manufacturing processes to create fingerprint recognition components can be applied in credit cards, wearable devices, smart phones, biometric keys for automobiles, medical purposes, and more.

(2) Diversification of commercial signage, interactive sensing technology, and transparent display applications.

In the application of large-scale commercial signage, several manufacturers combine displays with touch panels, image or gesture recognition based on different scenarios, creating more user interaction and interactive signage modes. Large-scale touch panels can be used in malls, hotels, banks, casinos, business conference electronic whiteboards, educational electronic whiteboards, and more.

Another new application is commercial touch solutions, which can be used for restaurant tables or multi-user scenarios. It allows for multi-touch or finger touch operations without misinterpreting palm presses on the tabletop. Transparent displays, on the other hand, can be used as information boards at exhibitions and large-scale retail stores. They can also be used in offices to display real-time information, providing emerging market application opportunities.

(3) Emerging technologies and applications: smart speakers, smart windows, light field, and stereoscopic imaging technology.

AI voice assistant technology has already been applied to smart speakers, and major companies hope to make their smart speakers the new hub in smart homes. They aim to expand the range of applications and services by integrating their own ecosystems with partner collaborations. These smart speaker devices from major companies are also starting to incorporate displays. By combining voice interactions with screen interfaces, they offer features such as playing games, sharing photos, and translation capabilities through the integration of Google Assistant and smart screens.

In terms of new technologies, light field imaging has become a new focus, particularly highlighted by Samsung in their keynote presentation. The innovation factor in display technology lies in "freestyle form," which allows for the development of new display applications through evolving form factors. The ultimate goal is to achieve advanced AI technology that enables 3D light field holographic displays (volumetric displays), representing a long-term future of display technology.

In addition to advancements in display technology, the future growth of the touch industry relies on creating seamless multi-screen connectivity for smarter interactions and developing new business models. This will enhance the overall user experience in future smart living environments. The largest global display exhibition in 2019 witnessed the emergence of various applications to meet the needs of end-users and elevate consumer experiences. It also saw the expansion of niche markets, including automotive, commercial, industrial control, medical, and other new applications, which further extended services and created additional value.

Currently, our Company mainly focuses on the cutting and strengthening of optoelectronic glass substrates, sales of display panels, and the production of touch panel modules. Last year, the global consumer electronics market benefited from the COVID-19 pandemic's impact, with the rise of stay-at-home and remote work trends, driving demand for various sizes of LCD display panels. This allowed our Company to seize competitive opportunities in the LCD display panel and related industrial touch product segments.

(3) Technology and R&D Overview

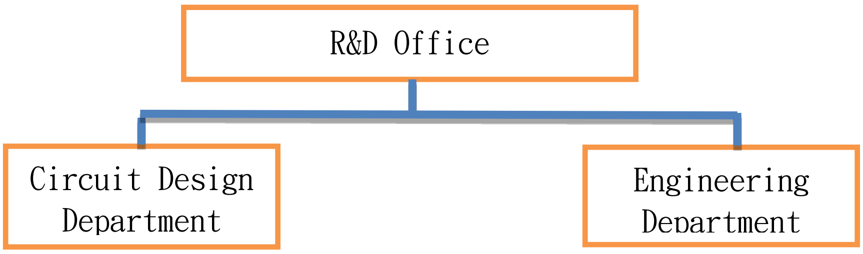
1. History and future path

The Company specializes in the representation, manufacturing, and sales of professional optical and touch panels and modules. As of the end of 2023, research and development department of our company is located in our subsidiary, Abon Touchsystems Inc. The Company itself has no research and development department. Abon Touchsystems Inc. focuses on the research and development of touch panel material improvements and production process optimization, acting as the production base of touch panels and modules for the Company. The department stays ahead of technological development trends at all times and originates electronic touch products with more compatibility according to market demands, higher efficiency, and better efficacy that satisfy the demands of minimal size and compound functions targeting industrial touch product applications.

However, the Company disposed of its entire shareholding in Abon Touchsystems Inc. at the end of 2023. Starting from 2024, we will establish our own research and development department, focusing on developing and improving the components related to electric assisted bicycles and more innovative products with excellent performance.

2. Organizational structure and responsibilities

The primary job responsibilities of the R&D Engineering Department at Abon Touchsystems Inc. are as follows:




| Research and Development Unit | Job responsibilities |
|---|---|
| Circuit Design Department | 1. Touchscreen design & layout<br>2. Problem analysis and improvement<br>3. Product testing and image recognition verification skills/operation of graphic software |
| Engineering Department | 1. New process implementation<br>2. Material verification and introduction<br>3. Optimization of production processes at each station to assist in improving defect rate prior to production |

Note: The Company has disposed of Abon Touchsystems Inc. on December 30, 2023; therefore, the Company itself currently does not have a research and development department.

3. Research and development personnel's educational background, average years of experience, and turnover rate

Unit: People; %

| Year / Item | | Year 2021 | Year 2022 | Year 2023 | As of the end of March2024 (Note 2) |
|---|---|---|---|---|---|
| Number of employees | Initial headcount | 23 | 22 | 21 | — |
| | New hires | 4 | 1 | — | — |
| | Transferred employees | 0 | 0 | 21 (Note 2) | — |
| | Departed employees | 5 | 2 | — | — |
| | Redundancies and retirees | 0 | 0 | — | — |
| | Total headcount at the end of the period | 22 | 21 | — | — |
| | Average length of service | 7.32 | 8 | — | — |
| | Employee turnover rate (%) | 18.52 | 8.7 | — | — |
| Educational distribution | Master's degree and above (including) | 5 | 4 | — | — |
| | Bachelor's degree | 10 | 11 | — | — |
| | Associate degree and below (including) | 7 | 6 | — | — |
| | Total | 22 | 21 | — | — |

Note1: Turnover rate = (Number of employees departed in the period) / (Total headcount + Number of employees departed in the period)

Note 2: The Company has disposed of Abon Touchsystems Inc. on December 30, 2023; therefore, the Company itself currently does nothave a research and development department.

4. Research and development expenses in the most recent five fiscal years.

Unit: Thousand NTD; %

| Item | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
|---|---|---|---|---|---|
| Research and development expense | 23,271 | 24,766 | 35,777 | 15,616 | 13,334 |
| Net revenue | 972,295 | 900,394 | 976,588 | 520,739 | 512,544 |
| Percentage accounting for net revenue | 2.39 | 2.75 | 3.66 | 2.99 | 2.60 |

5. Successful research and development technology or productsin the most recent five fiscal years.

| Year | Item | Successful research and development technology or products |
|---|---|---|
| 2019 | Projection Electronic Whiteboard Technology | 1. Successful mass production of large-size multi-touch projection capacitive touch panels using proprietary technology.<br>2. Optimization of processing and lamination techniques for coating materials.<br>3. Improved design of ITO projection capacitive touch panel products. |
| 2020 | Laser Engraving Technology | 1. Overcoming design limitations in achieving narrow bezel appearance.<br>2. Planning of automated production lines using inkjet processes. |
| 2021 | TPM and TDM Modules | 1. Completion of samples of medium-sized TPM and TDM modules for customers. |

6. Patent and Trademark Rights

As of the end of 2019, Abon Touchsystems Inc. holds a total of 15 valid patents in research and development. The company has expertise in optimizing ITO patterns, ITO conductive film photolithography processes, and customization of products based on customer requirements. In the past three years, patents have been obtained for edge wiring design of large-sized projected capacitive touch panels, touch devices, and touch panels. The details are shown in the following table:

| Item | Patent Code | Location | Assets name | Acquisition Date | Useful Life |
|---|---|---|---|---|---|
| 1 | M387318 | Taiwan | Five-wire touch panels | 2010/04/21 | 10 years |
| 2 | M410921 | Taiwan | Touch Panel | 2010/12/16 | 10 years |
| 3 | 2137042 | Mainland China | Touch Panel | 2011/06/16 | 10 years |
| 4 | M422115 | Taiwan | Touch Panel | 2011/09/29 | 10 years |
| 5 | 2271950 | Mainland China | Touch Panel | 2011/09/29 | 10 years |
| 6 | M429144 | Taiwan | Projected Capacitive Touch Panel | 2012/02/02 | 10 years |
| 7 | M451598 | Taiwan | Projected Capacitive Touch Panel | 2012/10/29 | 10 years |
| 8 | 2976303 | Mainland China | Projected Capacitive Touch Panel | 2012/11/13 | 10 years |

| | | | | | |
|---|---|---|---|---|---|
| 9 | M451599 | Taiwan | Projected Capacitive Touch Panel | 2012/10/29 | 10 years |
| 10 | 2912177 | Mainland China | Projected Capacitive Touch Panel | 2012/11/23 | 10 years |
| 11 | M557855 | Taiwan | Large-sized projected capacitive touch panel edge wiring design | 2017/11/10 | 10 years |
| 12 | 7758637 | Mainland China | Large-sized projected capacitive touch panel edge wiring design | 2017/11/10 | 10 years |
| 13 | M569883 | Taiwan | Touch Device | 2018/08/28 | 10 years |
| 14 | 8717814 | Mainland China | Touch Device | 2018/08/28 | 10 years |
| 15 | M581722 | Taiwan | Touch Panel | 2019/04/17 | 10 years |

| Trademark Name | Trademark Logo | Registration Number | Registration Date | Validity Period |
|---|---|---|---|---|
| AbonMax and logo | | 01850082 | 2017/7/1 | 2027/6/30 |
| AbonTouch | | 01314577 (Note) | 2008/6/16 | 2028/6/15 |

Note: The word "Touch" in the trademark logo is not included in the exclusivity.

(4) Short-term Business Development Plans

1. Short-term Development Plans

(1) Meet customer delivery requirements and ensure a stable source of orders.

(2) Increase the value-added products to differentiate from competitors and enhance competitive advantage.

(3) Actively develop overseas markets and continue to explore orders from new factories.

(4) Stabilize the production capacity of touch panels and actively capture market share.

(5) Maintain stable relationships with the supply chain and secure a sufficient supply of raw materials.

(6) Expand electric assisted bicycles business.

(A) Improve existing products and enhance the quality and market competiveness.

(B) Provide assembly and other integrating services to increase capacity utilization.

(7) Develop solar photovoltaic power plants and obtain long-term and stable income resources.

2. Medium to Long-term Development Plans

(1) Maintain close relationships with upstream and downstream suppliers and customers to establish long-term cooperative foundations.

(2) Align with market product trends and develop new processes and technologies to enhance market competitiveness.

(3) Research and design innovative products and increase profitable capability.

(4) Actively promote self-branded products to elevate brand awareness.

(5) Continuously expand achievements of solar photovoltaic power and renewable energy and extend our territory to overseas markets.

2. Market and sales overview

(1) Market Analysis

1. Main Products and Sales Regions

Unit: Thousand NTD

| Sales Areas \ Year | | Year 2022 | | Year 2023 | |
|---|---|---|---|---|---|
| | | Sales Amount | Ratio % | Sales Amount | Ratio % |
| Domestic sales | | 301,039 | 57.80 | 249,530 | 48.68 |
| Overseas sales | Asia-China | 166,226 | 31.92 | 210,455 | 41.06 |
| | Others | 53,474 | 10.26 | 52,559 | 10.26 |
| Total | | 520,739 | 100.00 | 512,544 | 100.00 |

2. Market Share

AbonMax specializes in the sales of optoelectronic panels and the manufacturing and sales of touch panels and modules. Due to the great variety of products and varied applications, it is difficult to gather statistics of individual markets. Additionally, it is difficult to obtain the relevant statistic information and research reports without a fair and objective statistic data for the evaluation of market share.

3. Market Supply and Demand Outlook and Growth Potential

The Company is an original dealer of professional TFT-LCD, brands including AUO, InnoLux, HKC, LGD, TianMa, and TCL CSOT. Apart from the sales of optoelectronic panels, the Company will commence the development of electric vehicles (mainly electric assisted bicycles) and renewable energy (mainly solar photovoltaic).

A. Display Panel

TFT-LCD is currently the mainstream product in the industry of flat panel displays. Presently, the production technology applies to a wide range of platforms, including LCD Televisions, desktop monitors, laptops, tablets, automotive monitors, and industrial displays. With the development of the display technology, more diversified product applications will come into view.

Sigmaintell Consulting, a research and survey institution, estimates that the shipments of LCD display panels worldwide will reach approximately 1.49 billion pieces in 2024, a slight increase of 0.8% compared to 2023. Despite of the lasting challenges in the display market and the abating trend of panel price, the marginal utility of “price-for-volume” is decreasing regardless of the terminal or panel market. Following the next round of replacement cycle for the years of 2025 and 2026, the market is looking to a further growth.

B. Electric Assisted Bicycle

Taiwan is known as the Kingdom of Bicycles with its industrial chain for exports fully covering the development of high class bicycles, production of components, and assembly and manufacturing of complete build-up.

Under the impact of COVID-19 in 2021 and 2022, cross-border transportation became difficult, prices of raw materials went up, and productivity could not keep up. Moreover, western countries had encouraged the populace to ride bicycles instead of taking public transportation, contributing to skyrocketed sales of complete bicycle build-up and components.The output value of the industry as a whole exceeded 2 trillion NTD, coming in second in the world, among which the export volume of electric assisted bicycles exceeded 1 million for the first time. With the effect of the pandemic diminishing in 2023, the bicycle industry was faced with the pressure of high inventories and the export volume greatly plunged due to the destocking adjustment in international markets. The pressure to digest the high inventories is estimated to be eased in the second and third quarters of 2024, where the inventory level of the whole market will resume the norm. As an advanced type of bicycles, the average price of electric assisted bicycles increased by 17.85% despite that the export volume in 2023 decreased by 33.74% compared to 2022, indicated by the statistics of Taiwan Bicycle Association. According to the survey data released by Statista in January 2024, the Netherlands uses bicycles the most as a mean for transportation of all the European countries, among which the sales in electric assisted bicycles account for more than half of that in total bicycles and much more than that in electric bicycles. In German, 2 million electric bicycles were sold in 2022, making it the biggest sales market of electric bicycles in Europe in 2021. It is an indicator that the demand for electric bicycles or electric assisted bicycles is still strong in the western countries.

According to the estimate report on electric assisted bicycles during 2023 and 2030 published by Fortune Business Insights in May 2023, the global electric bike market size was 37.47 billion USD in 2022 and is projected to grow from 43.32 billion USD in 2023 to 119.72 billion by 2030, exhibiting a CAGR of 15.6% during the forecast period.

The numbers published by precedenceresearch.com in August 2023 were comparatively conservative. Still, the global e-bike market size accounted for 17.56 billion USD in 2022 and is expected to hit 44.08 billion USD by 2032, poised to grow at a CAGR of 9.89% from 2023 to 2032.

Although the two forecast institutions saw the global market size differently, they are both positive about the growing condition of the electric bike market.

C. Solar Photovoltaic

In Taiwan’s “2025 Net-Zero Emissions Policy,” the goal of the energy transition section is that by 2050, 60% to 70% of the country’s total demand for electricity are to be supplied by renewable energy, mainly solar photovoltaic and wind power, and the individual installations of solar photovoltaic and winder power generation are to reach a total capacity of 40GW and above. According to the statistics released by the Ministry of Economic Affairs in January 2024, the grid connection capacity of solar photovoltaic increased by 2.5GW in 2023, a cumulative total of 12GW. Not only wasthecumulative capacity target of 14GW in terms of solar photovoltaic not achieved, the goal to fulfill a 17GW by 2024 and 20GW by 2025 is beset with difficulties with the current speed of installation.

Solar photovoltaic installment is confronted with the hardship in integrating lands or building resources and the rising prices of raw materials due to international situation. Furthermore, the electricity generated by small solar photovoltaic installations is unable to be sold directly as green electricity but to Taipower only. However, with Taipower’s reducing feed-in tariff year after year, the addition to solar photovoltaic installations is slow.To boost demands for solar photovoltaic installment and reach the goal of “2025 Net-Zero Emissions Policy,” the government announced a loosening restriction at the end of 2023 that the green electricity generated byself-usage power generationequipments utilizing renewable energy can be sold directly to green electricity dealers and further to enterprise users. In the meantime, the government also proclaimed a draft of carbon fees regulations, imposing carbon fees on electricity enterprises and large manufacturers with an annual emission of 25,000 tons and above.

Overall, the promotion of the aforementioned policies not only expands the scale of green electricity trading market, but also allows enterprises operating on small-sized photovoltaicequipments to increase income by selling green electricity, in light of the increasing demand for green electricity from enterprise users and the unlikelihood of price collapse of green electricity. It is still a long way to go from achieving the total capacity of photovoltaic installment set by the policy goal. Regardless of ground-mounted PV systems, floating PV systems, agro-photovoltaic systems, fishery PV systems, or roof PV systems, there is still room for improvement in the solar photovoltaic market.

(4) Competitive Niche and Favorable/Unfavorable Factors and Countermeasures

A. Competitive Niche

(A) Professional display panels operation and management team

The Company’s marketing team continues to devote in the market with many years of experience and has a sharp judgment and an effective handle on product technology, industrial characteristics, industrial variation trends and pulse, and developmental directions of future product markets. Hence, we are able to develop products with various specifications and types in line with client demands. Having the exceptional and solid ability of creating new products aligning with market trends and new values, the Company remains capable offixed sales channels and competitive advantages in the fierce market competition.

(B) Professional photovoltaic operation and technical talents

The Company congregates talents with abundant experiences in solar photovoltaic industry. Having a solid and one-stop capability of building development, applying for licenses, setting constructions, and managing maintenance, we can effectively reduce costs at solar photovoltaic power plants and increase income.

(C) Experiences and connections in the electronic industry

Electric assisted bicycle is a combination product of traditional bicycles and three-electric systems. The Company has accumulated experiences and made its connections in the electronic industry ever since the foundation in 1978. The Company will make good use of such advantages to develop three-electric-system products of electric assisted bicycles and research to provide products with market superiority.

B. Developing Prospects: Favorable and Adverse Factors and Response Strategies

(A) Favorable Factors

a. Stable customer base of display panels with good relationships

The Company maintains long-term cooperative relationships with customers. Through our commitment to quality, reasonable pricing, and fast delivery, we have gained customer recognition which is beneficial for the Company to maintain steadier sales channels.

b. The awareness of energy conservation, carbon reduction, and healthy living helps the development of electric assisted bicycles.

Electric assisted bicycles combine the concepts of health, fitness, environmental sustainability, life attitude, convenient mobility, and innovative technology. They are becoming more and more popular among the public in the generation that praises for energy conservation, carbon reduction, and utilization of green energy.

c. Limited influence of electric assisted bicycle brands

Limited by factors such as transportation infrastructure, traffic safety, charging equipment planning, and high pricing, it is rather difficult for Taiwan to follow the examples of the western countries in replacing motor cycles with electric assisted bicycles as a mean for transportation in a short period of time. What’s more, the technology and material quality still require improvement and the high-quality key components are being imported overseas. There are temporarily no brands of electric assisted bicycles with reasonable price and quality.

The Company will cooperate with domestic dealers to localize components and assembly, reduce costs, and provide products with more price competitiveness. Moreover, we will research into detachable three-electric systems, develop self-branded high-level and basic-level electric assisted bicycles, and provide multiple choices for customers to choose from. The Company also plans to work with rental companies to promote the rental of our own electric assisted bicycles in touristic areas. By expanding brand awareness and elevating public familiarity to the Company's electric assisted bicycles, we will be able to open up potential markets.

d. The developmental potentials of the industry and the support from the government.

Greenhouse gas has led to global climate change over the past few years. Various extreme weather disasters worldwide have threatened the environment, human survival, and nation security. To ease climate change, substituting fossil fuels with high carbon emission for renewable energy with low carbon emission has already been a universal consensus. Following the announcements and actions of "Net-Zero Emissions by 2050" from many countries around the world, Taiwan simultaneously pushes forward nuclear-free homeland, green energy development, and net-zero emissions. In 2022, the government released "Taiwan's Pathway to Net-Zero Emissions in 2050" and "12 Key Strategies," which contain four transition strategies, "Energy Transition,""IndustrialTransition,""Lifestyle Transition," and "Social Transition." The solar photovoltaic investment by the Company is included in the"Energy Transition"; whereas the electric assisted bicycles investment by the Company is part of the automation and zero emissions described in the "Lifestyle Transition."

(B) Adverse Factors and Response Measures

a.Margin of display panels is greatly affected by the economy and price fluctuations.

The industry of display panels is intensely competitive. In recent years, the supply has exceeded the demand due to the ailing market of terminal electronic products, which has become a buyer's pricing market. The gross profit margin of the Company's sales on display panels fluctuates greatly.

<u>Corresponding strategies:</u>

By maintaining good relationships with customers and providinghigh value-added services, our products are able to stand out for customers to choose even when prices are being prioritized.

b. Exchange rate fluctuation risk

The Company's main transactions are conducted in US dollars and New Taiwan dollars. Therefore, exchange rate fluctuations have a certain impact on the Company's profitability.

Corresponding strategies:

Most of the Company’ssales and purchases of optoelectronic panels are denominated in US dollars. The foreign currency positions in assets and liabilities will be balanced through offsetting receipts and payments and hedging transactions to mitigate the impact of exchange rate fluctuations.Utilize natural hedging methods to reduce foreign exchange exposure and maintain the net foreign currency position within a controllable range. Mitigate exchange rate risk by actively managing foreign currency positions. It should be noted that the effectiveness of hedging may be reduced if there are significant and rapid fluctuations in exchange rates. The Company will continue to monitor exchange rate fluctuations and take appropriate measures to mitigate the impact on the Company’s profitability.

c. Difficulty in developing new photovoltaic sites

Taiwan is a small and densely-populated country with a fragmented land where the grid infrastructure is insufficient in capacity and the land integration is time-consuming and costly. With the public awareness of agri-land protection, the government no longer allows any setup of medium or small ground-mounted photovoltaic power stations. These ground-mounted solar power stations that come with better power generation are now more difficult to be developed.

Corresponding strategies:

It has been more than ten years since solar photovoltaic development started. Attracted by the low threshold, the high feed-in tariff fees, and the fast payback during the initial period, small enterprises and individual dealers threw themselves into the investment. However, they may be less willing to possess power stations in the long run after the completion of the construction due to neglected maintenance and poor power efficiency from the lack of economic benefits or the urgency to cash the backlogs. The Company has established a team with expertise in professional management to negotiate take-over or cooperation with owners whose power stations are with fine quality and have already commenced power generation.

In the meanwhile, with the policies of major consumers of electricity and drafts of carbon fees regulations being released, the Company expects the market of roof PV to thrive. We will actively develop power stations with roof PV.

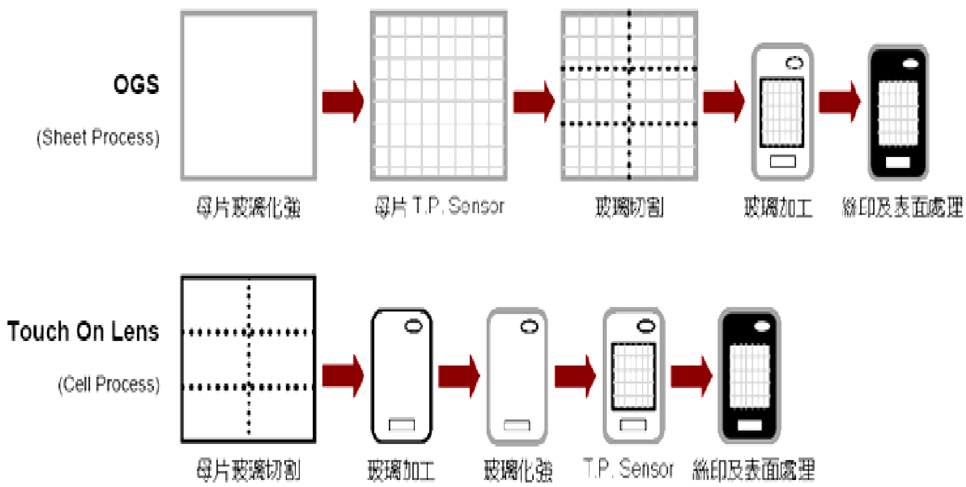
(2) Major product applications and production processes

1. The main products serve important purposes in various industries

| Main Products | Key Applications |
|---|---|
| Optical panels. | The main products have important uses in various devices, including smart phones, laptops, tablets, all-in-one PCs, LCD monitors, and resistive or projected capacitive touch panels. |

2. Production process of main products

Regarding the production process of optical panels, the mainstream touch panel manufacturing involves the specialization of Cover Lens and Touch Panel Sensor, followed by the lamination process to create the Touch Panel Module. The Cover Lens goes through glass processing procedures such as cutting, drilling, shaping, grinding, glass thinning, strengthening, silk-screen printing, and surface treatment.




3. Supply status of main materials

Supply of major raw materials for optoelectronic touch panels is as follows:

| Main materials | Major suppliers | Supply status |
|---|---|---|
| ITO glass<br>Soda-lime glass<br>Controllers | Nagase & Co., Ltd, Central Glass Co, Ltd, Fu Yuan, Heraia | Good. |
| Film | Wah Hong Industrial and Nagase (Taiwan) | Good. |

(3) Supply Status of Main Raw Materials

Supply of major raw materials for optoelectronic touch panels is as follows:

| Main materials | Major suppliers | Supply status |
|---|---|---|
| ITO glass<br>Soda-lime glass<br>Controllers | Nagase & Co., Ltd, Central Glass Co, Ltd, Fu Yuan, Heraia | Good. |
| Film | Wah Hong Industrial and Nagase (Taiwan) | Good. |

(4) Proportion of Customers Accounting for Over 10% of Sales (Purchases) in Any of the Recent Two Fiscal Years and Explanation of Changes:

1. Customers accounting for over 10% of purchases in any of the recent two fiscal years and their purchase amount ratios:

Amount: Thousand NTD

| Item | Year 2022 | | | | Year 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of total net purchases for the entire fiscal year 〔%〕 | relationship with the issuer | Name | Amount | Percentage of total net purchases for the entire fiscal year 〔%〕 | relationship with the issuer |
| 1 | GA0001 | 107,081 | 39.63% | - | GA0001 | 203,614 | 64.91% | - |
| 2 | - | - | - | - | - | - | - | - |
| 3 | Others | 163,132 | 60.37% | - | Others | 110,075 | 35.09% | - |
| | Net Purchase Amount | 270,214 | 100.00% | - | Net Purchase Amount | 313,689 | 100.00% | - |

Reasons for Increase or Decrease: The change in the major suppliers, accounting for more than 10% of total purchases in the past two fiscal years, is due to the impact of the pandemic and adjustments made in response to market demand changes.

2. Customers accounting for over 10% of purchases in any of the recent two fiscal years and their purchase amount ratios:

Amount: Thousand NTD

| Item | Year 2022 | | | | Year 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of the net sales of the year〔%〕 | Relationship with the issuer. | Name | Amount | Percentage of the net sales of the year〔%〕 | Relationship with the issuer. |
| 1 | - | - | - | - | - | - | - | - |
| 2 | Others | 520,739 | 100% | - | Others | 465,944 | 100 % | - |
| | Net sales amount | 520,739 | 100% | - | Net sales amount | 465,944 | 100 % | - |

Reasons for changes: The Company did not have any sales customers accounting for over 10% of total sales in the past two fiscal years.

(5) Production volume in the past two years

Unit of measure: PCS / Value unit: Thousand NTD

| Year / Production Volume / Main product | Year 2022 | | | Year 2023 | | |
|---|---|---|---|---|---|---|
| | Production capacity | Production volume | Production Value | Production capacity | Production volume | Production Value |
| Optical panels | 2,841,600 | 1,145,350 | 336,085 | 3,145,000 | 1,267,762 | 254,643 |
| Others | 384,000 | 208,528 | 26,345 | 186,000 | 101,013 | 14,124 |
| Total | 3,225,600 | 1,353,878 | 362,430 | 3,331,000 | 1,368,775 | 268,768 |

Note: The Company operates in a triangular trade model for certain optical panel transactions, so the production volume and value of optical panels involved in triangular trade are excluded.

Note 1: Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment, after taking into account factors such as necessary shutdowns and holidays.

Note 2: For products with substitutability in production, the production capacity may be combined and accompanied by explanatory notes.

Analysis for changes: The increase in production volume for year 2023 is due to the leveling of the panels industry. However, the Company resolved to change the operation strategy in the second half of 2023 by disposing of the subsidiary, Abon Touchsystems Inc., which results in a slight decrease in the total production value.

(6) Sales Volume in the Past Two Years

Value unit: Thousand NTD / Unit of measure: PCS

| Year | Year 2022 | | | | Year 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Sales volume | Domestic sales | | Overseas sales | | Domestic sales | | Overseas sales | |
| Main product | Volume | Values | Volume | Values | Volume | Values | Volume | Values |
| Optical panels. | 616,592 | 485,785 | 256,193 | 214,365 | 521,205 | 235,500 | 323,815 | 260,055 |
| Others | 877,212 | 27,637 | 9,175 | 5,172 | 1,691,613 | 14,526 | 483,037 | 2,463 |
| Total | 1,493,804 | 301,211 | 265,368 | 219,528 | 2,212,818 | 250,026 | 806,852 | 262,518 |

Analysis for changes: The decrease in total sales volume of optical panels in year 2023 is due to the economic downturn in major consumer markets of Europe, the USA, and China. With the demand declined for terminal products in the panel industry, the revenue of panel dealers in Taiwan has also decreased.

3. Issuance Recent two years and as of the printing date of the annual report, employee data includes the number of employees, average length of service, average age, and distribution percentages of

educational qualifications：

| Number of employees/year | | Year 2022 | Year2023 (Note) | As of the end of March 2024 |
|---|---|---|---|---|
| Total number of employees | Indirect labor | 101 | 33 | 32 |
| | Direct labor | 146 | 3 | 0 |
| | Total | 247 | 36 | 32 |
| Average length of service | | 5.22 | 4.73 | 3.32 |
| Average Age | | 40.44 | 42.72 | 42.34 |
| Distribution of Academic Qualifications | Number of employees with a master's degree or above | 10 | 6 | 5 |
| | Number of employees with a bachelor's degree | 67 | 16 | 25 |
| | Number of employees with a vocational or lower degree | 170 | 14 | 2 |
| | Total number of employees | 247 | 36 | 32 |

Note: The Company disposed of Abon Touchsystems Inc. on December 30, 2023 and completed the settlement. Therefore, the number of employees for year 2023 did not consist of Abon Touchsystems Inc.

4. Information on environmental protection expenditures

(1) According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

There are no significant sources of pollution during the Company’s production process. However, in case of regulation changes, personnel responsible for environmental protection was appointed to regularly inquire about updates on laws and regulations and to determine if such changes would affect the operation of the Company. The Company does not have or is not required to have any permits of installing and operating pollution-related facilities or pollution drainage.

(2) The Company’s investment on the major anti-pollution facilities, the use purpose of such facilities, and the possible effects to be produced: None.

(3) The process undertaken by the Company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: None.

(4) Any losses suffered by the Company in the most recent 2 fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection 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.

(5) The current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

5. Labor-Management Relations

(1)The company's employee benefits measures, professional development and training programs, retirement system, and the implementation status of labor-management agreements and employee rights protection measures are as follows:

1. Employee Benefits Measures:

(1) All employees participate in labor insurance and health insurance.

(2) Implementation of salary adjustment and bonus system.

(3) Employee profit sharing: During profit distribution, 4% is allocated as employee bonuses.

(4) Regular health check-ups.

(5) Holiday bonuses (provided by the welfare committee).

(6) Welfare committee subsidies for Labor Day, birthday gifts, employee children's education awards, and wedding/funeral celebrations.

(7) Establishment of an employee welfare committee. The company allocates a fixed percentage of its revenue and scrap material income each month for the committee to coordinate various welfare activities.

2. Training and Development System: Employees are considered as valuable resources in our company, and we prioritize their training and development.

(1) Education and training are divided into annual project-based training, functional training, and new employee education and training.

(2) We provide regular training courses for employees' professional skills and offer skill-based training courses for employees to choose from. We also provide cross-department pre-job training for new employees.

(3) We have established an internal trainer system to pass on the company's knowledge assets.

(4) External training may be implemented based on specific needs.

3. Implementation of Retirement System:

(1) Implementation of the new labor retirement pension system.

The retirement plan for employees in our company is established in accordance with the "Labor Retirement Pension Regulations" and is a defined contribution plan. Our company contributes 6% of each employee's monthly salary to their individual account at the Labor Insurance Bureau as a retirement fund.

(2) Agreement and Measures for Employee Rights Protection between Labor and Management:

In our company, labor and management issues are primarily resolved through communication and coordination. The harmonious relationship between labor and management is maintained through regular department meetings and production and sales meetings, facilitating appropriate two-way communication. Additionally, regular meetings of the Employee Welfare Committee are held to discuss various welfare measures, enhancing the harmony of labor and management relations and providing reference for the management.

(2) Explanation of losses incurred by the company in the past two years and up to the date of the annual report due to labor disputes (including violations of labor standards based on labor inspection results), including the date of punishment, punishment reference number, violated regulations, details of the violations, and the content of the punishment. Furthermore, the estimated amounts and measures to address current and potential future losses should be disclosed. If reasonable estimation is not possible, the explanation should state the fact that reasonable estimation is not possible: Our company has not encountered such situations.

6. Information Security Management.

(1) Describing the information security risk management framework, information security policy, specific management plans, and resources invested in information security management:

1. Information Security Risk Management Framework: The Information Department of our company is an independent department that is not subordinate to user units. It is responsible for coordinating and implementing information security policies, promoting information security awareness among employees, collecting and improving technical products or programs related to the company's information security management system. The Audit Department regularly conducts information security audits to assess the effectiveness of the company's information operation controls.
2. Information Security Policy: In order to ensure the effective operation and execution of various information management systems in our company, and to maintain the confidentiality, integrity, and availability of important information systems, we have established an information security policy to ensure the secure operation of information systems and networks, and to achieve sustainable business objectives.
   (1) Compliance with information security regulations and guidelines for operational behavior.
   (2) Implementation of security devices to enforce information security management.
   (3) Strengthening education and training to enhance information security awareness.
   (4) Preparedness for emergency response and prompt disaster recovery.
   (5) Promoting continuous improvement to ensure sustainable operations.

   In accordance with the information management procedures, our company has established the "Information and Communication Security Guidelines," "Computer Data Confidentiality Security Control Measures," "Computer System Backup and Recovery Operation Standards," "Computer Room Access Security Control Measures," "Electronic Document Confidentiality Control Measures," and "Computer Data Confidentiality Security Control Measures." These documents outline the company's information security control procedures and regulations.
3. Information Security Management Measures

   Our company periodically conducts information security awareness and training for all employees to enhance their understanding of information security and improve their protective capabilities. We utilize systematic tools for monitoring and analysis, establishing proactive defense and alert capabilities. Data is backed up off-site and annual drills are conducted to verify the restoration capability in the event of a major incident. If employees violate relevant information security regulations, they will be subject to disciplinary measures in accordance with the reward and punishment management regulations. The following are the related management measures.

| Type | Explanation | Related Operations |
|---|---|---|
| Authorization Management | Measures for managing personnel accounts, permissions, and system operation behaviors.<br>All systems have password and permission controls. Individuals apply for and modify permissions through the system execution change form according to their job responsibilities. If personnel leave or change positions, their permissions are immediately deleted or adjusted to ensure information security. | Review and approval of personnel account permissions.<br>Periodic inventory of personnel account permissions. |
| Access management. | Control measures for personnel access to internal and external systems and data transmission channels. | Internal/external access control measures.<br>Recording of operational behavior traces. |
| External threats. | Internal potential vulnerabilities, infection channels, and protective measures. | Vulnerability detection and update measures for hosts/computers.<br>Virus protection and malicious program detection. |
| System availability. | Measures for handling system availability and service interruptions. | Monitoring and notification mechanisms for system/network availability status.<br>Contingency measures for service interruptions.<br>Information backup measures and on-site/off-site backup mechanisms.<br>Regular disaster recovery drills. |
| Mobile device management. | Personal mobile devices (laptops, mobile phones) cannot be connected to the company's internal network arbitrarily. | Internal/external device network access control measures. |
| Data center security. | The data center is equipped with power generators and uninterruptible power supply (UPS) systems to ensure it is not affected by sudden external power supply issues. Additionally, redundant mechanisms are established for key information equipment and networks to achieve a highly available information system. | Monitoring of the operational status of information equipment. |

4. Investment in information security resources: Each computer in the company is equipped with antivirus software. Internal and external firewalls are also installed and regular information security education and training programs are conducted.

(2) Disclosure of losses incurred due to significant information security incidents in the latest fiscal year up to the date of the annual report, including potential impacts and response measures. If it is not reasonably estimable, the fact that it cannot be reasonably estimated should be stated: No such incidents occurred.

7. Significant Contracts.

(1) As of the date of the annual report, the following important long-term loan agreements and technology cooperation agreements are still valid and will expire in the most recent fiscal year:

Long-term loan agreements

| Type of contract | Involved parties | Starting date and end date of contract | Main content | Restrictions |
|---|---|---|---|---|
| Financing agreements | Hua Nan Bank | 2021/12/30~2026/12/29 | Financing agreements | None |
| Financing agreements | Hua Nan Bank | 2021/7/19~2036/7/19 | Financing agreements | None |
| Financing agreements | T.C.C.B. | 2023/3/31~2024/3/31 | Financing agreements | None |
| Financing agreements | Taishin International Bank | 2023/04/28~2024/03/31 | Financing agreements | None |
| Lease agreement | Yu Lin (Co.) Ltd. | 2022/9/1~2024/8/31 | Factory premises rental contract | None |

Technology cooperation agreement

| Nature | Involved parties | Start and end dates | Main content | Restrictive clauses |
|---|---|---|---|---|
| Technology licensing agreement | ATECH TOTALSOLUTION CO., LTD. | 2021/5/31~2026/3/31 | Technology licensing | None |

# VI. Financial Overview

1. Summary Balance Sheets, Comprehensive Income Statements, and Auditor's Opinions for the Past Five Years

(1) Prepared in accordance with International Financial Reporting Standards (IFRS):

1. Summary balance sheet (Consolidated)

Unit: Thousand NTD

| Items \ Year | | Financial Information for the Past Five Years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 (Note 2) |
| Current Asset | | 390,560 | 480,641 | 326,802 | 296,032 | 245,458 |
| Financial assets carried at fair value through other comprehensive income - non-current | | 378 | 7,981 | 21,724 | 16.318 | 14,787 |
| Financial assets carried at cost - non-current | | — | — | — | — | — |
| Investment Credits Using the Equity Method | | — | — | — | — | — |
| Property plant, and equipment | | 339,637 | 319,998 | 377,776 | 369,964 | 79,468 |
| Right-of-use Assets | | 14,504 | 51,077 | 13,832 | 26,806 | 45,414 |
| Intangible Assets | | 985 | 14,516 | 1,739 | 1,959 | 692 |
| Deferred tax assets | | 91,203 | 63,315 | 58,371 | 50,393 | 41,187 |
| Other Assets | | 10,102 | 35,671 | 27,763 | 5,487 | 34,864 |
| Total Assets | | 847,369 | 973,199 | 828,007 | 766,959 | 461,871 |
| Current Liability | Before Distribution | 348,179 | 431,247 | 288,994 | 220,814 | 141,329 |
| | After Distribution | 348,179 | 431,247 | 288,994 | 220,814 | 141,329 |
| Non-current liabilities | | 217,541 | 227,080 | 221,928 | 252,193 | 72,617 |
| Total Liabilities | Before Distribution | 565,720 | 658,327 | 510,922 | 473,007 | 213,946 |
| | After Distribution | 565,720 | 658,327 | 510,922 | 473,007 | 213,946 |
| Equity Attributable to Owners of Parent Company | | 261,628 | 242,677 | 270,572 | 250,664 | 233,508 |
| Capital stock | | 367,362 | 397,482 | 397,482 | 437,482 | 437,482 |
| Capital surplus | | 32,572 | 44,319 | 72,684 | 66,684 | 73,535 |
| Retained earnings (Note 2) | Before Distribution | (137,400) | (198,417) | (196,265) | (246,817) | (269,260) |
| | After Distribution | (137,400) | (198,417) | (196,265) | (246,817) | (269,260) |
| Other equity | | (906) | (707) | (3,329) | (6,685) | (8,249) |
| Treasury stock | | — | — | — | — | — |
| Non-control equity | | 20,021 | 72,195 | 46,513 | 43,288 | 14,417 |
| Total equity | Before Distribution | 281,649 | 314,872 | 317,085 | 293,952 | 247,925 |
| | After Distribution | 281,649 | 314,872 | 317,085 | 293,952 | 247,925 |

Note 1: The consolidated financial data for the most recent five years have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by an independent auditor.

Note 2: The appropriation of earnings for the year 2023 is subject to approval by the shareholders' meeting.

2. Summary Balance Sheet (Individual)

Unit: Thousand NTD

| Items \ Year | | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
| Current Asset | | 251,184 | 185,136 | 172,833 | 186,941 | 220,129 |
| Financial assets carried at fair value through other comprehensive income - non-current | | 378 | 7,503 | 21,724 | 16,318 | 14,788 |
| Investment Credits Using the Equity Method | | 89,963 | 90,342 | 67,650 | 63,058 | 31,545 |
| Property plant, and equipment | | 29,205 | 28,200 | 83,116 | 95,676 | 79,418 |
| Right-of-use Assets | | 10,918 | 23,884 | 12,970 | 26,806 | 13,818 |
| Intangible Assets | | 620 | 906 | 1,251 | 979 | 692 |
| Deferred tax assets | | 91,203 | 63,315 | 58,371 | 50,393 | 41,187 |
| Other Assets | | 9,872 | 19,120 | 27,736 | 5,463 | 11,904 |
| Total Assets | | 483,343 | 418,406 | 445,651 | 445,634 | 413,481 |
| Current Liability | Before Distribution | 198,994 | 156,271 | 114,830 | 139,424 | 139,258 |
| | After Distribution | 198,994 | 156,271 | 114,830 | 139,424 | 139,258 |
| Non-current liabilities | | 22,721 | 19,458 | 60,249 | 55,546 | 40,715 |
| Total Liabilities | Before Distribution | 221,715 | 175,729 | 175,079 | 194,970 | 179,973 |
| | After Distribution | 221,715 | 175,729 | 175,079 | 194,970 | 179,973 |
| Equity Attributable to Owners of Parent Company | | 261,628 | 242,677 | 270,572 | 250,664 | 233,508 |
| Share Capital | | 367,362 | 397,482 | 397,482 | 437,482 | 437,482 |
| Capital surplus | | 32,572 | 44,319 | 72,684 | 66,684 | 73,535 |
| Retained Earnings (Note 2) | Before Distribution | (137,400) | (198,417) | (196,265) | (246,817) | (269,260) |
| | After Distribution | (137,400) | (198,417) | (196,265) | (246,817) | (269,260) |
| Other equity | | (906) | (707) | (3,329) | (6,685) | (8,249) |
| Treasury stock | | — | — | — | — | — |
| Non-control equity | | — | — | — | — | — |
| Equity Stock Amount | Before Distribution | 261,628 | 242,677 | 270,572 | 250,664 | 233,508 |
| | After Distribution | 261,628 | 242,677 | 270,572 | 250,664 | 233,508 |

Note 1: The consolidated financial data for the most recent five years have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by an independent auditor.

Note 2: The appropriation of earnings for the year 2023 is subject to approval by the shareholders' meeting.

3. Summary Income Statement (Consolidated)

Unit: Thousand NTD

| Item / Year | Financial Data for the Past Five Years (Note) | | | | |
|---|---|---|---|---|---|
| | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
| Operating Income | 972,295 | 900,394 | 976,588 | 520739 | 512,544 |
| Operating gross profit | 66,898 | 77,107 | 137,535 | 57,811 | 23,990 |
| Net loss from operations (Loss) | (44,797) | (59,828) | (8,079) | (40,956) | (80,482) |
| Non-operating income and expenses | (51,572) | 18,173 | 3,614 | (3,906) | 42,405 |
| Profit before tax | (96,369) | (41,655) | (4,465) | (44,862) | (38,077) |
| Continuing Operation Unit | (96,369) | (41,655) | (4,465) | (44,862) | (38,077) |
| Current Net Profit and Loss | (131,519) | (69,543) | (9,409) | (52,931) | (49,340) |
| Current Other Comprehensive Income (Net Amount After Tax) | (126) | 375 | (2,530) | (4,202) | 1,936 |
| Total comprehensive income for the period | (131,645) | (69,168) | (11,939) | (57,133) | (47,404) |
| Net Profit Attributable to Owners of the Parent Company | (126,199) | (61,017) | 2,127 | (49,706) | (24,309) |
| Net Profit Attributable to Non-Controlling Interests | (5,320) | (8,526) | (11,536) | (3,225) | (25,031) |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (126,325) | (60,818) | (403) | (53,908) | (24,007) |
| Total Comprehensive Income Attributable to Non-Controlling Interests | (5,320) | (8,350) | (11,536) | (3,225) | (23,397) |
| Earnings per share | (3.95) | (1.63) | 0.05 | (1.24) | (0.56) |

Note 1: The consolidated financial data for the most recent five years have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by an independent auditor.

4. Summary Income Statement (Individual)

Unit: Thousand NTD

| Items \ Year | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
| Operating Income | 645,693 | 62.9903 | 553,788 | 250,506 | 279,893 |
| Operating gross profit | 18,188 | 61,673 | 83,351 | 646 | 375 |
| Operating Profit and Loss | (26,248) | (4, 288) | 25, 289 | (39,158) | (58,744) |
| Non-operating income and expenses | (64,801) | (28,841) | (18,218) | (2,479) | 45,698 |
| Profit before tax | (91,049) | (33,129) | 7,071 | (41,637) | (13,046) |
| Net income from continuing operations for this year | (91,049) | (33,129) | 7,071 | (41,637) | (13,046) |
| Current Net Profit (Loss) | (126,199) | (61,017) | 2,127 | (49,706) | (24,309) |
| Other comprehensive income (after-tax net amount) | (126) | 199 | (2,530) | (4,202) | 302 |
| Total comprehensive income for the period | (126,325) | (60,818) | (403) | (53,908) | (24,007) |
| Net profit attributable to owners of the parent. | (126,199) | (61,017) | 2,127 | (49,706) | (24,309) |
| Net Profit Attributable to Non-Controlling Interests | - | - | - | - | - |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (126,325) | (60,818) | (403) | (53,908) | (24,007) |
| Total Comprehensive Income Attributable to Non-Controlling Interests | - | - | - | - | - |
| Earnings per share | (3.95) | (1.63) | 0.05 | (1.24) | (0.56) |

Note 1: The consolidated financial data for the most recent five years have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by an independent auditor.

(2) Names of the auditors and their audit opinions for the past five years

1. Names of the auditors and their audit opinions for the past five years

| Audit Year | Audit Firm | Auditor's Name | Audit Opinion |
|---|---|---|---|
| Year 2019 | KGMP United Accounting Firm. | Lien, Shu-Ling and Chen, Ying-Ju | Unqualified Opinion |
| Year 2020 | KGMP United Accounting Firm. | Lien, Shu-Ling and Chen, Ying-Ju | Unqualified Opinion |
| Year 2021 | KGMP United Accounting Firm. | Lien, Shu-Ling and Chen, Ying-Ju | Unqualified Opinion |
| Year 2022 | KGMP United Accounting Firm. | Lien, Shu-Ling and Chen, Ying-Ju | Unqualified Opinion |
| Year 2023 | KGMP United Accounting Firm. | Lien, Shu-Ling and Chen, Ying-Ju | Unqualified Opinion |

2. If there was change/replacement of the CPA within the most recent 5 fiscal years, explanation made by the company's previous and current CPA over the causes for such change/replacement shall be set forth: None.

2. Financial Analysis for the Past Five Years:

(1) Financial Analysis (Consolidated) for the past five years - Prepared in accordance with International Financial Reporting Standards (IFRS):

Unit: %; Multiples; NT$

| Analysis Items (Note 3) | Year (Note 1) | Financial Analysis for the Past Five Years | | | | |
|---|---|---|---|---|---|---|
| | | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
| Financial Structure (%) | Debt to assets ratio (%) | 66.76 | 67.65 | 61.71 | 61.67 | 46.32 |
| | Ratio of Long-Term Capital to Real Estate, Plant, and Equipment | 140.96 | 169.36 | 142.68 | 147.62 | 403.36 |
| Debt-Paying Capacity (%) | Current Ratio | 112.17 | 111.45 | 113.08 | 134.06 | 173.68 |
| | Quick Ratio | 82.58 | 71.54 | 77.24 | 88.91 | 128.85 |
| | Interest Coverage Ratio | (10.22) | (3.34) | 0.59 | (2.75) | (1.24) |
| Operating Capacity | Receivables Turnover Rate (Times) | 4.14 | 5.81 | 9.55 | 6.30 | 13.94 |
| | Average Collection Days | 88 | 63 | 38 | 58 | 26 |
| | Inventory Turnover Rate (Times) | 8.97 | 9.47 | 7.02 | 5.14 | 7.90 |
| | Payables Turnover Rate (Times) | 5.06 | 7.43 | 18.56 | 14.24 | 37.91 |
| | Average Days for Sales | 41 | 39 | 52 | 71 | 46 |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 2.58 | 2.73 | 2.80 | 1.39 | 2.28 |
| | Total Asset Turnover Rate (Times) | 1.09 | 0.99 | 1.08 | 0.65 | 0.83 |
| Profitability | Return on Assets (%) | (14.00) | (8.48) | (0.07) | (5.44) | (5.82) |
| | Rate of Return on Equity (%) | (46.55) | (23.32) | (2.98) | (17.32) | (18.21) |
| | Profit before tax as a percentage of paid-in capital ratio (%) | (26.23) | (10.48) | (1.12) | (10.25) | (8.70) |
| | Net Profit Margin (%) | (13.53) | (7.72) | (0.96) | (10.16) | (9.63) |
| | Earnings Per Share (NT$) | (3.95) | (1.63) | 0.05 | (1.24) | (0.56) |
| Cash Flow | Cash Flow Ratio (%) | 8.81 | 5.53 | (5.87) | (2.79) | (1.03) |
| | Cash Flow Adequacy Ratio (%) | 242.07 | 173.17 | 72.48 | 38.51 | 16.51 |
| | Cash Flow Reinvestment Ratio (%) | 7.54 | 2.55 | (1.90) | (0.67) | (0.45) |
| Degree of Leverage | Degree of Operating Leverage | Note 2 | Note 2 | Note 2 | Note 2 | Note 2 |
| | Degree of Financial Leverage | Note 2 | Note 2 | Note 2 | Note 2 | Note 2 |

Describe the reasons for the changes in financial ratios of the recent two years (Changes exceeding 20%)

1. The debt to assets ratio in 2023 decreased by 24.89% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc. was disposed of in the current period, leading to a reduction of the relevant loans and a decrease of NT$203,955 thousand in the long-term loans.
2. The ratio of long-term capital to real estate, plant, and equipment in 2023 increased by173.24% compared to that in the previous year. The reason was that the subsidiary, Abon TouchsystemsInc.was disposed of in the current period, where the relevant fixed assets were disposed of and assets were re-evaluated for recognition of profit and loss.
3. The current ratio in 2023 increased by 29.55% compared to that in the previous year. The reason was that the financial structure was adjusted, where short-term borrowings were partially paid off and partially transferred to long-term loans.
4. The quick ratio in 2023 increased by 44.92% compared to that in the previous year.The reason was that the relevant inventory was reduced after the disposal of Abon Touchsystems Inc., resulting in a decrease of NT$23,558 thousand in inventory amount compared to the previous year. In addition, the financial structure was adjusted, where short-term borrowings were partially paid off and partially transferred to long-term loans.
5. The interest coverage ratio in 2023 decreased by 55% compared to that in the previous year. The reason was that the interest fees were not reduced and that the current interest rate was higher than that of the previous year.
6. The receivables turnover rate in 2023 increased by 121.62% compared to that in the previous year. The reason was that the receiving conditions of new customers were shorter and that we proactively retrieved the receivables.
7. The average collection days in 2023 decreased by 54.89% compared to that in the previous year. The reason was that the receiving conditions of new customers were shorter and that we proactively retrieved the receivables.
8. The inventory turnover rate in 2023 increased by 53.70% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc., was no longer a consolidated individual of the Company since December, 31, 2023. Therefore, the inventory at the end of 2023 did not include the inventory balance of Abon Touchsystems Inc., resulting in a higher inventory turnover ratio in 2023 than that in the previous year.
9. The payables turnover rate in 2023 increased by 166.22% compared to that in the previous year. The reason was that the payables from the last period were paid off in the current period and the payable conditions of the new suppliers were shorter.
10. The average days for sales in 2023 decreased by 34.94% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc., was no longer a consolidated individual of the Company since December, 31, 2023. Therefore, the inventory at the end of 2023 did not include the inventory balance of Abon Touchsystems Inc., resulting in a higher inventory turnover ratio in 2023 than that in the previous year.
11. The real estate, plant, and equipment turnover rate in 2023 increased by 64% compared to that in the previous year. The reason was that the subsidiary, Abon TouchsystemsInc.was disposed of in the current period, where the relevant fixed assets were disposed of, assets were re-evaluated for recognition of profit and loss, and the net average fixed assets were reduced.
12. The total asset turnover rate in 2023 increased by 27.69% compared to that in the previous year. The reason was that the subsidiary, Abon TouchsystemsInc.was disposed of in the current period, where the relevant fixed assets were disposed of, assets were re-evaluated for recognition of profit and loss, and the average total assets were reduced.
13. The earnings per share in2023 increased by54.84% compared to that in the previous year. The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the net profit after tax of the parent company compared to the previous year.
14. The cash flow ratio in 2023 increased by 63.08% compared to that in the previous year. The reason was that the financial structure was adjusted and the cash outflow of operational activities in the current period decreased compared to that in the previous year.
15. The cash flow adequacy ratio in 2023 decreased by 57.13% compared to that in the previous year. The reason was that the outflows were all from the cash in operational activities in the recent years.
16. The cash flow reinvestment ratio in 2023 increased by 37.31% compared to that in the previous year. The reason was that the financial structure was adjusted, resulting in a sharp reduction of current liabilities and a significant increase of operational funds.

(2) Financial Analysis for the Last Five Years (Individual) - Prepared in accordance with International Financial Reporting Standards (IFRS):

Unit: %; Multiples; NT$

| Analysis Items(Note 3) | Year (Note 1) | Financial Analysis for the Past Five Years | | | | |
|---|---|---|---|---|---|---|
| | | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 |
| Financial Structure (%) | Debt to assets ratio | 45.87 | 42.00 | 39.29 | 43.75 | 43.53 |
| | Ratio of Long-Term Capital to Real Estate, Plant, and Equipment | 973.63 | 929.56 | 398.02 | 320.05 | 345.29 |
| Debt-Paying Capacity (%) | Current Ratio | 126.23 | 118.47 | 150.51 | 134.08 | 158.07 |
| | Quick Ratio | 108.35 | 79.29 | 108.52 | 97.52 | 109.75 |
| | Interest Coverage Ratio | (31.48) | (12.27) | 2.85 | (6.95) | (0.86) |
| Operating Capacity | Receivables Turnover Rate (Times) | 3.51 | 6.26 | 16.28 | 7.10 | 12.92 |
| | Average Collection Days | 104 | 58 | 22 | 51 | 28 |
| | Inventory Turnover Rate (Times) | 35.40 | 36.38 | 16.79 | 10.13 | 9.03 |
| | Payables Turnover Rate (Times) | 4.20 | 7.95 | 96.57 | 25.15 | 37.35 |
| | Average Days for Sales | 10 | 10 | 22 | 36 | 40 |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 9.97 | 21.95 | 9.95 | 2.80 | 3.20 |
| | Total Asset Turnover Rate (Times) | 1.23 | 1.40 | 1.28 | 0.56 | 0.65 |
| Profitability | Return on Assets (%) | (23.56) | (13.09) | 1.20 | (10.21) | (4.36) |
| | Rate of Return on Equity (%) | (48.56) | (24.20) | 0.83 | (19.07) | (10.04) |
| | Ratio of Income before tax to Paid-In Capital (%) | (24.78) | (8.33) | 1.78 | (9.52) | (2.98) |
| | Net Profit Margin (%) | (19.54) | (9.69) | 0.38 | (19.84) | (8.69) |
| | Earnings Per Share (NT$) | (3.95) | (1.63) | 0.05 | (1.24) | (0.56) |
| Cash Flow | Cash Flow Ratio (%) | 1.40 | 23.85 | 56.21 | (29.53) | (6.25) |
| | Cash Flow Adequacy Ratio (%) | 315.29 | 321.96 | 154.21 | 65.80 | 45.24 |
| | Cash Flow Reinvestment Ratio (%) | 1.45 | 9.54 | 17.40 | (12.05) | (2.83) |
| Degree of Leverage | Degree of Operating Leverage | Note 2 | Note 2 | 1.97 | Note 2 | Note 2 |
| | Degree of Financial Leverage | Note 2 | Note 2 | 1.18 | Note 2 | Note 2 |

Describe the reasons for the changes in financial ratios of the recent two years (Changes exceeding 20%)

1. The interest coverage ratio in 2023 decreased by 87.63% compared to that in the previous year due to the higher income before tax.
2. The accounts receivable turnover ratio in 2023increased by 81.97% compared to that in the previous year. The reason was that the receiving conditions of new customers were shorter and that we proactively retrieved the receivables.
3. The average collection daysin 2023 decreased by 45.05% compared to that in the previous year.The reason was that the receiving conditions of new customers were shorter and that we proactively retrieved the receivables.
4. The inventory turnover ratio in 2023 decreased by 10.86%compared to that in the previous year. The reason was that the orders in the current period increased, resulting in an increase of purchases.

5. The accounts payable turnover ratioin 2023increased by 48.51% compared to that in the previous year.The reason was that the payables from the last period were paid off in the current period and the payable conditions of the new suppliers were shorter.
6. The average sales daysin 2023 increased by 12.18% compared to that in the previous year.The reason was that the orders in the current period increased, resulting in an increase of purchases.
7. The return on assets in 2023 increased by 57.29% compared to that in the previous year.The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the income after tax compared to the previous year.
8. The rate of return on equityin 2023 increased by 47.35% compared to that in the previous year.The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the income after tax compared to the previous year.
9. The ratio of income before tax to paid-in capital in 2023increased by 68.69% compared to that in the previous year.The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the income after tax compared to the previous year.
10. The net profit margin in 2023 increased by 56.20% compared to that in the previous year.The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the income after tax compared to the previous year.
11. The earnings per share in 2023increased by 54.84% compared to that in the previous year.The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc., increasing the net profit after tax of the parent company compared to the previous year.
12. The cash flow ratio in 2023increased by 78.84% compared to that in the previous year.The reason was that the financial structure was adjusted and the cash outflow of operational activities in the current period decreased compared to that in the previous year.
13. The cash flow adequacy ratio decreased by 31.25% compared to that in the previous year.The reason was that the outflows were all from the cash in operational activities in the recent years.
14. The cash flow reinvestment ratioincreasedby 76.51% compared to that in the previous year.The reason was that the financial structure was adjusted, resulting in a sharp reduction of current liabilities and a significant increase of operational funds.

＊If the company has prepared separate financial statements, a separate analysis of the company's individual financial ratios should be compiled.

＊If the financial data using International Financial Reporting Standards (IFRS) is less than 5 years, a separate table (2) using the accounting standards of our country should be prepared.

Note 1: Years without auditor's attestation should be clearly indicated.

Note 2: As of the date of printing the annual report, if there are recent financial data that have been audited or reviewed by an auditor for companies listed or whose stocks are traded at securities firms, they should be included in the analysis.

Note 3: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial Structure
(1) Debt to asset ratio = Total liabilities / Total assets.
(2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.
2. Debt Servicing Capacity
(1) Current ratio = Current assets / Current liabilities.
(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
(3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure
3. Operating Efficiency
(1) Turnover ratio of accounts receivable (including accounts receivable and notes receivable arising from sales) = Net sales / Average balance of accounts receivable (including accounts receivable and notes receivable arising from sales).
(2) Average collection period = 365 / Turnover ratio of accounts receivable.
(3) Inventory turnover ratio = Cost of goods sold / Average inventory.
(4) Turnover ratio of accounts payable (including accounts payable and notes payable arising from purchases) = Cost of goods sold / Average balance of accounts payable (including accounts payable and notes payable arising from purchases).
(5) Average sales period = 365 / Inventory turnover ratio.
(6) Turnover ratio of property, plant and equipment = Net sales / Average net property, plant and equipment.
(7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
(1) Return on assets = (Net income after tax + Interest expense × (1 - Tax rate)) / Average total assets.
(2) Return on Equity = Post-Tax Profit or Loss / Average Total Equity.
(3) Profit Margin = Post-Tax Profit or Loss / Net Sales.
(4) Earnings Per Share = (Gain or Loss Attributable to Owners of the Parent Company – Preference Dividend) / Weighted Average Number of Issued Shares. (Note 4)
5. Cash Flow

(1) Cash Ratio = Operating Cash Flow / Current Liabilities.
(2) Net Cash Flow Coverage Ratio = Average Operating Cash Flow of the Latest 5 Years / (Capital Expenditure + Increase in Inventory + Cash Dividends of the Latest 5 Years).
(3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Fixed Assets + Long-term Investments + Other Non-current Assets + Working Capital) (Note 5)
6. Degree of Leverage：
(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit (Note 6).
(2) Degree of Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).
Note 4: When calculating Earnings per Share (EPS), the following considerations should be noted:
1. Use the weighted average number of ordinary shares outstanding rather than the year-end issued shares.
2. Traders with cash additions or treasury stocks shall calculate a weighted average shares, taking into account their period of circulation.
3. For companies with bonus issues or capitalization of capital surplus, when calculating the earnings per share for past years and semi-annual periods, adjust retroactively based on the capitalization ratio, regardless of the period of the capitalization.
4. In the case of cumulative preferred shares that are non-convertible, the dividends for the current year (whether paid or not) should be deducted from or added to the post-tax net income. For non-cumulative preferred shares, in the presence of post-tax net income, the dividends should be deducted from it. If there is a net loss, no adjustment is necessary. For non-cumulative preferred shares, in the presence of post-tax net income, the dividends should be deducted from it. If there is a net loss, no adjustment is necessary.
Note 5: When analyzing cash flows, the following considerations should be noted:
1. Net cash flow from operating activities refers to the net cash inflow in the cash flow statement from operating activities.
2. Capital expenditures refer to the cash outflow for capital investments each year.
3. The increase in inventory should only be included when the ending balance is greater than the beginning balance. If the inventory decreases at the year-end, it should be considered as zero.
4. Cash dividends include dividends for both common shares and preferred shares.
5. Gross property, plant, and equipment refers to the total amount of property, plant, and equipment before accumulated depreciation.
Note 6: The issuer should classify various operating costs and expenses as fixed or variable based on their nature. If there are estimates or subjective judgments involved, their reasonableness should be ensured and consistency should be maintained.
Note 7: In the case of company stocks without par value or with a per-share par value other than NTD 10, the calculation of the ratio based on the paid-in capital will be revised to calculate the ratio based on the equity attributable to the owners of the parent company as shown in the balance sheet.

3. Audit Committee's Audit Report on the most recent annual financial report: Please refer to page 86 of the annual report.

4. Financial Report with Auditor's Attestation on the most recent annual financial report: Please refer to page 87 of the annual report.

5. Individual Financial Statements with Auditor's Attestation on the most recent annual financial report: Please refer to page 151 of the annual report.

6. Regarding any financial difficulties that have occurred in the company and its related entities during the most recent fiscal year and up to the date of printing of the annual report, their impact on the financial condition of the company should be disclosed: None.

# VII. Review Analysis and Risk Assessment of Financial Status and Financial Performance

1. Financial Condition Comparative Analysis Table

Unit: Thousand NTD

| Item \ Year | Year 2022 | Year 2023 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current Asset | 296,032 | 245,458 | (50,574) | (17.08) |
| Investment Credits Using the Equity Method | — | — | — | — |
| Property plant, and equipment | 369,964 | 79,468 | (290,496) | (78.52) |
| Right-of-use Assets | 26,806 | 45,414 | 18,608 | 69.42 |
| Intangible Assets | 1,959 | 692 | (1,267) | (64.68) |
| Deferred tax assets | 50,393 | 41,187 | (9,206) | (18.27) |
| Other non-current assets | 21,805 | 49,652 | 27,847 | 127.71 |
| Total Assets | 766,959 | 461,871 | (305,088) | (39.78) |
| Current Liability | 220,814 | 141,329 | (79,485) | (36.00) |
| Long-Term Liabilities | 241,712 | 37,757 | (203,955) | (84.38) |
| Other non-current liabilities | 10,481 | 34,860 | 24,379 | 232.60 |
| Total Liabilities | 473,007 | 213,946 | (259,061) | (54.77) |
| Capital stocks | 437,482 | 437,482 | — | — |
| Capital surplus | 66,684 | 73,535 | 6,851 | 10.27 |
| Retained earnings | (246,817) | (269,260) | (22,443) | (9.09) |
| Other equity | (6,685) | (8,249) | (1,564) | (23.40) |
| Total Shareholders' Equity | 250,664 | 233,508 | (17,156) | (6.84) |

Only analyze items with a percentage change of 20% or more and an amount of at least 10 million NTD. The analysis is as follows:

1. The amount in property, plant, and equipment in 2023decreased by 79% compared to that in the previous year. The reason was that the subsidiary, Abon TouchsystemsInc.was disposed of in the current period, where the relevant fixed assets were disposed of and decreased sharply.
2. The amount in right-of-use assets in 2023increased by 69% compared to that in the previous year. The reason was that lands were rented for the installation of solar photovoltaic systems, resulting in the increase of right-of-use assets.
3. The amount in other non-current assets in 2023increased by 128% compared to that in the previous year due to the installation of solar photovoltaic systems. A turnkey construction contract was signed for the handling of the said installation construction and the prepaid development fees and construction fees were increased.
4. The amount in total assets in 2023decreased by 40% compared to that in the previous year. The reason was that the subsidiary, Abon TouchsystemsInc.was disposed of in the current period, where the relevant fixed assets were disposed of, assets were re-evaluated for recognition of profit and loss, and the inventory did not include the balance from Abon Touchsystems Inc.
5. The amount in current liability in 2023decreased by 36% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc., was disposed of in the current period, resulting in a decrease of NT$17,798 thousand in other accounts payable. Additionally, except for

the borrowings that had been paid off, the loans related to Abon Touchsystems Inc. were reduced.

6. The amount in long-term liabilities in 2023decreased by 84% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc., was disposed of in the current period, resulting in a decrease in the relevant loans and a reduction of NT$203,955 thousand in long-term loans.
7. The amount in other non-current liabilities in 2023increased by 233% compared to that in the previous year. The reason was that the right-of-use assets were increased due to land-leasing in the current period, resulting in an increase in lease liabilities.
8. The amount in total liabilities in 2023decreased by 55% compared to that in the previous year. The reason was that the subsidiary, Abon Touchsystems Inc., was disposed of in the current period, resulting in a decrease in the relevant loans and a reduction of NT$203,955 thousand in long-term loans.

## 2. Financial Performance

### (1) Comparative Analysis of Operating Results

Unit: Thousand NTD

| Item / Year | Year 2022 | Year 2023 | Increase (Decrease) Amount | Change Ratio (%) |
|---|---|---|---|---|
| Operating Income | 520,739 | 512,544 | (8,195) | (1.57) |
| Operating cost | (462,928) | (488,554) | (25,626) | (5.54) |
| Operating gross profit | 57,811 | 23,990 | (33,821) | (58.50) |
| Operating expenses | (98,767) | (104,472) | (5,705) | (5.78) |
| Operating profit | (40,956) | (80,482) | (39,526) | (96.51) |
| Non-operating income and expenses | (3,906) | 42,405 | 46,311 | 1,185.64 |
| Others | 3,316 | 4,960 | 1,644 | 49.58 |
| Share of profit or loss the associated associates, joint ventures accounted for using the equity method | – | – | – | – |
| Finance costs | (11,970) | (17,004) | (5,034) | (42.06) |
| Other gains and losses | 4,748 | 54,449 | 49,701 | 1,046.78 |
| Profit (loss) before tax | (44,862) | (38,077) | 6,785 | 15.12 |
| Income Tax Expense | (8,069) | (11,263) | (3,194) | (39.58) |
| Unrealized loss on equity instrument investments measured at fair value through other comprehensive income. | (4,267) | (1,531) | 2,736 | 64.12 |
| Total comprehensive income | (57,133) | (47,404) | 9,729 | 17.03 |

| | | | | |
|---|---|---|---|---|
| for the period | | | | |
| Net profit attributable to owners of the parent. | (49,706) | (24,309) | 25,397 | 51.09 |

Only analyze items with a percentage change of 20% or more and an amount of at least 10 million NTD.

The analysis is as follows:

1. The operating gross profit in 2023 decreased by 59% compared to that in the previous year. The reason was that panel trade became frequent with the gradual recovery of the panel industry in response to the demands from major sporting events. However, the operating gross profit of panel business remains low.
2. The operating loss in 2023 increased by 97% compared to that in the previous year. The reason was that panel trade became frequent with the gradual recovery of the panel industry in response to the demands from major sporting events. However, the operating gross profit of panel business remains low and the management fees increased compared to the previous year.
3. The non-operating income and expenses in 2023 increased by 1186% compared to that in the previous year. The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc.
4. The other gains and losses in 2023 increased by 1047% compared to that in the previous year. The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc.
5. The net profit attributable to owners of the parent in 2023 increased by 51% compared to that in the previous year. The reason was that an amount of NT$74,006 thousand of investment profit by disposal was generated after the disposal of the subsidiary, Abon Touchsystems Inc.

(2) Analysis table of changes in operating gross profit

Unit: Thousand NTD

| Items / Year | Operating Income | Operating Cost | Operating gross profit | Gross Margin(%) |
|---|---|---|---|---|
| Year 2022 | 520,739 | 462,928 | 57,811 | 11.10% |
| Year 2023 | 512,544 | 488,554 | 23,990 | 4.68% |

Explanation of significant changes in gross profit margin:
The gross margin of the Company in 2023was 4.68%; whereas the gross margin of the Company in 2022was 11.10%. The gross margin of the current year approximately decreased by 57.84% compared to that of the previous year.
The reason for the significant change was that the main panel products were faced with weak momentum and bargaining power caused by market modification after the enormous demands during the pandemic. Moreover, China has been encouraging the development in panel industry in the recent years, leading to a price war and a significant decrease in gross margin.

3. Cash Flow

(1) Liquidity Analysis for the Past Two Years

| Items \ Year | Year 2022 | Year 2023 | Percentage of Increase/Decrease (%) |
|---|---|---|---|
| Cash inflows (outflows) from operating activities. | (6,162) | (1,456) | 76.37 |
| Cash inflows (outflows) from investment activities. | (10,394) | (70,622) | (579.45) |
| Cash inflows (outflows) from financing activities. | (13,223) | 70,460 | 632.86 |

Explanation of changes in percentages:

1. The cash outflows from operating activities in 2023 decreased by 76% compared t that in the previous year. The main reason was that new customers'conditions c receipt were shorter and that accounts receivable were actively retrieved. In additior the accounts payable from the last period were paid off in the current period and nev suppliers' conditions of payment were shorter.
2. The cash outflows from investment activities in 2023 increased by 579% compare to that in the previous year. The reason was that the Company acquired Enligh Corporation for an amount of NT$100,000 thousand based on future operationa planning. Therefore, the cash outflows were generated from the acquisition c financial assets at fair value through other comprehensive income.
3. The cash inflows from financing activities in 2023 increased by 632% compared t that in the previous year. The main reason was that Abon Touchsystems Inc. wa disposed of.

(2) Future one-year cash flow analysis

Unit: Thousand NTD

| Beginning Cash Balance (1) | Projected net cash flow from operating activities for the full year (2) | Projected net cash flow from investment and financing activities for the full year (3) | Projected surplus (deficit) of cash (1)+ (2)+ (3) | Measures to remedy any cash shortfall. | |
|---|---|---|---|---|---|
| | | | | Investment plans | Financial Planning |
| 38,939 | 20,974 | 21,017 | 80,930 | - | - |

1. Analysis of changes in projected cash flow for the coming fiscal year:
   (1) Cash inflows for the full year: Mainly the projected cash outflows and cash capital increase from operating activities of the Company
   (2) Cash outflows for the full year: Mainly due to operating expenses, acquisition

| |
|---|
| of fixed assets, and repayment for bank loans.<br>2. Analysis of remedial measures for any projected cash shortfall and liquidity: None. |

4. Significant Impact of Major Capital Expenditures in the Recent Year on Financial Operations: None.

5. Recent year's investment policy change, main reasons for profitability, improvement plan, and future one-year investment plan:

(1) Explanation of recent year's investment policy change and the main reasons for profitability or loss, improvement plan:

1. Reinvestment policy: In line with the operational strategies and business needs of the Company, long-term ownership is prioritized.

2. Major reasons and improvement plans of profit or loss from reinvestment

December 31, 2023; Unit: Thousand NTD

| Investor company | Investee company | Investment amount | Recognition of the investment profit or loss by the investee company in the most recent fiscal year | Major reasons of profit or loss | Improvement plan |
|---|---|---|---|---|---|
| AbonMax Co., Ltd. | Shenzhen Sungsung Optoelectronics Co., Ltd. | 5,702 | (3,171) | Due to the impact of the pandemic, the business targeting China was unable to span smoothly. | The process of dissolution and liquidation has been commenced. |
| AbonMax Co., Ltd. | AbonMax Green Energy Co., Ltd. | 31,000 | (788) | Note 1 and Note 4 | Note 2 |
| AbonMax Co., Ltd. | Abonmax Power One Energy Co., Ltd. | 200 | (76) | Note 1 and Note 4 | Note 2 |
| AbonMax Co., Ltd. | Goal Reachholdings Limited | — | — | — | — |
| AbonMax Green | Yunan Energy Development | 15,000 | (1,166) | Note 1 and Note 4 | Note 2 |

| | | | | | |
|---|---|---|---|---|---|
| Energy Co., Ltd. | and Investment Co., Ltd. | | | | |
| Yunan Energy Development and Investment Co., Ltd. | Xuwang Green Energy Co., Ltd. | 17,000 | 58 | — | — |
| Yunan Energy Development and Investment Co., Ltd. | Liu Jia Yi Power Co., Ltd. | 10,000 | (64) | Note 1 and Note 4 | Note 2 |
| Yunan Energy Development and Investment Co., Ltd. | Ririwang Renewable Energy Co., Ltd. | 2,005 | (32) | Note 1 and Note 4 | Note 2 |

Note 1: The main reason is that the income to cover the relevant expenses is yet to be generated during the development phase.

Note 2: Actively developing green energy cases and retrenching the related expenses.

Note 3: The main reason is that the income to cover the relevant expenses is yet to be generated during the site installment and development phase.

Note 4: It is a newly established company in 2023. During the initial stage of operation, the basic fixed expenses such as administrative fees and rental resulted in the loss for the current period.

(2) Investment plans for the coming one year:

The Company plans a cash capital increase of NT$680,000 thousand. As of the print date of the annual report on April 11, 2024, the declaration of issuance of new shares has been sent to the Securities and Futures Bureau of the Financial Supervisory Commission R.O.C. (Taiwan).

6. Analysis and evaluation of recent and up-to-date risk factors up to the printing of the annual report:

(1) Impact of interest rate, exchange rate fluctuations, and inflation on the company's financial performance and corresponding measures:

1. Interest rate fluctuations

The interest expenses of the Company in 2023 was NT$17,004 thousand, accounting for 3.32% of the net operating income. It has limited effect on the burden of increasing the Company’s non-operating interest. Therefore, interest rate fluctuations currently should not have significant impact on the Company’s profit and loss. The long-term and short-term loans of the Company are available for revolving use during contractual periods. With the aim of improving financial structure, strengthening medium- to long-term working capital, and reducing interest rate fluctuation risks, the Company will regularly assess market funding conditions and bank interest rates. Funding methods will be decided prudently to obtain favorable interest rates. Therefore, it is anticipated that interest rate fluctuations will have minimal impact on the Company.

2. Exchange rate fluctuations.

The exchange (loss) profit of the Company in 2023 was NT$1,384 thousand, accounting for 0.27% of the net operating income. A significant portion of the Company’s purchases and sales are denominated in US dollars. Foreign currency assets and liabilities will be balanced through offsetting cash flows and hedging transactions to mitigate the impact of exchange rate fluctuations. The Companyutilizes natural hedging methods to reduce its exposure to exchange rate risks and maintains foreign currency net positions within a controllable range. This helps to mitigate exchange rate risks. However, if there are significant and rapid exchange rate fluctuations, the effectiveness of hedging measures may be reduced. The Companywill continue to monitor exchange rate fluctuations and take appropriate measures to mitigate the impact on the company's profitability.

3. Inflation

The Company does not have experiences in significant profit or loss due to inflation as of now. Should inflation become significant, it may affect the prices of raw materials. The Company will closely monitor the price fluctuations in raw material markets and proactively procure materials in a timely manner to minimize the impact on production costs.

(2) Policies, main reasons for profit or loss, and response measuresof engaging in high-risk investments, high-leverage investments, lending fundsto others, and endorsement:

1. Policy: The Company engages in neither high-risk and high-leverage investments nor transactions of derivatives. Endorsement and lending funds to others are provided to subsidiary companies. The relevant procedures are executed according to the Company’s “Endorsement Guarantee Operating Procedures” and “Methods of fund loans.”

2. Profit or loss: None.
3. Future response measures: Execution is in accordance with the regulations of the Company.

(3) Future research and development plans and estimated research and development expenses to be incurred:

Please refer to the operational overview for future research and development plans and the estimated research and development expenses.

(4) Impact of Important Changes in Domestic and International Policies and Regulations on Corporate Finance and Sales, and Response Strategies:

The Company's operation is based on conservative and prudent principles, respecting the rule of law, integrity, transparency, and safeguarding shareholders' rights. The Companyactively implements corporate governance and approaches domestic and international policy and legal changes with prudence. It assesses the conditions of the business strategy and formulates appropriate financial and business policies in response to policy and legal changes. In the recent fiscal year and up to the printing of the annual report, there have been no significant impacts on the Company'sfinancial and business operations due to domestic and international policy and legal changes.

(5) The impact of technological changes and industry transformation on the Company'sfinancial and business operations, and response measures:

The Companycontinuously monitors technological changes in the relevant industry and assigns personnel to assess and research the impact of these changes on the Company'sfuture development and financial and business operations. In the recent fiscal year and up to the printing of the annual report, there have been no significant technological changes that have had a major impact on the Company'sfinancial and business operations.

(6) Impact of changes in corporate image on crisis management and response measures:

The Companyhas maintained a good corporate image, and there have been no significant changes in corporate image that have affected crisis management in the recent fiscal year and up to the printing of the annual report.

(7) Expected benefits, potential risks, and response measures in mergers and acquisitions:

The Companyhas not engaged in any merger and acquisition plans in the recent fiscal year and up to the printing of the annual report.

(8) Expected benefits, potential risks, and response measures of expanding factory facilities:

In terms of expanding and adding factory facilities, the Company will prudently assess and closely observe market status and supply-demand conditions to review the distribution of production capability in a discreet manner and to eliminate possible risks brought by the market. In terms of finance, the Company will carefully plan the capital expenses as well as fund demands and formulate intact operational plans to reduce risks resulted from fund loans.

(9) Risks and response measures related to concentrated purchases or sales:

1. Risk of concentrated purchases:

The Company's major purchases from the largest supplier are TFT-LCD panels. The purchase proportions of the most recent three years were respectively 38.55%, 39.63%, and 64.91%, with a concentrating tendency year by year. The main reason is that the Company shifted its business core in 2023 to focus on panel industry. Additionally,the disposal of the subsidiary, Abon Touchsystems Inc. was resolved in the second half of 2023, lessening the Company's operation on touch panels business and increasing the demand proportions of raw materials for the panel industry. However, the Company is not in long-term contracts with suppliers. Prices and time of delivery are prioritized according to the demanding raw materials when selecting suppliers. Moreover, raw materials are purchased from at least two suppliers with whom the Company maintains good and cooperative relationships. There is no incident of supply shortage or interruption.

2. Risk of concentrated sales:

The Company's main products are optical panels. The proportion of sales to a single customer in the most recent three years did not exceed 30%. Hence, there is no situation of concentrated sales. Overall, the range of changes in the percentage of revenue from major sales customers is not significant. The Company's products are highly trusted by customers due to the stable quality and time of delivery.In addition to maintaining long-term cooperative relationships with existing customers, the Company will actively develop new customer sources to diversify its business sources. In summary, the risk of concentrated sales to the Companyshould be limited.

(10) Impact, risks, and response measures related to the significant transfer or replacement of directors, supervisors, or major shareholders holding more than 10% of shares:

The Companykeeps track of any changes in ownership by directors, supervisors, or shareholders holding more than ten percent of the shares. In the recent fiscal year and up to the printing of the annual report, there have been no significant transfers or changes in ownership.

(11) Impact, risks, and response measures related to changes in ownership rights:

The Companyhas no changes in operating rights in the recent fiscal year and up to the printing of the annual report.

(12) Lawsuits or Non-lawsuit Events:

1. The company has no lawsuits, non-litigation events, or administrative disputes that have been adjudicated and finalized or are currently pending in the past two fiscal years and up to the printing of the annual report. The results of these events may have a significant impact on shareholders' equity or securities prices. The disputed facts, amount involved, litigation commencement date, major parties involved, and current status should be disclosed: None.
2. The company's directors, supervisors, general manager, substantial responsible person, major shareholders holding more than ten percent of shares, and subsidiaries have no lawsuits, non-litigation events, or administrative disputes that have been adjudicated and finalized or are currently pending in the past two fiscal years and up to the printing of the annual report. The outcomes of these events may have a significant impact on the company's shareholders' equity or securities prices: None.
3. The company's directors, supervisors, managers, and major shareholders holding more than ten percent of shares have not been involved in any incidents regulated by Article 157 of the Securities and Exchange Act in the past two fiscal years and up to the printing of the annual report. The current handling status of such situations: None.

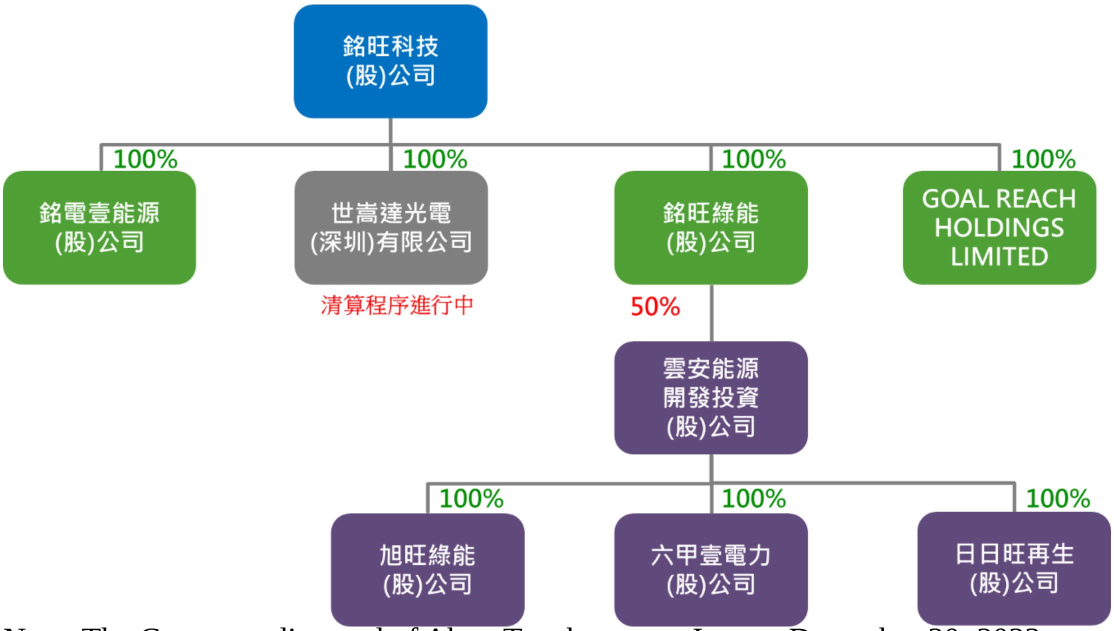
(13) Other Significant Risks and Response Measures: None.

7. Other significant matters: None.

# VIII. Special Notes

1. Related Party Information

(1) Organizational Chart of Related Companies




Note: The Company disposed of Abon Touchsystems Inc. on December 30, 2023.
銘旺科技股份有限公司 Abonmax Co., Ltd
銘電壹能源股份有限公司 Abonmax Power One Energy Co., Ltd.
世嵩達光電深圳有限公司 Shenzhen Sungsung Optoelectronics Co., Ltd.
銘旺綠能股份有限公司 Abonmax Green Energy Co., Ltd.
雲安能源開發投資股份有限公司 Yunan Energy Development and Investment Co., Ltd.
旭旺綠能股份有限公司
六甲壹電力股份有限公司 Liu Jia Yi Power Co., Ltd.
日日旺再生能源股份有限公司 RiRiwang Renewable Energy Co., Ltd.

(2) Basic Information of Each Related Company

Unit: Thousand Shares/Thousand NTD; December31, 2023

| Company Name | Date of Establishment | Address | Paid-in capital | Main Business or Production Items |
|---|---|---|---|---|
| Shenzhen Sungsung Optoelectronics Co., Ltd. | 2020.07 | No. 603, 48 Xin Yu Road, Xin Qiao Community, Xin Qiao Street, Bao'an District, Shenzhen City. | 5,702 | Business of manufacturing and selling electronic components, electrical appliances, and audiovisual electronic products. |
| AbonMax Green Energy Co., Ltd. | 2023.04 | 20th Floor, No. 112, Section 1, Xintai 5th Road, Xizhi District, New Taipei City. | 31,000 | Renewable energy development. |
| Abonmax Power One Energy Co., Ltd. | 2023.09 | 20th Floor, No. 112, Section 1, Xintai 5th Road, Xizhi District, | 200 | Renewable energy development. |

| | | | | |
|---|---|---|---|---|
| | | New Taipei City. | | |
| Yunan Energy Development and Investment Co., Ltd. | 2023.02 | 2nd Floor, No. 70-2, Section 3, Minquan EastRoad,Zhongshan District, Taipei City. | 15,000 | Renewable energy development. |
| Xuwang Green Energy Co., Ltd. | 2022.11 | 2nd Floor, No. 70-2, Section 3, Minquan EastRoad,Zhongshan District, Taipei City. | 17,000 | Renewable energy development. |
| Liu Jia Yi Power Co., Ltd. | 2023.05 | 2nd Floor, No. 70-2, Section 3, Minquan EastRoad,Zhongshan District, Taipei City. | 10,000 | Renewable energy development. |
| Ririwang Renewable Energy Co., Ltd. | 2022.09 | No. 1-131, Zhonghua Road,33th Neighborhood,Shengli Village, Yongkang District, Tainan City. | 2,005 | Renewable energy development. |

(3) Shareholder information indicating the existence of control and subsidiary relationships under Article 369-3 of the Company Act: None.

(4) Industries covered by the overall related party business operations of the company and the business relationships of each related party: Manufacturing, processing, and trading of touch panels; and developing renewable energy.

(5) Information on directors, supervisors, and general managers of each related party company.

Unit: Shares; December 31, 2023.

| Company Name | Job Title | Representative | Shares Held | |
|---|---|---|---|---|
| | | | Number of Shares | Shareholding Percentage |
| AbonMax Green Energy Co., Ltd. | Chairman | CHOU, WEI-KUNN | 3,100,000 | 100% |
| | Supervisor | LIU, CHEN-CHEN | | |
| AbonmaxPowerOneEnergyCo., Ltd. | Chairman | TSENG, HSING-CHIEH | 20,000 | 100% |
| Yunan Energy Development and Investment Co., Ltd. | Director/Chairman<br>Director<br>Director | Representative of AbonMax Green Energy Co., Ltd.: TSENG, HSING-CHIEH<br>Representative | 1,500,000 | 50% |

| | | | | |
|---|---|---|---|---|
| | | of AbonMax Green Energy Co., Ltd.: YANG, TSU-WEI Representative of Skynergy Co., Ltd.: LIN, TA-HSIANG | | |
| | Supervisor | CHEN, YA-TING | | |
| Xuwang Green Energy Co., Ltd. | Chairman | TSENG, HSING-CHIEH | 1,700,000 | 100% |
| Liu Jia Yi Power Co., Ltd. | Chairman | TSENG, HSING-CHIEH | 1,000,000 | 100% |
| Ririwang Renewable EnergyCo., Ltd. | Chairman | TSENG, HSING-CHIEH | 20,500 | 100% |

(6) Operating Overview of Each Related Company

Unit: Thousand NTD; December 31, 2023

| Company Name | Capital | Total Assets | Total Liabilities | Net Value | Operating Revenue | Business Operating profit | Income or Loss for the Period (After Tax) | Earnings per Share (EPS) (After Tax) |
|---|---|---|---|---|---|---|---|---|
| AbonMax Co., Ltd. | 437,482 | 413,481 | 179,973 | 233,508 | 279,893 | (58,744) | (24,309) | (0.56) |
| Shenzhen Sungsung Optoelectronics Co., Ltd. | 5,702 | 2,145 | 936 | 1,209 | - | (45) | (3,171) | Note 1 |
| AbonMax Green Energy Co., Ltd. | 31,000 | 30,603 | 353 | 30,249 | - | (212) | (751) | (0.24) |
| AbonmaxPowerOne Energy Co., Ltd. | 200 | 187 | 64 | 123 | - | (77) | (76) | (3.83) |
| Goal Reachholdings Limited. | - | - | - | - | - | - | - | - |
| Yunan Energy Development and Investment Co., | 30,000 | 28,885 | 50 | 28,834 | - | (154) | (1,166) | (0.39) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ltd. | | | | | | | | |
| Xuwang Green Energy Co., Ltd. | 17,000 | 17,120 | 77 | 17,043 | - | (156) | 58 | 0.03 |
| Liu Jia Yi Power Co., Ltd. | 10,000 | 41,552 | 32,523 | 9,030 | - | (667) | (970) | (0.97) |
| Ririwang Renewable Energy Co., Ltd. | 2,005 | 2,024 | 58 | 1,966 | 7 | (40) | (32) | (0.16) |

Note 1: A limited company. No number of shares available for the calculation of earnings per share.

(7) Consolidated Financial Statements of Related Companies: Please refer to page 87 of the annual report.

2. Recent and up to the date of printing of the annual report, the situation of private placement of securities:

1. On June 29, 2023, the company obtained approval from the shareholders' meeting to conduct a private placement of common shares within the limit of 4 million shares. The par value per share is NT$10. The board of directors was authorized to carry out the private placement in installments within one year from the date of the shareholders' meeting resolution. As of June 28, 2024, which marks one year from the approval date, there are still 4,000 thousand shares that have not been executed.
2. The funds raised from the private placement are intended for the enhancement of working capital and loan repayment, improvement of the company's financial structure, strengthening of competitiveness, and enhancement of operational efficiency. However, due to the current economic conditions, there are no plans for expansion investments. As the subscribers for the private placement have not been identified, the board of directors has decided to terminate the execution of the private placement capital increase after evaluation.

3. The Status of Holding or Disposing of the Company's Shares by a Subsidiary for the Most Recent Year and up to the Date of Publication of the Annual Report: None.

4. Other important notices to add: None

# IX. Matters with significant impact on shareholder equity or securities prices:

For the most recent fiscal year and up to the date of printing of the annual report, there were no significant matters that would have a material impact on shareholders' equity or security prices as defined in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act.

ABONMAX CO., LTD

# Audit Committee's Audit Report

The Board of Directors has prepared the company's 2023 annual business report, financial statements, and proposal for loss carryforward. The financial statements have been audited and completed by certified public accountants Lien, Shu-Ling of KGMP United Accounting Firm and Chen, Ying-Ju, who have issued an audit report. The aforementioned business report, financial statements, and proposal for the allocation of losses have been reviewed by our Audit Committee, which has determined that there are no discrepancies found. In accordance with the relevant provisions of the Securities and Exchange Act and the Company Act, we hereby submit the report for your reference.

Audit Committee of ABONMAX CO., LTD.

Chairperson of the Audit Committee: SHEN, HUA-RONG

March 12, 2024

# Representation Letter

In accordance with the "Guidelines for the Preparation of Consolidated Financial Statements of Related Enterprises and Related Reports" for the fiscal year 2023 (from January 1, 2023, to December 31, 2023), the companies that should be included in the preparation of consolidated financial statements of related enterprises are the same as those required to prepare consolidated financial statements of parent and subsidiary companies, as recognized by the Financial Supervisory Commission under International Financial reporting Standard No. 10. Furthermore, the relevant information to be disclosed in the consolidated financial statements of related enterprises has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no need to prepare separate consolidated financial statements of related enterprises.

Hereby declare

Company: ABONMAX CO., LTD.

Chairman: CHOU, WEI-KUN

Date: Mar. 5, 2024

## Independent Auditors' Report

To the Board of Directors of ABONMAX CO., LTD.:

**Opinion**

We have audited the consolidated financial statements of ABONMAX CO., LTD. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and 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 statements by Securities Issuers and the 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 entrusted by the Group in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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 Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 therein, we do not provide a separate opinion on these matters. Key audit matters for this consolidated financial statement for the year ended December 31, 2023 are stated as follows:

1. Recognition of Sales Revenue

   For the accounting policy related to the recognition of sales revenue, please refer to Note 4 (14) on Revenue Recognition in the consolidated financial statement; for the explanation of revenue recognition, please refer to Note 6 (21) in the consolidated financial statement.

   Explanation of the key audit matters:

   Sales revenue is a critical indicator for investors and management in assessing the financial statements or business performance of the Group. The timing of revenue recognition has a significant impact on the financial statements. Therefore, we believe that the recognition of sales revenue is one of the key audit matters in the audit of the financial statements.

   How the matter was addressed in our audit:

   Our primary audit procedures for the above key audit matters include evaluating whether the accounting treatment for revenue recognition complies with the relevant pronouncements; understanding and performing internal control tests to confirm the effective implementation of internal controls; selecting a sample of sales transactions during a period before and after the reporting date, performing cut-off tests for revenue recognition to evaluate the correctness of the timing of sales revenue recognition.

**Other Matters**

ABONMAX CO., LTD. has already prepared the parent company only financial statements for 2023 and 2022, which have been audited by our accountants and issued an unqualified audit report for reference.

**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 statements by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in 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 financia1 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ethica1 requirements regarding independence, and to communicate with them all re1ationships 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.

KPMG
Lien,Shu-Ling , CPA
Chen,Ying-Ju , CPA

| | | |
|---|---|---|
| Reference Number of the FSC Approval letter | ： | No. Taiwan-Finance-Securities-VI-0940100754<br>No. Taiwan-Finance-Securities-VI-0950161002 |

March 12, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the 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 (or review) such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

## ABONMAX CO., LTD. & SUBSIDIARIES

## Consolidated Balance Sheets

## As of Dec. 31, 2023 and Dec. 31, 2022

**Unit: NT$ thousands**

| Code | Assets | Dec. 31, 2023 Amount | % | Dec. 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 62,644 | 13 | 64,294 | 8 |
| 1170 | Notes receivables and accounts receivables, net (Note 6(2)) | 8,685 | 2 | 57,741 | 8 |
| 1210 | Receivables on payments on behalf of others (Note 6(3) and 7) | - | - | 21,003 | 3 |
| 130X | Inventory (Note 6(4)) | 35,319 | 8 | 58,877 | 8 |
| 1206 | Other receivables - others (Note 6(13)) | 14,294 | 3 | 18,581 | 2 |
| 1212 | Other receivables – related parties - others (Note 6(13)) | 79,015 | 17 | - | - |
| 1476 | Other financial assets - current (Note 6(13) and 8) | 17,464 | 4 | 33,734 | 4 |
| 1479 | Other current assets - others (Note 6(12)) | 28,037 | 6 | 41,802 | 6 |
| | **Total current assets** | 245,458 | 53 | 296,032 | 39 |
| | **Non-current assets:** | | | | |
| 1517 | Financial assets measured at FVTOCI－non-current (Note 6(2)) | 14,787 | 3 | 16,318 | 2 |
| 1600 | Property, plant and equipment (Note 6(9) and 8) | 79,468 | 17 | 369,964 | 48 |
| 1755 | Right-of-use assets (Note 6(10)) | 45,414 | 11 | 26,806 | 3 |
| 1780 | Intangible assets (Note 6(11)) | 692 | - | 1,959 | - |
| 1840 | Deferred tax assets (Note 6(18)) | 41,187 | 9 | 50,393 | 7 |
| 1980 | Other financial assets – non-current (Note 6(13) and 8) | 5,590 | 1 | 5,286 | 1 |
| 1995 | Other non-current assets - other (Note 6(12)) | 29,275 | 6 | 201 | - |
| | **Total non-current assets** | 216,413 | 47 | 470,927 | 61 |
| | **Total assets** | $ 461,871 | 100 | 766,959 | 100 |

| Code | Liabilities and Equity | Dec. 31, 2023 Amount | % | Dec. 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | **Current liabilities:** | | | | |
| 2100 | Short-term loans (Note 6(14)) | $ 100,205 | 22 | 120,330 | 16 |
| 2130 | Contract liabilities - current (Note 6(21)) | 1,512 | - | 3,669 | - |
| 2170 | Notes and accounts payables (Note 6(24)) | 3,500 | 1 | 22,278 | 3 |
| 2200 | Other payables (Note 6(24)) | 13,325 | 3 | 30,735 | 4 |
| 2230 | Deferred tax liabilities | 2,057 | - | - | - |
| 2280 | Lease liabilities - current (Note 6(16)) | 11,028 | 2 | 16,530 | 2 |
| 2320 | Long-term liabilities due within one year or one operating cycle (Note 6(15)) | 7,570 | 2 | 26,481 | 3 |
| 2399 | Other current liabilities | 2,132 | - | 791 | - |
| | **Total current liabilities** | 141,329 | 30 | 220,814 | 28 |
| | **Non-current liabilities:** | | | | |
| 2540 | Long-term loans (Note 6(15)) | 37,757 | 8 | 241,712 | 32 |
| 2580 | Lease liabilities - non-current (Note 6(16)) | 34,757 | 8 | 10,366 | 1 |
| 2600 | Other non-current liabilities | 103 | - | 115 | - |
| | **Total non-current liabilities** | 72,617 | 16 | 252,193 | 33 |
| | **Total liabilities** | 213,946 | 46 | 473,007 | 61 |
| | **Equity attributable to the owners of the parent company (Note 6(19)):** | | | | |
| 3110 | Common shares | 437,482 | 95 | 437,482 | 57 |
| 3200 | Capital reserves | 73,535 | 16 | 66,684 | 9 |
| 3350 | Loss to be compensated | (269,260) | (58) | (246,817) | (32) |
| 3400 | Other equity | (8,249) | (2) | (6,685) | (1) |
| | Total shareholders' equity | 233,508 | 51 | 250,664 | 33 |
| 36XX | Non-controlling interest | 14,417 | 3 | 43,288 | 6 |
| | **Total equity** | 247,925 | 54 | 293,952 | 39 |
| | **Total liabilities and equity** | $ 461,871 | 100 | 766,959 | 100 |

**(Please refer to the notes to the consolidated financial statements)**

# ABONMAX CO., LTD. & SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

### From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022

**Unit: NT$ thousands**

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | **Amount** | **%** | **Amount** | **%** |
| 4000 | **Operating revenue** (Note 6(21) and 7) | $ 512,544 | 100 | 520,739 | 100 |
| 5000 | **Operating cost** (Note 6(5)) | (488,554) | (95) | (462,928) | (89) |
| | **Gross profit** | 23,990 | 5 | 57,811 | 11 |
| | **Operating expense:** | | | | |
| 6100 | Promotion expense | (29,607) | (6) | (31,801) | (6) |
| 6200 | Administration expense | (57,219) | (11) | (50,977) | (10) |
| 6300 | R&D expenses | (13,334) | (3) | (15,616) | (3) |
| 6450 | Reversal gains on expected credit losses (Note 6(3)) | (4,312) | (1) | (373) | - |
| | **Total operating expenses** | (104,472) | (21) | (98,767) | (19) |
| | **Net operating loss** | (80,482) | (16) | (40,956) | (8) |
| | **Non-operating revenue/expense (Note 6(23)):** | | | | |
| 7100 | Interest income | 1,127 | - | 257 | - |
| 7010 | Other income | 3,833 | 1 | 3,059 | 1 |
| 7020 | Other gains and losses | 54,449 | 10 | 4,748 | 1 |
| 7050 | Financial costs | (17,004) | (4) | (11,970) | (2) |
| | **Total non-operating revenue/expense** | 42,405 | 7 | (3,906) | - |
| | **Pre-tax net loss from continuing operations** | (38,077) | (9) | (44,862) | (8) |
| 7950 | **Less: Income tax expense (Note 6(18))** | (11,263) | (2) | (8,069) | (2) |
| | **Net loss for the period** | (49,340) | (11) | (52,931) | (10) |
| | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at FVTOCI | (1,531) | - | (4,267) | (1) |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items not to be reclassified to profit or loss | 3,500 | 1 | - | - |
| 8349 | Less: Income tax related to the items which were not reclassified | - | - | - | - |
| | **Total items not to be reclassified to profit or loss** | 1,969 | 1 | (4,267) | (1) |
| 8360 | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation | (33) | - | 65 | - |
| 8399 | Less: Income tax related to items that may be reclassified | - | - | - | - |
| | **Total items that may be reclassified to profit or loss** | (33) | - | 65 | - |
| | **Other comprehensive income in the term (net value after tax)** | 1,936 | 1 | (4,202) | (1) |
| | **Total comprehensive income in the fiscal year** | **$ (47,404)** | **(10)** | **(57,133)** | **(11)** |
| | **Net loss for the period attributable to:** | | | | |
| 8610 | Owners of the parent company | $ (24,309) | (6) | (49,706) | (9) |
| 8620 | Non-controlling interest | (25,031) | (5) | (3,225) | (1) |
| | | **$ (49,340)** | **(11)** | **(52,931)** | **(10)** |
| | **The total comprehensive income attributable to:** | | | | |
| 8710 | Owners of the parent company | $ (24,007) | (5) | (53,908) | (10) |
| 8720 | Non-controlling interest | (23,397) | (5) | (3,225) | (1) |
| | | **$ (47,404)** | **(10)** | **(57,133)** | **(11)** |
| | **Losses per share (NTD) (Note 6(20))** | | | | |
| 9750 | **Basic (diluted) losses per share (NTD)** | **$** | **(0.56)** | | **(1.24)** |

**(Please refer to the notes to the consolidated financial statements)**

**ABONMAX CO., LTD. & SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022**

**Unit: NT$ thousands**

| | Equity attributable to owners of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | | Retained earnings | Other equity items | | | | |
| | Common shares | Additional paid-in capital | Loss to be compensated | Exchange difference on translation of the financial statements of foreign operations | Unrealized gains or losses of the financial assets measured at FVTOCI | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
| **Balance as of Jan. 1, 2022** | $ 397,482 | 72,684 | (196,265) | (75) | (3,254) | 270,572 | 46,513 | 317,085 |
| Net loss for the period | - | - | (49,706) | - | - | (49,706) | (3,225) | (52,931) |
| Other comprehensive income, 2022 | - | - | - | 65 | (4,267) | (4,202) | - | (4,202) |
| Total comprehensive income, 2022 | - | - | (49,706) | 65 | (4,267) | (53,908) | (3,225) | (57,133) |
| Cash capital increase | 40,000 | (6,000) | - | - | - | 34,000 | - | 34,000 |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | (846) | - | 846 | - | - | - |
| **Balance as of Dec. 31, 2022** | 437,482 | 66,684 | (246,817) | (10) | (6,675) | 250,664 | 43,288 | 293,952 |
| Net loss for the period | - | - | (24,309) | - | - | (24,309) | (25,031) | (49,340) |
| Other comprehensive income, 2023 | - | - | - | (33) | 335 | 302 | 1,634 | 1,936 |
| Total comprehensive income, 2023 | - | - | (24,309) | (33) | 335 | (24,007) | (23,397) | (47,404) |
| Changes in ownership of interests in subsidiaries | - | 6,848 | - | - | - | 6,848 | 13,162 | 20,010 |
| Increase or decrease in non-controlling interests | - | - | - | - | - | - | (18,636) | (18,636) |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | 1,866 | - | (1,866) | - | - | - |
| Disgorgement exercised by the Company | - | 3 | - | - | - | 3 | - | 3 |
| **Balance as of Dec. 31, 2023** | $ 437,482 | 73,535 | (269,260) | (43) | (8,206) | 233,508 | 14,417 | 247,925 |

**(Please refer to the notes to the consolidated financial statements)**

## ABONMAX CO., LTD. & SUBSIDIARIES

## Consolidated Statements of Cash Flows

## From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022

**Unit: NT$ thousands**

| | 2023 | 2022 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Net loss before tax** | $ (38,077) | (44,862) |
| **Adjustment items:** | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 54,464 | 52,917 |
| Amortization expense | 780 | 777 |
| Expected credit loss (gain) | 4,312 | 373 |
| Interest expense | 17,004 | 11,970 |
| Interest income | (1,127) | (257) |
| Gains on disposal and scrapping of property, plant and equipment | (9,918) | (760) |
| Gains on disposal of investments | (74,006) | - |
| Losses on impairment of non-financial assets | 29,856 | - |
| Gains on lease modification | (6) | - |
| Losses on impairment of intangible assets | 36 | - |
| Total income and expense items | 21,395 | 65,020 |
| Net change in assets/liabilities related to operating activities: | | |
| Net change in assets related to operating activities: | | |
| Decrease in accounts receivable | 15,306 | 42,485 |
| Decrease (increase) in receivables on payments on behalf of others | 21,003 | (21,003) |
| Decrease (increase) in inventory | (18,917) | 15,048 |
| Decrease (increase) in other current assets | 12,675 | (29,358) |
| Total net change in assets related to operating activities | 30,067 | 7,172 |
| Net change in liabilities related to operating activities: | | |
| Increase in contract liabilities | 774 | 257 |
| Decrease in notes and accounts payables | (3,286) | (20,481) |
| Increase (decrease) in other payables | 3,467 | (1,071) |
| Increase (decrease) in other current liabilities | 288 | (195) |
| Total net change in liabilities related to operating activities | 1,243 | (21,490) |
| Total net change in assets and liabilities related to operating activities | 31,310 | (14,318) |
| Total adjustment items | 52,705 | 50,702 |
| Cash inflows from operating activities | 14,628 | 5,840 |
| Interest received | 1,127 | 257 |
| Interest paid | (17,211) | (12,168) |
| Income taxes paid | - | (91) |
| **Net cash outflows from operating activities** | (1,456) | (6,162) |
| **Cash flow from investing activities:** | | |
| Acquisition of financial assets measured at FVTOCI | (100,000) | (4,000) |
| Disposal of financial assets measured at FVTOCI | - | 5,012 |
| Return of capital from reduction of financial assets measured at fair value through other comprehensive income | - | 126 |
| Acquisition of subsidiaries | 13,689 | - |
| Disposal of investments accounted for using equity method | 33,812 | - |
| Effect of loss of control | (6,490) | - |
| Acquisition of property, plant and equipment | (9,545) | (9,942) |
| Disposal of property, plant and equipment | 10,275 | 760 |
| Decrease (increase) in other financial assets | 16,217 | (3,511) |
| Acquisition of intangible assets | (96) | (997) |
| Increase in other non-current assets | (28,484) | 2,158 |
| **Net cash outflow from investing activities** | (70,622) | (10,394) |
| **Cash flow from financing activities:** | | |
| Increase in short-term loans | 92,875 | (37,097) |
| Long-term borrowings | - | 172,000 |
| Repayment of long-term borrowings | (26,196) | (165,548) |
| Repayment of lease principal | (16,332) | (16,578) |
| Increase in other non-current liabilities | 100 | - |
| Cash capital increase | - | 34,000 |
| Changes in non-controlling interests | 20,010 | - |
| Execution of disgorgement | 3 | - |
| Net cash inflows (outflows) from financing activities | 70,460 | (13,223) |
| **Effect of the changes in exchange rate on cash and cash equivalents** | (32) | 69 |
| **Decrease in cash and cash equivalents** | (1,650) | (29,710) |
| **Beginning balance of cash and cash equivalents** | 64,294 | 94,004 |
| **Ending balance of cash and cash equivalents** | **$ 62,644** | **64,294** |

**(Please refer to the notes to the consolidated financial statements)**

**ABONMAX CO., LTD. AND ITS SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**
**For the Years Ended 31 December 2023 and 2022**
**(Unless otherwise specified, the basic unit for any amount shall be NT$ THOUSANDS.)**

## 1. Company Profile

ABONMAX CO., LTD. was established on November 30, 1978, according to the Company Act and was listed on September 11, 2000. The business scope includes manufacturing and sales of optical panels, optoelectronic glass substrates, and electronic whiteboards.

## 2. Date and Procedure for the Approval of Financial Statement

The consolidated financial statements were approved for issue by the board of directors on March 5, 2024.

## 3. Application of Newly Issued and Revised Standards and Interpretations

(1) Impact of newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (FSC)

From January 1, 2023, the consolidated company started applying the following new amendments to the International Financial reporting Standards (IFRS), which had no significant impact on the consolidated financial statements.

·Amendments to IAS 1 “Disclosure Accounting Policy”·

·Amendments to IAS 8 “Definition of Accounting Estimates”

·Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

From May 23, 2023, the consolidated company started applying the following new amendments to the International Financial reporting Standards (IFRS), which had no significant impact on the consolidated financial statements.

·Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

(2) Impact of IFRS approved by FSC not yet adopted

The consolidated company has evaluated that the application of the following new amendments to the IFRS, which take effect from January 1, 2024, will not significantly impact the consolidated financial statements.

·Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

·Amendments to IAS 1 “Non-current liabilities with covenants”

·Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

·Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”

(3) Newly Issued and Revised Standards and Interpretations Not Yet Approved by the FSC

The consolidated company expects that the following newly issued and amended standards not yet recognized will not have a significant impact on the consolidated financial statements.

·Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

·IFRS 17 "Insurance Contracts" and Amendment to IFRS 17

·Amendment to IFRS 17 "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

·Amendments to IAS 21 “Lack of Exchangeability”

**4. Summary of Significant Accounting Policies**

The significant accounting policies adopted in the consolidated financial statement are summarized as follows. Except as otherwise stated, the following accounting policies have been consistently applied to all periods presented in the consolidated financial statement.

(1) Compliance Statement

The consolidated financial statement is prepared in accordance with the "Preparation Standards for Financial statements of Securities Issuers" accounting standards.

(2) Preparation Basis

1. Measurement basis

Except for the following significant items in the balance sheet, the consolidated financial statement is prepared on a historical cost basis:

(1) Financial assets measured at fair value through other comprehensive income.

2. Functional currency and presentation currency

Each entity in the consolidated company uses the currency of the primary economic environment in which it operates as its functional currency. The consolidated financial statement is presented in the company's functional currency, the New Taiwan Dollar. All financial information expressed in New Taiwan Dollars is in units of thousands of New Taiwan Dollars.

(3) Consolidation Basis

1.Principles for the Preparation of Consolidated Financial Statements

The entities included in the consolidated financial statements consist of the parent company and the entities it controls (i.e., subsidiaries). The parent company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

From the date the parent company obtains control of a subsidiary, its financial statements are included in the consolidated financial statements until the date control is lost. Transactions, balances, and any unrealized income and expenses between consolidated entities have been fully eliminated in the preparation of consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the parent company and non-controlling interests, even if this results in a deficit for non-controlling interests.

The financial statements of subsidiaries have been appropriately adjusted to ensure consistency with the accounting policies used by the consolidated entities.

Changes in the consolidates company's ownership interest in subsidiaries that do not result in the loss of control are accounted for as equity transactions with owners. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or received is directly recognized in equity and is attributable to the owners of the parent company.

When the consolidated company loses control over a subsidiary, the assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary are derecognized at their carrying amounts on the date control is lost, and any retained investment in the former subsidiary is remeasured at its fair value on the date control is lost. The disposal gains or losses are the differences between: (1) the total fair value of the consideration received and the fair value of any retained investment in the former subsidiary on the date control is lost, and (2) the total carrying amounts of the assets (including goodwill) and liabilities and non-controlling interests of the subsidiary on the date control is lost. The accounting treatment of all amounts previously recognized in other comprehensive income relating to the subsidiary is on the same basis as if the consolidated company had directly disposed of the related assets or liabilities.

2.Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are:

| Name of the Investment Company | Name of Subsidiary | Business Nature | Shareholding percentage Dec. 31, 2023 | Shareholding percentage Dec. 31, 2022 | Remark |
|---|---|---|---|---|---|
| The Company | Abon Touchsystems Inc. | Production and sales of electronic components, electrical appliances and audio-visual electronic products | - % | 57.80% | Note 1 |
| The Company | Abon (shengzheng) Touchsystems Inc. | Production and sales of electronic components, electrical appliances and audio-visual electronic products | 100.00% | 100.00% | Established on July 24, 2020. |
| The Company | Abonmax Green Energy Co., Ltd. | Power generation by renewable energy | 100.00% | - % | Note 2 |
| The Company | Abonmax Power One Energy Co., Ltd. | Power generation by renewable energy | 100.00% | - % | Note 3 |
| Abonmax Green Energy Co., Ltd. | Yunan Energy Development and Investment Co., Ltd. | General investment | 50.00% | - % | Note 4 |
| Yunan Energy Development and Investment Co., Ltd. | Xuwang Green Energy Co., Ltd. | Power generation by renewable energy | 100.00% | - % | Note 5 |
| Yunan Energy Development and Investment Co., Ltd. | Liu Jia Yi Power Co., Ltd. | Power generation by renewable energy | 100.00% | - % | Note 6 |
| Yunan Energy Development and Investment Co., Ltd. | RiRiwang Renewable Energy Co., Ltd. | Power generation by renewable energy | 100.00% | - % | Note 7 |

Note 1: In order to adjust the financial structure and coordinate with future operating development, the proposal of disposal of the shares of significant subsidiary, Abon Touchsystems Inc., has been resolved by the extraordinary shareholders meeting on November 17, 2023. As the settlement has been completed on December 31, 2023, the consolidated company lost control over the company since the end of December 2023, and it is not the consolidated entity of the consolidated company.

Note 2: The subsidiary, Abonmax Green Energy Co., Ltd., was established by the board of directors on March 23, 2023, with paid-in capital of $1,000 thousand, and approved for establishment on March 28, 2023.

Note 3: The subsidiary, Abonmax Power One Energy Co., Ltd., was proposed to be established by the board of directors on August 10, 2023, with paid-in capital of $200 thousand, and approved for establishment on September 8, 2023.

Note 4: The investments in Yunan Energy Development and Investment Co., Ltd. was proposed by the board of directors of the subsidiary, Abonmax Green Energy Co., Ltd., on April 19, 2023, and Abonmax Green Energy Co., Ltd. acquired 50% of the shares of Yunan Energy Development and Investment Co., Ltd. on May 3, 2023. The consolidated company considers that as the consolidated company acquired more than half of the board of director seats of Yunan Energy Development and Investment Co., Ltd., it indicated the consolidated company has actual ability to direct the relevant activities, thus the consolidated company regards Yunan Energy Development and Investment Co., Ltd. as a subsidiary.

Note 5: The subsidiary, Yunan Energy Development and Investment Co., Ltd., acquired 100% of the shares of Xuwang Green Energy Co., Ltd. on March 1, 2023.

Note 6: The subsidiary, Liu Jia Yi Power Co., Ltd., was proposed to be established by the board of directors on April 7, 2023, with paid-in capital of $10,000 thousand, and approved for establishment on May 5, 2023.

Note 7: The subsidiary, Yunan Energy Development and Investment Co., Ltd., acquired 100% of the shares of RiRiwang Renewable Energy Co., Ltd. on September 5, 2023.

3. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currency

1.Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the exchange rate on the transaction date. Monetary items in foreign currencies are translated into the functional currency at the exchange rate on the subsequent reporting date. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date when the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising from the translation are generally recognized in profit or loss, but they are recognized in other comprehensive income in the following case: equity instruments designated at fair value through other comprehensive income.

2. Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. Income and expense items are translated at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When disposing of a foreign operation, such that control, significant influence or joint control is lost, the cumulative amount of the exchange differences related to that foreign operation is reclassified to profit or loss in full. When a subsidiary that includes a foreign operation is disposed of in part, the proportionate share of the accumulated exchange differences is reattributed to non-controlling interests. When disposing of an interest in an associate or joint venture that includes a foreign operation, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such items are considered part of a net investment in a foreign operation and are recognized in other comprehensive income.

(5) Classification of Assets and Liabilities as Current or Non-Current

Assets are classified as current assets if they meet one of the following criteria. All other assets that do not meet these conditions are classified as non-current assets:

1.Expected to be realized or intended to be sold or consumed in the normal operating cycle;

2.Mainly held for trading purposes;

3.Expected to be realized within twelve months after the reporting period; or

4.Cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities are classified as current liabilities if they meet one of the following criteria. All other liabilities that do not meet these conditions are classified as non-current liabilities:

1. Expected to be settled in the normal operating cycle;

2. Mainly held for trading purposes;

3.Expected to be settled within twelve months after the reporting period; or

4.The liability for which the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Whether a liability is presented as current or non-current is not affected by the terms of the liability that could result in its settlement by the issue of equity instruments.

(6) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(7) Financial Instruments

Receivables and debt securities issued are initially recognized when they arise. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding receivables that do not contain a significant financing component) or financial liabilities not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Receivables that do not contain a significant financing component are initially measured at the transaction price.

1. Financial Assets

Financial assets purchased or sold in accordance with customary transactions are accounted for consistently in the consolidated company's financial statements, classified in the same manner. The accounting treatment for the purchase and sale of financial assets is based on the transaction date.

Financial assets are initially classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The consolidated company only reclassifies all affected financial assets when it changes the business model for managing financial assets, starting from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

Financial assets are measured at amortized cost when they meet the following conditions and are not designated as measured at fair value through profit or loss:

·The financial asset is held under a business model with the objective of collecting contractual cash flows.

·The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the original recognition amount plus or minus the accumulated amortization calculated using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. On derecognition, the gain or loss is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions and are not designated as measured at fair value through profit or loss:

·The financial asset is held under a business model with the objective of both collecting contractual cash flows and selling the financial asset.

·The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The consolidated company holds some accounts receivable under a business model with the objective of both collecting contractual cash flows and selling, and therefore measures these receivables at fair value through other comprehensive income. However, they are included in accounts receivable.

The consolidated company may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of an equity investment not held for trading in other comprehensive income. The choice is made on an investment-by-investment basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss, while all other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount in other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of the investment) is recognized in profit or loss. All other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized when the consolidated company is entitled to receive dividends (usually on the ex-dividend date).

(3 Financial Assets at Fair Value Through Profit or Loss

Financial assets that do not fall into the categories of amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. Accounts receivable intended for immediate or short-term sale are measured at fair value through profit or loss, but are included in accounts receivable. Upon initial recognition, the consolidated company may irreversibly designate financial assets that meet the conditions for measurement at amortized cost or fair value through other comprehensive income as financial assets at fair value through profit or loss, in order to eliminate or significantly reduce accounting mismatches.

These assets are subsequently measured at fair value, and their net gains or losses (including any dividends and interest income) are recognized in profit or loss.

(4 Impairment of Financial Assets

The consolidated company recognizes an allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, margin deposits, and other financial assets).

The following financial assets are measured at the amount of expected credit losses over the next twelve months, while the rest are measured at the amount of expected credit losses over their lifetime:

·Debt securities that are judged to have low credit risk on the reporting date; and

·Other debt securities and bank deposits whose credit risk (i.e., the risk of default over the expected life of the financial instrument) has not significantly increased since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured at the amount of expected credit losses over their lifetime.

In determining whether the credit risk has significantly increased since initial recognition, the consolidated company considers reasonable and supportable information that can be obtained without undue cost or effort, including both qualitative and quantitative information, as well as analysis based on the company's historical experience, credit assessment, and forward-looking information.

Lifetime expected credit losses refer to the expected credit losses resulting from all possible default events over the expected life of the financial instrument.

Twelve-month expected credit losses refer to the expected credit losses resulting from possible default events within twelve months after the reporting date (or a shorter period, if the expected life of the financial instrument is less than twelve months).

The maximum period for measuring expected credit losses is the longest contractual period during which the consolidated company is exposed to credit risk.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured by the present value of all cash shortfalls, i.e., the difference between the cash flows that the consolidated company is contractually entitled to receive and the cash flows that the consolidated company expects to receive. Expected credit losses are discounted using the effective interest rate of the financial asset.

The consolidated company assesses whether there has been credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income on each reporting date. When one or more events that have a detrimental effect on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired. Evidence of credit impairment of a financial asset includes observable data related to the following:

·Significant financial difficulties of the borrower or issuer;

·Default, such as arrears or overdue by more than 90 days;

·The consolidated company granting concessions to the borrower that would not normally be considered due to economic or contractual reasons related to the borrower's financial difficulties;

·The borrower is likely to file for bankruptcy or undergo other financial reorganization; or

·The active market for the financial asset has disappeared due to financial difficulties.

The provision for loss of financial assets measured at amortized cost is deducted from the carrying amount of the asset. The provision for loss of debt instrument investments measured at fair value through other comprehensive income is adjusted for loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the consolidated company cannot reasonably expect to recover all or part of the financial asset, it directly reduces the total carrying amount of its financial asset. For corporate accounts, the consolidated company analyzes the timing and amount of write-offs on an individual basis based on the reasonable expectation of recovery. The consolidated company expects that the amount written off will not significantly reverse. However, written-off financial assets can still be enforced to comply with the consolidated company's procedure for recovering overdue amounts.

(5 Derecognition of Financial Assets

The consolidated company only derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or the financial asset has been transferred and almost all risks and rewards of ownership of the asset have been transferred to another entity, or neither transferred nor retained almost all risks and rewards of ownership and has not retained control of the financial asset.

If the consolidated company signs a transaction to transfer a financial asset and retains all or substantially all risks and rewards of ownership of the transferred asset, it continues to recognize it on the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Financial Liabilities

Financial liabilities are classified as measured at amortized cost or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange loss are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

(2) Derecognition of Financial Liabilities

The consolidated company derecognizes financial liabilities when they are discharged, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the liability post-modification are significantly different, the original financial liability is derecognized and the new financial liability is recognized based on the fair value of the revised terms.

When derecognizing financial liabilities, the difference between their carrying amount and the total amount paid or payable (including any transferred non-cash assets or assumed liabilities) is recognized as a gain or loss.

(3) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset only when the consolidated company currently has a legally enforceable right to set off and intends to settle on a net basis or realize the asset and settle the liability simultaneously. It is then expressed in the balance sheet on a net basis.

(8) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost includes the costs of acquisition, production, processing, and other costs incurred to make it available for use and is calculated using the weighted average method. The cost of finished and work-in-progress inventory includes a proportionate share of manufacturing costs based on normal production capacity.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(9) Property, Plant and Equipment

1. Recognition and Measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gains or losses on the disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits will flow to the consolidated company.

3 Depreciation

Depreciation is calculated on the cost of the assets, less their residual value, and is recognized in profit or loss over the estimated useful life of each component on a straight-line basis.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| (1) Buildings | 35 years |
| (2) Machinery and Equipment | 7 years |
| (3) Other equipment | 3-11 years |

The consolidated company reviews the depreciation method, useful life, and residual value at each reporting date and makes adjustments as appropriate.

(10) Leases

The consolidated company evaluates whether a contract is or contains a lease on the inception date of the contract. If the contract transfers the right to use an identified asset for a period in exchange for consideration, it is or contains a lease.

1.Lessee

The consolidated company recognizes right-of-use assets and lease liabilities at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the initial measurement of the lease liability, any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term on a straight-line basis. Furthermore, the consolidated company periodically reviews the right-of-use asset for impairment and accounts for any impairment loss identified, and adjusts the right-of-use asset in conjunction with any re-measurement of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date of the lease. If the implicit interest rate in the lease is easy to determine, the discount rate is that interest rate; if not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

The lease payments included in the measurement of the lease liability include:

(1) Fixed payments, including substantial fixed payments;

(2) Lease payments that depend on the change of an index or rate, with the index or rate on the commencement date of the lease as the initial measurement;

(3) The expected amount of residual value guarantees to be paid; and

(4) The exercise price or penalty to be paid when it is reasonably certain to exercise the purchase option or the lease termination option.

The lease liability is subsequently accrued using the effective interest method and remeasured in the following situations:

(1) The index or rate used to determine the lease payments changes, causing future lease payments to change;

(2) The expected amount of residual value guarantees to be paid changes;

(3) The assessment of the option to purchase the underlying asset changes;

(4) The estimate of whether to exercise the extension or termination option changes, changing the assessment of the lease period;

(5) The modification of the lease object, scope or other terms.

When the lease liability is remeasured due to the change in the index or rate used to determine the lease payments, the change in the amount of the residual value guarantee to be paid, and the change in the assessment of the purchase, extension or termination option, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the lease scope, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is recognized in profit or loss.

The consolidated company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property separately as line items in the balance sheet.

For short-term leases and low-value asset leases, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but instead recognizes the related lease payments as expenses on a straight-line basis during the lease term.

2. Lessor

Transactions of the consolidated company as a lessor are classified on the lease commencement date according to whether the lease contract transfers almost all the risks and rewards of ownership of the underlying asset. If it does, it is classified as a finance lease, otherwise, it is classified as an operating lease. In the assessment, the consolidated company considers specific indicators including whether the lease term covers the major part of the economic life of the underlying asset.

If the consolidated company is a sub-lessor, it deals with the master lease and sublease transactions separately, and assesses the classification of the sublease transactions based on the right-of-use asset resulting from the master lease. If the master lease is a short-term lease and the recognition exemption applies, its sublease transactions should be classified as operating leases.

If an agreement includes lease and non-lease components, the consolidated company uses the provisions of International Financial reporting Standard No. 15 to allocate the consideration in the contract.

For assets held under finance leases, the amount is expressed as "finance lease receivables," which represents the net investment in the lease. The original direct costs incurred in negotiating and arranging operating leases are included in the net investment in the lease. The net investment in the lease is recognized as interest income over the lease term using a constant periodic rate that reflects a fixed rate of return. For operating leases, the consolidated company recognizes lease payments received as rental income on a straight-line basis over the lease term.

(11) Intangible assets

1 Recognition and Measurement

The goodwill generated from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Expenditure on research activities is recognized as an expense when it occurs.

Development expenditure is capitalized only if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are likely to flow into the consolidated company, and the consolidated company intends and has sufficient resources to complete the development and to use or sell the asset. All other development expenses are recognized as an expense when they occur. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment.

The consolidated company acquires other intangible assets with finite useful lives, including customer relationships, patents and trademarks, etc., which are measured at cost less accumulated amortization and accumulated impairment.

2 Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset. All other expenditures are recognized as an expense when they occur, including internally generated goodwill and brands.

3. Amortization

Apart from goodwill, amortization is calculated on the cost of the asset less its estimated residual value, and is recognized in profit or loss on a straight-line basis over its estimated useful life, from the date that the intangible assets are available for use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| (1) Patents and trademarks | 3-18 years |
| (2) Computer software: | 3-10 years |

The consolidated company reviews the amortization method, useful life and residual value of intangible assets at each reporting date and adjusts appropriately when necessary.

(12) Impairment of Non-Financial Assets

The consolidated company assesses at each reporting date whether there is any indication that a non-financial asset (excluding inventories, contract assets and deferred tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

he impairment loss is immediately recognized in profit or loss, first reducing the carrying amount of goodwill allocated to that cash-generating unit, then reducing the carrying amounts of other assets within the unit proportionally.

Impairment losses for goodwill are not reversed. For non-financial assets other than goodwill, reversals are only made within the scope of the carrying amount determined if an impairment loss was not recognized in previous years (less depreciation or amortization).

(13) Provision

A provision is a present legal or constructive obligation or arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured with sufficient reliability. Provision shall be discounted by the discount rate which is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization by discounting the provision shall be recognized as interest expenses.

1.Warranties

The provision for warranty liabilities is recognized at the time of the sale of goods or services, and the provision is measured based on historical warranty data and the weighting of all possible outcomes by their relevant probabilities.

(14) Revenue recognition

1. Revenue from customer contracts

Revenue is measured at the amount of consideration expected to be entitled to in exchange for transferring goods or services. The company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The company explains as follows based on the main revenue items:

(1) Sales of goods

The company recognizes revenue when control of the product is transferred. Control is considered to be transferred when the product has been delivered to the customer, the customer has full discretion over the sales channels and price of the product, and there are no unfulfilled obligations that would affect the customer's acceptance of the product. Delivery occurs when the product has been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the company has objective evidence to believe that all acceptance conditions have been met.

(2) Processing revenue

Processing revenue is recognized upon completion of the processing.

(3) Agency revenue

In judging between a principal and an agent transaction, the company acts as an agent rather than a principal, as the company evaluates that it did not control such goods before they were transferred to the customer. Therefore, the company provides intermediary services for customers to provide goods in the capacity of an agent, and recognizes agency revenue when control of the goods is transferred and there are no subsequent obligations.

(4) Revenue from sales of electricity

Revenue is measured at the consideration to which it is expected to be entitled in exchange for the goods or services transferred to the customer. The consolidated company recognizes revenue when the control of goods or service is transferred to the customer and the performance obligations are satisfied. The performance obligations of sales of electricity are satisfied overtime, and the revenue is calculated and recognized by the actual kWh of electricity sold and the rates.

(15) Business Combination

The consolidated company treated each business combination by the acquisition method. Goodwill is measured as of the acquisition date as the difference of the fair value of the consideration transferred, including the amount of any non-controlling interests attributable to the acquiree, less the net of the identifiable assets acquired and the liabilities assumed (usually the fair value). If the difference is a negative number, the consolidated company shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed, before recognizing a gain on a bargain purchase.

Transaction costs relevant to the business combination shall be recognized as expenses at occurrence, except for those related to issue of debt or equity instruments.

The consolidated company shall measure the components of non-controlling interests in the acquiree that are present ownership interests and entitled their holders to proportionate share of the entity’s net assets in the event of liquidation at either fair value, or the present ownership instruments’ proportionate share in the recognized amount of the acquiree’s identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, or another measurement basis required by IFRSs endorsed by the FSC.

(16) Income Taxes

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

The group considers whether interest and penalties related to income taxes (including uncertain tax treatments) meet the definition of income taxes and, therefore, applies the accounting treatment in accordance with IAS 37.

Current tax includes the expected tax payable or receivable on taxable income (loss) for the year, and any adjustment to the tax payable or receivable in respect of previous years. Its amount is measured as the best estimate of the amount expected to be paid or received, which reflects the uncertainty related to income taxes (if any), after the tax rate enshrined in law or substantively enacted by the reporting date.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. However, deferred tax is not recognized for the following temporary differences:

1. The initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (loss).
2. Temporary differences related to investments in subsidiaries, associates and interests in joint ventures, where the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
3 Taxable temporary differences on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and unused tax credits carried forward, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these can be utilized. These are re-evaluated at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized, or when there is sufficient taxable profit available to recover the amount that has previously been reduced.

Deferred tax is measured using tax rates expected to apply when the temporary differences reverse, based on statutory tax rates or substantially enacted tax rates at the reporting date, taking into account uncertainties related to income tax, if any.

The consolidated company only offsets deferred tax assets and deferred tax liabilities when the following conditions are met simultaneously:

1 It has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(1) The same taxable entity; or

(2) Different taxable entities, but each entity intends to settle significant amounts of deferred tax assets expected to be recovered and deferred tax liabilities expected to be settled in each future period on a net basis, or to realize the assets and settle the liabilities simultaneously.

(17) Earnings per share

The consolidated company presents both basic and diluted earnings per share (EPS) attributable to the company's ordinary equity holders. Basic EPS of the consolidated company is calculated by dividing the profit or loss attributable to the company's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to the company's ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all potential dilutive ordinary shares, which include convertible corporate bonds and employee stock options.

(18) Segment Information

An operating segment is a component of the consolidated company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the consolidated company). The operating results of all operating segments are regularly reviewed by the consolidated company's chief operating decision-maker to make decisions about resources allocated to the segment and assess its performance. Each operating segment has separate financial information.

**5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions**

When management prepares these consolidated financial statements in accordance with IFRS approved by the Financial Supervisory Commission, they must make judgments, estimates, and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period of the change and future periods affected.

Information on accounting policies involving significant judgments, and having significant impact on the amounts recognized in the consolidated financial statements is as follows:

(1) Determination of whether substantively control the investees

The consolidated company acquired 50% of the share of Yunan Energy Development and Investment Co., Ltd. and obtained control over the company. The consolidated company considers that as the consolidated company acquired more than half of the board of director seats of Yunan Energy Development and Investment Co., Ltd., it indicated the consolidated company has actual ability to direct the relevant activities, thus the consolidated company regards Yunan Energy Development and Investment Co., Ltd. as a subsidiary.

No significant risks are identified in the uncertainties about assumptions and estimates that would result in significant adjustments to the related information in the next year.

**6. Explanation of important accounting items**

(1) Cash and cash equivalents

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Cash and Petty Cash | $ | 91 | 330 |
| Checks deposits | | 1,313 | 1,313 |
| Demand deposits | | 46,706 | 12,559 |
| Foreign Currency Deposits | | 14,534 | 50,092 |
| Cash and Cash equivalents in the Consolidated Statement of Cash Flows | **$** | **62,644** | **64,294** |

For the disclosure of interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities, please refer to Note 6 (24).

(2) Financial assets measured at fair value through other comprehensive income

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Equity instruments measured at fair value through other comprehensive income: | | | |
| Domestic unlisted (over-the-counter) company stock | | | |
| HUAI I PRECISION TECHNOLOGY CO., LTD. | $ | 11,358 | 8,285 |
| CAREMAN TECHNOLOGY CO., LTD. | | 545 | 4,033 |
| SYNCVISION TECHNOLOGY CORPORATION | | 2,884 | 4,000 |
| | **$** | **14,787** | **16,318** |

1. Investments in equity instruments measured at fair value through other comprehensive income

   The consolidated company holds these equity instrument investments for long-term strategic purposes and not for trading purposes, so they are designated as measured at fair value through other comprehensive income.

2. In October 2021, the consolidated company transferred part of shares of GeneTouch Corp. to financial assets measured at fair value through other comprehensive income for losing control over it, and sold all remaining shares in the company in October 2022.

3. In 2022, the consolidated company sold financial assets designated as measured at fair value through other comprehensive income, with selling prices of $5,012 thousand, generating disposal losses of $846 thousand and the aforementioned disposal losses were transferred from other equity to retained earnings.
4. As a result of the above equity instruments investment designated as measured at fair value through other comprehensive income, the consolidated company recognized dividend income of 31 thousand dollars in 2022.
5 For information on credit risk and market risk, please refer to Note 6 (24).
6. None of the above financial assets were pledged as collateral.

(3) Notes receivable and accounts receivable

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Notes receivable | $ 286 | 2,867 |
| Accounts receivable (Including accounts receivable - related parties) | 12,286 | 58,109 |
| Minus: allowance for loss | (3,887) | (3,235) |
| | $ 8,685 | 57,741 |

The company adopts a simplified approach to estimate the expected credit loss for all receivables and accounts receivable, that is, using the expected credit loss measurement for the entire period. For this measurement purpose, these receivables and accounts receivable are grouped according to the common credit risk characteristics that represent the customer's ability to pay all due amounts in accordance with contract terms, and forward-looking information has been included. The analysis of the expected credit loss of the company's receivables and accounts receivable is as follows:

| | Dec. 31, 2023 | | |
|---|---|---|---|
| | Carrying amount of receivables | Weighted average expected credit loss ratio | Allowance for expected credit losses during the continuance period |
| Not overdue | $ 4,205 | 0.00%~0.75% | 66 |
| Within 60 days of expiration | 2,654 | 0.00%~0.75% | 72 |
| 61~180 days of expiration | 122 | 0.00%~10.25% | 8 |
| 181~365 days past due | 3,617 | 0%~12.79% | 1,767 |
| Over 365 days past due | 1,974 | 0%~100% | 1,974 |
| | $ 12,572 | | 3,887 |

| | Dec. 31, 2022 | | |
|---|---|---|---|
| | Carrying amount of receivables | Weighted average expected credit loss ratio | Allowance for expected credit losses during the continuance period |
| Not overdue | $ 37,344 | 0.00%~0.75% | 295 |
| Within 60 days of expiration | 17,135 | 0.00%~0.75% | 142 |
| 61~180 days of expiration | 743 | 0.00%~11.08% | 47 |
| 181~365 days past due | 3,235 | 0%~13.84% | 232 |
| Over 365 days past due | 2,519 | 100% | 2,519 |
| | $ 60,976 | | 3,235 |

The changes in the provision for losses on receivables and accounts receivable of the company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 3,235 | 3,860 |
| Provision of impairment loss | 1,858 | 373 |
| Amount written off as uncollectible in the year | - | (998) |
| Loss of control | (1,206) | - |
| Ending balance | **$ 3,887** | **3,235** |

As of December 31, 2023 and 2022, all the accounts receivable of the consolidated company were not pledged as collateral.

(4) Receivables for Payments on Behalf Others

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Receivables for Payments on Behalf Others | **$ -** | **21,003** |

Receivables for payments on behalf refer to the company purchasing on behalf of customers, with an average credit period of 45~60 days from the date the customer starts to draw goods. When determining the recoverability of receivables for payments on behalf, the company considers any change in the credit quality of the receivables from the original credit date to the balance sheet date. If there is a delay, a provision for bad debts can be made by referring to the past arrears record of the counterparty and analyzing its current financial situation for overdue receivables for payments on behalf.

The company evaluates that it does not control the specific goods before they are transferred to customers, so the company provides goods brokerage services for customers as an agent, recognizes agency revenue and accounts receivable when the control of the goods is transferred and there are no subsequent obligations and the receivables for payments on behalf are recoverable. The amount of the company acting as an agent for customers to purchase on behalf is listed as receivables for payments on behalf of others.

(5) Inventory

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Raw Materials | $ 2,319 | 18,476 |
| Semi-finished products | - | 1,712 |
| In-process products | 121 | 8,722 |
| Finished Product | 338 | 18,222 |
| Products | 32,541 | 11,745 |
| | **$ 35,319** | **58,877** |

The details of the cost of goods sold of the company in 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of sales | $ 449,403 | 429,298 |
| Loss on decline in value of inventories and slump | 1,451 | 2,054 |
| Proceeds from sale of scrap and waste | (309) | (378) |
| Unallocated manufacturing costs | 38,009 | 31,954 |
| Total | **$ 488,554** | **462,928** |

Inventory depreciation and obsolescence losses are due to the fact that inventory is outdated or unusable, causing the net realizable value of the inventory to be lower than the cost, which is listed as operating costs.

For information on the provision of inventory as collateral, please refer to Note 8.

(6) Acquisition of subsidiaries and non-controlling interests

1. Acquisition of subsidiaries

The consolidated company acquired 50% of the shares of Yunan Energy Development and Investment Co., Ltd. on April 19, 2023, and obtained control over the company. The consolidated company considers that as the consolidated company acquired more than half of the board of director seats of Yunan Energy Development and Investment Co., Ltd., it indicated the consolidated company has actual ability to direct the relevant activities, thus the consolidated company regards Yunan Energy Development and Investment Co., Ltd. as a subsidiary.

(1) The fair value as of the acquisition date of the main category of consideration transferred is as follows:

The main category of consideration transferred is as follows:

| | | |
|---|---|---|
| Cash | **$** | **15,000** |

(2) Identifiable assets acquired and liabilities assumed

Details of fair value of identifiable assets acquired and liabilities assumed at the acquisition date are as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 28,689 |
| Accounts receivables | | 236 |
| Temporary payments | | 900 |
| Other current assets | | 166 |
| Expenses payables and other payables | | (64) |
| Fair value of identifiable net assets | **$** | **29,927** |

The fair value of identifiable assets acquired is a provisional amount. The assets are yet to be finally valuated.

The consolidated company will keep reviewing the aforementioned items during the measurement period. The consolidated company shall revise the accounting treatments of the acquisition, if the consolidated company obtains new information within one year from the acquisition date about facts and circumstances that existed as of the acquisition date, and identifies adjustments to the aforementioned provisional amounts or any additional provisions existed as of the acquisition date.

(3) Goodwill

Goodwill recognized for the acquisition is as follows:

| | | |
|---|---|---|
| Consideration transferred | $ | 15,000 |
| Non-controlling interests (measured by identifiable assets in proportion to non-controlling interests) | | 14,963 |

| | |
|---|---|
| Less: fair value of identifiable net assets | (29,927) |
| Goodwill | $ 36 |

(7) Information on subsidiaries with significant non-controlling interests

The details of non-controlling interests in subsidiaries that are significant to the company are as follows:

| Name of Subsidiary | Main Business Venues/ Country of Incorporation | Non-controlling interests Percentage of shares and voting rights held Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Abon Touchsystems Inc. | Taiwan | - % | 42.20% |

The summarized financial information of the above subsidiaries is prepared in accordance with the International Financial reporting Standards approved by the Financial Supervisory Commission, and reflects the fair value adjustments made by the company at the acquisition date and the adjustments made for accounting policy differences. This financial information is the amount before the transactions between the companies are eliminated:

1.Abon Touchsystems Inc.'s Aggregate Financial Information: Summarized financial information of Abon Touchsystems Inc.:

| | Dec. 31, 2022 |
|---|---|
| Current assets | $ 120,607 |
| Non-current assets | 275,391 |
| Current liabilities | (96,674) |
| Non-current liabilities | (196,746) |
| Net assets | $ 102,578 |
| Ending balance of carrying amount of non-controlling interests | $ 43,288 |

| | 2022 |
|---|---|
| Operating revenue | $ 302,036 |
| Net loss | $ (7,640) |
| Other comprehensive income | - |
| Total comprehensive income | $ (7,640) |
| Net loss attributable to non-controlling interests | $ (3,225) |
| Total comprehensive income attributable to non-controlling interests | $ (3,225) |
| Cash flows from operating activities | $ 35,196 |
| Cash flows from investing activities | 7,622 |
| Cash flows from financing activities | (32,817) |
| Increase (decrease) in cash and cash equivalents | $ 10,001 |

Please refer to Note 6(8) for the condition of losing control over Abon Touchsystems Inc. since December 31, 2023.

(8) Loss of control over a subsidiary

In order to adjust the financial structure and coordinate with future operating development, the proposal of disposal of the shares of significant subsidiary, Abon Touchsystems Inc., has been resolved by the board of directors on September 27 2023, and the extraordinary shareholders meeting on November 17, 2023, to sell 13,744,815 shares of Abon Touchsystems Inc. to related parties at $8.2 per share with total amount of $112,707 thousand, securities transaction tax of $338 thousand, resulting in gains on disposal of $74,006 thousand. As the settlement has been completed on December 31, 2023, the consolidated company lost control over the company since the end of December 2023, and it is not the consolidated entity of the consolidated company. The amount of $1,866 thousand relevant to the subsidiary recognized in other comprehensive income have been transferred from other equity to retained earnings. Please refer to Note 7 for the relevant equity transaction.

The details of carrying amounts of assets and liabilities of Abon Touchsystems Inc. as of December 31, 2023 are as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 6,490 |
| Notes receivables | | 923 |
| Accounts receivables, net | | 31,205 |
| Inventories | | 42,475 |
| Other financial assets - current | | 1,000 |
| Other current assets - others | | 2,156 |
| Other financial assets at fair value through other comprehensive income – non-current | | 103,500 |
| Property, plant and equipment | | 230,121 |
| Right-of-use assets | | 2,642 |
| Intangible assets | | 583 |
| Guaranteed deposits paid | | 124 |
| Bank borrowings | | (113,000) |
| Contract liabilities - current | | (2,931) |
| Accounts payables | | (14,268) |
| Accounts payables – related parties | | (1,224) |
| Other payables | | (17,455) |
| Lease liabilities - current | | (1,097) |
| Other current liabilities | | (947) |
| Current portion of long-term borrowings | | (13,552) |
| Long-term borrowings | | (183,118) |
| Lease liabilities – non-current | | (1,553) |

| | |
|---|---:|
| Other non-current liabilities | (112) |
| Carrying amount of net assets of former subsidiary | **$ 71,962** |

(9) Property, plant and equipment

The changes in cost and depreciation of the consolidated company's property, plant and equipment for the years 2023 and 2022 were as follows:

| | Land | **House and Building** | Machinery and Equipment | Other equipment | **Unfinished work and equipment to be inspected** | Total |
|---|---:|---:|---:|---:|---:|---:|
| Costs or deemed costs: | | | | | | |
| Balance on Jan. 1, 2023 | $ 106,511 | 225,250 | 399,281 | 79,678 | 17,732 | 828,452 |
| Loss of control | (90,000) | (192,194) | (281,527) | (53,967) | (517) | (618,205) |
| Addition | - | 220 | 3,818 | 1,710 | 518 | 6,266 |
| Disposal | - | - | (33,075) | (8,629) | - | (41,704) |
| Reclassification | - | - | 17,143 | - | (17,733) | (590) |
| Balance on Dec.31, 2023 | **$ 16,511** | **33,276** | **105,640** | **18,792** | **-** | **174,219** |
| Balance on Jan. 1, 2022 | $ 106,511 | 225,250 | 368,076 | 72,246 | 43,843 | 815,926 |
| Addition | - | - | 5,934 | 1,300 | 4,224 | 11,458 |
| Disposal | - | - | (15,765) | (310) | - | (16,075) |
| Reclassification | - | - | 41,036 | 6,442 | (30,335) | 17,143 |
| Balance on Dec.31, 2022 | **$ 106,511** | **225,250** | **399,281** | **79,678** | **17,732** | **828,452** |
| Depreciation and impairment losses: | | | | | | |
| Balance on Jan. 1, 2023 | $ - | 73,039 | 317,492 | 67,957 | - | 458,488 |
| Loss of control | - | (77,029) | (260,400) | (50,655) | - | (388,084) |
| Depreciation for the year | - | 6,365 | 24,965 | 4,508 | - | 35,838 |
| Disposal | - | - | (32,734) | (8,613) | - | (41,347) |
| Provision of impairment losses | - | - | 29,856 | - | - | 29,856 |
| Balance on Dec.31, 2023 | **$ -** | **2,375** | **79,179** | **13,197** | **-** | **94,751** |
| Balance on Jan. 1, 2022 | $ - | 66,320 | 307,616 | 64,214 | - | 438,150 |
| Depreciation for the year | - | 6,719 | 25,641 | 4,053 | - | 36,413 |
| Disposal | - | - | (15,765) | (310) | - | (16,075) |
| Balance on Dec.31, 2022 | **$ -** | **73,039** | **317,492** | **67,957** | **-** | **458,488** |
| Carrying amount: | | | | | | |
| Dec.31, 2023 | **$ 16,511** | **30,901** | **26,461** | **5,595** | **-** | **79,468** |
| Jan. 1, 2022 | **$ 106,511** | **158,930** | **60,460** | **8,032** | **43,843** | **377,776** |
| Dec.31, 2022 | **$ 106,511** | **152,211** | **81,789** | **11,721** | **17,732** | **369,964** |

The consolidated company evaluates fair value based on the property appraisal report. The impairment losses recognized for the year ended December 31, 2023 amounted to $29,856 thousand.

Please refer to Note 8 for the property, plant and equipment pledge as collaterals for bank borrowings and credit lines as of December 31, 2023 and 2022.

(10) Right-of-use assets

The cost and depreciation of the company's leased land, buildings and structures, transportation equipment and machinery equipment are as follows:

| | | Land | Buildings and structures | Transportation equipment | Total |
|---|---|---|---|---|---|
| Right-of-use assets cost: | | | | | |
| Balance on Jan. 1, 2023 | $ | - | 29,478 | 5,817 | 35,295 |
| Loss of control | | - | - | (2,988) | (2,988) |
| Addition | | 35,086 | 2,000 | 2,988 | 40,074 |
| Reduction | | - | - | (914) | (914) |
| Balance on Dec.31, 2023 | **$** | **35,086** | **31,478** | **4,903** | **71,467** |
| Balance on Jan. 1, 2022 | $ | - | 26,176 | 9,975 | 36,151 |
| Addition | | - | 29,478 | - | 29,478 |
| Reduction | | - | (26,176) | (4,158) | (30,334) |
| Balance on Dec.31, 2022 | **$** | **-** | **29,478** | **5,817** | **35,295** |
| Right-of-use assets-Depreciation: | | | | | |
| Balance on Jan. 1, 2023 | $ | - | 4,914 | 3,575 | 8,489 |
| Loss of control | | - | - | (346) | (346) |
| Depreciation | | - | 16,645 | 1,981 | 18,626 |
| Reduction | | - | - | (716) | (716) |
| Balance on Dec.31, 2023 | **$** | **-** | **21,559** | **4,494** | **26,053** |
| Balance on Jan. 1, 2022 | $ | - | 17,530 | 4,789 | 22,319 |
| Depreciation | | - | 13,560 | 2,944 | 16,504 |
| Reduction | | - | (26,176) | (4,158) | (30,334) |
| Balance on Dec.31, 2022 | **$** | **-** | **4,914** | **3,575** | **8,489** |
| Carrying amount: | | | | | |
| Dec.31, 2023 | **$** | **35,086** | **9,919** | **409** | **45,414** |
| Jan. 1, 2022 | **$** | **-** | **8,646** | **5,186** | **13,832** |
| Dec.31, 2022 | **$** | **-** | **24,564** | **2,242** | **26,806** |

The consolidated company leased land for building the site for business operation of renewable energy equipment.

(11) Intangible assets

The cost, amortization and impairment of the company's intangible assets in 2023 and 2022 are as follows:

| | Software and others | Goodwill | Total |
|---|---|---|---|
| **Cost:** | | | |
| Balance on Jan. 1, 2023 | $ 4,504 | - | 4,504 |
| Loss of control | (2,629) | - | (2,629) |
| Separate acquisition | 96 | - | 96 |
| Acquisition as part of a business combination | - | 36 | 36 |
| Balance on Dec.31, 2023 | **$ 1,971** | **36** | **2,007** |
| Balance on Jan. 1, 2022 | $ 3,507 | - | 3,507 |
| Separate acquisition | 997 | - | 997 |
| Balance on Dec.31, 2022 | **$ 4,504** | **-** | **4,504** |
| **Amortization and impairment losses:** | | | |
| Balance on Jan. 1, 2023 | $ 2,545 | - | 2,545 |
| Loss of control | (2,046) | - | (2,046) |
| Amortization | 780 | - | 780 |
| Impairment | - | 36 | 36 |
| Balance on Dec.31, 2023 | **$ 1,279** | **36** | **1,315** |
| Balance on Jan. 1, 2022 | $ 1,768 | - | 1,768 |
| Amortization | 777 | - | 777 |
| Balance on Dec.31, 2022 | **$ 2,545** | **-** | **2,545** |
| **Carrying amount:** | | | |
| Balance on Dec.31, 2023 | **$ 692** | **-** | **692** |
| Jan. 1, 2022 | **$ 1,739** | **-** | **1,739** |
| Balance on Dec.31, 2022 | **$ 1,959** | **-** | **1,959** |

1. Amortization and impairment recognized

Amortization expenses of intangible assets in 2023 and 2022 are included in the following items of the consolidated comprehensive income statement:

| | 2023 | 2022 |
|---|---|---|
| Operating cost | **$ 76** | **184** |
| Operating expenses | **$ 704** | **593** |

| | | |
|---|---|---|
| Non-operating expenses | **$ 36** | **-** |

2. Guarantee

As of December 31, 2023 and 2022, intangible assets of the consolidated company were not pledged as collateral.

(12) Other current assets and non-current assets

The details of the company's other current assets and non-current assets are as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Prepayment of equipment | $ 201 | 201 |
| Prepayments for goods | 25,862 | 40,638 |
| Input tax and offset against business tax payable | 1,673 | 146 |
| Prepaid development expenses | 12,411 | - |
| Prepaid construction expenses | 16,664 | - |
| Others | 501 | 1,018 |
| | **$ 57,312** | **42,003** |

The prepaid development expenses and construction expenses for establishment of photovoltaics power generation system and the development of the land used for photovoltaics for the year ended December 31, 2023 amounted to $29,075 thousand. Please refer to Note 7 and 9 for explanations.

(13) Other financial assets - current and non-current

The details of the consolidated company's other financial assets - current and non-current are as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Restricted bank deposits | $ 17,464 | 33,219 |
| Guaranteed deposits paid | 5,590 | 5,800 |
| Other receivables – return of goods purchased | 11,899 | 17,052 |
| Other receivables – settlement of shares | 78,557 | - |
| Other financial assets - other | 5,307 | 1,530 |
| Less: other receivables – allowance for impairment losses | (2,454) | - |
| | **$ 116,363** | **57,601** |

The lifetime overdue amount of the aforementioned receivables is $11,899 thousand. Expected credit losses estimated amounted to $2,454 thousand.

The aforementioned other receivables – settlement of shares are the proceeds for selling Abon Touchsystems Inc. to GINWIN TECHNOLOGY CO., LTD. As of December 31, 2023, other receivables – settlement of shares recognized amounted to $78,557 thousand. Please refer to Note 6(8), 7, and 9.

(14) Short-term loans

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Unsecured bank borrowings | $ 53,684 | 56,481 |
| Guaranteed bank borrowings | 46,521 | 63,849 |
| Total | $ 100,205 | 120,330 |
| Unused credit lines | $ 2,192 | 86,955 |
| Interest Rate Range | 2.97%~7.43% | 2.57%~6.81% |

Please refer to note 8 for the details of the consolidated company's asset pledged for bank loans as of December 31, 2023 and 2022.
Please refer to note 7 for the details of the related parties guaranteeing bank loans for the consolidated company in 2023 and 2022.

(15) Long-term loans

The details of the consolidated company's long-term loans are as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Unsecured bank borrowings | $ 1,850 | 2,775 |
| Guaranteed bank Loans | 41,626 | 258,164 |
| Guaranteed Other Loans | 1,851 | 7,254 |
| Less: Portion due within 1 year | (7,570) | (26,481) |
| Total | $ 37,757 | 241,712 |
| Unused amount | $ - | - |
| Interest Rate Range | 2.16%~5.03% | 1.91%~5.03% |
| Maturity Year | 2024~2036 | 2023~2036 |

Please refer to note 6 (24) for information about the consolidated company's interest rate, foreign currency and liquidity risk exposures.
Please refer to note 8 for details of the consolidated company's asset mortgages for bank loans.

(16) Lease liabilities

The carrying amount of the consolidated company's lease liabilities is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Current | $ 11,028 | 16,530 |
| Non-current | $ 34,757 | 10,366 |

Please refer to Note 6 (24) for the maturity analysis of financial instruments.

The amounts related to lease recognized in profit or loss are as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest expense on lease liabilities | $ 680 | 269 |
| Gain on sublease of right-of-use assets | $ - | 985 |
| Short-term lease payments | $ 3,404 | 2,372 |

The amounts related to lease recognized in statements of cash flows are as follows:

| | 2023 | 2022 |
|---|---|---|
| Total cash outflow from leases | $ 20,416 | 18,234 |

1. Leases of land
The consolidated company leases land for establishment of photovoltaics power generation system. The lease period ends at 20 years after the business operation of the photovoltaics power generation system. In addition, lease payments for part of the leased land are determined by the power generation revenue.
2. Leases of buildings and structures
The consolidated company leases buildings and structures for office and factory use. Some leases include an option to extend for the same period when the lease expires.
3. Other leases
The consolidated company leases other equipment for a period of one year. These leases are low-value target leases, and the consolidated company has chosen to apply the exemption recognition rule and does not recognize their related use right assets and lease liabilities.

(17) Employee benefits

1. Defined benefit plan
The contributions for the defined benefit plan of the consolidated company have been allocated to a special account for workers' retirement reserve at the Bank of Taiwan. The retirement payment for each employee under the Labor Standards Act is calculated based on the years of service and the average salary of the six months prior to retirement.
As of the report date, the balance of the consolidated company's special account for the worker's retirement reserve at the Bank of Taiwan is $1,376 thousand dollars. The consolidated company's workers' retirement reserve has reached the point of supporting workers' retirement funds, so the consolidated company applied to the Taoyuan City Government Labor Bureau to suspend allocations, which was approved. And because there has been no significant market fluctuation, reduction, repayment, or other significant one-off events after the end of the previous fiscal year.
As there is no employee adopting defined benefit plans in 2022, the consolidated company did not recognize pension expenses for the years ended December 31, 2023 and 2022.
2. Defined contribution plan
The defined contribution plan of the consolidated company is in accordance with the provisions of the Labor Retirement Fund Act. Based on the contribution rate of 6% of workers' monthly wages, contributions are made to the personal account of the labor retirement fund of the Labor Insurance Bureau. Under this plan, once the consolidated company contributes a fixed amount to the Labor Insurance Bureau, there are no additional legal or implied obligations to pay.
The retirement expenses under the defined contribution retirement plan of the consolidated

company in fiscal years 2023 and 2022 were $5,576 thousand and $5,770 thousand respectively, which have been contributed to the Labor Insurance Bureau.

(18) Income tax

1. Income tax expenses

The details of the income tax expenses of the consolidated company in fiscal years 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Current income tax expenses | $ | 2,057 | 91 |
| Deferred income tax expenses | | 9,206 | 7,978 |
| Income tax expense for continuing operations | **$** | **11,263** | **8,069** |

A reconciliation of the Consolidated Company's income tax expense to net loss before income taxes for fiscal years 2023 and 2022 is as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Net loss before tax | **$** | **(38,077)** | **(44,862)** |
| Income tax calculated at the domestic tax rate of the Company | $ | (13,434) | (9,855) |
| House and land transactions income tax | | 2,057 | - |
| Permanent differences | | 988 | (3,148) |
| Tax-exempt income | | (8,066) | 886 |
| Current tax loss on unrecognized deferred income tax assets | | 13,323 | 12,117 |
| Unrecognized changes in temporary differences | | 16,361 | 7,978 |
| Underestimation (overestimation) in prior periods | | 34 | 91 |
| Income tax expenses | **$** | **11,263** | **8,069** |

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets not recognized

The items of the consolidated company not recognized as deferred income tax assets are as follows:

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Deductible temporary differences | $ | 3,939 | 4,707 |
| Tax loss | | 26,690 | 53,618 |
| | **$** | **30,629** | **58,325** |

Such items are not recognized as deferred income tax assets, as it is not likely that the consolidated company will generate taxable income in the future to realize these benefits. In addition, taxable losses can be deducted from the net profit of the year according to the income tax laws and regulations before the previous ten years of losses are approved by the tax authority. These items are not recognized as deferred income tax assets, as it is not very likely that the consolidated company will have sufficient taxable income for use in the future.

As of December 31, 2023, the consolidated company's taxable losses, the deduction period is as follows, among which the recognized deferred income tax assets are $41,187 thousand:

| Year | Losses not yet deducted | | Last year for which the deduction was made |
|---|---|---|---|
| 2014 | $ | 84,577 | 2024 |
| 2015 | | 59,408 | 2025 |
| 2016 | | 38,122 | 2026 |
| 2027 | | 29,743 | 2027 |
| 2018 | | 14,806 | 2028 |
| 2019 | | 23,509 | 2029 |
| 2020 | | 4,619 | 2030 |
| 2022 | | 43,247 | 2031 |
| 2023 | | 41,355 | 2032 |
| Total | **$** | **339,386** | |

(2) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets in 2023 and 2022 are as follows:

| | Loss carryforwards | | Total |
|---|---|---|---|
| **Deferred income tax assets:** | | | |
| Balance on Jan. 1, 2023 | $ | 50,393 | 50,393 |
| (Debit) Credit in statements of comprehensive income | | (9,206) | (9,206) |
| Balance on Dec.31, 2023 | **$** | **41,187** | **41,187** |
| Balance on Jan. 1, 2022 | $ | 58,371 | 58,371 |
| (Debit) Credit in statements of comprehensive income | | (7,978) | (7,978) |
| Balance on Dec.31, 2022 | **$** | **50,393** | **50,393** |

3. Income tax verification situation

The company's business income tax settlement report has been approved by the tax authorities up to the fiscal year 2021.

(19) Capital and Other Equity

1. Issuance of common stock

As of December 31, 2023 and 2022 the company's total authorized share capital was both $4,000,000 thousand, with a par value of $10 per share, divided into 400,000 thousand shares. The issued common shares were 43,748 thousand shares in both years, and all issued shares have been paid in full.

On June 29, 2018, the shareholders meeting of the company approved the issuance of new shares through private placement within the quota of 21,000 thousand shares, which could be handled in stages within a year. The first private placement issued 3,000 thousand new shares and set April 9, 2019, as the base date for the private placement. After the change, the paid-in capital was 300,112 thousand dollars. The second private placement issued 3,500 thousand new shares and set May 21, 2019, as the base date for the private placement. After the change, the paid-in capital was 335,112 thousand dollars.

On June 27, 2019, the shareholders' meeting of the company approved the issuance of new shares through private placement within the quota of 14,500 thousand shares, which could be handled in stages within a year. The first private placement issued 3,225 thousand new shares and set October 23, 2019, as the base date for the private placement. After the change, the paid-in capital was 367,362 thousand dollars, and the change registration was completed with the Ministry of Economic Affairs, Bureau of Commerce.

On June 30, 2020, the shareholders' meeting of the company authorized the board of directors to issue new shares through private placement in stages within a year after the shareholders' meeting resolution, not exceeding 11,000 thousand shares. On September 21, 2020, the board of directors resolved to issue common shares of 6,000 thousand shares at a private placement price of 13.9 dollars per share, with a par value of 10 dollars per share. If the number of shares is not fully raised this time, the remaining shares will be incorporated into the second private placement. The first private placement issued 3,012 thousand new shares and set October 16, 2020, as the base date for the private placement. After the change, the paid-in capital was 397,482 thousand dollars, and the change registration was completed with the Ministry of Economic Affairs, Bureau of Commerce.

On June 30, 2022, the shareholders' meeting of the company authorized the board of directors to issue new shares through private placement in one or two stages within a year after the shareholders' meeting resolution, not exceeding 8,000 thousand shares. On November 10, 2022, the board of directors resolved to issue common shares of 4,000 thousand shares at a private placement price of 8.5 dollars per share, with a par value of 10 dollars per share, totaling 34,000 thousand dollars. If the number of shares is not fully raised this time, the remaining shares will be incorporated into the second private placement. The first private placement issued 4,000 thousand new shares and set November 24, 2022, as the base date for the private placement. After the change, the paid-in capital was 437,482 thousand dollars, and the change registration was completed with the Ministry of Economic Affairs, Bureau of Commerce.

The transfer of the above-mentioned privately issued ordinary shares and their subsequent freely distributed shares must be handled in accordance with Article 43-8 of the Securities Exchange Act, and three years after the delivery date of the privately issued ordinary shares, they must first be publicly issued to the Financial Supervisory Commission before they can apply for listing and trading on the stock exchange.

The adjustment table for the number of outstanding shares for the fiscal years 2023 and 2022 of the Company is as follows:

(expressed in thousands of shares)

| | Common shares | |
|---|---|---|
| | **2023** | **2022** |
| Beginning balance | 43,748 | 39,748 |
| Cash Capital Increase | - | 4,000 |
| Ending balance | **43,748** | **43,748** |

2.Capital Reserve

The content of the capital reserve balance of the consolidated company is as follows:

| | **Dec. 31, 2023** | **Dec. 31, 2022** |
|---|---|---|
| Premium on issuance of shares | $ 38,319 | 38,319 |
| Change in ownership interest in subsidiaries | 35,213 | 28,365 |

| | | | |
|---|---|---|---|
| Disgorgement exercised by the Company | | 3 | - |
| | $ | 73,535 | 66,684 |

Capital reserves must be used to cover losses first, then new shares or cash can be distributed according to the proportion of shareholders' original shares in realized capital reserves. The so-called realized capital reserves include the surplus from issuing shares at more than the face value and the proceeds from receiving donations. According to the guidelines for issuers to raise and issue securities, capital reserves that can be used to supplement capital can be allocated, but the total amount allocated each year cannot exceed ten percent of the paid-in capital.

3. Retained Earnings

According to the company's charter, the company should distribute at least four percent of the current year's profit as employee compensation and distribute no more than three percent of the current year's profit as director and supervisor compensation. If the company still has accumulated losses, it should make up for them. The aforementioned profit situation refers to the profit before the deduction of employee compensation and director and supervisor compensation from the pre-tax profit of the current year. The distribution of employee compensation and director compensation should be decided by a resolution with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present, and reported to the shareholders meeting. Employee compensation can be given in shares or cash, and the recipients include employees of subordinate companies who meet certain conditions.

If the company has a profit at the end of the fiscal year, it should first pay taxes, make up for accumulated losses in previous years, then allocate ten percent as a legal reserve, and make or reverse special reserve according to laws or regulations of the competent authority. If there is still a profit, the remaining amount is added to the accumulated undistributed profit of previous years, and the board of directors proposes a distribution proposal, which is distributed after being resolved by the shareholders meeting.

The Company's board of directors decided to make up for the losses of 2022 and 2021 at the shareholders meetings on June 29, 2023, and June 30, 2022, respectively.

For the situation of the board of directors' proposal and the shareholders' meeting decision on making up for losses, please check the "Market Observation Post System" of the Taiwan Stock Exchange.

4. Other equity (net of tax)

| | Exchange difference on translation of the financial statements of foreign operations | Gain (loss) on investment in equity instruments measured at fair value through other comprehensive income | Non-controlling interests |
|---|---|---|---|
| Jan. 1, 2023 | $ (10) | (6,675) | 43,288 |
| Exchange differences arising from the translation of net assets of foreign operations | (33) | - | - |
| Changes in ownership of interests in subsidiaries | - | - | 13,162 |
| Unrealized valuation gains or losses on financial assets at fair value through | - | 335 | 1,634 |

| | | | |
|---|---|---|---|
| other comprehensive income | | | |
| Profit or loss attributable to non-controlling interests | - | - | (25,031) |
| Decrease in non-controlling interests | - | - | (18,636) |
| Disposal of equity instruments at fair value through other comprehensive income | - | (1,866) | - |
| Balance on Dec.31, 2023 | **$ (43)** | **(8,206)** | **14,417** |

| | Exchange difference on translation of the financial statements of foreign operations | Gain (loss) on investment in equity instruments measured at fair value through other comprehensive income | Non-controlling interests |
|---|---|---|---|
| Jan. 1, 2022 | $ (75) | (3,254) | 46,513 |
| Exchange differences arising from the translation of net assets of foreign operations | 65 | - | - |
| Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income | - | (4,267) | - |
| Non-controlling interests | - | - | (3,225) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | 846 | - |
| Balance on Dec.31, 2022 | **$ (10)** | **(6,675)** | **43,288** |

(20) Earnings per share

1. Basic (diluted) earnings (losses) per share

The basic (diluted) earnings per share of the Company for the fiscal years 2023 and 2022 are calculated based on the net profit (loss) attributable to the holders of ordinary equity of the Company and the weighted average number of outstanding ordinary shares. The relevant calculations are as follows:

(1) Net profit attributable to the holders of ordinary equity of the Company

| | 2023 | 2022 |
|---|---|---|
| Net loss attributable to equity holders of the Company's common stock | **$ (24,309)** | **(49,706)** |

(2) Weighted average number of outstanding ordinary shares (thousand shares)

| | 2023 | 2022 |
|---|---|---|
| Common stock outstanding as of January 1 | 43,748 | 39,748 |
| Effect of new shares issued by cash capital increase | - | 416 |
| Weighted average number of common shares | **43,748** | **40,164** |

outstanding as of December 31

2. Earnings per share are as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Basic (diluted) earnings (loss) per share | $ | (0.56) | (1.24) |

(21) Revenue from customer contracts

1. Breakdown of revenue

| | | 2023 | 2022 |
|---|---|---|---|
| Major regional markets: | | | |
| Taiwan | $ | 249,530 | 301,039 |
| China | | 210,455 | 166,226 |
| Other countries | | 52,559 | 53,474 |
| | $ | 512,544 | 520,739 |
| Main Products: | | | |
| Optical Panel | $ | 461,365 | 491,471 |
| Others | | 51,179 | 29,268 |
| | $ | 512,544 | 520,739 |

2. Contract balance

| | | Dec. 31, 2023 | Dec. 31, 2022 | Jan. 1, 2022 |
|---|---|---|---|---|
| Notes and Accounts receivable (including related parties0 | $ | 12,572 | 60,976 | 104,459 |
| Less: allowance for loss | | (3,887) | (3,235) | (3,860) |
| Total | $ | 8,685 | 57,741 | 100,599 |
| Contract liabilities | $ | 1,512 | 3,669 | 3,412 |

The amounts recognized as revenue from the beginning balances of contract liabilities on January 1 of fiscal years 2023 and 2022 were $3,669 thousand and $3,365 thousand, respectively.

For disclosures of notes receivable and accounts receivable and their impairments, please refer to Note 6(3).

(22) Employee and director compensation

According to the regulations of the Company charter, the company should distribute no less than four percent of the year's profit status to employee remuneration, and should distribute no more than three percent of the year's profit status to the remuneration of directors and supervisors. However, when the company has accumulated losses, they should be compensated. The above-mentioned annual profit status refers to the pre-tax profit of the year before the distribution of employee remuneration and the remuneration of directors and supervisors. The distribution of employee remuneration and director remuneration should be resolved by the attendance of more than two-thirds of the directors and the agreement of more than half of the attending directors, and report to the shareholder meeting. Employee remuneration can be in the form of stock or cash, and the recipients include employees of subsidiary companies who meet certain conditions.

For the 2023 and 2022 fiscal years of the Company, no employee remuneration was allocated due to accumulated losses. Please refer to "Market Observation Post System" of the

Taiwan Stock Exchange for relevant information.

(23) Non-operating revenue/expense

1. Interest income

Details of interest income for the 2023 and 2022 fiscal years of the consolidated company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Bank Deposit interest | $ 1,053 | 218 |
| Other interest income | 74 | 39 |
| | **$ 1,127** | **257** |

2. Other income

Details of other income for the 2023 and 2022 fiscal years of the consolidated company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Rental Income | $ 2,454 | 1,752 |
| Dividend income | - | 31 |
| Other | 1,379 | 1,276 |
| Total other income | **$ 3,833** | **3,059** |

3. Other gains and losses

Details of other gains and losses for the 2023 and 2022 fiscal years of the consolidated company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Gains on the disposal of property, plant and equipment | $ 9,918 | 760 |
| Gains on foreign exchange | 1,384 | 3,988 |
| Losses on impairment of property, plant and equipment | (29,856) | - |
| Losses on impairment of intangible assets | (36) | - |
| Gain on disposal of investments | 74,006 | - |
| Others | (967) | - |
| Other gains and losses, net | **$ 54,449** | **4,748** |

4. Financial costs

Details of financial costs for the 2023 and 2022 fiscal years of the consolidated company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest expense | **$ 17,004** | **11,970** |

(24) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, including estimated interest but not the impact of netting agreements.

| | Carrying amount | Contractual Cash Flow | 6 months Within | 6-12 month | 1-2 years | Over 2 years |
|---|---|---|---|---|---|---|
| **Dec. 31 2023** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured borrowings | $ 55,534 | 55,962 | 54,365 | 316 | 622 | 659 |
| Guaranteed bank borrowings | 89,998 | 93,147 | 51,130 | 2,849 | 5,628 | 33,540 |
| Notes and accounts payable | 3,500 | 3,500 | 3,500 | - | - | - |
| Other payables | 13,325 | 13,325 | 13,325 | - | - | - |
| Lease liabilities | 45,785 | 53,677 | 8,663 | 3,285 | 2,305 | 39,424 |
| | **$ 208,142** | **219,611** | **130,983** | **6,450** | **8,555** | **73,623** |
| **Dec. 31 2022** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured borrowings | $ 59,256 | 60,571 | 58,211 | 496 | 635 | 1,229 |
| Guaranteed bank borrowings | 329,267 | 343,937 | 77,935 | 23,288 | 20,715 | 221,999 |
| Notes and accounts payable | 22,278 | 22,278 | 22,278 | - | - | - |
| Other payables | 30,735 | 30,735 | 30,735 | - | - | - |
| Lease liabilities | 26,896 | 27,280 | 8,494 | 8,366 | 10,420 | - |
| | **$ 468,432** | **484,801** | **197,653** | **32,150** | **31,770** | **223,228** |

The consolidated company does not expect the cash flow occurrence time in the maturity date analysis to be significantly advanced, or the actual amount to be significantly different.

3.Exchange rate risk

(1) Exposure to exchange rate risk

Financial assets and liabilities of the consolidated company exposed to significant foreign currency exchange rate risk are as follows:

| | Dec. 31, 2023 | | |
|---|---|---|---|
| | **Foreign currency (in thousands)** | **Exchange rate** | **TWD** |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 358 | USD: TWD 30.7050 | 10,992 |
| JPY | 17,806 | JPY: TWD 0.2172 | 3,867 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 1,167 | USD: TWD 30.7050 | 35,833 |

**Dec. 31, 2022**

| | | Foreign currency (in thousands) | Exchange rate | TWD |
|---|---|---|---|---|
| Financial assets | | | | |
| Monetary items | | | | |
| USD | $ | 3,172 | USD: TWD 30.7100 | 115,147 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | | 1,972 | USD: TWD 30.7100 | 58,484 |

(2) Sensitivity analysis

The exchange rate risk of the consolidated company's monetary items mainly comes from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables, etc., which generate foreign exchange gains and losses during conversion. If the New Taiwan Dollar depreciates or appreciates 1% against the US dollar, CNY and JPY in the 2023 and 2022 fiscal years, and all other factors remain unchanged, the pre-tax net loss for the 2023 and 2022 fiscal years will increase or decrease by $210 thousand and decrease or increase by $567 thousand, respectively.

Since the functional currency types of the consolidated company are diverse, the conversion gains and losses of monetary items are disclosed in a consolidated manner. The foreign exchange gains and losses (including realized and unrealized) for the 2023 and 2022 fiscal years were gains of $1,384 thousand and $3,988 thousand, respectively.

4. Interest rate analysis

The interest rate exposure of the consolidated company's financial assets and financial liabilities is explained in the liquidity risk management of this note.

The following sensitivity analysis is determined based on the interest rate risk of both derivative and non-derivative tools on the reporting day. For floating-rate liabilities, the analysis assumes that the outstanding debt amount on the reporting day circulates throughout the year. The volatility used by the consolidated company when reporting interest rates to the main management level is an increase or decrease of 0.5%, which also represents the management's reasonable possible range of interest rate changes.

If the interest rate increases or decreases by 0.5%, under the condition that all other variables remain unchanged, the pre-tax net loss of the consolidated company in 2023 and 2022 will increase or decrease by $415 thousand and $1,629 thousand, mainly due to the variable interest rate deposits and loans of the consolidated company.

5. Fair Value Information

(1) Types and fair values of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income of the consolidated company are based on a recurrent basis for fair value measurement. The carrying amount and fair value of various types of financial assets and liabilities (including fair value level information, but not the carrying amount of financial instruments measured at fair value as a reasonable approximation of fair value, and equity instrument investments with no quotes in an active market and the fair value cannot be reliably measured, it is not necessary to disclose fair value information according to regulations) are listed below:

| | Dec. 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Carrying | L.1 | L.2 | L.3 | Total |

| | Carrying amount | L.1 | L.2 | L.3 | Total |
|---|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | | | | | |
| Domestic and foreign unlisted (over-the-counter) stocks | $ 14,787 | - | - | 14,787 | 14,787 |
| Financial assets carried at amortized cost | | | | | |
| Cash and cash equivalents | 62,644 | - | - | - | - |
| Notes and accounts receivable | 8,685 | - | - | - | - |
| Receivables and financial assets | 116,363 | - | - | - | - |
| Sub-total | 187,692 | - | - | - | - |
| Total | **$ 202,479** | - | - | **14,787** | **14,787** |
| Financial liabilities measured at amortized cost | | | | | |
| Unsecured borrowings | $ 55,534 | - | - | - | - |
| Guaranteed borrowings | 89,998 | - | - | - | - |
| Notes and accounts payable | 3,500 | - | - | - | - |
| Other payables | 13,325 | - | - | - | - |
| Lease liabilities | 45,785 | - | - | - | - |
| Total | **$ 208,142** | - | - | - | - |

| | Dec. 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Carrying amount | L.1 | L.2 | L.3 | Total |
| Financial assets measured at fair value through other comprehensive income | | | | | |
| Domestic and foreign unlisted (over-the-counter) stocks | $ 16,318 | - | - | 16,318 | 16,318 |
| Financial assets carried at amortized cost | | | | | |
| Cash and cash equivalents | 64,294 | - | - | - | - |
| Notes and accounts receivable | 57,741 | - | - | - | - |
| Payment on behalf of others receivables | 21,003 | - | - | - | - |
| Receivables and financial assets | 57,601 | - | - | - | - |
| Sub-total | 200,639 | - | - | - | - |
| Total | **$ 216,957** | - | - | **16,318** | **16,318** |
| Financial liabilities measured at amortized cost | | | | | |
| Unsecured borrowings | $ 59,256 | - | - | - | - |
| Guaranteed borrowings | 329,267 | - | - | - | - |
| Notes and accounts payable | 22,278 | - | - | - | - |
| Other payables | 30,735 | - | - | - | - |
| Lease liabilities | 26,896 | - | - | - | - |
| Total | **$ 468,432** | - | - | - | - |

(2) Valuation techniques for financial instruments measured at fair value

(2.1 Non-derivative financial instruments

When a financial instrument has an active market public quote, the public quote of the active market is used as the fair value. The price announced by the main exchanges and the Central Government Bonds Over-the-counter Trading Center that is judged to be popular bonds are all based on listed (counter) equity instruments and debt instruments with active market public quotes.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the conditions do not conform, then the market is regarded as inactive. In general, a market with high bid-ask spreads, significant increase in bid-ask spreads, or low trading volume is indicated as inactive.

Except for the aforementioned financial instruments with an active market, fair value of the remaining financial instruments is obtained by valuation techniques or referring quoted prices of counterparties. Fair value obtained by valuation techniques may refer to the current fair value of other financial instruments with substantively similar conditions and characteristics, discounted cash flow method or other valuation techniques, including calculation by models utilizing the market information available at the consolidated balance sheet date (e.g. yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters.).

The fair value of financial instruments held by the consolidated company, if they belong to an inactive market, is listed below according to category and attribute:

·Equity instruments without public quotes: If there is no market for reference, it is estimated using the valuation method. The estimates and assumptions used are consistent with the information that market participants use for pricing financial products, and the information is available to the consolidated company.

(3 Transfer between the first and second levels

There were no transfers in 2023 and 2022.

(4) Detailed table of changes in level 3

The consolidated company's change table for financial assets measured at fair value in the third level in 2023 is as follows:

| | Measured at fair value through other comprehensive income |
|---|---|
| Balance on Jan. 1, 2023 | $ 16,318 |
| Total gain or loss | |
| Recognized in other comprehensive income | (1,531) |
| Balance on Dec.31, 2023 | **$ 14,787** |
| | |
| Balance on Jan. 1, 2022 | $ 14,724 |
| Total gain or loss | |
| Recognized in other comprehensive income | (2,406) |
| Purchases | 4,000 |

| | |
|---|---|
| Balance on Dec.31, 2022 | $ 16,318 |

The aforementioned total gains or losses are recognized as "other gains and losses" and "unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income." Those relevant to the assets still held for the years ended December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Total gain or loss | | |
| Recognized in profit or loss (recognized as "other gains and losses") | - | - |
| Recognized in other comprehensive income (recognized as "unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income") | $ (1,531) | (2,406) |

(5) Quantitative information on the fair value measurement of significant unobservable inputs (third level)

The main financial assets of the consolidated company that are categorized as level three for fair value measurement are financial assets measured at fair value through other comprehensive income - unlisted equity instrument investments.

Most of the fair value of the consolidated company that is classified as level three only has a single significant unobservable input value, and only unlisted equity instrument investments have multiple significant unobservable input values. The significant unobservable input values of unlisted equity instrument investments are independent of each other, so there is no correlation.

The list of quantitative information on significant unobservable input values is as follows:

| Item | Evaluation Techniques | Significant unobservable input value | Significant Unobservable Inputs and Fair Value Relationships |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market | Comparable to listed companies | Price-to-carrying amount multiples (Dec. 31, 2023: 3.10 to 5.73; Dec. 31, 2022: 4.01 to 4.57)<br><br>Discount for lack of marketability (Dec. 31, 2023, and Dec. 31, 2022: 20%) | The higher the multiple, the higher the fair value.<br>The higher the discount for lack of marketability, the lower the fair value. |
| Financial assets at fair value through other comprehensive income - | Net Asset Value Method | Net Asset Value Method | N/A |

investments in equity
instruments not listed on
the stock exchange

(6) Sensitivity analysis of fair value measurements for Level 3, Fair value to reasonably possible alternative assumptions

The fair value measurements of financial instruments by the consolidated company are reasonable, but different valuation models or valuation parameters might lead to different results. For financial instruments classified as Level 3, if the valuation parameters change, the impact on the current period's profit or loss or other comprehensive income is as follows:

| | Input Value | Upward or downward movement | Fair value changes are recognized in other comprehensive income: Favorable changes | Fair value changes are recognized in other comprehensive income: Unfavorable changes |
|---|---|---|---|---|
| **Dec.31, 2023** | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investment in equity instruments with no active market | Share price to net worth multiplier | 5% | $ 739 | (739) |
| | Lack of marketability discount | 5% | 924 | (924) |
| | | | $ 1,663 | (1,663) |
| **Dec.31, 2023** | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investment in equity instruments with no active market | Share price to net worth multiplier | 5% | $ 816 | (816) |
| | Lack of marketability discount | 5% | 1,020 | (1,020) |
| | | | $ 1,836 | (1,836) |

(25) Financial Risk Management

1. Overview

The consolidated company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

This note expresses the information about the consolidated company's exposure to these risks, the objectives, policies, and procedures of the consolidated company to measure and manage risk. For further quantitative disclosures, please refer to the respective notes in the consolidated financial statement.

2. Risk Management Framework

The board of directors is fully responsible for the development and control of the risk management policy of the consolidated company. The establishment of the risk management policy of the consolidated company is to identify and analyze the risks faced by the consolidated company, and to set appropriate risk limits and controls, and monitor the compliance of risks and risk limits. The risk management policy and system are reviewed regularly to reflect market conditions and changes in the operations of the consolidated company. The consolidated company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees understand their roles and obligations.

The board of directors of the consolidated company supervises how the management level monitors compliance with the consolidated company's risk management policy and procedures, and reviews the appropriateness of the consolidated company's relevant risk management framework for the risks faced. Internal auditors assist the board of directors of the consolidated company in playing a supervisory role. These personnel conduct regular and exception reviews of risk management controls and procedures and report the review results to the board of directors.

3. Credit Risk

Credit risk is the risk of financial loss to the consolidated company due to a customer or counterparty to a financial instrument failing to fulfill its contractual obligations, mainly from accounts receivable from customers of the consolidated company and securities investments.

(1) Accounts receivable and other receivables

The credit risk exposure of the consolidated company is mainly affected by the individual situation of each customer. However, the management level also considers statistical data on the customer base of the consolidated company, including the default risk of the industry and country where the customer belongs, because these factors may affect credit risk.

The consolidated company has established a credit policy. According to this policy, before providing standard payment and delivery conditions and terms, the consolidated company must individually analyze the credit rating of each new customer. The review of the consolidated company includes, when available, external ratings, and in some cases, bank references. Purchase limits are established for individual customers, representing the maximum uncollected amount without the approval of the board of directors. This limit is regularly reviewed. Customers who do not meet the group's standard credit rating can only trade with the consolidated company on a pre-collection basis.

The consolidated company has set up a provision for impairment loss account to reflect the estimate of losses that have occurred for accounts receivable and other receivables and investments. The main components of the provision account include specific loss components related to individual significant exposures, and portfolio loss components established for incurred but not yet identified losses for similar asset groups. The portfolio loss provision is determined based on historical payment statistics of similar financial assets.

(2) Bank deposits

The credit risk of bank deposits is measured and monitored by the finance department of the consolidated company. Since the transaction partners and performers of the consolidated company are banks with good credit, there is no significant performance concern, so there is no significant credit risk.

4.Liquidity Risk

Liquidity risk refers to the risk that the consolidated company cannot deliver cash or other financial assets to settle financial liabilities, failing to fulfill the associated obligations. The method that the consolidated company uses to manage liquidity is to ensure as much as possible that the company has sufficient liquid funds under general and stressed conditions to support the maturing liabilities without causing unacceptable losses or risks that could damage the company's reputation.

The consolidated company uses a standard cost system to estimate the cost of its products, helping monitor cash flow needs. Generally, the consolidated company ensures that it has enough cash to support the anticipated operating expenses for ninety days, including the fulfillment of financial obligations, but excluding the potential impacts that can't be reasonably anticipated under extreme conditions, such as natural disasters. Additionally, the consolidated company's unused borrowing amount totaled $2,192 thousand and $86,955 thousand as of December 31, 2023 and 2022, respectively.

5.Market Risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and changes in equity instrument prices, affect the consolidated company's income or the value of held financial instruments. The goal of market risk management is to control the exposure to market risk within a tolerable range and optimize investment returns.

To manage market risk, the consolidated company engages in derivative trading, thereby incurring financial liabilities. All transactions are carried out following the guidance of the board of directors.

(1) Exchange Rate Risk

The consolidated company is exposed to exchange rate risks arising from sales, purchases, and borrowing transactions not priced in the functional currency of each group company. The functional currencies of the group companies are primarily New Taiwan Dollars, but also US Dollars and Renminbi. The main pricing currencies for these transactions are New Taiwan Dollars and US Dollars. Moreover, the consolidated company follows the principle of natural hedging, adjusts hedges according to each currency's capital needs, net positions, and market foreign exchange conditions. The consolidated company typically hedges exchange rate risks with forward foreign exchange contracts or currency swap contracts maturing within one year from the reporting date.

Interest on borrowings is priced in the currency of the loan principal. Generally, the borrowing currency is the same as the currency in which the consolidated company's operating cash flows are generated, mainly New Taiwan Dollars and US Dollars. In this situation, economic hedging is provided without the need to sign derivatives, so hedge accounting is not adopted.

Regarding other monetary assets and liabilities priced in other foreign currencies, when short-term imbalances occur, the consolidated company buys or sells foreign currencies at the current exchange rate to ensure that net exposure remains at an acceptable level.

(2) Interest Rate Risk

The consolidated company's borrowings are mostly based on floating interest rates, and the company has not swapped floating rates for fixed rates through interest rate swap contracts. The consolidated company's measures to cope with interest rate risk mainly include regularly assessing bank and currency borrowing rates, maintaining good relationships with financial institutions to obtain lower financing costs, while also strengthening operational capital management to reduce dependence on bank loans and diversify interest rate risks.

(3) Other Market Price Risk

Except to support anticipated consumption and sales demands, the consolidated company has not signed commodity contracts; these commodity contracts are not settled on a net basis.

(26) Capital Management

The consolidated company manages capital to ensure that it can continue to operate, by optimizing the balance of debt and equity to maximize shareholder returns.

The consolidated company, like its peers, uses the debt capital ratio as the basis for managing capital. This ratio is calculated by dividing net debt by total capital. Net debt is the total liabilities shown on the balance sheet minus cash and cash equivalents. Total capital consists of all components of equity (i.e., share capital, capital reserve, retained earnings, and other equity) plus net debt.

The main management layer of the consolidated company reviews the capital structure of the consolidated company annually. The review includes considering the costs and related risks of various types of capital. Based on the recommendations of the main management layer, the consolidated company will balance its overall capital structure by borrowing short-term loans from financial institutions, among other methods.

The debt capital ratio as of the reporting date is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Total liabilities | $ 213,946 | 473,007 |
| Less: Cash and cash equivalents | (62,644) | (64,294) |
| Net liabilities | 151,302 | 408,713 |
| Total equity | 247,925 | 293,952 |
| Total capital | $ 399,227 | 702,665 |
| Debt-to-Capital Ratio | 37.90% | 58.17% |

(27) Non-cash Investment and Financing Activities

The non-cash investment and financing activities of the consolidated company in 2023 and 2022 are as follows:

1. Borrowing of short-term loans, please refer to Note 6(14).
2. Borrowing and repayment of long-term loans, please refer to Note 6(15).
3. Acquisition of right-of-use assets by leasing, please refer to Note 6(16).

The adjustments to the liabilities arising from financing activities are as follows:

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | January 1, 2023 | Cash flows | Loss of control | Others | December 31, 2023 |
| Short-term loans | $ 120,330 | 92,875 | (113,000) | - | 100,205 |
| Long-term loans | 268,193 | (26,196) | (196,670) | - | 45,327 |
| Lease liabilities | 26,896 | (16,332) | - | 35,221 | 45,785 |
| Total liabilities from financing activities | $ 415,419 | 50,347 | (309,670) | 35,221 | 191,317 |

| | | | Non-cash changes | |
|---|---|---|---|---|
| | January 1, 2022 | Cash flows | Others | December 31, |

| | | | | | 2022 |
|---|---|---|---|---|---|
| Short-term loans | $ | 157,427 | (37,097) | - | 120,330 |
| Long-term loans | | 261,741 | 6,452 | - | 268,193 |
| Lease liabilities | | 13,996 | (16,578) | 29,478 | 26,896 |
| Total liabilities from financing activities | $ | 433,164 | (47,223) | 29,478 | 415,419 |

**7. Transactions with related parties**

(1) Parent Company and Ultimate Controller

The company is the ultimate controller of the consolidated company.

(2) Names and Relationships of Related Parties

During the coverage period of the consolidated financial statement, the subsidiaries of the company and other related parties with transactions with the consolidated company are as follows:

| Name of related party | Relationship with the consolidated company |
|---|---|
| Abon Touchsystems Inc. (Note 1) | Substantive related party |
| SONGTEX TECHNOLOGY COMPANY, LTD. (Note 2) | Substantive related party |
| HUAI I PRECISION TECHNOLOGY CO., LTD. (Note 3) | Substantive related party |
| APOLLO PIONEER TECH CO., LTD. | Substantive related party |
| Wang, Chi-Yung (Note 4) | Substantive related party |
| He Feng Renewable Energy Co., Ltd. | Substantive related party |
| ENLIGHT CORPORATION | Substantive related party |
| GINWIN TECHNOLOGY CO., LTD. | Substantive related party |
| Xinjia Engineering Co., Ltd. | Substantive related party |
| Otodus Megalodon Energy Investment Co., Ltd. | Substantive related party |
| Yan An Renewable Energy Co., Ltd. | Substantive related party |
| J&V Energy Technology Co., Ltd. (Note 5) | Substantive related party |

Note 1: The proposal of disposal of the significant subsidiary, Abon Touchsystems Inc., has been resolved by the shareholders meeting on November 17, 2023. As the base date of the transaction is December 31, 2023, the consolidated company lost control over the company since the end of December 2023, and it is not the subsidiary of the consolidated company. After the transaction, the Company still regard it as a substantive related party.

Note 2: On June 22, 2022, at the shareholder meeting of the subsidiary Songda, the original supervisor resigned, and thus, from that day, SONGTEX TECHNOLOGY COMPANY, LTD. is no longer a related party of the consolidated company.

Note 3: On June 27, 2022, at the shareholder meeting of HUAI I PRECISION TECHNOLOGY CO., LTD., the chairman of the company is no longer a director of that company, and thus, from that day, it is no longer a related party of the consolidated company.

Note 4: the former chairman of ENLIGHT CORPORATION.

Note 5: the major shareholder who holds 50% of share of Yunan Energy Development and Investment Co., Ltd..

(3) Significant transactions with related parties

1. Operating revenue

The Consolidated Company's significant sales to related parties were as follows:

| | 2023 | 2022 |
|---|---|---|
| Substantive related party | $ 3,007 | 389 |

Sales to related parties by the consolidated company have no significant differences in selling conditions compared to sales to unrelated parties. The collection period ranges from 30 to 90 days, which is not significantly different from other vendors. The receivables between related parties are not secured by collateral.

2.Purchase

The Consolidated Company's purchases from related parties were as follows:

| | 2023 | 2022 |
|---|---|---|
| Substantive related party | $ - | 28 |

The purchase prices of the consolidated company from the mentioned companies do not have significant differences compared to the purchase prices from unrelated vendors. The payment terms range from 30 to 150 days, which is not significantly different from other vendors.

3. Receivables from related parties

The breakdown of the Consolidated Company's receivables from related parties is as follows:

| Accounting item | Type of related party | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Accounts receivables | Substantive related party | $ 1,089 | - |
| Other receivables | Substantive related party (Note) | 79,015 | - |
| | | $ 80,104 | - |

Note: primarily the uncollected payments from the transaction of selling the shares of Abon Touchsystems Inc., etc.

4. Prepayments

The Consolidated Company's prepayments to related parties are as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Substantive related party | $ 30,428 | - |

(1) For the year ended December 31, 2023, the consolidated company signed the contract of lump sum contract work with Xinjia Engineering Co., Ltd. for the establishment of photovoltaics power generation system. The consolidated company appointed Xinjia Engineering Co., Ltd. to handle the project of establishment of ground–mounted

photovoltaics power generation system, with contract amount of $24,448 thousand and capacity of 498.94kW. As of December 31, 2023, prepaid signing deposits and payment for combined audit for future reference amounted to $6,112 thousand, recognized as other non-current assets.

(2) For the year ended December 31, 2023, the consolidated company signed the contract of lump sum contract work with J&V Energy Technology Co., Ltd. for the establishment of photovoltaics power generation system. The consolidated company appointed J&V Energy Technology Co., Ltd. to handle the project of establishment of ground–mounted photovoltaics power generation system, with contract amount of $57,779 thousand and $29,479 thousand, and capacity of 1155.58kW and 589.58kW, respectively. As of December 31, 2023, prepaid signing deposits amounted to $5,778 thousand and $2,948 thousand, recognized as other non-current assets.

(3) For the year ended December 31, 2023, the consolidated company signed the contract of lump sum contract work with J&V Energy Technology Co., Ltd. for the establishment of photovoltaics power generation system. The consolidated company appointed J&V Energy Technology Co., Ltd. to handle the project of establishment of ground–mounted photovoltaics power generation system, with contract amount of $17,922 thousand and capacity of 358.44kW. As of December 31, 2023, prepaid signing deposits amounted to $1,793 thousand, recognized as other non-current assets.

(4) For the year ended December 31, 2023, the consolidated company signed the contract of trading of equipment with Yan An Renewable Energy Co., Ltd. for photovoltaics power generation system, with contract amount of $30,723 thousand and capacity of 614.46kW. As of December 31, 2023, prepaid signing deposits amounted to $6,145 thousand, recognized as other non-current assets.

(5) For the year ended December 31, 2023, the consolidated company signed the contract of development service of photovoltaics with He Feng Renewable Energy Co., Ltd. for the development of land for photovoltaics project, to assist the consolidated company with land development, land use change service, and negotiation with potential customers about all the items relevant to the projects. The contract amount is calculated by $900 per hectare of the land area indicated on the notarized lease contracts of the projects, and the total land use change expenses of $10,000 thousand. As of December 31, 2023, land development expenses of $1,299 thousand, and land use change service expenses of $5,000 thousand have been paid, and recognized as other non-current assets.

5. Property Transactions

(1) Acquisition of property, plant and equipment

The acquisition prices of property, plant and equipment from related parties are summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| Substantive related party | **$ -** | **7,619** |

(2) Shares transactions

In response to future operation plans, the consolidated company resolved by the board of directors on May 11, 2023 to acquire 5,000 thousand of common shares of ENLIGHT CORPORATION, with unit price of $20 per share, total amount of $100,000 thousand, and has signed the shares trading agreement with the substantive related party. The settlement has been completed on June 29, 2023, and the shares are recognized as financial assets at fair value through other comprehensive income – non-current.

In response to future operation plans, the consolidated company acquired 100 thousand of common shares of Xuwang Green Energy Co., Ltd., with unit price of $11.99 per share, total amount of $1,200 thousand, and has signed the shares trading agreement with the substantive related party and non-related parties, from which 50 thousand of shares are acquired, respectively. The settlement has been completed on March 1, 2023.

In response to future operation plans, the consolidated company acquired 500 thousand of common shares of RiRiwang Renewable Energy Co., Ltd., with unit price of $10.67 per share, total amount of $5 thousand, and has signed the shares trading agreement with the substantive related party. The settlement has been completed on September 5, 2023.

The consolidated company sold 13,744,815 shares of Abon Touchsystems Inc. to GINWIN TECHNOLOGY CO., LTD. at $8.2 per share with total amount of $112,707 thousand, securities transaction tax of $338 thousand, resulting in gains on disposal of $74,006 thousand. The settlement has been completed on December 31, 2023. As of December 31, 2023, other receivables recognized amounted to $78,557 thousand, of which, $45,083 thousand has been collected on January 9, 2024.

6. For the year ended December 31, 2023 and 2022, borrowings guaranteed by substantive related parties by providing credit and properties as guarantees amounted to $143,682 thousand and $131,146 thousand, respectively.

7. Endorsement and guarantee

As of December 31, 2023 and 2022, the balances of endorsement and guarantee provided by the parent company for substantive related parties’ borrowings amounted to $192,000 thousand and $195,000 thousand, respectively, and the amounts of endorsement and guarantee drawn down by the companies were $156,000 thousand and $187,800 thousand, respectively.

As of December 31, 2023 and 2022, the balances of endorsement and guarantee provided by the substantive related parties for the parent company’s borrowings amounted to $80,000 thousand and $136,0000 thousand, respectively, and the amounts of endorsement and guarantee drawn down by the companies were $48,353 thousand and $74,436 thousand, respectively.

(4) Key management personnel transactions

Key management compensation includes:

| | | 2023 | 2022 |
|---|---|---|---|
| Short-term employee benefits | $ | 22,550 | 22,247 |
| Post-employment benefits | | 2,123 | 2,203 |
| | **$** | **24,673** | **24,450** |

**8. Pledged assets**

The carrying amounts of assets pledged by the Consolidated Company are as follows:

| Asset Name | Underlying assets pledged | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|---|
| Restricted bank deposits - other financial | Bank Loan Guarantee | $ | 17,464 | 33,219 |

| | | | |
|---|---|---|---|
| assets | | | |
| Inventory | Other Financing Loans | 1,851 | 7,254 |
| Property, plant and equipment | Bank loan guarantee | 47,410 | 258,714 |
| Refundable deposits | Lease deposit and customs deposit, etc. | 5,590 | 5,800 |
| | | $ 72,315 | 304,987 |

## 9. Significant contingent liabilities and unrecognized contractual commitments

Apart from the disclosures made in other notes, the significant commitments and contingencies of the consolidated company are as follows:

(1) The consolidated company has signed a cooperation agreement with Company A, with a total contract amount of $33,000 thousand and service expenses of $10,000 thousand. The cooperation involves participating in Company A's motor business in electric two-wheel vehicle field by integrating resources of both parties in aspects, including factories, equipment, production, capital, etc. As of December 31, 2023, the unpaid amounts are $15,000 thousand for project expenses and $4,000 thousand for service expenses. Sales revenue will be shared according to the terms of the cooperation agreement.

(2) As of December 31, 2023 and 2022, the consolidated company issued promissory notes for leasing factory in the amounts of $10,941 thousand and $28,455 thousand, respectively.

(3) As of December 31, 2023 and 2022, the details of the lease contracts of leasing plants signed are as follows:

| Lease Subject Matter | Lessor | Period | Rent |
|---|---|---|---|
| Factory | Yuklin Co. | 2020.09.01~2022.08.31 | 1,100,000 per month (before tax) |
| 〃 | 〃 | 2022.09.01~2024.08.31 | 1,250,000 per month (before tax) |

(4) For the year ended December 31, 2023, the consolidated company signed the contract of development service of photovoltaics with the related party for the land development of the photovoltaics project. Please refer to Note 7.

(5) For the year ended December 31, 2023, the consolidated company signed the contract of lump sum contract work with the related party for the establishment of photovoltaics power generation system. Please refer to Note 7.

(6) For the year ended December 31, 2023, the consolidated company signed the contract of trading of equipment with the related party for photovoltaics power generation business. Please refer to Note 7.

(7) The consolidated company signed a lease contract for 20 years with non-related parties for the operation of photovoltaics power generation system. According to the contract, rebate shall be paid at the ratio of 6%~16% based on the revenue from sales of electricity.

## 10. Significant disaster losses: None

## 11. Significant subsequent events:

The consolidated company approved by the board of directors on March 5, 2024 the issue of common shares by cash capital increase. The cash capital increase is proposed to issue common shares within 40,000 thousand of shares, with par value of $10 per share. After authorized by the competent authorities, chairman is authorized to consult the lead underwriter to jointly determine based on current market condition. If the actual issue plan, plan items, expected fund utilization progress, expected effectiveness and other issues of the cash capital increase shall be changed in response to the objective environment, it is proposed to authorize the chairman to handle in his sole discretion.

**12. Other information**

(1) The employee benefits, depreciation, depletion, and amortization expense functions are summarized as follows:

| Function / Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Business cost | Business Expenses | Total | Business cost | Business Expenses | Total |
| Employee benefits expenses | | | | | | |
| Salary Costs | 62,013 | 49,436 | 111,449 | 67,443 | 49,631 | 117,074 |
| Labor and Health Insurance Costs | 7,513 | 5,065 | 12,578 | 7,843 | 4,981 | 12,824 |
| Pension Costs | 2,993 | 2,583 | 5,576 | 3,182 | 2,588 | 5,770 |
| Other employee benefit expenses | 3,040 | 2,418 | 5,458 | 3,755 | 1,530 | 5,285 |
| Depreciation expense | 46,294 | 8,170 | 54,464 | 44,730 | 8,187 | 52,917 |
| Amortization expense | 76 | 704 | 780 | 184 | 593 | 777 |

(2) Future Financial Plan of the Consolidated Company:

Due to the accumulated losses of the consolidated company exceeding half of the paid-up capital, and in addition to the existing untapped bank loan facilities, the consolidated company has received support commitments from major shareholders, which are sufficient to ensure that the consolidated company has adequate funds to support its operational activities over the coming year. The Company also proposed to adopt the countermeasures to continuously improve future operation and financial condition as follows:

1.Fund raising plan

The Company has approved by the board of directors on March 5, 2024 the issue of common shares by cash capital increase. The cash capital increase is proposed to issue common shares within 40,000 thousand of shares, with par value of $10 per share. Pleasers refer to Note 11 for relevant information.

2.Operation plan

(1) Procurement of land and plants: develop E-bike business, integrate resources, and decrease production costs, at the same time, fulfill the requirements of future production capacity expansion and business development.

(2) Investments in green energy business to obtain stable income.

(3) Repayment of bank borrowings to decrease interest expenditures.

## 13. Disclosures

(1) Information on significant transactions

In accordance with the Guidelines Governing the Preparation of Financial statements by Securities Issuers, the Consolidated Company is required to disclose the following information regarding significant transactions in fiscal 2023:

1. Lending to others: None.
2. Endorsement and guarantee for others:

Unit: NT$1,000

| No. | Endorser Company Name | Endorsed by | | For a single company Endorsement Guarantee Limit (Note 3) | The highest endorsement in this issue Guaranteed Balance | End-of-Term Memorization Guaranteed Balance | Actual spending Amount | Guaranteed by property Endorsement Guarantee Amount | Ratio of accumulated endorsement guarantee amount to net worth of the most recent financial statements (%) | Endorsement Guarantee Maximum limit (Note 3) | Parent company For subsidiaries Endorsement Guarantee | Subsidiaries For the parent company Endorsement Guarantee | Endorsement guarantees for mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company Name | Relationships (Note 2) | | | | | | | | | | |
| 0 | ABONMAX CO., LTD. | Abon Touchsystems Inc. | 1 | 19,581 | 192,000 | 192,000 | 156,000 | - | 82.22% | 350,262 | | | |
| 1 | Abon Touchsystems Inc. | ABONMAX CO., LTD. | 1 | 19,581 | 80,000 | 80,000 | 48,353 | - | 111.17% | 143,924 | | | |

Note 1: 0 refers to this company.

Note 2: There are seven types of relationships between endorsers and guaranteed parties. Please indicate the type:

1. Companies with business transactions.
2. Companies directly or indirectly holding more than 50% of the voting rights of the company.
3. Companies directly or indirectly holding more than 50% of the voting rights of the company.
4. Companies directly or indirectly holding more than 90% of the voting rights shares.
5. Companies that mutually guarantee each other based on the need for contract projects or joint construction.
6. Companies for which endorsement guarantees are provided by all contributing shareholders based on their shareholding ratios.
7. Companies engaged in the performance guarantee of pre-sale house sales contracts in accordance with consumer protection laws and regulations.

Note 3: According to the company's endorsement guarantee regulations, the guarantee limit for endorsement guarantees to a single enterprise shall not exceed 60% of the recent financial statements' net worth. However, for subsidiary companies, it is limited to not exceed 80% of the net worth, with a maximum endorsement guarantee limit of 150% of the recent financial statements' net worth. For endorsement guarantee provided for entities that have business relationship with the Company, aside from the aforementioned limitations, the amount of the endorsement guarantee provided to an individual entity shall not exceed the transaction amount. The transaction amount is the higher of purchase or sales between both parties.

Note 4: According to the endorsement guarantee regulations of Abon Touchsystems Inc., the guaranteed limit for endorsement guarantees to a single enterprise shall not exceed 200% of the recent financial statements' net worth, with a maximum endorsement guarantee limit of 200% of the recent financial statements' net worth.

Note 5: The transactions related to the merged entities have been offset in the preparation of the consolidated financial statements.

Note 6: As the Company has disposed all the shares of Abon Touchsystems Inc. on December 31, 2023, the relationship became company with business relationship. However, since the bank borrowing contract is still effective, not expired, the amount of endorsement guarantee provided to the company exceeds the limitation. The Company has discussed with the bank about revision to terms of subsequent borrowing contracts.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associated enterprises, and joint venture equity):

Unit: NT$1,000

| Holding Company | Type and Name of Marketable Securities | Relationship with the issuer of marketable securities | Financial statement account | End of term | | | | Maximum shareholding or capitalization in the period | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Carrying amount | Shareholding ratio | Fair value | | |
| ABONMAX CO., LTD. | HUAI I PRECISION TECHNOLOGY CO., LTD Ordinary shares | Non-related party | Financial assets at fair value through other comprehensive income - non-current | 582,800 | 11,358 | 2.00% | 11,358 | - % | |
| 〃 | CAREMAN TECHNOLOGY CO., LTD.( CAREMAN TECHNOLOGY CO., LTD.) | Non-related party | 〃 | 1,000,000 | 545 | 11.27% | 545 | - % | |
| 〃 | SYNCVISION TECHNOLOGY CORPORATION | Non-related party | 〃 | 400,000 | 2,884 | 0.36% | 2,884 | - % | |

4. The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: (None).
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: (None).
7. The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital: None.

8. Related party receivables amounting to at least NT$100 million or 20% of the paid-in capital: (None).
9. Engage in derivative transactions: (None).
10. Business Relationships, Significant Transactions, and Amount Between the Parent Company and Its Subsidiaries:

| No. (Note 1) | Name of the Trader | Name of the transaction counterparty | Relationship with the Trader (Note 2) | Conditions of Transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Subjects | Amount | Terms of Transaction | As a percentage of consolidated total revenue or Total Assets |
| 0 | ABONMAX CO., LTD. | Abon Touchsystems Inc. | 1 | Sales revenue | 19,581 | Note 3 | 3.82% |
| 0 | 〃 | 〃 | 1 | Purchase | 2,218 | 〃 | 0.43% |
| 1 | Abon Touchsystems Inc. | ABONMAX CO., LTD. | 2 | Purchase | 19,581 | 〃 | 3.82% |
| 1 | 〃 | 〃 | 2 | Sales revenue | 2,218 | 〃 | 0.43% |

Note 1: The numbering is as follows:

1. 0 represents the parent company.
2. Subsidiary companies are numbered sequentially starting with the Arabic numeral 1, according to company type.

Note 2: Relationship types with trading parties are indicated as follows:

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: As specified in the contract.

Note 4: Transactions with amounts below 1% of the total consolidated revenue or total assets of 1,000 thousand NT dollars or less are not disclosed.

Note 5: The transactions related to the merged entities have been offset in the preparation of the consolidated financial statements.

Note 6: The proposal of disposal of the significant subsidiary, Abon Touchsystems Inc., has been resolved by the shareholders meeting on November 17, 2023. The base date of the transaction is December 31, 2023. After the transaction, the Company still regard it as a substantive related party.

(2) Information about the investment business:

Information on the Consolidated Company's reinvested businesses in fiscal 2022 is as follows (excluding Mainland China investees):

Unit: NT$1,000

| Name of the Investment Company | Name of the Investee Company | Location | Main businesses | Original investment amount | | Shares held as of the end of the period | | | Maximum shareholding or capitalization in the period | Investee company Profit or loss for the period | The investment income or loss recognized during the period was Investment income or loss | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the period | Late last year | Number of shares | Ratio % | Carrying amount | | | | |
| ABONMAX CO., LTD. | Abon Touchsystems Inc. | Yilan County | Production and sales of electronic components, electrical appliances and audio-visual electronic products | - | 109,124 | - | - % | - | 53.31% | (54,127) | (29,642) | Note 1 |
| 〃 | GOAL REACH HOLDINGS LIMITED | SAMOA | - | - | - | - | 100.00% | - | - % | - | - | |
| 〃 | Abonmax Green Energy Co., Ltd. | New Taipei City | Power generation by renewable energy | 31,000 | - | 3,100,000 | 100.00% | 30,212 | 100.00% | (788) | (788) | 〃 |
| 〃 | Abonmax Power One Energy Co., Ltd. | New Taipei City | 〃 | 200 | - | 20,000 | 100.00% | 124 | 100.00% | (76) | (76) | 〃 |
| Abonmax Green Energy Co., Ltd. | Yunan Energy Development and Investment Co., Ltd. | Taipei City | General investment | 15,000 | - | 1,500,000 | 50.00% | 14,454 | 50.00% | (1,166) | (546) | |
| Yunan Energy Development and Investment Co., Ltd. | Xuwang Green Energy Co., Ltd. | Taipei City | Power generation by renewable energy | 17,000 | - | 1,700,000 | 100.00% | 17,043 | 100.00% | 58 | (157) | |
| 〃 | Liu Jia Yi Power Co., Ltd. | Taipei City | 〃 | 10,000 | - | 1,000,000 | 100.00% | 9,030 | 100.00% | (64) | (970) | 〃 |
| 〃 | RiRiwang Renewable Energy Co., Ltd. | Tainan City | 〃 | 2,005 | - | 200,533 | 100.00% | 1,966 | 100.00% | (32) | (39) | 〃 |

Note 1: Includes adjustments for unrealized gains or losses from down-stream transactions.

Note 2: The transactions related to the consolidated entities have been eliminated in the preparation of the consolidated financial statements.

(3) Information of Investment in Mainland China:

1. Information about business investment in China:

Unit: NT$1,000

| Mainland China Investee Company Name | Main businesses | Paid-in capital | Investment Method (Note 1) | Accumulated remittances from Taiwan Investment Amount at beginning of the period | Remittance or Investment recoveries Amount: Outward | Remittance or Investment recoveries Amount: Inward | Accumulated remittances from Taiwan Investment Amount at the end of the period | Profit or loss for the period of investee | Direct or indirect percentage of ownership of the investment | Maximum shareholding or capital contribution during the period | Gains or losses on investment recognized in the period (Note 2) | Carrying amount of investment at the end of the period | Gains on investment remitted back as of the current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Abon (shengzheng) Touchsystems Inc. | Production and sales of electronic components, electrical appliances and audio-visual electronic products | 5,702 | (1) | 5,702 | - | - | 5,702 | (3,171) | 100.00% | 100.00% | (3,171) | 1,209 | - |

2. Investment quota to Mainland China:

| Cumulative amount of investment from Taiwan to China at the end of the period | Investment Audit Committee of Ministry of Economic Affairs approves investment in Amount | Investment quota in Mainland China according to the Investment Commission of the Ministry of Economic Affairs (Note 3) |
|---|---|---|
| 5,702 | 5,702 | 140,105 |

Note 1: Investment methods are classified into the following three types. Please indicate the type:

1. Direct investment in mainland China.
2. Investment in mainland China through third-country companies.
3. Other methods.

Note 2: Prepared based on the self-prepared financial statements as of December 31, 2023.

Note 3: According to the regulations revised by the Investment Commission on August 29, 2008, regarding the "Principles for Investment or Technical Cooperation in Mainland China," the limit is calculated based on 60% of the net worth or consolidated net worth, whichever is higher.

Note 4: The transactions related to the merged entities have been offset in the preparation of the consolidated financial statements.

3. Significant Transactions:

Significant direct or indirect transactions between the Consolidated Company and its mainland investees in 2022: None.

(4) Information on Major Shareholders:

Unit: share

| Shares / Name of Major Shareholder | Number of shares held | Shareholding ratio |
|---|---|---|
| STAR TREND ENTERPRISE CORP. | 7,545,000 | 17.24% |
| Seda Prosperity Co., Ltd. | 6,000,000 | 13.71% |

Note:

(1) The primary shareholder information in this table is calculated by the Central Depository Company as of the last business day of each quarter, based on the total common shares and preferred shares held by shareholders that have been completed without physical registration and delivery (including treasury shares), and the data that represents 5% or more. However, the number of shares recorded in the company's financial statements and the actual number of shares completed without physical registration and delivery may differ due to different calculation bases or variations.

(2) If the above data belongs to shareholders who have entrusted their shares for delivery, it is disclosed separately in the trustee's trust account. As for shareholders who declare ownership exceeding 10% under securities laws and regulations, their holdings include their own shares as well as shares held through entrusted delivery and the shares for which they have decision-making power over the trust property. For information regarding insider share ownership declarations, please refer to the Market Observation Post System.

## 14. Department Information

(1) General Information

The company operates different business units based on different products and services, divided into two reporting operating departments: the Optical Panel Department and the Other Department. The Optical Panel Department is engaged in the production and trading of TN, STN, and CS electro-optical glass substrates and optical panels, while the Other Department focuses on processing revenue as its main business.

(2) Information on the operating departments' income, assets, liabilities, measurement bases, and adjustments

The consolidated company uses the department's pre-tax income (excluding non-recurring gains or losses and foreign exchange gains or losses) reviewed by the key operating decision-maker in the internal management report as the basis for allocating resources and evaluating performance at the management level. Since income tax, non-recurring gains or losses, and foreign exchange gains or losses are managed on a group basis, the consolidated company does not allocate income tax expense (benefit), non-recurring gains or losses, and foreign exchange gains or losses to the reporting operating departments. In addition, not all income and expenses of the reporting operating departments include significant non-cash items outside of depreciation and amortization. The reported amounts are consistent with the reports used by the operating decision-makers.

Except for retirement benefit expenses of each operating department, which are recognized and measured on a cash basis for retirement benefit plans, the accounting policies of the operating departments are the same as the "Summary of Significant Accounting Policies" described in Note 4.

The consolidated company considers sales and transfers between departments as transactions with third parties. They are measured at current market prices.

The information and adjustments for the operating departments of the consolidated company are as follows:

| 2023 | Optical Panel | All other departments | Adjustment and elimination | Total |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Revenue from external customers | $ 494,109 | 18,435 | - | 512,544 |
| Intersegment revenue | (2,354) | 2,354 | - | - |
| **Total Revenue** | **$ 491,755** | **20,789** | **-** | **512,544** |
| Interest expense | $ (14,275) | (2,729) | - | (17,004) |
| Depreciation and amortization | (39,532) | (15,712) | - | (55,244) |
| **Reportable segment profit or loss** | **$ (45,819)** | **7,741** | **-** | **(38,078)** |

| 2022 | Optical Panel | All other departments | Adjustment and elimination | Total |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Revenue from external customers | $ 469,450 | 51,289 | - | 520,739 |
| Intersegment revenue | 31,756 | 5,405 | (37,161) | - |
| Interest income | 64 | 193 | - | 257 |
| **Total Revenue** | **$ 501,270** | **56,887** | **(37,161)** | **520,996** |
| Interest expense | $ 11,970 | - | - | 11,970 |
| Depreciation and amortization | 53,694 | - | - | 53,694 |
| **Reportable segment profit or loss** | **$ (40,069)** | **(4,793)** | **-** | **(44,862)** |

(3) Information by product and service type

The consolidated company's income from external customers is as follows:

| **Name of products and services** | | **2023** | **2022** |
|---|---|---|---|
| Optical Panel | $ | 494,109 | 491,471 |
| Others | | 18,435 | 29,268 |
| Total | **$** | **512,544** | **520,739** |

(4) Information by region

The regional information for the consolidated company is as follows, with revenue classified based on the geographical location of customers and non-current assets classified based on the geographical location of assets.

| **Area** | | **2023** | **2022** |
|---|---|---|---|
| Revenue from external customers: | | | |
| Taiwan | $ | 249,530 | 301,039 |
| China | | 210,455 | 166,226 |
| Others | | 52,559 | 53,474 |
| Total | **$** | **512,544** | **520,739** |

| **Area** | | **Dec. 31, 2023** | **Dec. 31, 2022** |
|---|---|---|---|
| Non-current assets: | | | |
| Taiwan | **$** | **154,849** | **398,930** |

Non-current assets include real estate, plant and equipment, right-of-use assets, intangible assets, and other assets, but do not include financial instruments, deferred tax assets, and non-current assets from deposits.

(5) Information on major customers

The consolidated company does not have any customers that account for more than 10% of the operating revenue.

# Independent Auditor's Report

To the Board of Directors of ABONMAX CO., LTD.:

**Opinion**

We have audited the parent company only financial statements of ABONMAX CO., LTD.(the Company), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

**Basis for Opinion**

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 therein, we do not provide a separate opinion on these matters. Key audit matters for this parent company only financial statement for the year ended December 31, 2023 are stated as follows:

1. Recognition of Sales Revenue

For the accounting policy related to the recognition of sales revenue, please refer to Note 4(14) on Revenue Recognition in the parent company only financial statement; for the explanation of revenue recognition, please refer to Note 6(19) in the parent company only financial statement.

Explanation of the key audit matters:

Sales revenue is a critical indicator for investors and management in assessing the financial statements or business performance of the Company. The timing of revenue recognition has a significant impact on the financial statements. Therefore, we believe that the recognition of sales revenue is one of the key audit matters in the audit of the financial statements.

How the matter was addressed in our audit:

Our primary audit procedures for the above key audit matters include evaluating whether the accounting treatment for revenue recognition complies with the relevant pronouncements; understanding and performing internal control tests to confirm the effective implementation of internal controls; selecting a sample of sales transactions during a period before and after the reporting date, performing cut-off tests for revenue recognition to evaluate the correctness of the timing of sales revenue recognition.

**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 statements by Securities Issuers, 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 members of 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 financia1 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 for the financial information of the investee companies accounted for using equity method, to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and implementation of the audit of these investee companies, and are responsible for forming an opinion on the audit of the parent company only financial statements.

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 ethica1 requirements regarding independence, and to communicate with them all re1ationships 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.

KPMG

| | | |
|---|---|---|
| Reference Number of the FSC Approval letter | : | No. Taiwan-Finance-Securities-VI-0940100754<br>No. Taiwan-Finance-Securities-VI-0950161002 |

Lien, Shu-Ling , CPA
Chen, Ying-Ju , CPA
March 12, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance, and its cash flows in accordance with the 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 (or review) such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

# ABONMAX CO., LTD.

## Balance Sheets

### As of Dec. 31, 2023 and Dec. 31, 2022

**Unit: NT$ thousands**

| | Assets | Dec. 31, 2023 Amount | % | Dec. 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 38,939 | 9 | 33,292 | 7 |
| 1150 | Notes receivables, net (Note 6(3)) | 286 | - | 179 | - |
| 1170 | Accounts receivables, net (Note 6(3)) | 7,310 | 2 | 21,240 | 5 |
| 1180 | Net accounts receivable－related parties (Note 6(3) and 7) | 1,089 | - | 7,292 | 2 |
| 1210 | Receivables on payments on behalf of others (Note 6(4)) | - | - | 21,003 | 5 |
| 1210 | Other receivables – related parties -others (Note 6(7) and (11)) | 78,605 | 19 | 217 | - |
| 1300 | Inventory | 35,319 | 9 | 10,243 | 2 |
| 1470 | Other current assets (Note 6(10)) | 26,822 | 7 | 41,178 | 9 |
| 1476 | Other Financial assets – current (Note 6(11)) | 31,759 | 8 | 52,297 | 12 |
| | **Total current assets** | 220,129 | 54 | 186,941 | 42 |
| | **Non-current assets:** | | | | |
| 1517 | Financial assets measured at FVTOCI - non-current (Note 6(2)) | 14,787 | 4 | 16,318 | 4 |
| 1550 | Investment accounted for using equity method (Note 6(6)) | 31,545 | 8 | 63,058 | 14 |
| 1600 | Property, plant and equipment (Note 6(8)) | 79,418 | 19 | 95,676 | 22 |
| 1755 | Right-of-use assets (Note 6(9)) | 13,818 | 3 | 26,806 | 6 |
| 1780 | Intangible assets | 692 | - | 979 | - |
| 1840 | Deferred tax assets (Note 6(16)) | 41,187 | 10 | 50,393 | 11 |
| 1900 | Other non-current assets (Note 6(10)) | 6,314 | 1 | 201 | - |
| 1980 | Other Financial assets – non-current (Note 6(11)) | 5,591 | 1 | 5,262 | 1 |
| | **Total non-current assets** | 193,352 | 46 | 258,693 | 58 |
| | **Total assets** | $ 413,481 | 100 | 445,634 | 100 |

| | Liabilities and Equity | Dec. 31, 2023 Amount | % | Dec. 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | **Current liabilities:** | | | | |
| 2100 | Short-term loans (Note 6(12) and 7) | $ 100,205 | 24 | 80,330 | 18 |
| 2130 | Contract liabilities – current (Note 6(19)) | 1,512 | - | 2,614 | 1 |
| 2170 | Notes and accounts payables | 3,500 | 1 | 7,153 | 2 |
| 2180 | Accounts payables－related parties (Note 7) | - | - | 4,347 | 1 |
| 2200 | Other payables (Note 7) | 11,865 | 3 | 15,238 | 3 |
| 2230 | Current income tax liabilities | 2,057 | - | - | - |
| 2280 | Lease liabilities – current (Note 6(14)) | 10,428 | 3 | 16,530 | 4 |
| 2322 | Long-term loans due within one year or one business cycle (Note 6(13)) | 7,570 | 2 | 12,993 | 3 |
| 2399 | Other current liabilities - other | 2,121 | - | 219 | - |
| | **Total current liabilities** | 139,258 | 33 | 139,424 | 32 |
| | **Non-current liabilities:** | | | | |
| 2540 | Long-term loans (Note 6(13) and 7) | 37,757 | 9 | 45,077 | 10 |
| 2580 | Lease liabilities – non-current (Note 6(14)) | 2,855 | 1 | 10,366 | 2 |
| 2645 | Deposits received | 103 | - | 103 | - |
| | **Total non-current liabilities** | 40,715 | 10 | 55,546 | 12 |
| | **Total liabilities** | 179,973 | 43 | 194,970 | 44 |
| | **Equity (Note 6(17)):** | | | | |
| 3100 | Share capital | 437,482 | 106 | 437,482 | 98 |
| 3200 | Capital reserves | 73,535 | 18 | 66,684 | 15 |
| 3351 | Accumulated losses | (269,260) | (65) | (246,817) | (55) |
| 3400 | Other equity | (8,249) | (2) | (6,685) | (2) |
| | **Total equity** | 233,508 | 57 | 250,664 | 56 |
| | **Total liabilities and equity** | $ 413,481 | 100 | 445,634 | 100 |

**(Please refer to the notes to the parent company only financial statements)**

# ABONMAX CO., LTD.

## Statements of Comprehensive Income

## From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022

**Unit: NT$ thousands**

| Code | Item | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | **Operating revenue (Note 6(19))** | $ 279,893 | 100 | 250,506 | 100 |
| 5000 | **Operating cost (Note 6(5))** | (280,164) | (100) | (236,292) | (94) |
| 5910 | Less: unrealized sales loss | - | - | 646 | - |
| 5920 | Add: realized sales loss | 646 | - | 465 | - |
| | **Gross profit** | 375 | - | 14,033 | 6 |
| | **Operating expense:** | | | | |
| 6100 | Promotion expense | (18,912) | (7) | (21,455) | (9) |
| 6200 | Administration expense | (35,895) | (13) | (31,283) | (12) |
| 6450 | Expected credit loss(gain) (Note 6(3)) | (4,312) | (2) | (453) | - |
| | **Total operating expenses** | (59,119) | (22) | (53,191) | (21) |
| | **Net operating loss** | (58,744) | (22) | (39,158) | (15) |
| | **Non-operating revenue/expense:** | | | | |
| 7100 | Interest income (Note 6(21)) | 817 | - | 193 | - |
| 7191 | Other income | 6,603 | 2 | 3,734 | 1 |
| 7371 | Share of profit or loss of associates and joint ventures accounted for using equity method | (33,677) | (12) | (4,476) | (2) |
| 7050 | Financial costs (Note 6(21)) | (6,996) | (2) | (5,239) | (2) |
| 7020 | Other gains and losses (Note 6(21)) | 78,951 | 28 | 3,309 | 1 |
| | **Total non-operating revenue/expenses** | 45,698 | 16 | (2,479) | (2) |
| | **Pre-tax net loss from continuing operations** | (13,046) | (6) | (41,637) | (17) |
| 7950 | **Less: Income tax expense (Note 6(16))** | (11,263) | (4) | (8,069) | (3) |
| | **Net loss** | (24,309) | (10) | (49,706) | (20) |
| | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8316 | Unrealized gains(losses) from investments in equity instruments measured at FVTOCI | (1,531) | (1) | (4,267) | (2) |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method – components that will not be reclassified to profit or loss | 1,866 | 1 | - | - |
| 8349 | Less: Income tax related to the items which were not reclassified | - | - | - | - |
| | **Total items not to be reclassified to profit or loss** | 335 | - | (4,267) | (2) |
| 8360 | **Components of other comprehensive income that will be reclassified to profit or loss:** | | | | |
| 8361 | Exchange difference on translation of the financial statements of foreign operations | (33) | - | 65 | - |
| 8399 | Less: Income tax related to items that may be reclassified | - | - | - | - |
| | **Total items that may be reclassified to profit or loss** | (33) | - | 65 | - |
| | **Other comprehensive income in the fiscal year (net value after tax)** | 302 | - | (4,202) | (2) |
| | **Total other comprehensive income for the period** | **$ (24,007)** | **(10)** | **(53,908)** | **(22)** |
| | **Earnings(loss) per share (NTD) (Note 6(18))** | | | | |
| | **Basic(diluted) losses per share (NTD)** | **$** | **(0.56)** | | **(1.24)** |

**(Please refer to the notes to the parent company only financial statements)**

## ABONMAX CO., LTD.

## Statements of Changes in Equity

### From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022

**Unit: NT$ thousands**

| | Share capital | | Retained earnings | Other equity items | | |
|---|---|---|---|---|---|---|
| | **Common shares** | **Additional paid-in capital** | **Accumulated losses** | **Exchange difference on translation of the financial statements of foreign operations** | **Unrealized gains or losses of the financial assets measured at FVTOCI** | **Total equity** |
| **Balance as of Jan. 1, 2022** | $ 397,482 | 72,684 | (196,265) | (75) | (3,254) | 270,572 |
| Net loss for 2022 | - | - | (49,706) | - | - | (49,706) |
| Other comprehensive income, 2022 | - | - | - | 65 | (4,267) | (4,202) |
| Total comprehensive income in 2022 | - | - | (49,706) | 65 | (4,267) | (53,908) |
| Cash capital increase | 40,000 | (6,000) | - | - | - | 34,000 |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | (846) | - | 846 | - |
| **Balance as of Dec. 31, 2022** | 437,482 | 66,684 | (246,817) | (10) | (6,675) | 250,664 |
| Net loss for 2023 | - | - | (24,309) | - | - | (24,309) |
| Other comprehensive income, 2023 | - | - | - | (33) | 335 | 302 |
| Total comprehensive income in 2023 | - | - | (24,309) | (33) | 335 | (24,007) |
| Disgorgement exercised by the Company | - | 3 | - | - | - | 3 |
| Changes in ownership of interests in subsidiaries | - | 6,848 | - | - | - | 6,848 |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | 1,866 | - | (1,866) | - |
| **Balance as of Dec. 31, 2023** | **$ 437,482** | **73,535** | **(269,260)** | **(43)** | **(8,206)** | **233,508** |

**(Please refer to the notes to the parent company only financial statements)**

# ABONMAX CO., LTD.

## Statements of Cash Flows

## From Jan. 1 to Dec. 31, 2023 and from Jan. 1 to Dec. 31, 2022

**Unit: NT$ thousands**

| | 2023 | 2022 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Net loss before tax** | $ (13,046) | (41,637) |
| **Adjustment items:** | | |
| Income and expense items | | |
| Depreciation expense | 29,303 | 24,319 |
| Amortization expense | 287 | 294 |
| Expected credit loss(gain) | 4,312 | 453 |
| Interest expense | 6,996 | 5,239 |
| Interest income | (817) | (193) |
| Dividend income | - | (31) |
| Share of profit or loss of subsidiaries accounted for using equity method | 33,677 | 4,476 |
| Gains on disposal and scrapping of property, plant and equipment | (9,918) | (760) |
| Losses on impairment of fixed assets | 5,401 | - |
| Gains on disposal of investments accounted for using equity method | (74,006) | - |
| Gains on lease modification | (6) | - |
| Unrealized sales gain (loss) | (646) | 181 |
| Total income and expense items | (5,417) | 33,978 |
| Net changes in operating assets and liabilities: | | |
| Net changes in operating assets: | | |
| Notes receivable | (107) | 2,446 |
| Accounts receivable | 12,072 | 7,319 |
| Accounts receivable-related parties | 6,203 | (1,705) |
| Receivables on payments on behalf of others | 21,003 | (21,003) |
| Inventory | (25,076) | 10,161 |
| Other current assets | 14,356 | (31,415) |
| Total net change in assets related to operating activities | 28,451 | (34,197) |
| Net changes in operating liabilities: | | |
| Increase(decrease) in contract liabilities | (1,102) | 1,355 |
| Notes and Accounts payable | (3,653) | 2,080 |
| Accounts payable-related parties | (4,347) | 2,129 |
| Other payables | (3,319) | 386 |
| Other current liabilities | (98) | (162) |
| Total net change in liabilities related to operating activities | (12,519) | 5,788 |
| Total net change in assets and liabilities related to operating activities | 15,932 | (28,409) |
| Cash outflows from operating activities | (2,531) | (36,068) |
| Interest received | 817 | 193 |
| Dividends received | - | 31 |
| Interest paid | (6,996) | (5,239) |
| Income taxes paid | - | (91) |
| **Net cash outflow from operating activities** | (8,710) | (41,174) |
| **Cash flow from investing activities:** | | |
| Acquisition of financial assets measured at FVTOCI | - | (4,000) |
| Disposal of financial assets measured at FVTOCI | - | 5,012 |
| Refund of shares due to capital reduction of financial assets measured at FVTOCI | - | 126 |
| Acquisition of investments accounted for using equity method | (31,200) | - |
| Disposal of investments accounted for using equity method | 33,812 | - |
| Acquisition of property, plant and equipment | (1,150) | (5,062) |
| Disposal of property, plant and equipment | 10,275 | 760 |
| Acquisition of intangible assets | - | (21) |
| Increase in other financial assets | 17,925 | (17,077) |
| Increase in other non-current assets | (6,114) | 2,158 |
| **Net cash inflows from investing activities** | 23,548 | (18,104) |
| **Cash flow from financing activities:** | | |
| Increase(decrease) in short-term loans | 19,875 | 22,874 |
| Repayment of long-term loans | (12,743) | (21,600) |
| Repayment of lease principal | (16,326) | (15,681) |
| Cash capital increase | - | 34,000 |
| Execution of disgorgement | 3 | - |
| **Net cash inflows (outflows) from financing activities** | (9,191) | 19,593 |
| **Net increase (decrease) in cash and cash equivalents** | 5,647 | (39,685) |
| **Beginning balance of cash and cash equivalents** | 33,292 | 72,977 |
| **Ending balance of cash and cash equivalents** | $ 38,939 | 33,292 |

**(Please refer to the notes to the parent company only financial statements)**

**ABONMAX CO., LTD.**
**Notes to the Parent Company Only Financial Statements**
**For the Years Ended 31 December 2023 and 2022**
**(Unless otherwise specified, the basic unit for any amount shall be NT$ thousands.)**

## 1. Company Profile

ABONMAX CO., LTD. was established on November 30, 1978, according to the Company Act. The business scope includes manufacturing and sales of optical panels, optoelectronic glass substrates, and electronic whiteboards.

## 2. Date and Procedure for the Approval of Financial Statement

The parent company only financial statements were approved for issue by the board of directors on March 5, 2024.

## 3. Application of Newly Issued and Revised Standards and Interpretations

(1) Impact of newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (FSC)

From January 1, 2023, the Company started applying the following new amendments to the International Financial reporting Standards (IFRS), which had no significant impact on the parent company only financial statements.

·Amendments to IAS 1 “Disclosure Accounting Policy”
·Amendments to IAS 8 “Definition of Accounting Estimates”
·Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

From May 23, 2023, the Company started applying the following new amendments to the International Financial reporting Standards (IFRS), which had no significant impact on the parent company only financial statements.

·Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

(2) Impact of IFRS approved by FSC not yet adopted

The Company has evaluated that the application of the following new amendments to the IFRS, which take effect from January 1, 2024, will not significantly impact the parent company only financial statements.

·Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
·Amendments to IAS 1 “Non-current liabilities with covenants”
·Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
·Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”

(3) Newly Issued and Revised Standards and Interpretations Not Yet Approved by the FSC

The Company expects that the following newly issued and amended standards not yet recognized will not have a significant impact on the parent company only financial statements.

·Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
·IFRS 17 "Insurance Contracts" and Amendment to IFRS 17
·Amendment to IFRS 17 "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
·Amendments to IAS 21 “Lack of Exchangeability”

**4. Summary of Significant Accounting Policies**

The significant accounting policies adopted in the parent company only financial statement are summarized as follows. Except as otherwise stated, the following accounting policies have been consistently applied to all periods presented in the parent company only financial statement.

(1) Compliance Statement

The parent company only financial statement is prepared in accordance with the "Preparation Standards for Financial statements of Securities Issuers."

(2) Preparation Basis

1. Measurement basis

Except for the following significant items in the balance sheet, the parent company only financial statement is prepared on a historical cost basis:

(1) Financial assets measured at fair value through profit or loss at fair value;

(2) Financial assets measured at fair value through other comprehensive income at fair value;

2. Functional currency and presentation currency

Each entity in the Company uses the currency of the primary economic environment in which it operates as its functional currency. The parent company only financial statement is presented in the Company's functional currency, the New Taiwan Dollar. All financial information expressed in New Taiwan Dollars is in units of thousands of New Taiwan Dollars.

(3) Foreign Currency

1. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. At the end of each subsequent reporting period (referred to as the reporting date), foreign currency monetary items are translated into the functional currency using the exchange rate on that day. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date when the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising from the translation are generally recognized in profit or loss, but they are recognized in other comprehensive income in the following case:

(1) Equity instruments designated at fair value through other comprehensive income.

2. Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. Income and expense items are translated at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When disposing of a foreign operation, such that control, significant influence or joint control is lost, the cumulative amount of the exchange differences related to that foreign operation is reclassified to profit or loss in full. When a subsidiary that includes a foreign operation is disposed of in part, the proportionate share of the accumulated exchange differences is reattributed to non-controlling interests. When disposing of an interest in an associate or joint venture that includes a foreign operation, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such items are considered part of a net investment in a foreign operation and are recognized in other comprehensive income.

(4) Classification of Assets and Liabilities as Current or Non-Current

Assets are classified as current assets if they meet one of the following criteria. All other assets that do not meet these conditions are classified as non-current assets:

1. Expected to be realized or intended to be sold or consumed in the normal operating cycle;
2. Mainly held for trading purposes;
3. Expected to be realized within twelve months after the reporting period; or
4. Cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities are classified as current liabilities if they meet one of the following criteria. All other liabilities that do not meet these conditions are classified as non-current liabilities:

1. Expected to be settled in the normal operating cycle;
2. Mainly held for trading purposes;
3. Expected to be settled within twelve months after the reporting period; or
4. The liability for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Whether a liability is presented as current or non-current is not affected by the terms of the liability that could result in its settlement by the issue of equity instruments.

(5) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(6) Financial Instruments

Receivables and debt securities issued are initially recognized when they arise. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding receivables that do not contain a significant financing component) or financial liabilities not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Receivables that do not contain a significant financing component are initially measured at the transaction price.

1. Financial Assets

When financial assets are purchased or sold in customary transactions, the Company accounts for these assets classified in the same manner consistently, with accounting treatment based on either the transaction date or the settlement date.

Financial assets are initially classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The Company only reclassifies all affected financial assets when it changes the business model for managing financial assets, starting from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

Financial assets are measured at amortized cost when they meet the following conditions and are not designated as measured at fair value through profit or loss:

·The financial asset is held under a business model with the objective of collecting contractual cash flows.

·The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the original recognition amount plus or minus the accumulated amortization calculated using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. On derecognition, the gain or loss is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions and are not designated as measured at fair value through profit or loss:

·The financial asset is held under a business model with the objective of both collecting contractual cash flows and selling the financial asset.

·The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds some accounts receivable under a business model with the objective of both collecting contractual cash flows and selling, and therefore measures these receivables at fair value through other comprehensive income. However, they are included in accounts receivable.

The Company may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of an equity investment not held for trading in other comprehensive income. The choice is made on an investment-by-investment basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss, while all other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount in other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of the investment) is recognized in profit or loss. All other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized when the Company is entitled to receive dividends (usually on the ex-dividend date).

(3) Financial Assets at Fair Value Through Profit or Loss

Financial assets that do not fall into the categories of amortized cost or fair value through other comprehensive income (e.g. financial assets held for trading and the performance is evaluated on a fair value basis) are measured at fair value through profit or loss, including derivative financial assets. Accounts receivable intended for immediate or short-term sale are measured at fair value through profit or loss, but are included in accounts receivable. Upon initial recognition, the Company may irreversibly designate financial assets that meet the conditions for measurement at amortized cost or fair value through other comprehensive income as financial assets at fair value through profit or loss, in order to eliminate or significantly reduce accounting mismatches.

These assets are subsequently measured at fair value, and their net gains or losses (including any dividends and interest income) are recognized in profit or loss.

(4) Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, margin deposits, and other financial assets).

The following financial assets are measured at the amount of expected credit losses over the next twelve months, while the rest are measured at the amount of expected credit losses over their lifetime:

·Debt securities that are judged to have low credit risk on the reporting date; and

·Other debt securities and bank deposits whose credit risk (i.e., the risk of default over the expected life of the financial instrument) has not significantly increased since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured at the amount of expected credit losses over their lifetime.

In determining whether the credit risk has significantly increased since initial recognition, the Company considers reasonable and supportable information that can be obtained without undue cost or effort, including both qualitative and quantitative information, as well as analysis based on the Company's historical experience, credit assessment, and forward-looking information.

Lifetime expected credit losses refer to the expected credit losses resulting from all possible default events over the expected life of the financial instrument.

Twelve-month expected credit losses refer to the expected credit losses resulting from possible default events within twelve months after the reporting date (or a shorter period, if the expected life of the financial instrument is less than twelve months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Company is exposed to credit risk.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured by the present value of all cash shortfalls, i.e., the difference between the cash flows that the Company is contractually entitled to receive and the cash flows that the Company expects to receive.

Expected credit losses are discounted using the effective interest rate of the financial asset. The Company assesses whether there has been credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income on each reporting date. When one or more events that have a detrimental effect on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired. Evidence of credit impairment of a financial asset includes observable data related to the following:

·Significant financial difficulties of the borrower or issuer;

·Default, such as arrears or overdue by more than 90 days;

·The Company granting concessions to the borrower that would not normally be considered due to economic or contractual reasons related to the borrower's financial difficulties;

·The borrower is likely to file for bankruptcy or undergo other financial reorganization; or

·The active market for the financial asset has disappeared due to financial difficulties.

The provision for loss of financial assets measured at amortized cost is deducted from the carrying amount of the asset. The provision for loss of debt instrument investments measured at fair value through other comprehensive income is adjusted for loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the Company cannot reasonably expect to recover all or part of the financial asset, it directly reduces the total carrying amount of its financial asset. For corporate accounts, the Company analyzes the timing and amount of write-offs on an individual basis based on the reasonable expectation of recovery. The Company expects that the amount written off will not significantly reverse. However, written-off financial assets can still be enforced to comply with the Company's procedure for recovering overdue amounts.

(5) Derecognition of Financial Assets

The Company only derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or the financial asset has been transferred and almost all risks and rewards of ownership of the asset have been transferred to another entity, or neither transferred nor retained almost all risks and rewards of ownership and has not retained control of the financial asset.

If the Company signs a transaction to transfer a financial asset and retains all or substantially all risks and rewards of ownership of the transferred asset, it continues to recognize it on the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Financial Liabilities

Financial liabilities are classified as measured at amortized cost or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange loss are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

(2) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when they are discharged, cancelled, or expired. When the terms of a financial liability are modified and the cash flows of the liability post-modification are significantly different, the original financial liability is derecognized and the new financial liability is recognized based on the fair value of the revised terms.

When derecognizing financial liabilities, the difference between their carrying amount and the total amount paid or payable (including any transferred non-cash assets or assumed liabilities) is recognized as a gain or loss.

(3) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset only when the Company currently has a legally enforceable right to set off and intends to settle on a net basis or realize the asset and settle the liability simultaneously. It is then expressed in the balance sheet on a net basis.

(7) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost includes the costs of acquisition, production, processing, and other costs incurred to make it available for use and is calculated using the weighted average method. The cost of finished and work-in-progress inventory includes a proportionate share of manufacturing costs based on normal production capacity.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(8) Investments in subsidiaries

In preparing the individual financial statements, the Company uses the equity method to evaluate investments in subsidiaries over which it has control. Under the equity method, the current period's profit or loss and other comprehensive income in the individual financial statements are the same as the share of profit or loss and other comprehensive income attributed to the owners of the parent company in the parent company only financial statements. The owner's equity in the individual financial statements is the same as the equity attributed to the owners of the parent company in the parent company only financial statements.

Changes in ownership equity of subsidiaries that do not result in a loss of control are treated as transactions with the owners.

(9) Property, Plant and Equipment

1. Recognition and Measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gains or losses on the disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits will flow to the Company.

3 Depreciation

Depreciation is calculated on the cost of the assets, less their residual value, and is recognized in profit or loss over the estimated useful life of each component on a straight-line basis.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| (1) Buildings | 35 years |
| (2) Machinery and Equipment | 7 years |
| (3) Office Equipment | 3-11 years |

The Company reviews the depreciation method, useful life, and residual value at each reporting date and makes adjustments as appropriate.

(10) Leases

The Company evaluates whether a contract is or contains a lease on the inception date of the contract. If the contract transfers the right to use an identified asset for a period in exchange for consideration, it is or contains a lease.

1.Lessee

The Company recognizes right-of-use assets and lease liabilities at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the initial measurement of the lease liability, any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term on a straight-line basis. Furthermore, the Company periodically reviews the right-of-use asset for impairment and accounts for any impairment loss identified, and adjusts the right-of-use asset in conjunction with any re-measurement of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date of the lease. If the implicit interest rate in the lease is easy to determine, the discount rate is that interest rate; if not easy to determine, the incremental borrowing rate of the combined company is used. Generally, the combined company uses its incremental borrowing rate as the discount rate.

The lease payments included in the measurement of the lease liability include:

(1) Fixed payments, including substantial fixed payments;

(2) Lease payments that depend on the change of an index or rate, with the index or rate on the commencement date of the lease as the initial measurement;

(3) The expected amount of residual value guarantees to be paid; and

(4) The exercise price or penalty to be paid when it is reasonably certain to exercise the purchase option or the lease termination option.

The lease liability is subsequently accrued using the effective interest method and remeasured in the following situations:

(1) The index or rate used to determine the lease payments changes, causing future lease payments to change;

(2) The expected amount of residual value guarantees to be paid changes;

(3) The assessment of the option to purchase the underlying asset changes;

(4) The estimate of whether to exercise the extension or termination option changes, changing the assessment of the lease period;

(5) The modification of the lease object, scope, or other terms.

When the lease liability is remeasured due to the change in the index or rate used to determine the lease payments, the change in the amount of the residual value guarantee to be paid, and the change in the assessment of the purchase, extension, or termination option, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the lease scope, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is recognized in profit or loss.

The combined company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property separately as line items in the balance sheet.

For certain leases that are short-term or have low-value assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but instead recognizes related lease payments as expenses on a straight-line basis over the lease term.

2. Lessor

Transactions of the combined company as a lessor are classified on the lease commencement date according to whether the lease contract transfers almost all the risks and rewards of ownership of the underlying asset. If it does, it is classified as a finance lease, otherwise, it is classified as an operating lease. In the assessment, the combined company considers specific indicators including whether the lease term covers the major part of the economic life of the underlying asset.

If the combined company is a sub-lessor, it deals with the master lease and sublease transactions separately, and assesses the classification of the sublease transactions based on the right-of-use asset resulting from the master lease. If the master lease is a short-term lease and the recognition exemption applies, its sublease transactions should be classified as operating leases.

If an agreement contains lease and non-lease components, the Company uses the provisions of International Financial reporting Standard 15 to allocate consideration within the contract.

Assets held under finance leases are expressed as receivables for finance leases, which represents the net investment in leases. The initial direct costs incurred in negotiation and arranging operating leases are included in the net investment in leases. The net investment in leases is recognized as interest income on a periodic basis, reflecting a constant rate of return over the lease term. For operating leases, the Company recognizes lease payments received as rental income on a straight-line basis over the lease term.

(11) Intangible assets

1. Recognition and Measurement

The goodwill generated from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Expenditure on research activities is recognized as an expense when it occurs.

The Company acquires other intangible assets with finite useful lives, including customer relationships, patents, and trademarks, etc., which are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset. All other expenditures are recognized as an expense when they occur, including internally generated goodwill and brands.

3. Amortization

Apart from goodwill, amortization is calculated on the cost of the asset less its estimated residual value, and is recognized in profit or loss on a straight-line basis over its estimated useful life, from the date that the intangible assets are available for use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| (1) Patents and trademarks | 3-18 years |
| (2) Computer software | 3-10 years |

The Company reviews the amortization method, useful life, and residual value of intangible assets at each reporting date and adjusts appropriately when necessary.

(12) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any indication that a non-financial asset (excluding inventories, contract assets and deferred tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

he impairment loss is immediately recognized in profit or loss, first reducing the carrying amount of goodwill allocated to that cash-generating unit, then reducing the carrying amounts of other assets within the unit proportionally.

Impairment losses for goodwill are not reversed. For non-financial assets other than goodwill, reversals are only made within the scope of the carrying amount determined if an impairment loss was not recognized in previous years (less depreciation or amortization).

(13) Provision

A provision is a present legal or constructive obligation or arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured with sufficient reliability. Provision shall be discounted by the discount rate which is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization by discounting the provision shall be recognized as interest expenses.

The Company has determined the restructure before the end of the reporting period. The provision for the restructure includes the direct expenditures arising from the restructure.

The Company accrues short-term provision for decommissioning, restoration, and rehabilitation costs. The provision includes costs related to demolishing and removing the underlying assets and rehabilitating the location, and expenses related to relocation.

(14) Revenue recognition

1. Revenue from customer contracts

Revenue is measured at the amount of consideration expected to be entitled to in exchange for transferring goods or services. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The Company explains as follows based on the main revenue items:

(1) Sales of goods

The Company recognizes revenue when control of the product is transferred. Control is considered to be transferred when the product has been delivered to the customer, the customer has full discretion over the sales channels and price of the product, and there are no unfulfilled obligations that would affect the customer's acceptance of the product. Delivery occurs when the product has been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the Company has objective evidence to believe that all acceptance conditions have been met.

(2) Processing revenue

Processing revenue is recognized upon completion of the processing.

(3) Agency revenue

In judging between a principal and an agent transaction, the Company acts as an agent rather than a principal, as the Company evaluates that it did not control such goods before they were transferred to the customer. Therefore, the Company provides intermediary services for customers to provide goods in the capacity of an agent, and recognizes agency revenue when control of the goods is transferred and there are no subsequent obligations.

(4) Revenue from sales of electricity

Revenue is measured at the consideration to which it is expected to be entitled in exchange for the goods or services transferred to the customer. The consolidated company recognizes revenue when the control of goods or service is transferred to the customer and the performance obligations are satisfied. The performance obligations of sales of electricity are satisfied overtime, and the revenue is calculated and recognized by the actual kWh of electricity sold and the rates.

(15) Employee Benefits

1. Defined Contribution Plan

The obligation to make contributions to a defined contribution plan is recognized as an expense as services are provided by employees. Prepaid contributions that are expected to result in cash back or reduction in future payments are recognized as an asset.

2. Defined Benefit Plan

The Company's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation results are likely to be beneficial to the Company, any economic benefit available in the form of refunds from the plan or reductions in future contributions is recognized as an asset to the extent of the present value. Minimum funding requirements are considered when calculating the present value of economic benefits.

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income and are accumulated in retained earnings. The Company determines the net interest expense(income) on the net defined benefit liability(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period. The net interest cost and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit related to past service cost or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(16) Income Taxes

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

The Company considers whether interest and penalties related to income taxes (including uncertain tax treatments) meet the definition of income taxes and, therefore, applies the accounting treatment in accordance with IAS 37.

Current tax includes the expected tax payable or receivable on taxable income(loss) for the year, and any adjustment to the tax payable or receivable in respect of previous years. Its amount is measured as the best estimate of the amount expected to be paid or received, which reflects the uncertainty related to income taxes (if any), after the tax rate enshrined in law or substantively enacted by the reporting date.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities and their tax bases at the reporting date. However, deferred tax is not recognized for the following temporary differences:

1. The initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, (i) affects neither accounting profit nor taxable profit(loss), and (ii) does not give rise to equal taxable and deductible temporary differences.
2. Temporary differences related to investments in subsidiaries, associates, and interests in joint ventures, where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

3 Taxable temporary differences on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and unused tax credits carried forward, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these can be utilized. These are re-evaluated at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized, or when there is sufficient taxable profit available to recover the amount that has previously been reduced.

Deferred tax is measured using tax rates expected to apply when the temporary differences reverse, based on statutory tax rates, or substantially enacted tax rates at the reporting date, taking into account uncertainties related to income tax, if any.

The combined company only offsets deferred tax assets and deferred tax liabilities when the following conditions are met simultaneously:

1 It has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) The same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle significant amounts of deferred tax assets expected to be recovered and deferred tax liabilities expected to be settled in each future period on a net basis, or to realize the assets and settle the liabilities simultaneously.

(17) Earnings per share

The Company presents both basic and diluted earnings per share (EPS) attributable to the Company's ordinary equity holders. Basic EPS of the Company is calculated by dividing the profit or loss attributable to the Company's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to the Company's ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all potential dilutive ordinary shares, which include convertible corporate bonds and employee stock options.

(18) Segment Information

The Company has disclosed segment information in the parent company only financial statements and therefore does not disclose segment information in the individual financial statements.

**5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions**

When preparing these individual financial statements, management must make judgments, estimates, and assumptions that affect the application of accounting policies and the reported

amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates. Management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period of the change and future periods affected.
The Company has no accounting policies involving significant judgments that have a significant impact on these parent company only financial statements.
Information regarding significant adjustments that may result from significant risks arising from uncertainties in assumptions and estimates is disclosed for the next fiscal year.

**6. Explanation of important accounting items**

(1) Cash and cash equivalents

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Cash and allowance | $ 81 | 131 |
| Checks deposits | 1,313 | 1,313 |
| Demand deposits | 23,011 | 4,401 |
| Foreign Currency Deposits | 14,534 | 27,447 |
| Cash and cash equivalents in the statement of cash flows | **$ 38,939** | **33,292** |

For the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6(22).

(2) Financial assets measured at fair value through other comprehensive income non-current

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Equity instruments measured at fair value through other comprehensive income: | | |
| Domestic non-listed(over-the-counter) company stocks: | | |
| HUAI I PRECISION TECHNOLOGY CO., LTD. | $ 11,358 | 8,285 |
| CAREMAN TECHNOLOGY CO., LTD. | 545 | 4,033 |
| SYNCVISION TECHNOLOGY CORPORATION | 2,884 | 4,000 |
| | **$ 14,787** | **16,318** |

1. Investments in equity instruments measured at fair value through other comprehensive income
The Company holds these equity instrument investments for long-term strategic purposes and not for trading purposes, so they are designated as measured at fair value through other comprehensive income.
2. In October 2021, the Company transferred part of the shares of GeneTouch Corp. to financial assets measured at fair value through other comprehensive income for losing control over it, and sold all remaining shares in the Company in October 2022.
3. In 2022, the Company sold financial assets designated as measured at fair value through other comprehensive income, with selling prices of $5,012 thousand, generating disposal losses of $846 thousand and the aforementioned disposal losses were transferred from other equity to retained earnings.
4. As a result of the above equity instruments investment designated as measured at fair value through other comprehensive income, the Company recognized dividend income of 31 thousand dollars in 2022.
5 For information on credit risk and market risk, please refer to Note 6(22).
6. None of the above financial assets were pledged as collateral.

(3) Notes receivable and Accounts receivable

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Notes receivable | $ 286 | 179 |
| Accounts receivable (Including accounts receivable - related parties) | 12,286 | 30,561 |
| Minus: allowance for loss | (3,887) | (2,029) |
| | $ 8,685 | 28,711 |

The Company adopts a simplified approach to estimate the expected credit loss for all receivables and accounts receivable, that is, using the expected credit loss measurement for the entire period. For this measurement purpose, these receivables and accounts receivable are grouped according to the common credit risk characteristics that represent the customer's ability to pay all due amounts in accordance with contract terms, and forward-looking information has been included. The analysis of the expected credit loss of the Company's receivables and accounts receivable is as follows:

| | Dec. 31, 2023 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable | Weighted average expected credit loss ratio | Allowance for expected credit losses during the continuance period |
| Not overdue | $ 4,205 | 0.00%-0.75% | 66 |
| Within 60 days of expiration | 2,654 | 0.00%-0.75% | 72 |
| 61~180 days of expiration | 122 | 0.00%-10.25% | 8 |
| 181~365 days past due | 3,617 | 0.00%~12.79% | 1,767 |
| Over 365 days past due | 1,974 | 100% | 1,974 |
| | $ 12,572 | | 3,887 |

| | Dec. 31, 2022 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable | Weighted average expected credit loss ratio | Allowance for expected credit losses during the continuance period |
| Not overdue | $ 18,221 | 0.00%-0.75% | 295 |
| Within 60 days of expiration | 7,144 | 0.00%-0.75% | 142 |
| 61~180 days of expiration | 764 | 0.00%-11.08% | 47 |
| 181~365 days past due | 3,298 | 0.00%~13.84% | 232 |
| Over 365 days past due | 1,313 | 100% | 1,313 |
| | $ 30,740 | | 2,029 |

The changes in the provision for losses on receivables and accounts receivable of the Company are as follows:

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 2,029 | 2,574 |
| Impairment loss | 1,858 | 453 |
| Amounts written off as uncollectible | - | (998) |
| Ending balance | $ 3,887 | 2,029 |

As of December 31, 2023 and 2022, none of the Company's accounts receivable had been pledged as collateral.

(4) Receivables for Payments on Behalf Others

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Receivables for Payments on Behalf Others | $ - | 21,003 |

Receivables for payments on behalf refer to the Company purchasing on behalf of customers, with an average credit period of 45~60 days from the date the customer starts to draw goods. When determining the recoverability of receivables for payments on behalf, the Company considers any change in the credit quality of the receivables from the original credit date to the balance sheet date. If there is a delay, a provision for bad debts can be made by referring to the past arrears record of the counterparty and analyzing its current financial situation for overdue receivables for payments on behalf.

The Company evaluates that it does not control the specific goods before they are transferred to customers, so the Company provides goods brokerage services for customers as an agent, recognizes agency revenue and accounts receivable when the control of the goods is transferred and there are no subsequent obligations and the receivables for payments on behalf are recoverable. The amount of the Company acting as an agent for customers to purchase on behalf is listed as receivables for payments on behalf of others.

(5)Inventory

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Raw Materials | $ 2,319 | 2,711 |
| In-process products | 121 | 728 |
| Finished Product | 338 | 857 |
| Products | 32,541 | 5,947 |
| | $ 35,319 | 10,243 |

The details of the cost of goods sold of the Company in 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of sales | $ 263,454 | 226,539 |
| Income from sale of cast-offs and scrap | (267) | (162) |
| Loss on decline in value of inventories and slump | (314) | 778 |
| Unallocated manufacturing costs | 17,291 | 9,137 |
| Total | $ 280,164 | 236,292 |

Inventory depreciation and obsolescence losses are due to the fact that inventory is outdated or unusable, causing the net realizable value of the inventory to be lower than the cost, which are recognized as operating costs. As the net realizable value of inventories has increased, the valuation losses were reversed and recognized as deductions to operating costs.

As of December 31, 2023 and 2022, the Company's inventories were pledged as collateral.

(6) Investments accounted for using equity method

The Company's investments accounted for using equity method as of the reporting date are presented below:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Subsidiaries | $ 31,545 | 63,058 |

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(7) Loss of control over a subsidiary

In order to adjust the financial structure and coordinate with future operating development, the proposal of disposal of the shares of significant subsidiary, Abon Touchsystems Inc., has been resolved by the extraordinary shareholders meeting on November 17, 2023, to sell 13,744,815 shares of Abon Touchsystems Inc. to related parties at $8.2 per share with total amount of $112,707 thousand, securities transaction tax of $338 thousand, resulting in gains on disposal of $74,006 thousand. As the settlement has been completed on December 31, 2023, the Company lost control over the company since the end of December 2023, and it is not the consolidated entity of the Company. The amount of $1,866 thousand relevant to the subsidiary recognized in other comprehensive income have been transferred from other equity to retained earnings. Please refer to Note 7 for the relevant equity transaction.

The details of carrying amounts of assets and liabilities of Abon Touch systems Inc. as of December 31, 2023 are as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 6,490 |
| Notes receivables | 923 |
| Accounts receivables, net | 31,205 |
| Inventories | 42,475 |
| Other financial assets - current | 1,000 |
| Other current assets - others | 2,156 |
| Other financial assets at fair value through other comprehensive income – non-current | 103,500 |
| Property, plant and equipment | 230,121 |
| Right-of-use assets | 2,642 |
| Intangible assets | 583 |
| Guaranteed deposits paid | 124 |
| Bank borrowings | (113,000) |
| Contract liabilities - current | (2,931) |
| Accounts payables | (14,268) |
| Accounts payables – related parties | (1,224) |
| Other payables | (17,455) |
| Lease liabilities - current | (1,097) |
| Other current liabilities | (947) |
| Current portion of long-term borrowings | (13,552) |
| Long-term borrowings | (183,118) |
| Lease liabilities – non-current | (1,553) |
| Other non-current liabilities | (112) |
| Carrying amount of net assets of former subsidiary | **$ 71,962** |

(8) Property, plant and equipment

The changes in the cost and depreciation of property, plant and equipment for the years 2023 and 2022 are as follows:

| | | Land | House and Building | Machinery and Equipment | Other equipment | Unfinished work and equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|
| Costs or Recognized Costs: | | | | | | | |
| Balance on Jan. 1, 2023 | $ | 16,511 | 33,276 | 121,539 | 25,708 | 17,733 | 214,767 |
| Addition | | - | - | 35 | 1,651 | - | 1,686 |
| Disposal | | - | - | (33,075) | (8,629) | - | (41,704) |
| Reclassification | | - | - | 17,143 | - | (17,733) | (590) |
| **Balance on Dec. 31, 2023** | **$** | **16,511** | **33,276** | **105,642** | **18,730** | **-** | **174,159** |
| **Balance on Jan. 1, 2022** | $ | 16,511 | 33,276 | 126,087 | 20,309 | 7,884 | 204,067 |
| Addition | | - | - | 140 | 306 | 3,648 | 4,094 |
| Disposal | | - | - | (10,537) | - | - | (10,537) |
| Reclassification | | - | - | 5,849 | 5,093 | 6,201 | 17,143 |
| **Balance on Dec. 31, 2022** | **$** | **16,511** | **33,276** | **121,539** | **25,708** | **17,733** | **214,767** |
| Depreciation and impairment losses: | | | | | | | |
| **Balance on Jan. 1, 2023** | $ | - | 1,426 | 98,713 | 18,952 | - | 119,091 |
| Depreciation for the year | | - | 951 | 7,799 | 2,846 | - | 11,596 |
| Impairment losses | | - | - | 5,401 | - | - | 5,401 |
| Disposal | | - | - | (32,734) | (8,613) | - | (41,347) |
| **Balance on Dec. 31, 2023** | **$** | **-** | **2,377** | **79,179** | **13,185** | **-** | **94,741** |
| **Balance on Jan. 1, 2022** | $ | - | 475 | 103,542 | 16,934 | - | 120,951 |
| Depreciation for the year | | - | 951 | 5,708 | 2,018 | - | 8,677 |
| Disposal | | - | - | (10,537) | - | - | (10,537) |
| **Balance on Dec. 31, 2022** | **$** | **-** | **1,426** | **98,713** | **18,952** | **-** | **119,091** |
| **Carrying amount:** | | | | | | | |
| Dec. 31, 2023 | **$** | **16,511** | **30,899** | **26,463** | **5,545** | **-** | **79,418** |
| Jan. 1, 2022 | **$** | **16,511** | **32,801** | **22,545** | **3,375** | **7,884** | **83,116** |
| Dec. 31, 2022 | **$** | **16,511** | **31,850** | **22,826** | **6,756** | **17,733** | **95,676** |

1. Impairment losses and subsequent reversals
   The Company evaluates fair value based on the property appraisal report. The impairment losses recognized for the year ended December 31, 2023 amounted to $5,401 thousand.

As of December 31, 2023 and 2022, the Company's property, plant and equipment have been pledged as collateral for bank loans and financing facilities as described in Note 8.

(9) Right-of-use assets

The cost and depreciation of the Company's leased buildings and constructions and transportation equipment are as follows:

| | | Land | Buildings and structures | Transportation equipment | Total |
|---|---|---|---|---|---|
| Right-of-use assets cost: | | | | | |
| Balance on Jan. 1, 2023 | $ | - | 29,478 | 5,816 | 35,294 |
| Addition | | 2,917 | 2,000 | - | 4,917 |
| Reduction | | - | - | (913) | (913) |
| Balance on Dec.31, 2023 | **$** | **2,917** | **31,478** | **4,903** | **39,298** |
| Balance on Jan. 1, 2022 | $ | - | 25,941 | 6,076 | 32,017 |
| Addition | | - | 29,478 | - | 29,478 |
| Reduction | | - | (25,941) | (260) | (26,201) |
| Balance on Dec.31, 2022 | **$** | **-** | **29,478** | **5,816** | **35,294** |
| Right-of-use assets-Depreciation: | | | | | |
| Balance on Jan. 1, 2023 | $ | - | 4,912 | 3,576 | 8,488 |
| Depreciation | | - | 16,073 | 1,634 | 17,707 |
| Reduction | | - | - | (715) | (715) |
| Balance on Dec.31, 2023 | **$** | **-** | **20,985** | **4,495** | **25,480** |
| Balance on Jan. 1, 2022 | $ | - | 17,293 | 1,754 | 19,047 |
| Depreciation | | - | 13,560 | 2,082 | 15,642 |
| Reduction | | - | (25,941) | (260) | (26,201) |
| Balance on Dec.31, 2022 | **$** | **-** | **4,912** | **3,576** | **8,488** |
| Carrying amount: | | | | | |
| Dec.31, 2023 | **$** | **2,917** | **10,493** | **408** | **13,818** |
| Jan. 1, 2022 | **$** | **-** | **8,648** | **4,322** | **12,970** |
| Dec.31, 2022 | **$** | **-** | **24,566** | **2,240** | **26,806** |

The Company leased land for building the site for business operation of renewable energy equipment.

(10) Other current assets and non-current assets

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Prepayment of goods | $ | 25,862 | 40,536 |
| Input tax and retained tax credit | | 505 | 118 |
| Prepayment for development expenses | | 6,112 | 201 |
| Others | | 657 | 524 |
| Total | $ | 33,136 | 41,379 |

As of December 31, 2023, the Company signed the contract of lump sum contract work for the establishment of photovoltaics power generation system. The prepayments for construction and development expenses amounted to $6,112 thousand. Please refer to the explanations in Note 7 and 9.

(11) Other receivables, and other financial assets - current and non-current

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Restricted Assets | $ | 17,464 | 33,219 |
| Guaranteed deposits paid | | 5,590 | 5,777 |
| Other receivable return of goods | | 11,899 | 17,052 |
| Other receivables – settlement of shares | | 78,557 | - |
| Other receivable-others | | 4,899 | 1,728 |
| Less: other receivables – allowance for impairment losses | | (2,454) | - |
| Total | $ | 115,955 | 57,776 |

The lifetime overdue amount of the aforementioned receivables is $11,899 thousand. Expected credit losses estimated amounted to $2,454 thousand.

The aforementioned other receivables – settlement of shares are the proceeds for selling Abon Touchsystems Inc. to GINWIN TECHNOLOGY CO., LTD. As of December 31, 2023, other receivables – settlement of shares recognized amounted to $78,557 thousand. Please refer to Note 6(7), 7, and 9.

(12) Short-term loans

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Unsecured Bank Borrowing | $ | 53,684 | 50,481 |
| Guaranteed Bank Loans | | 46,521 | 29,849 |
| Total | $ | 100,205 | 80,330 |
| Unused credit lines | $ | 2,192 | 28,955 |
| Interest Rate Range | | 2.97%~7.43% | 2.57%~6.81% |

Please refer to Note 7 for the situation of related parties providing guarantees for the Company's bank loans in 2023 and 2022.

Please refer to Note 8 for the situation of the Company providing collateral for bank loans using its assets.

(13) Long-term loans

The breakdown of the Company's long-term borrowings is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Unsecured Bank Borrowing | $ 1,850 | 2,775 |
| Guaranteed Bank Loans | 41,626 | 48,041 |
| Guaranteed other borrowings | 1,851 | 7,254 |
| Less: portion due within one year | (7,570) | (12,993) |
| Total | **$ 37,757** | **45,077** |
| Unused amount | **$ -** | **-** |
| Interest rate range | **2.2%~5.03%** | **1.91%~5.03%** |
| Maturity years | **2024~2036** | **2023~2036** |

For information on the Company's interest rate, foreign currency, and liquidity risks, please refer to Note 6(22).

Please refer to Note 8 for the situation of the Company providing collateral for bank loans using its assets.

(14) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Current | **$ 10,428** | **16,530** |
| Non-current | **$ 2,855** | **10,366** |

For maturity analysis, please refer to Note 6(22) Financial instruments.

The amounts related to lease recognized in profit or loss are as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest expense on lease liabilities | **$ 329** | **261** |
| Gain on sublease of right-of-use assets | **$ -** | **985** |
| Short-term lease charges | **$ 1,240** | **633** |

The amounts related to lease recognized in statements of cash flows are as follows:

| | 2023 | 2022 |
|---|---|---|
| Total cash outflow from leases | **$ 17,895** | **15,590** |

1. Leases of land

The Company leases land for establishment of photovoltaics power generation system. The lease period ends at 20 years after the business operation of the photovoltaics power generation system.

2.Leasing of buildings

The Company leases buildings for offices and factories, some of which include an option to extend the lease for the same period upon expiry.

3. Other leases

The Company leases other equipment for one year. These leases are short-term or low-value and the Company has chosen to apply the exemption not to recognize the right of use and lease liability.

(15) Employee benefits

1. Defined benefit plan

The Company's defined benefit plan is contributed to a labor retirement reserve account in Bank of Taiwan. Each employee's retirement payment under the Labor Standards Act is calculated based on the number of service years and the average salary of the six months before retirement.

As of the reporting date, the balance of the Company's labor retirement reserve account at the Bank of Taiwan is $1,376 thousand. The Company's labor retirement reserve has reached the requirement to pay the labor retirement fund, so the Company applied to the Taoyuan City Government Labor Bureau to suspend contributions. The application was approved, and no significant market fluctuations, major reductions, repayments, or other significant one-time items have occurred since the end of the previous fiscal year.

As there is no employee adopting defined benefit plans in 2022, the Company did not recognize pension expenses for the years ended December 31, 2023 and 2022.

2. Defined contribution plan

The Company's defined contribution plan is in accordance with the provisions of the Labor Pension Act, and the contribution rate is 6% of the worker's monthly wage, which is contributed to the individual retirement account of the Labor Insurance Bureau. Under this plan, the Company has no statutory or implied obligation to pay additional amounts after contributing a fixed amount to the Labor Insurance Bureau. The retirement fund expenses under the defined contribution retirement plan for the Company in 2023 and 2022 were $2,048 thousand and $2,113 thousand, respectively, and have been contributed to the Labor Insurance Bureau.

(16) Income tax

1. Income tax expense

The breakdown of the Company's income tax expense for the years 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Current income tax expense | $ 2,057 | 91 |
| Deferred income tax expense | 9,206 | 7,978 |
| Income tax expense for the continuing business unit | **$ 11,263** | **8,069** |

A reconciliation of the Company's income tax expense to net income(loss) before income taxes for fiscal years 2023 and 2022 is as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Net loss before tax | **$** | **(13,046)** | **(41,637)** |
| Income tax calculated at the domestic tax rate of the Company | $ | (2,609) | (8,327) |
| House and land transactions income tax | | 2,057 | - |
| Tax-exempt income | | (8,066) | 886 |
| Permanent differences | | 780 | (3,148) |
| Current tax loss on unrecognized deferred income tax assets | | 7,982 | 10,589 |
| Unrecognized changes in temporary differences | | 11,085 | 7,978 |
| Underestimation in prior periods | | 34 | 91 |
| | **$** | **11,263** | **8,069** |

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The Company's unrecognized deferred tax assets are as follows:

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Deductible temporary differences | $ | 3,939 | 1,866 |
| Tax loss | | 26,401 | 26,615 |
| | **$** | **30,340** | **28,481** |

Such items are not recognized as deferred income tax assets because it is not very likely that the Company will generate taxable income in the future to realize these benefits. Additionally, taxable losses, according to income tax regulations, are deducted from the net profit of the current year for the calculation of income tax, after the taxation authority confirms losses from the previous ten years. Such items are not recognized as deferred income tax assets because it is not very likely that the Company will have sufficient taxable income for their use in the future.

As of December 31, 2022, the Company's taxable losses, with their deduction periods, are as follows, among which deferred income tax assets are recognized as $41,187 thousand:

| Year | | Losses not yet deducted | Last year for which deduction is allowed |
|---|---|---|---|
| 2014 | $ | 84,577 | 2024 |
| 2015 | | 59,408 | 2025 |
| 2016 | | 38,122 | 2026 |
| 2017 | | 29,743 | 2027 |
| 2018 | | 14,806 | 2028 |
| 2019 | | 23,509 | 2029 |
| 2020 | | 4,619 | 2030 |
| 2022 | | 43,247 | 2032 |
| 2023 | | 39,910 | 2033 |
| Total | **$** | **337,941** | |

(2) Deferred income tax assets recognized

The changes in deferred income tax assets for fiscal 2023 and 2022 are as follows:

| | Loss carryforwards |
|---|---|
| **Deferred income tax assets:** | |
| Balance on Jan. 1, 2023 | $ 50,393 |
| (Debit) Credit in statements of comprehensive income | (9,206) |
| Balance on Dec.31, 2023 | **$ 41,187** |
| Balance on Jan. 1, 2022 | $ 58,371 |
| (Debit) Credit in statements of comprehensive income | (7,978) |
| Balance on Dec.31, 2022 | **$ 50,393** |

3. Income tax approval status

The Company's income tax returns have been approved by the tax authorities until 2021.

(17) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2023 and 2022 the company's total authorized share capital was both $4,000,000 thousand, with a par value of $10 per share, divided into 400,000 thousand shares. The issued common shares were 43,748 thousand shares in both years, and all issued shares have been paid in full.

On June 29, 2018, at the annual shareholders' meeting, the Company approved a private placement to issue new shares up to a limit of 21,000,000 shares, which can be implemented in stages within one year. In 2019, the first private placement issued 3,000,000 new shares, and set April 9, 2019, as the base date for the private placement. The changed actual received capital amount was NT$ 300,112,000. The second private placement issued 3,500,000 new shares, and set May 21, 2019, as the base date for the private placement. The changed actual received capital amount was NT$ 335,112,000 yuan.

On June 27, 2019, at the annual shareholders' meeting, the Company approved a private placement to issue new shares up to a limit of 14,500,000 shares, which can be implemented in stages within one year. The first private placement issued 3,225,000 new shares, and set October 23, 2019, as the base date for the private placement. The changed actual received capital amount was NT$ 367,362,000, and the change registration was completed with the Department of Commerce of the Ministry of Economic Affairs.

On June 30, 2020, at the annual shareholders' meeting, the Company authorized the board of directors to issue common shares in a phased manner within one year after the shareholders' meeting resolution, within a limit of 11,000,000 shares, through a private placement for cash increase. On September 21, 2020, the board of directors resolved to issue common shares at a private placement price of 13.9 yuan per share for 6,000,000 shares, with a par value of NT$ 10 per share. If this round does not raise 6,000,000 shares, the remaining unraised shares will be combined into the second private placement. The first private placement issued 3,012,000 new shares, and set October 16, 2020, as the base date for the private placement. The changed actual received capital amount was NT$ 397,482,000, and the change registration was completed with the Department of Commerce of the Ministry of Economic Affairs.

The Company, at its annual general meeting held on June 30, 2022, authorized the board of directors to conduct one or two private placements of ordinary shares within a range of 8,000,000 shares, within one year after the resolution of the shareholders' meeting. On November 10, 2022, the board of directors decided to issue 4,000,000 ordinary shares at a private placement price of NT$ 8.5 per share, with a par value of 10 yuan per share, totaling NT$ 34,000,000. If this issuance does not raise the full 4,000,000 shares, the remaining unraised shares will be combined into the second private placement. The first private placement issued 4,000,000 new shares, and November 24, 2022, was set as the base date for the private placement increase, with the changed paid-in capital being NT$ 437,482,000. The Ministry of Economic Affairs, Department of Commerce, completed the registration change.

The transfer of the aforementioned privately placed ordinary shares and their subsequent free distribution of shares must be handled in accordance with the provisions of Article 43-8 of the Securities Exchange Act, and only after three years from the date of delivery of the privately placed ordinary shares, after applying to the Financial Supervisory Commission for a public issuance, can they apply for listing on the stock exchange.

The adjustment table for the number of outstanding shares for the fiscal years 2023 and 2022 of the Company is as follows:

(expressed in thousands of shares)

| | Common shares | |
|---|---|---|
| | **2023** | **2022** |
| Beginning balance | 43,748 | 39,748 |
| Cash Capital Increase | - | 4,000 |
| Ending balance | **43,748** | **43,748** |

2.Capital Reserve

The content of the capital reserve balance of the consolidated company is as follows:

| | **Dec. 31, 2023** | **Dec. 31, 2022** |
|---|---|---|
| Premium on issuance of shares | $ 38,319 | 38,319 |
| Change in ownership interest in subsidiaries | 35,213 | 28,365 |
| Disgorgement exercised by the Company | 3 | - |
| | **$ 73,535** | **66,684** |

Capital reserves need to be used to offset losses first, and then new shares or cash can be issued according to the proportion of original shares held by shareholders with realized capital reserves. The so-called realized capital reserves include the surplus from issuing stocks above the par value and proceeds from gifts received. According to the regulations for the handling of issuers raising and issuing securities, the amount of capital reserves that can be appropriated each year should not exceed 10% of the paid-in capital.

3.Retained Earnings

According to the Company's articles of incorporation, the Company should distribute at least 4% of the current year's profits as employee compensation and not more than 3% of the current year's profits as remuneration for directors and supervisors. However, when the Company still has accumulated losses, it should be compensated. The so-called current year's profit status refers to the profit before tax for the current year before deducting employee compensation and remuneration for directors and supervisors. The distribution of employee compensation and director remuneration should be carried out by a resolution agreed upon by more than two-thirds of the directors present and a majority of the directors present, and should be reported to the shareholders' meeting. Employee compensation can be paid in stocks or cash, and the payees include employees of subsidiary companies that meet certain conditions.

In addition, if the Company has a surplus in the annual final accounts, it should first pay taxes, offset accumulated losses from previous years, then provide 10% as statutory surplus reserves, and provide or reverse special surplus reserves according to laws or regulations of the competent authority. If there is still a surplus, the remaining amount is added to the accumulated undistributed profit from previous years. The board of directors prepares a dividend distribution proposal and distributes it after approval by the shareholders' meeting.

The Company's board of directors decided to make up for the losses of 2022 and 2021 at the shareholders meetings on June 29, 2023, and June 30, 2022, respectively.

For the situation of the board of directors' proposal and the shareholders' meeting decision on making up for losses, please check the "Market Observation Post System" of the Taiwan Stock Exchange.

4. Other Equity (net of tax)

| | Exchange difference on translation of the financial statements of foreign operations | Gain (loss) on investment in equity instruments measured at fair value through other comprehensive income |
|---|---|---|
| Jan. 1, 2023 | $ (10) | (6,675) |
| Exchange differences arising from the translation of net assets of foreign operations | (33) | - |
| Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income | - | 335 |
| Disposal of equity instruments at fair value through other comprehensive income | - | (1,866) |
| Balance on Dec.31, 2023 | **$ (43)** | **(8,206)** |
| Jan. 1, 2022 | $ (75) | (3,254) |
| Exchange differences arising from the translation of net assets of foreign operations | 65 | - |
| Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income | - | (4,267) |
| Disposal of equity instruments at fair value through other comprehensive income | - | 846 |
| Balance on Dec.31, 2022 | **$ (10)** | **(6,675)** |

(18) Losses Per Share

1. Basic (diluted) earnings (losses) per share

The basic (diluted) earnings per share of the Company for the fiscal years 2023 and 2022 are calculated based on the net profit (loss) attributable to the holders of ordinary equity of the Company and the weighted average number of outstanding ordinary shares. The relevant calculations are as follows:

(1) Net profit attributable to the holders of ordinary equity of the Company

| | | 2023 | 2022 |
|---|---|---|---|
| Net loss attributable to equity holders of the Company's common stock | $ | (24,309) | (49,706) |

(2) Weighted average number of outstanding ordinary shares (thousand shares)

| | 2023 | 2022 |
|---|---|---|
| Common stock outstanding as of January 1 | 43,748 | 39,748 |
| Effect of new shares issued by cash capital increase | - | 416 |
| Weighted average number of common shares outstanding as of December 31 | 43,748 | 40,164 |

2. Earnings per share are as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Basic (diluted) losses per share | $ | (0.56) | (1.24) |

(19) Revenue from customer contracts

1. Breakdown of income

| | | 2023 | 2022 |
|---|---|---|---|
| Major regional markets: | | | |
| Taiwan | $ | 93,922 | 119,815 |
| China | | 185,202 | 121,933 |
| Other countries | | 769 | 8,758 |
| | $ | 279,893 | 250,506 |
| Main Products: | | | |
| Optical panels | $ | 260,293 | 221,827 |
| Others | | 19,600 | 28,679 |
| | $ | 279,893 | 250,506 |

2. Contract balance

| | | Dec. 31, 2023 | Dec. 31, 2022 | Jan. 1, 2022 |
|---|---|---|---|---|
| Notes and accounts receivables (including related parties) | $ | 12,572 | 30,740 | 39,798 |
| Less: allowance for loss | | (3,887) | (2,029) | (2,574) |
| Total | $ | 8,685 | 28,711 | 37,224 |
| Contractual liabilities | $ | 1,512 | 2,614 | 1,259 |

For the disclosure of accounts receivable and their impairment, please refer to Note 6(3). The amounts recognized as revenue from the beginning balances of contract liabilities on January 1 of fiscal years 2023 and 2022 were $2,614 thousand and $1,259 thousand, respectively.

(20) Employee and Director Remuneration

According to the Company's articles of incorporation, the Company should distribute at least 4% of the current year's profits as employee compensation and not more than 3% of the current year's profits as remuneration for directors and supervisors. However, when the Company still has accumulated losses, it should be compensated. The so-called current year's profit status refers to the profit before tax for the current year before deducting employee compensation and remuneration for directors and supervisors. The distribution of employee compensation and director remuneration should be carried out by a resolution agreed upon by more than two-thirds of the directors present and a majority of the directors present, and should be reported to the shareholders' meeting. Employee compensation can be paid in stocks or cash, and the payees include employees of subsidiary companies that meet certain conditions.

For the 2023 and 2022 fiscal years of the Company, no employee and director remuneration were allocated due to accumulated losses. Please refer to "Market Observation Post System" of the Taiwan Stock Exchange for relevant information.

(21) Non-operating revenue/expense

1. Interest income

The breakdown of the Company's interest income for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Bank Deposit Interest | $ 743 | 154 |
| Other interest income | 74 | 39 |
| | **$ 817** | **193** |

2. Other income

The breakdown of the Company's other income for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Rental income | $ 2,454 | 2,698 |
| Dividend income | - | 31 |
| Others | 4,149 | 1,005 |
| Total other income | **$ 6,603** | **3,734** |

3. Other gains and losses

A breakdown of the Company's other gains and losses for the years 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Impairment of property, plant and equipment | $ (5,401) | - |
| Foreign currency exchange gains | 1,340 | 2,549 |
| Gains on disposal of interest in property, plant and equipment | 9,918 | 760 |
| Gains on disposal of investments | 74,006 | - |
| Other expenses | (912) | - |
| Other gains and losses, net | **$ 78,951** | **3,309** |

4. Financial costs

The breakdown of the Company's finance costs for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest costs | $ 6,996 | 5,239 |

(22) Financial instruments

1. Credit risk

(1) Credit risk exposures

The carrying amount of financial assets represents the maximum credit risk exposure.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest but excluding the effect of netting agreements.

| | Carrying amount | Contractual Cash Flow | Within 6 months | 6-12 months | More than 1 year |
|---|---|---|---|---|---|
| **Dec. 31, 2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Unsecured Borrowing | $ 55,534 | 55,962 | 54,365 | 316 | 1,281 |
| Guaranteed loan | 89,998 | 93,147 | 51,130 | 2,849 | 39,168 |
| Accounts payables (including related parties) | 3,500 | 3,500 | 3,500 | - | - |
| Other payable | 11,865 | 11,865 | 11,865 | - | - |
| Lease liabilities | 13,283 | 14,282 | 7,973 | 2,595 | 3,714 |
| | $ 174,180 | 178,756 | 128,833 | 5,760 | 44,163 |
| **Dec. 31, 2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Unsecured Borrowing | $ 53,256 | 54,488 | 52,128 | 496 | 1,864 |
| Guaranteed loan | 85,144 | 89,142 | 36,628 | 6,436 | 46,078 |
| Accounts payables (including related parties) | 11,500 | 11,500 | 11,500 | - | - |
| Other payable | 15,238 | 15,238 | 15,238 | - | - |
| Lease liabilities | 26,896 | 27,280 | 8,494 | 8,366 | 10,420 |
| | $ 192,034 | 197,648 | 123,988 | 15,298 | 58,362 |

The Company does not anticipate significant changes in the timing or the actual amount of cash flows at maturity.

3. Exchange Rate Risk

(1) Exchange rate risk of violence

The Company's financial assets and liabilities that are exposed to significant foreign currency exchange rate risk are as follows:

| | Dec. 31, 2023 | | |
|---|---|---|---|
| | Foreign currency ($'000) | Exchange rate | TWD |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 358 | USD:NTD 30.7050 | 10,992 |
| Financial liability | | | |
| Monetary items | | | |
| USD | 1,167 | USD:NTD 30.7050 | 35,833 |

| | Dec. 31, 2022 | | |
|---|---|---|---|
| | Foreign currency ($'000) | Exchange rate | TWD |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 2,383 | USD:NTD 30.7100 | 73,182 |
| Financial liability | | | |
| Monetary items | | | |
| USD | 1,679 | USD:NTD 30.7100 | 51,562 |

(2) Sensitivity Analysis

The foreign exchange risk of the Company's monetary items mainly comes from cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable, and other payables denominated in foreign currencies, resulting in foreign exchange gains and losses during conversion. If the New Taiwan Dollar depreciates or appreciates by 1% against the US Dollar in 2023 and 2022, and all other factors remain unchanged, the pre-tax net profit for 2023 and 2022 will decrease or increase by $248 thousand and increase or decrease by $216 thousand, respectively.

Due to the variety of functional currencies of the Company, it discloses the exchange loss information of monetary items in a consolidated manner. The foreign exchange gain/loss (including realized and unrealized) for 2023 and 2022 were gains of $1,340 thousand and $2,549 thousand, respectively.

4.Interest Rate Analysis

The interest rate risk of the Company's financial assets and liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is determined by the interest rate risk of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities in circulation on the reporting date circulates throughout the year. The change rate used by the Company when reporting interest rates to the main management level is an increase or decrease of 0.5%, which also represents the management's assessment of the reasonable possible change range of interest rates.

If the interest rate increases or decreases by 0.5%, under all other variables remaining the same, the Company's pre-tax net profit for 2023 and 2022 will decrease by $540 thousand

and $533 thousand, mainly due to the Company's variable interest rate deposits and borrowings.

5. Fair value information

(1) Types of Financial Instruments and Fair Value

The Company's financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are repeatedly measured at fair value. The carrying amount and fair value of various financial assets and liabilities (including fair value level information, but the carrying amount of financial instruments not measured at fair value is a reasonable approximation of fair value, and lease liabilities, are not required to disclose fair value information) are listed as follows:

| | Dec. 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at FVTOCI** | | | | | |
| Domestic and international unlisted(over-the-counter) shares | $ 14,787 | - | - | 14,787 | 14,787 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 38,939 | - | - | - | - |
| Notes and accounts receivable | 10,301 | - | - | - | - |
| Other receivables and financial assets | 115,955 | - | - | - | - |
| Sub-total | 165,195 | - | - | - | - |
| Total | **$ 179,982** | **-** | **-** | **14,787** | **14,787** |
| **Financial liabilities measured at amortized cost** | | | | | |
| Unsecured Borrowing | $ 55,534 | - | - | - | - |
| Guaranteed Loans | 89,998 | - | - | - | - |
| Notes and accounts payable | 3,500 | - | - | - | - |
| Other payables | 11,865 | - | - | - | - |
| Lease liabilities | 13,283 | - | - | - | - |
| Total | **$ 174,180** | **-** | **-** | **-** | **-** |

| | Dec. 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at FVTOCI** | | | | | |
| Domestic and international unlisted(over-the-counter) shares | $ 16,318 | - | - | 16,318 | 16,318 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 33,292 | - | - | - | - |
| Notes and accounts receivable | 28,711 | - | - | - | - |
| Payment on behalf of others receivables | 21,003 | - | - | - | - |
| Other receivables and financial assets | 57,776 | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Sub-total | 140,782 | - | - | - | - |
| Total | $ **157,100** | **-** | **-** | **16,318** | **16,318** |
| **Financial liabilities measured at amortized cost** | | | | | |
| Unsecured Borrowing | $ 53,256 | - | - | - | - |
| Guaranteed Loans | 85,144 | - | - | - | - |
| Notes and accounts payable | 11,500 | - | - | - | - |
| Other payables | 15,238 | - | - | - | - |
| Lease liabilities | 26,896 | - | - | - | - |
| Total | **$ 192,034** | **-** | **-** | **-** | **-** |

(2) Techniques for Measuring the Fair Value of Financial Instruments

(2.1) Non-derivative financial instruments

If a financial instrument has an active market with public quotes, the public quote from the active market is used as the fair value. The publicly quoted prices from major exchanges and from the government bond counter of hot securities, as announced by the Central Government Bond Counter Trading Center, serve as the basis for the fair value of equity instruments and debt instruments with public quotes in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the conditions do not conform, then the market is regarded as inactive. In general, a market with high bid-ask spreads, significant increase in bid-ask spreads, or low trading volume is indicated as inactive.

The fair value of financial instruments held by the Company, if they belong to an inactive market, is listed below by category and attribute:

· Equity instruments without public quotes: If there is no reference market, an estimation method is used. The estimations and assumptions used are consistent with the information used by market participants for pricing financial commodities, and the Company can obtain this information.

(3) Transfers between Level 1 and Level 2

There were no transfers in 2023 and 2022.

(4) Details of changes in level 3

The change table for the financial assets measured at fair value that fall into Level 3 in 2022 is as follows:

| | **Equity instruments without public quoted prices** |
|---|---|
| Balance at Jan. 1, 2023 | $ 16,318 |
| Recognized in other comprehensive income | (1,531) |
| Balance at Dec. 31, 2023 | **$ 14,787** |
| | |
| Balance at Jan. 1, 2022 | $ 14,724 |
| Purchases | 4,000 |
| Recognized in other comprehensive income | (2,406) |
| Balance at Dec. 31, 2022 | **$ 16,318** |

The aforementioned total gains or losses are recognized as “other gains and losses” and “unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income.” Those relevant to the assets still held for the years ended December 31, 2023 and 2022 are as follows:

| | **2023** | **2022** |
|---|---|---|
| Total gain or loss | | |
| Recognized in profit or loss (recognized as “other gains and losses”) | - | - |
| Recognized in other comprehensive income (recognized as “unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income”) | $ (1,531) | (2,406) |

(5) Quantitative information on the measurement of fair value by significant unobservable inputs (Level 3)

The Company's financial assets classified as Level 3 mainly include investments in equity instruments not listed on the exchange, measured at fair value through other comprehensive income.

Most of the Company's fair value, classified as Level 3, only has a single significant unobservable input. Only investments in non-listed equity instruments have multiple significant unobservable inputs. The significant unobservable inputs of non-listed equity investments are independent of each other, so there is no correlation.

The list of quantitative information on significant unobservable inputs is as follows:

| Item | Valuation Techniques | Significant Unobservable Inputs | Significant unobservable input value and fair value relationship |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market | Comparable with listed companies' law | ·Price to net asset value ratio (Multiplier) (3.10 to 5.73 as of Dec. 31, 2023; 4.01 to 4.57 as of Dec. 31, 2022)<br>·Discount for lack of market liquidity (20% for both Dec. 31, 2023, and Dec. 31, 2022) | ·The higher the multiplier, the higher the fair value<br>·The higher the discount for lack of market liquidity, the lower the fair value |
| Financial assets at fair value through other comprehensive income - investments in equity instruments not listed on the stock exchange | Net Asset Value Method | Net Asset Value Method | NA |

(6) Sensitivity Analysis of Fair Value Measurement for Level 3: Sensitivity to Reasonably Possible Alternative Assumptions

The Company believes that the fair value measurements of financial instruments are reasonable, but different valuation models or parameters may result in different outcomes. For financial instruments classified as Level 3, the impact on current period profit or other comprehensive income due to changes in valuation parameters is as follows:

| | Inputs | Upward or downward movement | Fair value changes are reflected in other comprehensive income | |
|---|---|---|---|---|
| | | | Favorable changes | Unfavorable changes |
| **Dec. 31, 2023** | | | | |
| Financial assets measured at FVTOCI | | | | |
| Investments in equity instruments with no active market | Net Share Price Ratio Multiplier | 5% | $ 739 | (739) |
| | Lack of marketability discount | 5% | 924 | (924) |
| | | | $ 1,663 | (1,663) |
| **Dec. 31, 2022** | | | | |
| Financial assets measured at FVTOCI | | | | |
| Investments in equity instruments with no active market | Net Share Price Ratio Multiplier | 5% | $ 816 | (816) |
| | Lack of marketability discount | 5% | 1,020 | (1,020) |
| | | | $ 1,836 | (1,836) |

(23) Financial Risk Management

1.Summary

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The notes express the Company's exposure to these risks, the Company's objectives in measuring and managing risk, and policies and procedures. For further quantitative disclosures, please refer to the respective notes of the individual financial statement.

2. Risk Management Framework

The Board of Directors is fully responsible for developing and controlling the Company's risk management policy. The establishment of the Company's risk management policy is to identify and analyze the risks faced by the Company, and to set appropriate risk limits and controls, and to supervise the compliance with risks and risk limits. Risk management policies and systems are regularly reviewed to reflect market conditions and changes in the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees understand their roles and responsibilities.

The Board of Directors supervises how management monitors the Company's compliance with risk management policies and procedures, and reviews the appropriateness of the Company's risk management framework in relation to the risks it faces. Internal auditors assist the board of directors in playing a supervisory role. These individuals conduct regular and ad hoc reviews of risk management controls and procedures and report their findings to the board of directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk primarily arises from the Company's receivables and securities investments.

(1) Receivables and other receivables

The Company's credit risk exposure is primarily affected by the individual situation of each customer. However, management also considers the statistical data of the Company's customer base, including the default risk of the industry and country to which the customer belongs, as these factors may affect credit risk.

The Company has established a credit policy. According to this policy, the Company must individually analyze the credit rating of each new customer before providing standard payment and delivery conditions and terms. The Company's review includes, when available, external ratings, and in some cases, bank referrals. Purchase limits are set for individual customers and represent the maximum uncollected amount without board approval. These limits are reviewed regularly. Customers who do not meet the Company's standard credit rating can only trade with the Company on a prepayment basis.

The Company has set up an allowance for impairment loss account to reflect the estimated impairment loss on receivables and other receivables and investments. The main components of the allowance account include the specific loss components related to individual major exposures, and the collective loss components established for incurred but not yet identified losses for similar asset groups. The collective loss allowance is determined based on the historical payment statistics of similar financial assets.

(2) Bank deposits

The credit risk of bank deposits is measured and monitored by the Company's finance department. Since the Company's trading counterparts and performers are banks with good credit, there are no significant performance concerns, so there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Company will be unable to deliver cash or other financial assets to settle financial liabilities, failing to fulfill related obligations. Our method of managing liquidity is to ensure that the Company, under normal and stressful conditions, has sufficient liquidity to support the liabilities due, so as not to incur unacceptable losses or damage the reputation of the Company. As of December 31, 2023 and 2022, the unused loan amount was $2,192 thousand and $28,955 thousand respectively.

2. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices, will affect the earnings or value of the financial instruments held by the Company. The goal of market risk management is to control the exposure to market risk within a tolerable range and to optimize investment returns.

To manage market risk, the Company engages in derivative instrument transactions, thereby generating financial liabilities. All transactions are carried out following the instructions of the Board of Directors.

(1) Exchange rate risk

The Company is exposed to exchange rate risk resulting from sales, purchases, and borrowing transactions that are not priced in the functional currency of the respective group company. The functional currencies of the Company companies are mainly New Taiwan Dollars, but also include US dollars and Renminbi. The main pricing currencies of these transactions are New Taiwan Dollars and US dollars. Furthermore, the Company follows the principle of natural hedging, hedging according to the Company's currency capital requirements and net positions (and the difference between foreign currency assets and liabilities positions) according to the market foreign exchange situation.

The interest on loans is priced in the currency of the loan principal. Generally, the loan currency is the same as the currency of the cash flows generated by the Company's operations, mainly New Taiwan Dollars and US dollars. In this situation, economic hedging is provided without the need to sign derivative instruments, so hedging accounting is not adopted.

For other currency-denominated monetary assets and liabilities, when short-term imbalances occur, the Company buys or sells foreign currencies at current exchange rates to ensure that net exposure remains at an acceptable level.

(2) Interest rate risk

Most of the Company's loans are based on floating interest rates, and we have not converted floating interest rates into fixed interest rates through interest rate swap contracts. The main measure for the Company to cope with interest rate risk is to regularly assess the bank and loan interest rates in each currency, maintain a good relationship with financial institutions with whom it deals to achieve lower financing costs, and at the same time strengthen the management of operating funds to reduce reliance on bank loans and spread the risk of interest rate changes.

(3) Other market price risks

Apart from supporting expected consumption and sales needs, the Company has not signed commodity contracts; these commodity contracts are not settled net.

(24) Capital Management

The Company conducts capital management to ensure that it can maximize shareholder returns by optimizing the balance of debt and equity under the premise of continuing operations.

Like our peers, the Company controls capital based on the debt capital ratio. The ratio is calculated by net debt divided by total capital. Net debt is the total liabilities shown in the balance sheet minus cash and cash equivalents. Total capital is the sum of all components of equity (i.e., share capital, capital reserve, retained earnings, and other equity) plus net debt.

The main management level of the Company reviews the Company's capital structure every year. The review includes considering the cost and related risks of various types of capital. Based on the recommendations of the main management level, it will balance its overall capital structure by borrowing short-term loans from financial institutions.

The debt capital ratio as of the reporting date is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Total liabilities | $ 179,973 | 194,970 |
| Less: Cash and cash equivalents | (38,939) | (33,292) |
| Net debt | 141,034 | 161,678 |
| Total equity | 233,508 | 250,664 |
| Total capital | $ 374,542 | 412,342 |
| Debt-to-capital ratio | 37.66% | 39.21% |

(25) Non-cash investment and financing activities

The Company's non-cash investment and financing activities for the fiscal years 2023 and 2022 are as follows:

1. Borrowing of short-term loans, please refer to Note 6(12).
2. Borrowing of long-term loans, please refer to Note 6(13).
3. Acquisition of right-of-use assets by leasing, please refer to Note 6(14).

The adjustment of liabilities arising from financing activities is as shown in the following table:

| | Jan. 1, 2023 | Cash flows | Non-cash changes Others | Dec. 31, 2023 |
|---|---|---|---|---|
| Short-term loans | $ 80,330 | 19,875 | - | 100,205 |
| Long-term loans | 58,070 | (12,743) | - | 45,327 |
| Lease liabilities | 26,896 | (16,326) | 2,713 | 13,283 |
| Total liabilities from financing activities | $ 165,296 | (9,194) | 2,713 | 158,815 |

| | Jan. 1, 2022 | Cash flows | Non-cash changes Others | Dec. 31, 2022 |
|---|---|---|---|---|
| Short-term loans | $ 57,456 | 22,874 | - | 80,330 |
| Long-term loans | 79,670 | (21,600) | - | 58,070 |
| Lease liabilities | 13,099 | (15,681) | 29,478 | 26,896 |
| Total liabilities from financing activities | $ 150,225 | (14,407) | 29,478 | 165,296 |

**7. Transaction with related parties**

(1) Parent Company and Ultimate Controller

The Company is the ultimate controller of the Company and its affiliated group.

(2) Name of related party and its Relationships

The Company's subsidiaries and other related parties that had transactions with the Company during the period covered by this individual financial statement are as follows:

| Name of related party | Relationship with the Company |
|---|---|
| Abon (Shenzhen) Touchsystems Inc. | Subsidiaries of the Company |
| Abon Touchsystems Inc. | Substantive related party (Note 1) |
| HUAI I PRECISION TECHNOLOGY CO., LTD. | Substantive related party (Note 2) |
| APOLLO PIONEER TECH CO., LTD. | Substantive related party (Note 3) |
| Xinjia Engineering Co., Ltd. | Substantive related party |
| GINWIN TECHNOLOGY CO., LTD. | Substantive related party |
| Yan An Renewable Energy Co., Ltd. | Substantive related party |

Note 1: The proposal of disposal of the significant subsidiary, Abon Touchsystems Inc., has been resolved by the shareholders meeting on November 17, 2023. As the base date of the transaction is December 31, 2023, the Company lost control over the company since the end of December 2023, and it is not the subsidiary of the Company. After the transaction, the Company still regard it as a substantive related party.

Note 2: At the HUAI I PRECISION TECHNOLOGY CO., LTD. shareholders meeting on June 27, 2022, the chairman of the Company is no longer a director of the Company, so from that day on, it is no longer a related party of the Company.

Note 3: The subsidiary, Abon Touchsystems Inc., implemented election of directors and supervisors by the regular shareholders meeting on May 8, 2023. The original supervisor has been removed.

(3) Significant transactions with related parties

1. Operating revenue

The significant sales to related parties were as follows:

| | 2023 | 2022 |
|---|---|---|
| Substantive related party | $ 22,588 | 31,839 |

The Company's sales terms to subsidiaries and related companies are not significantly different from the general sales prices. No collateral was received for receivables between related parties.

2. Purchase

The Company's purchases from related parties were as follows

| | | 2023 | 2022 |
|---|---|---|---|
| Substantive related party | $ | 2,218 | 5,676 |

The Company's purchase prices for the above companies are not significantly different from the Company's purchase prices from general manufacturers. The payment term is 30 to 150 days, which is not significantly different from the general manufacturers. In addition, there is no other transaction counterparties for comparison of purchase of motors.

3. Receivables from related parties

The breakdown of the amounts due from related parties is as follows:

| Accounting item | Type of related party | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|---|
| Accounts receivables | Substantive related parties | $ | 1,089 | 7,292 |
| Other receivables | Substantive related parties (Note) | | 78,557 | - |
| | Substantive related parties | | 47 | 217 |
| | | $ | 79,693 | 7,509 |

Note: primarily the uncollected payments from the transaction of selling the shares of Abon Touchsystems Inc., etc.

4. Payables to related parties

The breakdown of the amounts due to related parties is as follows

| Accounting item | Type of related party | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|---|
| Accounts payables | Substantive related parties | $ | - | 4,347 |
| Other payables | Subsidiaries:<br>Abon (Shenzhen) Touchsystems Inc. | | - | 3,115 |
| Other payables | Substantive related parties | | - | 27 |
| | | $ | - | 7,489 |

5. Prepayments

The Company's prepayments to related parties are as follows:

| | | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Substantive related party | $ | 7,466 | 1,580 |

For the year ended December 31, 2023, the Company signed the contract of lump sum contract work with Xinjia Engineering Co., Ltd. for the establishment of photovoltaics power generation system. The Company appointed Xinjia Engineering Co., Ltd. to handle the project of establishment of ground–mounted photovoltaics power generation system, with contract amount of $24,448 thousand and capacity of 498.94kW. As of December 31, 2023, prepaid signing deposits and payment for combined audit for future reference amounted to $6,112 thousand, recognized as other non-current assets.

6.Others

(1) The breakdown of the related revenues and expenses of the Company and its related parties are as follows

| Accounting item | Type of related party | 2023 | 2022 |
|---|---|---|---|
| Operating expenses | Substantive related parties | $ 37 | 51 |
| Other income | Subsidiary | 3,115 | - |
| Other income | Substantive related parties | 1,208 | 1,226 |

(2) As of December 31, 2023 and 2022, the guaranteed deposits received for leasing offices to substantive related parties amounted to both $100,000.

7. Property Transactions

(1) Equity Trading

The Company sold 13,744,815 shares of Abon Touchsystems Inc. to GINWIN TECHNOLOGY CO., LTD. at $8.2 per share with total amount of $112,707 thousand, securities transaction tax of $338 thousand, resulting in gains on disposal of $74,006 thousand. The settlement has been completed on December 31, 2023. As of December 31, 2023, other receivables recognized amounted to $78,557 thousand, of which, $45,083 thousand has been collected on January 9, 2024.

8.The Company's borrowings for the fiscal years 2023 and 2022 were secured by credit and real estate provided by the Company's substantive related parties. The total secured amount was $143,682 thousand and $94,200 thousand, respectively.

9. Endorsement guarantee

As of December 31, 2023 and 2022, the parent company provided endorsement guarantees for the substantive related parties' borrowings, with balances of $192,000 thousand and $195,000 thousand respectively. The amounts of endorsement guarantee drawn down by the companies were $156,000 thousand and $187,800 thousand, respectively.

As of December 31, 2023 and 2022, the balances of endorsement and guarantee provided by the substantive related parties for the Company’s borrowings amounted to $80,000 thousand and $136,0000 thousand, respectively, and the amounts of endorsement and guarantee drawn down by the companies were $48,353 thousand and $74,436 thousand, respectively.

(4) Transactions with Key Management Personnel

Key management compensation includes:

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 19,274 | 20,230 |
| Post-employment benefits | 2,123 | 2,203 |
| | **$ 21,397** | **22,433** |

**8. Pledged assets**

The carrying value of the assets pledged as security by the Company is as follows:

| Asset Name | Underlying assets pledged | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Property, plant and equipment | Bank Loan Guarantee | $ 47,410 | 48,361 |
| Inventory | Other Financing Loans | 1,851 | 7,254 |
| Restricted bank deposits - other financial assets | Bank loan guarantee | 17,464 | 33,219 |
| Refundable deposits | Lease deposit and customs deposit, etc. | 5,590 | 5,777 |
| | | $ 72,315 | 94,611 |

**9. Significant contingent liabilities and unrecognized contractual commitments**

As of December 31, 2023 and 2022, significant commitments and contingencies of the Company, apart from those disclosed in other notes, are as follows:

(1) As of December 31, 2023 and 2022, the Company issued deposit promissory notes for leasing factories etc. to the lessor totaling $10,941 thousand and $28,455 thousand, respectively.

(2) The Company has signed a cooperation agreement with Company A, with a total contract amount of $33,000 thousand and service expenses of $10,000 thousand. The cooperation involves participating in Company A’s motor business in electric two-wheel vehicle field by integrating resources of both parties in aspects, including factories, equipment, production, capital, etc. As of December 31, 2023, the unpaid amounts are $15,000 thousand for project expenses and $4,000 thousand for service expenses. Sales revenue will be shared according to the terms of the cooperation agreement.

(3) As of December 31, 2023 and 2022, the Company had signed operating lease contracts for leasing factories etc. The details are as follows:

| Lease Subject Matter | Lessor | Period | Rent |
|---|---|---|---|
| Factory, etc. | Yu Lin Co. | 2020.09.01~2022.08.31 | 1,250,000 per month (before tax) |
| 〃 | 〃 | 2022.09.01~2024.08.31 | 1,250,000 per month (before tax) |

(4) For the year ended December 31, 2023, the Company signed the contract of lump sum contract work with the related party for the establishment of photovoltaics power generation system. Please refer to Note 7.

**10. Significant disaster losses: None.**

**11. Significant subsequent events:**

The Company approved by the board of directors on March 5, 2023 the issue of common shares by cash capital increase. The cash capital increase is proposed to issue common shares within 40,000 thousand of shares, with par value of $10 per share. After authorized by the competent authorities, chairman is authorized to consult the lead underwriter to jointly determine based on current market condition.

If the actual issue plan, plan items, expected fund utilization progress, expected effectiveness and other issues of the cash capital increase shall be changed in response to the objective environment, it is proposed to authorize the chairman to handle in his sole discretion.

**12. Others**

(1) The employee benefits, depreciation, depletion, and amortization expense functions are summarized as follows:

| Function / Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Classified as operating Costs** | **Operating expenses** | **Total** | **Classified as operating Costs** | **Operating expenses** | **Total** |
| Employee benefits | | | | | | |
| Salary expenses | 16,461 | 25,290 | 41,751 | 18,593 | 25,565 | 44,158 |
| Labor and Health Insurance Costs | 1,833 | 2,450 | 4,283 | 2,164 | 2,365 | 4,529 |
| Pension Costs | 701 | 1,347 | 2,048 | 814 | 1,299 | 2,113 |
| Compensation for directors | - | 1,835 | 1,835 | - | 1,530 | 1,530 |
| Other employee benefits | 1,230 | 1,552 | 2,782 | 1,892 | 1,452 | 3,344 |
| Depreciation expense | 22,782 | 6,521 | 29,303 | 18,114 | 6,205 | 24,319 |
| Amortization expense | - | 287 | 287 | - | 294 | 294 |

Additional information on the number of employees and employee benefit costs for the years 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Number of employees | 57 | 91 |
| Number of directors who are not also employees | 2 | 2 |
| Average Employee Benefit Costs | $ 925 | 608 |
| Average Employee Salary Costs | $ 759 | 496 |
| Adjustment of average employee salary expense | 53.02% | (15.21)% |
| Supervisors' remuneration | $ - | 50 |

The Company's salary and remuneration policy (including directors, supervisors, managers, and employees) is as follows:

The remuneration of employees and managers is divided into fixed salary and variable salary. The fixed salary is paid monthly regardless of profit or loss, and it's set according to the employee's job duties and level. The variable salary is the year-end bonus, performance bonus, and employee reward. The variable salary of employees and managers is determined according to the overall environment, company profitability, performance, and special contributions, and it's positively correlated with the Company's profitability and overall performance.

The variable remuneration of managers, based on their target achievement rate and implementation, is proposed by the salary and remuneration committee, and submitted to the board of directors for resolution.

The remuneration of directors and supervisors is regulated by the Company's articles of association. It depends on their participation in the Company's operations and contribution value, with different powers. It refers to the Company's performance and operational results, and it's proposed by the salary and remuneration committee and submitted to the board of directors for resolution

(2) The Company's future financial plans:

Due to cumulative losses reaching half of the Company's paid-in capital, in addition to the unused bank loan limit, the Company has received support from major shareholders, ensuring that the Company has sufficient funds to support its operations.

The Company also proposed to adopt the countermeasures to continuously improve future operation and financial condition as follows:

1.Fund raising plan

The Company has approved by the board of directors on March 5, 2024 the issue of common shares by cash capital increase. The cash capital increase is proposed to issue common shares within 40,000 thousand of shares, with par value of $10 per share. Pleasers refer to Note 11 for relevant information.

2.Operation plan

(1) Procurement of land and plants: develop E-bike business, integrate resources, and decrease production costs, at the same time, fulfill the requirements of future production capacity expansion and business development.

(2) Investments in green energy business to obtain stable income.

(3) Repayment of bank borrowings to decrease interest expenditure.

## 13. Disclosures

(1) Information on significant transactions

In accordance with the Guidelines Governing the Preparation of Financial statements by Securities Issuers, the Company should disclose the following information regarding significant transactions in fiscal 2023:

1. Lending to others: None.
2. Endorsement and guarantee for others:

Unit: NT$ thousands

| No. | Endorser Company Name | Endorsed by | | For a single company Endorsement Guarantee Limit (Note 3) | The highest endorsement in this issue Guaranteed Balance | End-of-Term Memorization Guaranteed Balance | Actual spending Amount | Guaranteed by property Endorsement Guarantee Amount | Ratio of accumulated endorsement guarantee amount to net worth of the most recent financial statements (%) | Endorsement Guarantee Maximum limit (Note 3) | Parent company For subsidiaries Endorsement Guarantee | Subsidiaries For the parent company Endorsement Guarantee | Endorsement guarantees for mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company Name | Relationships (Note 2) | | | | | | | | | | |
| 0 | ABONMAX CO., LTD. | Abon Touchsystems Inc. | 1 | 19,581 | 192,000 | 192,000 | 156,000 | - | 82.22% | 350,262 | | | |
| 1 | Abon Touchsystems Inc. | ABONMAX CO., LTD. | 1 | 19,581 | 80,000 | 80,000 | 48,353 | - | 111.17% | 143,924 | | | |

Note 1: 0 refers to this company.

Note 2: There are seven types of relationships between the endorser and the endorsee, and you can indicate the type as follows:

1. Companies that have business dealings.
2. Companies in which the Company directly and indirectly holds voting rights over 50%.
3. Companies that directly and indirectly hold over 50% of the voting rights in the Company.
4. Companies where the Company directly and indirectly holds over 90% of the voting shares.
5. Companies that mutually guarantee each other in the same industry or co-constructors based on contract requirements for contracting projects.
6. Companies that are endorsed and guaranteed by all shareholders according to their shareholding ratio due to joint investment relationships.
7. Joint and several guarantees for the performance of presale house sales contracts in accordance with consumer protection regulations in the same industry.

Note 3: According to the company's endorsement guarantee regulations, the guarantee limit for endorsement guarantees to a single enterprise shall not exceed 60% of the recent financial statements' net worth. However, for subsidiary companies, it is limited to not exceed 80% of the net worth, with a maximum endorsement guarantee limit of 150% of the recent financial statements' net worth. For endorsement guarantee provided for entities that have business relationship with the Company, aside from the aforementioned limitations, the amount of the endorsement guarantee provided to an individual entity shall not exceed the transaction amount. The transaction amount is the higher of purchase or sales between both parties.

Note 4: According to the regulations of Abon Touchsystems Inc., the limit for endorsement and guarantee to a single enterprise should not exceed 200% of the net value of the Company's most recent financial statements. The maximum limit for endorsement and guarantee is 200% of the net value of the most recent financial statements.

Note 5: As the Company has disposed all the shares of Abon Touchsystems Inc. on December 31, 2023, the relationship became company with business relationship. However, since the bank borrowing contract is still effective, not expired, the amount of endorsement guarantee provided to the company exceeds the limitation. The Company has discussed with the bank about revision to terms of subsequent borrowing contracts.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NT$ thousands

| Holding Company | Type and Name of Marketable Securities | Relationship with the issuer of marketable securities | Financial statement account | End of term | | | | Maximum shareholding or capitalization in the period | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Carrying amount | Shareholding ratio | Fair value | | |
| ABONMAX CO., LTD. | HUAI I PRECISION TECHNOLOGY CO., LTD Ordinary shares | Substantive related party | Financial assets at fair value through other comprehensive income - non-current | 582,800 | 11,358 | 2.00% | 11,358 | - % | |
| 〃 | CAREMAN TECHNOLOGY CO., LTD.( CAREMAN TECHNOLOGY CO., LTD.) | Non-related party | 〃 | 1,000,000 | 545 | 11.274% | 545 | - % | |
| 〃 | SYNCVISION TECHNOLOGY CORPORATION | Non-related party | Financial assets at fair value through other comprehensive income - non-current | 400,000 | 2,884 | 0.358% | 2,884 | - % | |

4. The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital: None.
8. Related party receivables amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engage in derivative transactions: None.

(2) Information on investees:

Information on the Company's investee companies in fiscal 2023 is as follows (excluding Mainland China investees)

Unit: NT$ thousands

| Name of the Investment Company | Name of the Investee Company | Location | Main businesses | Original investment amount | | Shares held as of the end of the period | | | Investee company Profit or loss for the period | The investment income or loss recognized during the period was Investment income or loss | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the period | Late last year | Number of shares | Ratio % | Carrying amount | | | |
| ABONMAX CO., LTD. | Abon Touchsystems Inc. | Yilan County | Production and sales of electronic components, electrical appliances, and audio-visual electronic products | - | 109,124 | - | - % | - | (54,127) | (29,642) | 註1 |
| 〃 | GOAL REACH HOLDINGS LIMITED | Samoa | - | - | - | - | 100.00% | - | - | - | |
| 〃 | Abonmax Green Energy Co., Ltd. | New Taipei City | Power generation by renewable energy | 31,000 | - | 3,100,000 | 100.00% | 30,212 | (788) | (788) | |
| 〃 | Abonmax Power One Energy Co., Ltd. | New Taipei City | 〃 | 200 | - | 20,000 | 100.00% | 124 | (76) | (76) | |
| Abonmax Green Energy Co., Ltd. | Yunan Energy Development and Investment Co., Ltd. | Taipei City | General investment | 15,000 | - | 1,500,000 | 50.00% | 14,454 | (1,166) | (546) | |
| Yunan Energy Development and Investment Co., Ltd. | Xuwang Green Energy Co., Ltd. | Taipei City | Power generation by renewable energy | 17,000 | - | 1,700,000 | 100.00% | 17,043 | 58 | (157) | |
| 〃 | Liu Jia Yi Power Co., Ltd. | Taipei City | 〃 | 10,000 | - | 1,000,000 | 100.00% | 9,030 | (64) | (970) | |
| 〃 | RiRiwang Renewable Energy Co., Ltd. | Tainan City | 〃 | 2,005 | - | 200,533 | 100.00% | 1,966 | (32) | (39) | |

Note 1: Includes adjustments for unrealized gains and losses from downstream transactions.

Note 2: The invested company has no substantive operations and has not yet invested.

(3) Information of investment in Mainland China:

1. Information about the business in Mainland China:

Unit: NT$ thousands

| Mainland China Investee Company Name | Main businesses | Paid-in capital | Investment Method (Note 1) | Accumulated remittances from Taiwan Investment Amount at beginning of the period | Remittance or Investment recoveries Amount | | Accumulated remittances from Taiwan Investment Amount at the end of the period | Profit or loss for the period of investee | Direct or indirect percentage of ownership of the investment | Gains or losses on investment recognized in the period (Note 2) | Carrying amount of investment at the end of the period | Gains on investment remitted back as of the current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| Abon (Shenzhen) Touchsystems Inc. | Production and sales of electronic components, electrical appliances, and audio-visual electronic products | 5,702 | 1 | 5,702 | - | - | 5,702 | (3,171) | 100.00% | (3,171) | 1,209 | - |

2. Investment quota to Mainland China:

| Cumulative amount of investment from Taiwan to China at the end of the period | Investment Audit Committee of Ministry of Economic Affairs approves investment in Amount | Investment quota in Mainland China according to the Investment Commission of the Ministry of Economic Affairs (Note 3) |
|---|---|---|
| 5,702 | 5,702 | 140,105 |

Note 1: There are three types of investment methods, and the type can be indicated as follows:

1. Direct investment in mainland China.

2. Investing in mainland China through a third-party area company.

3. Other methods.

Note 2: Adopted self-compiled financial statements as of Dec. 31, 2022.

Note 3: According to the setting of the investment review committee on August 29, 97(the Taiwanese calendar, which is 2008 in the Gregorian calendar), the limit is calculated as 60% of the net value or the combined net value, whichever is higher.

3. Significant Transactions:

Please refer to the "Information on Significant Transactions" for details of significant transactions between the Company and its investees in Mainland China in fiscal 2023.

(4) Information on Major Shareholders:

Unit: share

| Shares / Name of Major Shareholder | Number of shares held | Shareholding ratio |
|---|---|---|
| STAR TREND ENTERPRISE CORP. | 7,545,000 | 17.24% |
| Seda Prosperity Co., Ltd. | 6,000,000 | 13.71% |

Note:

(1) The major shareholder information in this table is calculated by the central depository company on the last business day of each quarter. The calculation is based on the ordinary and special shares of shareholders that hold over 5% of the Company's shares and have completed the dematerialization registration (including treasury shares). The share capital recorded in the Company's financial statements and the actual number of shares that the Company has completed the dematerialization registration may be different due to different calculation bases.

(2) If the shareholder entrusts the shares to a trust, it is shown by the trustee opening a trust account for the individual consignor. As for the shareholders reporting equity according to the securities trading laws and regulations for holding more than 10% of the insider's shares, their holdings include the shares they hold plus the shares they have entrusted and have decision-making power over the trust property. Please refer to the Market Observation Post System for information on the insider's equity report.

**14. Segment Information**

Please refer to the consolidated financial statements for the year 2023.

## ABONMAX CO., LTD.

## Statements of cash and cash equivalents

**Dec. 31, 2023**

**Unit: NT$ thousands**

| Item | Description | Amount |
|---|---|---|
| Cash | Cash on hand | $ 81 |
| Bank deposit | Cheque Deposit | 1,313 |
| | Demand Deposits | 23,011 |
| | Foreign currency deposits USD349,122.550.00 @30.655 | 10,702 |
| | Foreign Currency Deposit CNY74.690.0000 @4.302 | 1 |
| | Foreign currency deposits JPY17,805,537.000.0000 @0.215 | 3,831 |
| Total | | **$ 38,939** |

## Statements of accounts receivables

| Client Name | Description | Amount | Remark |
|---|---|---|---|
| Non-related parties: | | | |
| 0133 | payment for goods | $ 3,701 | |
| KI1004 | 〃 | 1,703 | |
| 0002 | 〃 | 1,482 | |
| RT0037 | 〃 | 1,187 | |
| 0060 | 〃 | 785 | |
| JE1001 | 〃 | 622 | |
| Others | 〃 | 1,717 | Customer amount less than 5% |
| Subtotal | | 11,197 | |
| Less: Allowance for bad debts | | (3,887) | |
| Net amount | | **$ 7,310** | |

## ABONMAX CO., LTD.

## Statements of accounts receivables - related parties

**Dec. 31, 2023**

**Unit: NT$ thousands**

| Name | Description | Amount | Note |
|---|---|---|---|
| Related parties: | | | |
| 0020 | payment for goods | $ 1,089 | |

## Statements of inventories

| Item | Amount: Cost | Amount: Net realizable value | Remark |
|---|---|---|---|
| Raw Material | $ 4,314 | 2,319 | Raw materials and materials are stated at replacement cost as net realizable value, while finished goods, merchandise and work-in-process are stated at estimated selling price less related costs as net realizable value. |
| In Products | 121 | 121 | |
| Finished goods | 2,102 | 338 | |
| Merchandise Inventory | 36,860 | 32,541 | |
| Subtotal | 43,397 | 35,319 | |
| Less: Allowance for decline in value of inventories and doubtful losses | (8,078) | | |
| Net | $ 35,319 | | |

## ABONMAX CO., LTD.

## Statements of changes in investments accounted for using equity method

## For the year ended December 31, 2023

**Unit: NT$ thousands**

| Name | Beginning balance | | Additions | | Reductions | | Ending balance | | | Market price or net worth of equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Percentage of ownership | Amount | Unit price | Total amount | Provision of guarantee or pledge | Note |
| Abon Touchsystems Inc. | 13,744,815 | $ 58,645 | - | 9,772 | 13,744,815 | 68,417 | - | - % | - | - | - | - | |
| GOAL REACH HOLDINGS LIMITED | - | - | - | - | - | - | - | 100.00% | - | - | - | - | |
| Abon (Shenzhen) Touchsystems Inc. | - | 4,413 | - | - | - | 3,204 | - | - % | 1,209 | - | 1,209 | - | |
| Abonmax Green Energy Co., Ltd. | - | - | 3,100,000 | 31,000 | - | 788 | 3,100,000 | 100.00% | 30,212 | - | 30,212 | - | |
| Abonmax Power One Energy Co., Ltd. | - | - | 20,000 | 200 | - | 76 | 20,000 | 100.00% | 124 | - | 124 | - | |
| | | $ 63,058 | | 40,972 | | 72,485 | | | 31,545 | | 31,545 | | |

Note 1: The above column of "Market price or net worth of equity" is based on the net worth of equity in the financial statements audited by the accountant on 2023/12/31.

## ABONMAX CO., LTD.

## Statements of changes in financial assets measured at fair value through other comprehensive income - non-current

**For the year ended December 31, 2023**

**Unit: NT$ thousands**

| Name | Beginning balance Shares | Beginning balance Fair Value | Additions Shares | Additions Amount | Reductions Shares | Reductions Amount | Ending balance Shares | Ending balance Fair Value | Provision of guarantee or pledge | Remark |
|---|---|---|---|---|---|---|---|---|---|---|
| HUAI I PRECISION TECHNOLOGY CO., LTD. | 582,800 | $ 8,285 | - | 3,073 | - | - | 582,800 | 11,358 | - | |
| CAREMAN TECHNOLOGY CO., LTD. | 1,000,000 | 4,033 | - | - | - | 3,488 | 1,000,000 | 545 | - | |
| SYNCVISION TECHNOLOGY CORPORATION | 400,000 | 4,000 | - | - | - | 1,116 | 400,000 | 2,884 | - | |
| | | $ 16,318 | | 3,073 | | 4,604 | | 14,787 | | |

## ABONMAX CO., LTD.

## Statements of short-term loans

## Dec. 31, 2023

Unit: NT$ thousands

| Type | Note | Ending balance | Term | Interest rate (%) | Limit | Mortgage or guarantee | Remark |
|---|---|---|---|---|---|---|---|
| Bank Loans | Bank A | $ 48,304 | 2023.3.31~2024.3.31 | 3.3%~7.28% | 80,000 | N | |
| | Bank B | 25,000 | 2023.9.26~2024.3.8 | 2.97% | 25,000 | Y | |
| | Bank C | 21,521 | 2023.10.26~2024.4.25 | 7.23%~7.43% | 30,000 | Y | |
| | Bank C | 5,380 | 2023.10.26~2024.4.25 | 7.23%~7.43% | 30,000 | N | |
| | | $ 100,205 | | | | | |

**ABONMAX CO., LTD.**

**Statements of accounts payable**

**Dec. 31, 2023**

**Unit: NT$ thousands**

| Name | Description | Amount | Note |
|---|---|---|---|
| A40590 | Payment for goods | $ 1,703 | |
| AIM003 | 〃 | 878 | |
| BIN005 | 〃 | 374 | |
| A40553 | 〃 | 319 | |
| Other | 〃 | 226 | The amount of a single customer does not exceed 5% |
| Total | | **$ 3,500** | |

**ABONMAX CO., LTD.**

**Statements of long-term loans**

**Dec. 31, 2023**

**Unit: NT$ thousands**

| Creditors | Description | Amount | Term | Interest rate (%) | Mortgage or guarantee | Note |
|---|---|---|---|---|---|---|
| Bank A | Financial Institutions | $ 7,400 | 2021.12.30~2026.12.29 | 3.05% | Y | |
| Bank A | Financial Institutions | 1,850 | 2021.12.30~2026.12.29 | 3.05% | N | |
| Bank A | Financial Institutions | 34,226 | 2021.07.19~2036.07.19 | 2.2% | Y | |
| D Leasing Company | Financial Institutions | 1,851 | 2021.04.22~2024.04.22 | 4.28-5.03% | Y | |
| Subtotal | | 45,327 | | | | |
| Less: Long-term loans due within one year | | (7,570) | | | | |
| Total | | **$ 37,757** | | | | |

**ABONMAX CO., LTD.**

**Statements of operating revenue**

**For the year ended December 31, 2023**

**Unit: NT$ thousands**

| Item | Qty. | Amount | Remark |
|---|---|---|---|
| Optical Panel | | $ 260,293 | |
| Others | | 19,600 | |
| | | **$ 279,893** | |

**ABONMAX CO., LTD.**

**Statements of operating costs**

**For the year ended December 31, 2023**

**Unit: NT$ thousands**

| Item | Amount |
| --- | --- |
| A. Import and export costs | |
| 1. Opening inventory | $ 10,334 |
| 2. Add: Net purchases for the period | 238,686 |
| 3. Closing Inventory | (36,860) |
| 4. Cost of sales and purchases | 212,160 |
| B. Production and sales costs | |
| (1) 1. Opening inventory | 5,115 |
| 2. Add: Net materials imported during the period | 8,673 |
| 3. Less: Resale of materials | (1,109) |
| 4. Less: Transferred expenses | (648) |
| 5. Ending materials | (4,314) |
| 6. consumed materials | 7,717 |
| (2) Direct labor | 7,932 |
| (3) Manufacturing costs | 32,702 |
| (4) Manufacturing costs | 48,351 |
| (5) Opening inventory of work-in-progress | 729 |
| (6) Inventory of work-in-progress at the end of the period | (121) |
| (7) Add: Transfer of finished goods | 199 |
| (8) Add: Merchandizes transferred to production | 1,004 |
| (8) Cost of finished goods | 50,162 |
| (9) Inventory of finished goods at the beginning of the period | 2,457 |
| (10) Inventory of finished goods at the end of the period | (2,102) |
| (11) Less: Transferred expenses | (133) |
| Less: Transfer of finished goods in process | (199) |
| Production and marketing costs | 50,185 |
| C. Other operating costs | |
| Resale of raw materials | 1,109 |
| Loss on decline in value of inventories and slump | (314) |
| Gain on sale of scrap | (267) |
| Unallocated production costs | 17,291 |
| Operating Costs | **$ 280,164** |

## ABONMAX CO., LTD.

## Statements of marketing expenses

## For the year ended December 31, 2023

**Unit: NT$ thousands**

| Item | Description | Amount | Remark |
|---|---|---|---|
| Salary Expenses | | $ 7,389 | |
| Storage expenses | | 2,042 | |
| Depreciation | | 1,898 | |
| Labor costs | | 1,382 | |
| Others | | 6,201 | A single amount less than 5% |
| Total | | **$ 18,912** | |

## Statements of administration expense

| Item | Description | Amount | Remark |
|---|---|---|---|
| Salary Expenses | | $ 19,993 | |
| Depreciation | | 4,623 | |
| Labor costs | | 3,953 | |
| Others | | 7,326 | A single amount less than 5% |
| Total | | **$ 35,895** | |