

Stock Code: 2491

Fortune Oriental Company Limited

2023

Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Annual Report Inquiry Website:

Market Observation Post System: <http://mops.twse.com.tw/>

Company Website: <http://www.focl.com.tw/>

I. Spokespersons and Deputy Spokespersons:

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Position: Chairman

Deputy spokesperson: Lin, Chih-Tsung

Position: Chief Finance Officer
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IV. Auditors:

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Name of Accounting Firm: G&F

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V. Overseas Securities Exchange: None**VI. Corporate Website: <http://www.focl.com.tw/>**

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One. Letter to Shareholders

Dear shareholders,

First of all, I'd like to thank all the shareholders for your full support in the past year. On behalf of Fortune Oriental Group, the deepest respect and gratitude to each shareholder! The overall operating status of the Group in 2022 is reported as below:

I. 2023 Operating Results:

(I) Implementation of operational plan

The Company's consolidated revenue in 2023 was NT\$192,545 thousand, a increase of 180% from the consolidated revenue of NT\$(241,425) thousand in 2022. The net income attributable to shareholders of the parent was NT\$37,249 thousand, which increase by 110% from the 2022 net loss of NT\$385,361 thousand, and the Basic Earnings per share after tax in 2023 was NT\$0.45.

The company will remain the expansion of its business and diversify its revenue streams by continuing to develop and introduce new products and services according to market's demand actively. This strategy aims to enhance the company's operational performance and competitive advantage to create maximum shareholder value.

(II) Details of operation: the consolidated business results of the Company for 2023 are highlighted below:

Unit: NT\$ thousand

Year Item	2023	2022	Increased/ (decreased) amount	Percentage of increase (decrease) %
Operating revenue	192,545	(241,425)	433,970	180)
Operating cost	(141,235)	(142,381)	(1,146)	(1)
Gross operating profit (losses)	51,310	(383,806)	435,116	113
Operating expenses	(187,022)	(150,094)	36,928	25
Operating profit(losses)	(135,712)	(533,900)	398,188	75
Non-operating income and expenses	195,775	(110,941)	306,716	276
Net income(loss) before tax	60,063	(644,841)	704,904	109
Income tax expenses	(3)	(2)	1	50
Net income(loss)	60,060	(644,843)	704,903	109
Other comprehensive income(loss) for the year, net of income tax	(6,438)	6,034	(12,472)	(207)
Total comprehensive income(loss) for the year	53,622	(638,809)	692,431	108
Net income(loss) attributable to Shareholders of the parent	37,249	(385,361)	422,610	110
Comprehensive income(loss) attributable to Shareholders of the parent	30,811	(379,327)	410,138	108
Basic earnings(losses) per share (NT\$)	0.45	(4.70)	5.15	110

(III) Budget implementation: Not applicable as the Company did not disclose the 2023 financial forecast.

(IV) Financial income and expense and profitability analysis:

Item		2023	2022
Financial structure (%)	Liability to asset rate	12.83	11.07
	Long-term fund to PP&E rate	2,132.45	4,605.7
Solvency (%)	Current rate	856.95	958.61
	Quick rate	584.45	671.42
Profitability (%)	Return on assets	4.38	(32.94)
	Return on equity	4.83	(38.94)
	Net income margin	31.19	(267.1)

II. Research and development (R&D):

- (I) The Company continues to master the competitive advantages of existing products in operation, concentrates resources, and continuously develops, strengthens, and completes various illumination application products. For the coming mass market of lighting products, the Company invests in the development of lights with a good performance-price ratio to meet the customers' needs, creating the Company's future growth momentum.
- (II) Continuously developing and designing electric vehicle powertrain systems.

III. Overview of the 2024 business plan

The Company still insists on the business guidelines of low cost and low management/sales cost, to mitigate the impacts of the macro environment on the Company, and is committed to re-optimizing the organization internally, to save expenses and improve the management efficiency; externally, the diverse operation is sought and the assets are activated actively, to enhance the Company's competitiveness and increase the profitability. Therefore, the following adjustments have been made to the business plans to maintain the Company's survival.

(I) Operation guidelines

1. Continue to complete the indoor lighting products, and invest in the development of low-cost lights to meet the needs of customers in responding to the coming mass LED market.
2. Adapt to construction projects for continuing the development of a complete series of outdoor products to create the future growth momentum of the Company.
3. Promote green lighting and continue to develop new products.
4. The sales of electronic component related products are rapidly changing due to technological advancements and product innovations, leading to changes in the demand for various electronic components. In order to respond toward the rapid changes and volatility of the market, the company has been enhancing its operational efficiency through the introduction of new product structures.
5. Continuously developing, designing, manufacturing, and selling electric vehicle powertrain systems and services.

(II) Operation objectives

1. Complete the vertical and horizontal integrations, and enhance the internal communication mechanism for quick responses.
2. Promote automated production with improved processes and increase efficiency to reduce the impact of rising labor costs.
3. Search business strategic alliances, expand business reach, and stabilize the growth performance with a win-win strategy.

(III) Important sales policies

For the stable growth of the Company, the future sales policy will insist on the following key points:

1. Participate in lighting and Electric vehicle related exhibitions and strive for private brand promotion.
2. Computerize the industrial management system and full automation to improve productivity.
3. Improve product value and maintain price competitiveness.

IV. The Company's future development strategies and the impact of the external competition, legal, and overall business environments:

With the fierce competition in the industry where the Company operates, if the balance of demand and supply in the market fails, excessive production capacity, sluggish prices, and declining profits will be faced to. Facing this

possible situation, the Company will strive to promote the cost advantages, reduce labor costs, shorten delivery times, lower inventory costs, strengthen quality improvement, and activate assets. With the cost reduction advantage through various approaches, it is expected to expand business growth. Plus the recent rise in environmental awareness, the Company continuously adjusts the structure of energy-saving green lighting products to increase the proportion of orders with high margins within the products, and increases the product yield to expand the market share. For the evolution of regulations, the Company will actively strive for efficiency and recycling resources, improving the management environment, and lowering the impacts of production on the environment for the positive link between environmental improvement and economic benefits.

In addition, due to the increasing competition in the external environment, the Company will actively develop niche products “consistent with customers’ needs and market trends” on the current foundation to effectively create a larger market. The aforesaid countermeasures will minimize the adverse impacts of the external competitive environment and regulatory environment on the Company.

Chairman : CHEN, PI-HUA

CEO : Lo, Kuang-Wei

CFO : LIN, CHIH-TSUNG

Two. Company Profile

I. Date of Incorporation

Date of incorporation and registration: April 14, 1995

II. Company History

1995	April	Established at Nanking E. Rd., Taipei City, with the capital of NT\$60 million.
	November	The buildings of the plant were completed in Zhonghe City
	December	Introduced the first set of injection molding machines into the plant.
	December	Introduced the first music tracking system.
	December	Introduced the first set of color printers and screen printers to the plant.
1996	January	Commencement of the plant in Zhonghe City.
	April	The plant officially started the 24-hour mass production.
	August	The first set of engraving equipment was introduced from the UK.
	September	The first set of engraving machine officially started the production.
	November	Phase II plant expansion commenced.
	December	The DVD R&D works were officially started.
	December	The capital was increased to NT\$120 million.
1997	January	Introduced the first VCD compression system.
	May	Infodisc Technology USA, Inc. (ITUSA)The US subsidiary was established.
	May	Obtained the ISO9002 certification.
	July	Joined the IFPI Association.
	August	Obtained the ISO9002 certification.
	September	Built the DVD OFF-LINE bonding process.
	September	Automation of the substrate recycling process.
	October	DVD 5 and 10 were officially mass-produced.
	October	Phase II of the plant expansion was completed.
	November	Completed the update of QDR engraving.
	December	The capital was increased to NT\$199 million.
1998	January	Introduced the first DVD injection molding machine.
	March	Apply to the Securities and Exchange Commission for capital increase with the make-up public offering.
	March	Became a member of DVD Forum.
	March	Formally entered a contract with Macrovision Corporation in the US to use a DVD copyright protection system.
	March	Officially entered a contract with CSS in Japan to use the DVD copyright protection system.
	April	Certified with the Warner Advanced DVD-9 laboratory.
	May	The capital was increased to NT\$450.74 million.
	August	Entered a joint contract with Warner Advanced Media Operations to be the only licensed DVD OEM in Asia.
	August	Introduced the first CD-RW production line.
	October	Introduced the DVD bonding machine.
	November	Introduced the first OPP packaging machine.
	December	The capital was increased to NT\$551 million.
1999	March	Introduced the first set of L-type automatic thermal shrinking machines for sealing.
	April	The CD-RW STAMPER was officially mass-produced.
	April	Formed a strategic alliance with CVC, a subsidiary of Time Warner, and the largest master source compression company in the US.
	June	Formed strategic alliance with Memorex, one of the top five distributors in the US.
	July	Introduced the CD-R production line.
	August	Invested in R&D of DVD-RAM.
	August	The capital was increased to NT\$828.644 million.
	October	Infodisc Zhonghe Plant II was officially commenced.
2000	February	The Company is officially listed on TPex.
	April	Became the world's largest DVD replication company.
	May	The monthly capacity of DVD exceeded 10 million pieces.
	June	The capital was increased to NT\$1,627.846 million.
	June	The Korean subsidiary was established.
	June	Infodisc Plant II was completed.

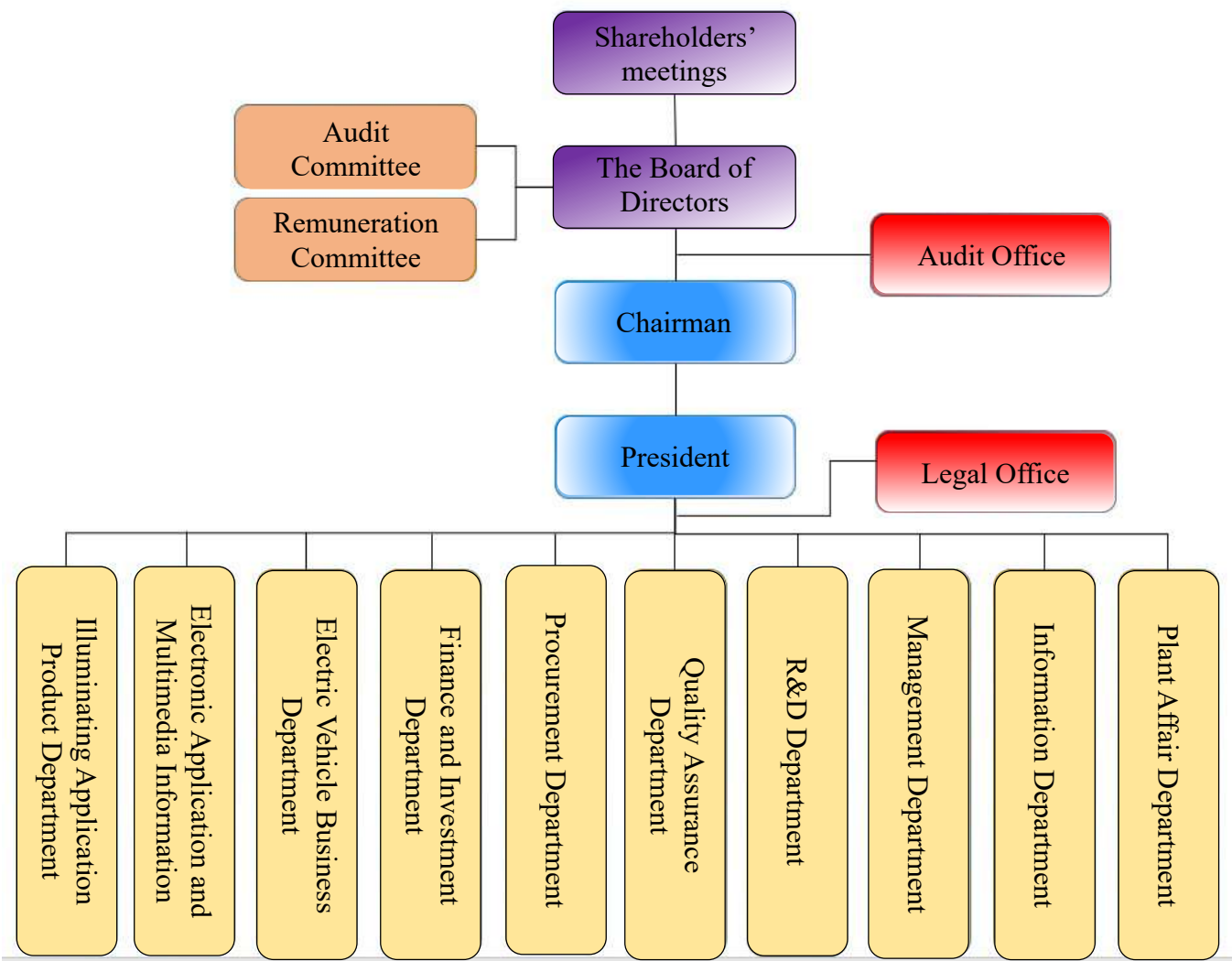
	September	The German subsidiary was established.
	September	Entered a Region 3 film replication contract with Columbia Samsung.
	October	Developed DVD-14/18.
	October	Developed DVD-RAM 2.6GB.
	November	Developed high-speed CD-RW.
2001	January	Entered an acquisition contract with Mediacopy in the US.
	January	Developed DVD discs in the shape of the business card and other styles.
	March	The Korean plant was officially completed and commenced.
	March	Entered a Region 3 film replication contract with MGM.
	March	DVD-14/18 was officially mass-produced.
	September	The Company was transferred to TWSE for listing. (code: 2491)
	October	The capital was increased to NT\$2,533.452 million.
	December	Developed DVD-RAM 4.7GB.
2002	January	Developed DVD-RW.
	March	The US subsidiary, Mediacopy, signed a long-term DVD manufacturing and distribution contract with MGM, one of the seven major US studios.
	April	Developed DVD+RW.
	June	Developed DVD-R 4.7G.
	July	Issued USD110 million overseas convertible bonds.
	August	Developed 24X CD-RW and 48X CD-R.
	December	Passed ISO9001: 2000 certification.
2003	June	Infodisc was provided with the CDS music protection service by Meiguan US.
	June	Infodisc' 2.4x DVD+RW was certified by PHILIPS.
	September	The new Infodisc plant in Hwa Ya Technology Park commenced construction.
	December	Spun off the Blank Media Department and Infomedia Inc. was established.
2004	January	Renewed the replication license of pre-recorded DVDs with MGM.
	May	Sold the equity in the Korean subsidiary.
2005	May	The Board of Directors resolved on the capital decrease and private placement.
	October	Termination of the execution plan for the unused funds raised from the 2003 unsecured convertible corporate bonds.
2006	June	The capital decrease was approved.
	October	Obtained the ISO14001 certification.
2007	April	The Board of Directors resolved on the second capital decrease and private placement.
	June	The shareholders' meeting approved to rename the Company.
	November	The second capital decrease was approved.
2008	January	The plant was relocated to Hwa Ya Technology Park.
	July	Relocation of the Company's business venue.
2009	June	The shareholders' meeting resolved on the third capital decrease and private placement.
	November	The third capital decrease was approved.
2010	June	The shareholders' meeting resolved on the fourth capital decrease and private placement.
	August	Sold the land in Hwa Ya Technology Park.
	September	The first private placement for 2010 (1 million shares)
	October	The second private placement for 2010 (29 million shares)
	November	The fourth capital decrease was approved.
2011	June	The third private placement for 2010 (27 million shares)
	November	Relocation of the Company's business venue.
2012	June	The shareholders' meeting resolved on the interim capital decrease and private placement.
	September	The first private placement for 2012 (1 million shares)
2013	June	The private placement was resolved by the shareholders' meeting.
2014	May	The private placement was resolved by the shareholders' meeting.
2015	January	Due to the excessive competition of multimedia information products, and the impact of the alternative products on the demands resulting in the continuous sales decline, plus the difficulty to develop new customers, the rising costs of main raw materials, and the fluctuating international exchange rate, it is hard to reflect the sales expenses on the sales prices to the customers; consequently, this operation model was unable to contribute greater economic benefits. Therefore, by considering the relevant operating cost factors, the Company has been transformed into a trading company for continuing the business.
	March	The first private placement for 2014 (1.55 million shares)
	November	The first private placement for 2015 (3 million shares)
	November	The second private placement for 2015 (2.858 million shares)

2016	September	The first private placement for 2016 (4 million shares)
2017	March	The second private placement for 2016 (1.6 million shares)
	June	The third private placement for 2016 (1 million shares)
2018	February	The first private placement for 2017 (1 million shares)
	June	The first private placement for 2018 (1 million shares)
2020	December	The second private placement for 2018 (3 million shares)
	November	Private equity placement and made up the public offering (44,458,000 shares)
2021	September	2020 earnings distribution (NT\$0.4 per share)
2022	July	2021 earnings distribution (NT\$0.1 per share)
	August	Private equity placement and made up the public offering (5,000,000 shares)

Three. Corporate Governance Report

I. Organizational

(I) Organizational Chart



(II) Major Corporate Functions

Department	Main duties
President's Office	Establish the Company's short-, mid-, and long-term business plans, formulate the company strategies and management guidelines, and regularly implement plans, organization, instruction, command, coordination, review, and control for all departments in the Company.
Audit Office	In charge of auditing, irregularity analysis, and improvement recommendation for the Company's operating conditions.
Legal Office	In charge of reviewing and drafting contracts related to the Company's operations, handling legal disputes, and providing advice.
Illuminating Application Product Department	Production, marketing, and business promotion of various LED lights, various fluorescent lamps, and other peripheral products.
Electronic Application and Multimedia Information Product Department	Market strategy planning and development of various electronic application products, customer service and management, and market development and marketing. Marketing, international trading, and business promotion of various video and audio entertainment, information products, and product including education, cultural promotional, and life peripherals.
Electric Vehicle Business Division	R&D, market strategy planning, customer service, and business development for EV 3 IN 1 highly integrated power system.
Finance and Investment Division	In charge of establishing the accounting system, accounting and taxation processing, and cost and operation analyses. In charge of fund deployment, transactions with financial institutions, general cashier affairs, and other related businesses. In charge of the Company's domestic and foreign investment evaluations, follow-up tracking, and review, among other related business.
Procurement Department	In charge of various procurement matters of production and international trade units.
Quality Assurance Department	In charge of the introduction and application of quality inspection technologies, ensuring product quality and yield, promoting the establishment and improvement of the quality assurance system, maintaining and servicing the testing equipment, and handling customer complaints.
R&D Department	In charge of R&D for new products, process and equipment improvement, and formulations of product specifications.
Management Department	Personnel recruitment, personnel appointment, wage management, education and training, counseling and employee services; plant cleaning, food management, planning, and improvement of the human resources system.
Information Department	System maintenance and management, as well as the planning and introduction of soft- and hardware design.
Plant Affair Department	Plant security maintenance, access control, water and power maintenance, plant and hardware maintenance; promotion and management of labor safety and health-related business, and promotion of environmental protection-related business.

II. Directors and Management Team

(I) Directors

The Board of Directors of the Company consists of seven directors with rich knowledge and experience. Three seats of independent directors are established, covering the expertise of finance, accounting, and company operation and management. The directors have the knowledge and skills required for their positions. All independent directors form the Audit Committee.

April 26, 2024

Title	Nationality/ Country of Origin	Name	Gender/Age (Note 2)	Date Elected	Terms (years)	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Shares	%	Title	
	Republic of China	Guang Shen Investment Limited	-	2022.06.17	3 years	2013.06.11	4,961,831	7.88 %	15,410,166	18.79 %	0	0	0	0	-	-	-	-		
Chairman	Republic of China	Guang Shen Investment LimitedRepresentative: Chen, Pi-Hua	Female 51-60 years old	2022.06.17	3 years	2013.06.11	6,148,333	9.76 %	6,070,979	7.40 %	1,176,716	1.43 %	0	0	Hsing Wu Technology College	Innotek Photoelectric Technology Corp.Chairman Dajixiang International Construction Co., Ltd.Chairman Hua-Xun Venture Capital Co., Ltd.Chairman Vast Power Corporation Director Labelam Corporation Director	-	-	-	
Director	Republic of China	Guang Shen Investment LimitedRepresentative: Liu, Chung-Min	Male51-60 years old	2022.06.17	3 years	2018.09.01	0	0	0	0	0	0	0	0	Institute of Communication Administration, Ming Chuan UniversityMaster	Coordinator, Futian Organic Agriculture Promotion Center, Tse-Xin Organic Agriculture Foundation	-	-	-	
Director	Republic of China	Guang Shen Investment LimitedRepresentative: Li, Kuo-Lung (Note 1)	Male 51-60 years old	2022.06.17	3 years	2013.06.11	6,148,333	9.76 %	14,633,687	17.84 %	0	0	0	0	Electrical Engineering Department, Lee- Ming Junior College of Engineering	Guang Shen Investment LimitedChairman	-	-	-	
Director	Republic of China	Guang Shen Investment LimitedRepresentative: Lo, Kuang-Li (Note 1)	Male Under 40 years old	2023.07.01	3 years	2023.07.01	0	0	0	0	0	0	0	0	University of the Arts London	Labelam Corporation Chairman Vast Power Corporation Director Innotek Photoelectric Technology Corp.Director Dajixiang International Construction Co., Ltd.Director Hua-Xun Venture Capital Co., Ltd. Director	Director Lo, Kuang- Wei	second degree relative		
Director	Republic of China	Lo, Kuang-Wei	Male Under 40 years old	2022.06.17	3 years	2019.06.24	0	0	5,890,000	7.18 %	0	0	0	0	Business School, University of BostonBachelor	Chairman Terra Holdings co., Ltd.Chairman Chiron Property Co., Ltd.Chairman Innotek Photoelectric Technology Corp.Director Dajixiang International Construction Co., Ltd.Director Labelam Corporation Director Fortune Oriental Co., Ltd. President	Director Lo, Kuang- Li	second degree relative		
Independent director	Republic of China	Huang, Jui-Ting	Female 51-60 years old	2022.06.17	3 years	2016.06.08	0	0	0	0	0	0	0	0	EMBA, National Chung Hsing University Manager, Far Eastern Big City Shopping Mall; Special Assistant to President, Fujian Septwolves Industry Co., Ltd.; Vice President, Xiamen Tiger City Fashion Shopping Mall; Vice President, Hulunbuir Isetan Shopping Mall	Operation and management consultant	-	-	-	

1.Major shareholders of the institutional shareholders

April 26, 2024

Names of corporate shareholders (Note 1)	Major shareholders of corporate shareholders (Note 2)
Guang Shen Investment Limited	Li, Kuo-Lung (100%)

Note 1: If directors and supervisors are the representatives of corporate shareholders, should fill in the name of that corporate shareholders.

Note 2: Fill in the names of major shareholders of corporate shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a juridical person, also complete Form 2 below.

Note 3: If a corporate shareholder is not organized as the Company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

2. Major shareholders of the Company's major institutional shareholders: None.

3. Professional qualifications and independence analysis of directors:

(1) Disclosure of information on professional qualifications of the directors and the independence of independent directors:

Name	Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of public companies in which he or she also serves as an independent director
Guang Shen Investment Limited Representative: Chen, Pi-Hua		Hsing Wu Technology College Fortune Oriental Co., Ltd. Chairman Innotek Photoelectric Technology Corp.Chairman Dajixiang International Construction Co., Ltd.Chairman Hua-Xun Venture Capital Co., Ltd.Chairman Vast Power Corporationn Director Labeltam Corporation Director	Not applicable	None
Guang Shen Investment Limited Representative: Liu, Chung-Min		Master, Institute of Communication Administration, Ming Chuan University Coordinator, Futian Organic Agriculture Promotion Center, Tse-Xin Organic Agriculture Foundation	Not applicable	None
Guang Shen Investment Limited Representative: Lo, Kuang-Li		University of the Arts London Labeltam Corporation Chairman Vast Power Corporationn Director Innotek Photoelectric Technology Corp.Director Dajixiang International Construction Co., Ltd.Director Hua-Xun Venture Capital Co., Ltd. Director	Not applicable	None
Lo, Kuang-Wei		Business School, University of BostonBachelor Fortune Oriental Co., Ltd. President Vast Power Corporationn .Chairman Terra Holdings co., Ltd.Chairman Chiron Property Co., Ltd.Chairman Innotek Photoelectric Technology Corp.Director Dajixiang International Construction Co., Ltd.Director Labeltam Corporation Director	Not applicable	None
Huang, Jui-Ting (Independent director)		EMBA, National Chung Hsing University Manager, Far Eastern Big City Shopping Mall; Special Assistant to President, Fujian Septwolves Industry Co., Ltd.; Vice President, Xiamen Tiger City Fashion Shopping Mall; Vice President, Hulunbuir Isetan Shopping Mall *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None

Name \ Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of public companies in which he or she also serves as an independent director
Wang, Chao-Hsiang (Independent director)	Department of Social Work, Chinese Culture University Instructor of Chihlee University of Technology *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None
Yang, Cheng-Tsung (Independent director)	Department of Accounting, National Chengchi University Bachelor Zhong You Accounting firm Partner CPA Implicit Venture Inc. Chairman ChonYo Management Management Consulting Co., Ltd. Director Dianhua Culture and Arts Co., Ltd. Director *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: do they or their spouse or any relative within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree of kinship (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); specify the amount(s) of any payments received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

(2) Board diversity and independence:

- (1) Diversity of the Board of Directors: The Board of Directors consists of seven directors (including three independent directors); all members are elites from accounting, industry, and academics, and their professional capabilities cover multiple professional fields including management, operation management, marketing and finance, and accounting. The Company also values gender equality in the composition of the Board. The current (ninth term) members include two female directors. The relevant implementation is as below:

Diversity core Name of director		Basic composition									Operation and management	Leadership and decision-making	Industrial knowledge	International market	Finance and accounting	
		Nationality	Gender	Served as an employees	Age				Term of office and seniority for independent directors							
					Under 40 years old	40-50 years old	51-60 years old	Over 70 years old	Under 3 years	3-6 years						Over 6 years
Director	Chen, Pi-Hua	Republic of China	Female	v			v		-	-	-	v	v	Optoelectronics industry	v	v
	Liu, Chung-Min		Male	-			v		-	-	-	v		Optoelectronics industry		
	Lo, Kuang- L i		Male	v	v		v		-	-	-	v		Optoelectronics industry	v	
	Lo, Kuang-Wei		Male	v	v				-	-	-	v	v	Marketing and channels	v	v
Independent director	Huang, Jui-Ting		Female	-			v					v	v	Operation and management	v	v
	Wang, Chao-Hsiang		Male	-				v		v		v	v	Operation and management		
	Yang, Cheng-Tsung		Male	-	v					v			v		Audit and taxation	

(2) Independence of the Board:

There are currently seven members of the Board (including three independent directors), and general directors are accounting for 57% of all directors and 43% of the independent directors. As of the end of 2023, all independent directors have complied with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors. None of the directors nor independent directors has the circumstances specified in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act, including specifying that there is a relationship of spouse or relative within the second degree of kinship among the directors, or between any director and supervisor.

(II) Management Team

April 26, 2024

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Degrees of Kinship		Note
					Shares	%	Shares	%	Shares	%			Title	Name Relations	
President	Republic of China	Chen, Pi-Hua	Female	2009.01.13	6,070,979	7.4%	1,176,716	1.43 %	0	0	Hsing Wu Technology College Fortune Oriental Co., Ltd. Chairman	Innotek Photoelectric Technology Corp. Chairman Dajixiang International Construction Co., Ltd. Chairman Hua-Xun Venture Capital Co., Ltd. Chairman Vast Power Corporation Director Labeltam Corporation Director	-	-	-
President	Republic of China	Lo, Kuang-Wei	Male	2023.12.21	5,890,000	7.18%	5,890,000	7.18%	0	0	Business School, University of Boston Bachelor Fortune Oriental Co., Ltd. President	Vast Power Corporation .Chairman Terra Holdings co., Ltd. Chairman Chiron Property Co., Ltd. Chairman Innotek Photoelectric Technology Corp. Director Dajixiang International Construction Co., Ltd. Director Labeltam Corporation Director			
Chief Finance Officer (Associate Vice President)	Republic of China	Lin, Chih-Tsung	Male	2009.01.13	0	0	0	0	0	0	Department of Accounting, Chinese Culture University Fortune Oriental Co., Ltd. Associate vice president, Finance Department	None	-	-	-

* In accordance with the company's operational planning and to enhance corporate governance while implementing the principle of division of authority, Mr. Luo Guangwei has been appointed as the General Manager of our company, effective from December 21, 2023. The former Chairman and General Manager have been relieved of their concurrent role as General Manager.

(III) Remuneration to Directors, President, and Vice President
(1) Remuneration to Directors

		Remuneration						Total Remuneration (A+B+C+D)/ Ratio of Total Remuneration to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Total Compensation (A+B+C+D+E+F+G)/ Ratio of Total Compensation (to Net Income (%))		Remuneration received from the parent company and all investee companies	
Title	Name	Base Compensation (A)	Severance Pay (B)		Directors Compensation (C)	Allowances (D)		The Company	Companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)	Severance Pay (F)	Profit Sharing- Employee Bonus (G)		The Company	Companies in the consolidated financial statements	Total Compensation (A+B+C+D+E+F+G)/ Ratio of Total Compensation (to Net Income (%))			
			The Company			Companies in the consolidated financial statements						The Company	Companies in the consolidated financial statements						
				The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements			Cash	Stock			Cash	Stock				
Chairman	Guang Shen Investment Limited Representative: Chen, Pi-Hua	120	264	0	0	0	0	0	120/0.32	264/0.71	1,610	2,346	0	0	120	0	1,730/4.64	2,610/7.01	None
Director	Guang Shen Investment Limited Representative: Liu, Chung-Min	120	120	0	0	0	0	0	120/0.32	120/0.32	0	0	0	0	0	0	120/0.32	120/0.32	None
Director (*)	Guang Shen Investment Limited Representative: Li, Kuo-Lung	60	108	0	0	0	0	0	60/0.16	108/0.29	0	0	0	0	0	0	60/0.16	108/0.29	None
Director (*)	Guang Shen Investment Limited Representative: Lo, Kuang-Li	60	138	0	0	0	0	0	60/0.16	138/0.37	0	1,073	0	65	0	0	60/0.16	1276/3.42	None
Director	Lo, Kuang-Wei	120	228	0	0	0	0	0	120/0.32	228/0.61	0	3,037	0	0	0	0	120/0.32	3,265/8.76	None
Independent director	Huang, Jui-Ting	120	120	0	0	0	140	140	260/0.70	260/0.70	0	0	0	0	0	0	260/0.70	260/0.70	None
Independent director	Wang, Chao-Hsiang	120	120	0	0	0	140	140	260/0.70	260/0.70	0	0	0	0	0	0	260/0.70	260/0.70	None
Independent director	Yang, Cheng-Tsung	120	120	0	0	0	140	140	260/0.70	260/0.70	0	0	0	0	0	0	260/0.70	260/0.70	None
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 the independent directors to the amount of remuneration paid.																			
The remunerations and compensations to the independent directors are based on the Articles of Incorporation and the Board's resolutions, while referring to their engagement in and contributions to the Company's operation, their attendance to board meetings, their positions in the Audit and Remuneration Committees, as well as the risks assumed as the payment criteria.																			
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 consolidated entities/invested enterprises): None																			
* The corporate representative (Guan Shen) was reassigned from Li Kuo-Lung to Lo.Kuang-Li on July 1, 2023																			

(2) Remuneration of the President and Vice President

Unit: NT\$ thousand, %

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A, B, C, and D as a percentage of net income after tax (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements				
							Cash	Stock					Cash	
President	Chen, Pi-Hua	1,610	2,346	0	0	0	0	0	0	0	0	1,610/4.32	1,610/6.30	None
President	Lo, Kuang-Wei	0	3,037	0	0	0	0	0	0	0	0	0	3,037/8.15	None

* In accordance with the company's operational planning and to enhance corporate governance while implementing the principle of division of authority, Mr. Luo Guangwei has been appointed as the General Manager of our company, effective from December 21, 2023. The former Chairman and General Manager have been relieved of their concurrent role as General Manager.

(3) Remuneration paid to the top 5 supervisors with the highest remuneration in the last year (2023)

Unit: NT\$ thousand, %

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A, B, C, and D as a percentage of net income after tax (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements				
							Cash	Stock			Cash	Stock		
President	Chen, Pi-Hua	1,610	2,346	0	0	0	0	0	0	0	0	1,610/4.32	2,346/6.30	None
President (*)	Lo, Kuang-Wei	0	3,037	0	0	0	0	0	0	0	0	0	3,037/8.15	None
Chief Finance Officer (Associate Vice President)	Lin, Chih-Tsung	1,910	1,910	108	108	0	0	0	0	0	0	2,018/5.42	2,018/5.42	None

Note: Managerial officers with the top five highest remuneration amounts refer to managers at the Company, in which the standard for determining managers is the applicable regulations. Only three officers meet the above criteria for compensation disclosure.

* In accordance with the company's operational planning and to enhance corporate governance while implementing the principle of division of authority, Mr. Luo Guangwei has been appointed as the General Manager of our company, effective from December 21, 2023. The former Chairman and General Manager have been relieved of their concurrent role as General Manager.

(4) List of Managers Receiving Employee's Remuneration and Implemented Distribution:

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

Title	Name	Stock	Cash	Total	Total as a percentage of net income after tax (%)
None					

(IV) Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents.

1. The total remuneration paid to the Company's directors, supervisors, President, and Vice Presidents by the Company as a percentage of the net income after tax in the past 2 fiscal years:

Title	The total remuneration as a percentage of net income after tax (%)			
	2022		2023	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	(0.78)	(1.36)	7.70	21.90
President and Vice President	(0.42)	(0.42)	4.32	14.45

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

(1) Policy, standards, and composite of the remuneration payment:

The remunerations and compensations to the directors (independent directors included) comply with the Articles of Incorporation.

a. The remunerations to directors are determined by referring to their engagement in and contributions to the Company's operation and the common standards among the peers, while considering their personal attendance to board meetings, the positions in the Audit and Remuneration Committees, as well as the risks assumed as the payment criteria.

b. Remuneration to directors: when the Company makes profits, a percentage specified in the Articles of Incorporation is provided.

(2) Procedures of remuneration determination:

a. Pursuant to the Articles of Incorporation, where the Company makes profits in a year, no more than 3% shall be provided as the remuneration of directors. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate for the deficit in advance and then allocate the remuneration of directors.

b. The fixed remunerations to the directors are proposed by the Remuneration Committee and approved by the Board of Directors.

(3) Linkage to operating performance and future risk exposure

The remunerations to directors are paid pursuant to the Articles of Incorporation and based on the Company's annual profit, so it is closely related to the operating performance. With reference to the evaluation items of the "Rules for Performance Evaluation of Board of Directors," the directors are given a reasonable remuneration based on their individual contribution to the Company's operating performance. The Remuneration Committee regularly reviews the remuneration system based on the contribution of individual directors to the Board and the Company's operations (including the Company's future business risks, strategic planning, and corporate social responsibility).

3. Remuneration policies, standards, and packages, the procedure for determining remuneration paid to internal managerial officers, and its linkage to operating performance and

future risk exposure:

(1) Policy, standards, and composite of the remuneration payment:

The compensation structure mainly consists of monthly salary, other bonuses, year-end bonuses, and employee remunerations.

- a. The salary refers to the peer standards, and items such as title, rank, academic (career) background, professional ability, and responsibilities. For other bonuses, the performance evaluation items for managerial officers are considered, including financial indicators (comprehensive considerations such as target achievement rate, operating efficiency, and contribution) and non-financial indicators (such as assisting the Company to obtain specific certification, any ethical risk events or other risk events negatively impacting the Company's image or reputation, improper internal management, or personnel malpractice).
- b. The year-end bonus and employees' remunerations depend on their contributions to the Company's operation and the achievement rate of the target specified in the Employee Remuneration Procedures, and management indicators to evaluate the performance of the year, as the payment standard. The bonuses are proposed by the Remuneration Committee and paid upon the approval of the Board.

(2) Procedures of remuneration determination:

- a. The employee remunerations are handled pursuant to the Articles of Incorporation. If the Company makes a profit in a year, it should allocate no less than 1% of the employee remunerations. However, when the Company still has accumulated losses, it should reserve the amount for offsetting in advance.
- b. The year-end bonus is determined based on the annual operating performance.

(3) Linkage to operating performance and future risk exposure:

The remuneration to employees of the Company is provided pursuant to the Articles of Incorporation and based on the Company's profitability, so it is closely linked to the operational performance; furthermore, the Company's Remuneration Committee review the salary annually as their authority, to regularly reviews the reasonableness of remunerations.

III. Implementation of Corporate Governance

(I) Operation of the Board of Directors

- The Board of Directors held 5 meetings during the most recent year (2023), and directors' and supervisors' attendance is as follows (Note 1):

Title	Name	Attendance in personB	Attendance by proxy	Attendance (%) 【B/A】	Remarks
Chairman	Guang Shen Investment LimitedRepresentative: Chen, Pi-Hua	5	0	100%	
Director	Guang Shen Investment LimitedRepresentative: Liu, Chung-Min	5	0	100%	
Director	Guang Shen Investment LimitedRepresentative: Li, Kuo-Lung	1	1	50%	Reassignment of the authorized representative on July 1, 2023
Director	Guang Shen Investment LimitedRepresentative: Lo, Kuang-Li	3	0	100%	Reassignment of the authorized representative on July 1, 2023
Director	Lo, Kuang-Wei	3	2	60%	
Independent director	Huang, Jui-Ting	5	0	100%	
Independent director	Wang, Chao-Hsiang	5	0	100%	
Independent director	Yang, Cheng-Tsung	5	0	100%	

Note 1: In 2023, Five board meetings, The attendance rate of the directors (including independent directors) in the 9th term was 91.43%.

Additional information:

I. If the operations of the Board of Directors are under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: the Company has established the Audit Committee and thus Article 14-3 is not applicable.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None such thing in 2023.

II. In the event of directors' recusal from proposals, the names of the directors, the content of the proposals, the reasons for recusal, and the participation in voting shall be specified:

Date	Directors recused	Proposal	Reasons of recusal	Participation of voting
2023.12.21	Chen, Pi-Hua, Lo, Kuang-Wei Lo, Kuang-Li	Regular evaluation of executive compensation packages.	The recused directors were the parties of this salary review matter	The recusal from discussion and votes
2023.12.21	Chen, Pi-Hua, Lo, Kuang-Wei Lo, Kuang-Li	Proposal for distribution of employee incentive to each manager in 2023.	The recused directors were beneficiaries of the bonus allocation.	The recusal from discussion and votes

III. Disclose information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation (peer evaluation):

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	From January 1, 2023 to December 31, 2023	Performance evaluation of the overall Board, individual board members, and functional committees (Audit and Remuneration Committee)	1. Internal self-assessment of the Board. 2. Self-assessments of the board members. 3. Self-assessment of functional committees (Audit and Remuneration Committee).	1. The evaluation aspects of the performance evaluation for the Board include the following five aspects: (1) Participation in the operation of the company. (2) Improvement of the quality of the Board of Directors' decision-making. (3) Composition and structure of the Board of Directors. (4) Election and continuing education of the directors. (5) Internal control. 2. The evaluation aspects of the performance (self) evaluation for board members include the following six aspects: (1) Alignment of the goals and mission of the Company. (2) Awareness of the duties of a director. (3) Participation in the operation of the company. (4) Management of internal relationship and communication. (5) The director's professionalism and continuing education. (6) Internal control.

				3. The evaluation aspects of the performance evaluation for the functional committees include the following five aspects: (1) Participation in the operation of the company. (2) Awareness of the functional committees' responsibilities. (3) Improve the decision-making quality of functional committees. (4) Composition and member election of functional committees. (5) Internal control.
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IV. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as setting up an audit committee, improving information transparency,) and evaluation of the implementation.

1. Since 2017, the Company adopts voting for proposals one after another for the shareholders' meetings, and the voting rights may be exercised by electronic means. The voting result of each proposal in a shareholders' meeting is announced on the same day to fully protect the rights of shareholders.
2. To enhance the operational health of a company, and protect the rights of the investors, the Company Act of Taiwan has included in the candidate nomination system for directors and supervisors. Therefore, the Company has adopted the candidate nomination system for director elections since 2019.
3. The Company elected three independent directors at the 2019 annual general meeting and formed the Audit Committee.
4. Improve information transparency: the Company insists the transparent operation and values the interests of shareholders. On the corporate website, there are "Investor Section," "Corporate Social Responsibility," and "Corporate Governance" to provide relevant information. After each board meeting, the important resolutions of the Board are immediately announced, and the investor conferences are held regularly (irregularly) and from time to time.
5. To protect directors, supervisors, and managerial officers from the risks borne when conducting the business, the Company purchases the "Liability Insurance of Directors and Managerial Officers" for directors and managerial officers every year. The policy of this liability insurance is explained in a board meeting to all directors.
6. The Company faithfully fulfills its obligation to information disclosure pursuant to the relevant laws and regulations of TWSE. An online reporting operation system for public information is established, and the dedicated staff are appointed to be responsible for the collection and disclosure of company information while establishing a spokesperson system to ensure the timely and fairly disclosure of the information that may affect the decision-making of shareholders and stakeholders.
7. The Company exploits the convenience of the internet to set up a website, to build the Company's finance and business-related information, as well as the corporate governance information for the reference of shareholders and stakeholders.
8. The Company discloses relevant information on corporate governance during the year as required by the relevant laws, and regulations of TWSE. Depending on the actual implementation of corporate governance, the Company adopts appropriate methods to disclose specific plans and measures to improve corporate governance.
9. The Company has incorporated the operation of the Board into the management of the internal control system pursuant to the laws and regulations, and audits are conducted regularly by the audit unit.
10. The directors continue to participate in courses of continuing education on finance, risk management, business, commerce, accounting, law, or corporate social responsibility held by institutions designated by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies to enhance the professional and legal knowledge for total 54 hours.
11. The Company has established the "Rules for Performance Evaluation of Board of Directors." The annual performance evaluations are submitted to the Remuneration Committee for analysis upon completion, and an evaluation report is submitted to the Board.
In 2023. The result of the peer evaluation was reported in the board meeting on March 08, 2024.
12. Interim financial statements for submission to the Board of Director to discuss.

Note 1: If a director or supervisor is a juridical person, disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor resigns before the end of the fiscal year, specify the date that they resign in the remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in service.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor 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 service.

2. The status of the directors' continuing education and trainings in the most recent year is as below:

Position	Name	Date of continuing education	Organizer/Name of Course	Hours of continuing education
Director	Chen, Pi-Hua	2023/09/19	The Securities and Futures Institute/ How does the Board of Directors utilize OKR to enhance corporate governance effectiveness	3
		2023/11/22	The Securities and Futures Institute/ 2023 Annual Internal Insider Trading Legal Compliance Advocacy Seminar	3
Director	Lo, Kuang-Li (Initial Appointment)	2023/10/04	The Securities and Futures Institute/ How Non-Financial Background Directors and Supervisors Review Financial Reports	3
		2023/10/18	The Securities and Futures Institute/Post-Pandemic Talent Sustainability Challenges	3
		2023/11/02	The Securities and Futures Institute/Technical Development and Business Opportunities of ChatGPT, a Conversational AI	3
		2023/11/15	The Securities and Futures Institute/ Green Industrial Revolution of 2030/2050	3
		2023/11/22	The Securities and Futures Institute/ 2023 Annual Internal Insider Trading Legal Compliance Advocacy Seminar	3
Director	Liu, Chung-Min	2023/06/07	The Securities and Futures Institute/ The Technological Development and Business Opportunities of Electric Vehicles and Smart Cars	3

		2023/07/06	The Securities and Futures Institute/ Technical Development and Business Opportunities of ChatGPT, a Conversational AI	3
Director	Lo, Kuang-Wei	2023/09/07	The Securities and Futures Institute/ The Technological Development and Business Opportunities of Electric Vehicles and Smart Cars	3
		2023/11/22	The Securities and Futures Institute/2023 Annual Internal Insider Trading Legal Compliance Advocacy Seminar	6
Independent director	Huang, Jui-Ting	2023/08/24	The Securities and Futures Institute/Concepts, Practices, and Tools of Group Tax Governance	3
		2023/09/22	The Securities and Futures Institute/Viewing Emerging Risk Management in Enterprises from Ransomware, Trade Secret Protection, and Business Integrity Perspectives	3
Independent director	Wang, Chao-Hsiang	2023/10/05	The Securities and Futures Institute/Challenges and Opportunities on the Path to Sustainable Development, along with an Introduction to Greenhouse Gas Inventories	3
			The Securities and Futures Institute/Introduction to Insider Trading within the Company and Case Analysis	3
		2023/12/27	The Accounting Research and Development Foundation/ Practical Analysis of the Impact of the Latest "Sustainable Development Action Plan" and Net Zero Carbon Emissions on Financial Reports	6

The hours, scope, system, and arrangement of the continuing education disclosed above comply with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"

3. The attendance of independent directors for each board meeting in 2023:

◎: attendance in person; ☆: attendance by proxy; *: absence

2023	3/24	5/12	8/11	11/10	12/21
Huang, Jui-Ting	◎	◎	◎	◎	◎
Wang, Chao-Hsiang	◎	◎	◎	◎	◎
Yang, Cheng-Tsung	◎	◎	◎	◎	◎

(II) The operations of the Audit Committee:

1. Composition of the Audit Committee

The Company, in June 2019, established the Audit Committee pursuant to Article 14 -4 of the Securities and Exchange Act consisting of all independent directors.

2. Power scope of the Audit Committee

Pursuant to Article 6 of the "Audit Committee Charter," the power scope of the Audit Committee is as follows:

I.The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

II.Assessment of the effectiveness of the internal control system.

III.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, the extension of monetary loans to others, and endorsements or guarantees for others.

IV.A matter bearing on the personal interest of a director or supervisor.

V.A transaction involving material assets or derivatives trading.

VI.A material monetary loan, endorsement, or provision of guarantee.

VII.The offering, issuance, or private placement of any equity-type securities.

VIII.The hiring, dismissal, or remuneration of an attesting CPA.

IX.The appointment or dismissal of a financial, accounting, or internal auditing officer.

X.Annual and semi-annual financial statements.

XI.Any other material matter so determined by the company or the competent authority.

3. Summary of the key tasks in 2023:

The Audit Committee consists of three independent directors. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight of the quality and ethics of the Company's implementation of accounting, auditing, financial reporting processes, and financial control. The matters for deliberation mainly include

The financial statement auditing, and accounting policies and procedures

(1) The financial statement auditing, and accounting policies and procedures

(2) The internal control system, and related policies and procedures

(3) Material asset transactions

(4) Placement or issuance of marketable securities

(5) Investment in marketable securities

(6) Legal compliance

(7) Any transaction with related parties or interest conflict for managerial officers or directors

(8) Corporate risk management

(9) Qualification, independence, and performance evaluation of CPAs

(10) Performance of the Audit Committee's power

(11) Self-assessment questionnaire for the performance of the Audit Committee

The Audit Committee held 5 meetings in the most recent year (A), and the independent directors' attendance is as follows:

Position	Name	Attendance in person (B)	In-person attendance rate (%) (B/A) (Note)	Remarks
Independent director	Yang, Cheng-Tsung	5	100%	
Independent director	Wang, Chao-Hsiang	5	100%	
Independent director	Huang, Jui-Ting	5	100%	

Additional information:

I. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

(I) The matters under Article 14-5 of the Securities and Exchange Act.

(II) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None. .

Date	Term	Contents of the proposal and subsequent actions	Matters under Article 14-5 of the Securities and Exchange Act	Any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors
2023/03/24	5th meeting, 2st Term	The internal audit report of the internal chief auditor	v	
		The Company's 2022 Statement of the Internal Control System	v	
		The Company's 2022 financial statement and business report	v	
		The Company's Adoption of the Proposal for 2022 Deficit Compensation	v	
		Formulate "Handling of Cases Reporting Illegal, Immoral or Dishonest Behaviors."	v	
		Formulate "Risk Management Measures."	v	
		Capital Expenditure Plan for Subsidiary	v	
		Date of the Audit Committee meeting and resolution (March 24, 2023): Passed as proposed by all attending members.		
		The treatment of the Company to the opinions of the Audit Committee: After inquiring about all attending directors by the chair, the proposal was passed without dissent.		
2023/05/12	6th meeting, 2st Term	Consolidated financial statement of Q1 2023	v	
		Internal Audit Report	v	
		Date of the Audit Committee meeting and resolution (May 12, 2023): Passed as proposed by all attending members.		
		The treatment of the Company to the opinions of the Audit Committee: After inquiring about all attending directors by the chair, the proposal was passed without dissent.		
2023/08/11	7th meeting, 2st Term	Consolidated financial statement of Q2 2023	v	
		Report on the Ability to Prepare Financial Statements	v	
		Formulate "management of the procedures for preparation of financial statements."	v	
		Internal Audit Report	v	
		Date of the Audit Committee meeting and resolution (August 11, 2023): Passed as proposed by all attending members.		
		The treatment of the Company to the opinions of the Audit Committee: After inquiring about all attending directors by the chair, the proposal was passed without dissent.		
2023/11/10	8th meeting, 2st Term	Consolidated financial statement of Q3 2023	v	
		Internal Audit Report	v	
		Date of the Audit Committee meeting and resolution (November 10, 2023): Passed as proposed by all attending members.		
		The treatment of the Company to the opinions of the Audit Committee: After inquiring about all attending directors by the chair, the proposal was passed without dissent.		

2023/12/21	9th meeting, 2st Term	Internal Audit Report	V	
		2024 audit plan for the internal control	V	
		Revision of “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”.	V	
		Independence, professionalism, and competence assessment of attesting CPAs	V	
		Date of the Audit Committee meeting and resolution (December 21, 2023): Passed as proposed by all attending members.		
		The treatment of the Company to the opinions of the Audit Committee: After inquiring about all attending directors by the chair, the proposal was passed without dissent.		

II. In the event of independent directors' recusal from proposals, the name of the independent director, the content of the proposal, the reasons for recusal, and the participation in voting shall be specified: none of such circumstances.

III. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results):

- (1) In addition to delivering the audit report to the independent directors for review every month by the Audit Office, the chief auditor also reports the implementation of audit operation to each independent director individually in the quarterly meeting of the Audit Committee.
- (2) Each audit report should contain information on the follow-up on the defects in the internal control and the improvement thereto, and a follow-up report should be prepared on a quarterly basis and submitted to the independent directors.
- (3) When the Audit Committee holds a meeting, CPAs are invited if the Company's financial reports or CPA's audit and attesting related issues are to be communicated and discussed.
- (4) The independent directors and CPAs hold regular meetings at least four times a year. The CPAs report to the independent directors individually on the financial position, overall operation, and internal control audit of the Company, and fully communicate about whether any major adjustment of entries or whether the amendments to laws and regulations affect the accounts. In case of any material abnormal event, a meeting may be convened at any time.
- (5) The situation of regular communication is as follows:

1. Communication between independent directors and the internal chief auditor:

Date	Communication matters	Communication results
2023/12/21 Audit Committee	1. Internal audit report 2. Established the Company's 2024 annual audit plan	1. Noted. 2. Submitted to the Board for resolution after the deliberation
2023/11/10 Audit Committee	Internal audit report	Noted
2023/08/11 Audit Committee	Internal audit report	Noted
2023/06/28 Seminar	Internal audit report	Noted
2023/05/12 Audit Committee	Internal audit report	Noted
2023/03/24 Audit Committee	1. Internal audit report 2. Presentation of the Company's 2022 “Statement of the Internal Control System”	1. Noted. 2. Submitted to the Board for resolution after the deliberation

2. Communication between independent directors and CPAs:

Date	Communication matters	Communication results
2023/12/21 Audit Committee	1. Communication Plan for Fiscal Year 2023 with Management 2. Audit Quality Indicator (AQI) Report 3. Legal Regulation Updates and Other communication matters	Noted
2023/11/10	1. CPA's review report for the Q3 2023	Noted

Audit Committee	2. Other communication matters	
2023/08/11 Audit Committee	1. CPA's review report for the Q2 2023 2. Other communication matters	Noted
2023/06/28 Seminar	1. 2023 communication plan with the management 2. Legal Regulation Updates and Other communication matters	Noted
2023/05/12 Audit Committee	1. CPA's review report for the Q1 2023 2. Other communication matters	Noted
2023/03/24 Audit Committee	1. 2022 CPA's annual audit report 2. Key Audit Matters 3. Other communication matters	Noted

In addition to the aforesaid, the chief auditor and CPAs may also directly contact the independent directors if required, and the communication is good.

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

Evaluation Item	Implementation Status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has resolved to approve the “Corporate Governance Best Practice Principles” in the board meeting on December 23, 2020, and disclosed such in the MOPS and the official website.	No major deviation
II. The Company's shareholding structure and shareholders' equity (I) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) The “Corporate Governance Best Practice Principles” specifies the “Section Specific to the Protection of Shareholders' Interests” and these are implemented accordingly; the Company commissions a shareholder service agency to handle shareholder-related issues. The proposals in shareholders' meetings are provided with appropriate time for shareholders to speak and discuss. The Company accepts the undisputable and feasible proposals and improves accordingly, but the disputable proposals are resolved by voting according to the rules of procedure. The Company appoints a spokesperson to be dedicated to handling shareholder recommendations or disputes.	No major deviation
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		(II) The Company engages a professional shareholder service agency to take charge of reporting the shareholdings of directors, managerial officers, and major shareholders holding more than 10% of the shares monthly.	No major deviation
(III) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	V		(III) The Company's internal control system has established regulations such as the “Operating Procedures for Transactions with the Group Companies, Specific Companies, and Related Parties,” and “Regulations for Inter-Affiliate Finance and Business;” the supervision and management of subsidiaries are implemented, and the appropriate risk management mechanism and firewall are established.	No major deviation.
(IV) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(IV) The company has established the “Internal Handling and Prevention of Insider Trading Management Procedure” and it has been publicly disclosed on the company's official website. This procedure clearly regulates the company's directors, executives, employees, and individuals covered under Article 157-1 of the Securities and Exchange Act. According to this procedure, when they become aware of material information that could significantly affect the company's stock, they are prohibited from personally or on behalf of others buying or selling the company's stocks or other equity securities until such information is publicly disclosed or for a period of 18 hours after the public disclosure.	No major deviation.

Evaluation Item	Implementation Status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
III. Composition and responsibilities of the Board of Directors (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(I) Pursuant to Article 20, Paragraph 3 of the "Corporate Governance Best Practice Principles," the composition of the Board of Directors shall be determined by considering diversity. Appropriate policies on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: I. Basic requirements and values: Gender, age, nationality, and culture. II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: I. Ability to make operational judgments. II. Ability to perform accounting and financial analysis. III. Ability to conduct management administration. IV. Ability to conduct crisis management. V. Knowledge of the industry. VI. An international market perspective. VII. Ability to lead. VIII. Ability to make policy decisions. The Board of Directors consists of seven directors (including three independent directors); all members are elites from accounting, industry and academics, and their professional capabilities cover multiple professional fields including management, operation management, marketing and finance and accounting. Furthermore, to enhance the management function, the "Audit Committee" and the "Remuneration Committee" are established under the Board. The Company also values gender equality for the composition of the Board with the aim to increase the number of female directors to more than one-quarter (i.e. 25%). There are seven directors in the current term (9th term), including two female directors, accounting for 29%. (II) The Company has established the Remuneration and Audit Committees under the Board of Directors, and other various functional committees may be added depending on the demands. In addition, all the directors are people with various expertise, able to review and discuss key issues of the Company and make decisions.	No major deviation.
(II) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V		The Company has not established other functional committees.
(III) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the Board of Directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		(III) 1. The Company approved the "Rules for Performance Evaluation of Board of Directors" on December 23, 2020, to conduct the performance evaluation every year. In 2023, the evaluation was carried out by means of internal self-evaluation of the Board, self-evaluation of board members, and self-evaluation of functional committees. The outcomes of the self-assessment: The Board conducted the self-assessment with five major aspects and 44 major items in total. The Board communicates well with the management and respects the expertise. The Board of the Company is deemed operating effectively. The self-assessment of the board members was conducted with six major aspects and 23 major items in total. The directors (including independent directors) are professional and responsible, and communicate well; the Board of the Company is deemed operating effectively. The self-performance assessment of the functional committees including five aspects and 24 major items was conducted. All the independent directors executed independently and effectively. The Audit and Remuneration committees are deemed operating effectively. The outcomes of this self-assessment have been reported to the Board on March 08, 2024. The assessment results are adopted as the basis for calculating the distribution percentage of individual remuneration, and serving as a reference for the nomination of directors for re-election.	No major deviation.

Evaluation Item	Implementation Status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(IV) Does the Company regularly assess the independence of the CPAs?	V		(IV) Pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the Financial Division of the Company regularly evaluates the independence of CPAs every year based on the relevant information and statements provided by the accounting firm of the attesting CPAs, (including AQI) and the evaluation procedures are as follows: 1. No direct or indirect material financial interests between the CPAs and the Company. 2. Whether there is any undue interest relationship between the CPAs and the Company. 3. The CPAs and the Company have no loan funds. 4. The CPAs have not received any business-related commissions. 5. The CPAs and all members of the audit service team do not hold any shares of the Company. 6. The CPAs do not serve any regular jobs in the Company and receive fixed salaries concurrently. 7. The CPAs do not have any relationship of joint investment or interest sharing with the Company. 8. Whether the attesting service has not been commissioned for seven consecutive years. 9. Whether the statement of independence issued by the CPAs is obtained every year. 10. Whether the CPAs have not been disciplined by the competent authority and the CPA association, or have been penalized pursuant to Article 37, Paragraph 3 of the Securities and Exchange Act. 11. Whether the quality and timeliness of services such as auditing and taxation meet the requirements. 12. Whether the CPAs maintain good communication with the company's management, directors, and supervisors. 13. Whether the CPAs actively advise and keep records for the Company's system and internal control audit. 14. Whether the CPAs regularly update the Company on taxation, securities laws, and the latest amended IFRS. 15. Whether the members of the audit service team are stable. 16. Whether the CPAs evaluate and supervise the existing or potential risks of the Company. 17. Whether the service fees are reasonable compared to its peers. To enhance the audit quality of financial reports, according to the AQI disclosure framework released by the Financial Supervisory Commission (FSC), the assessment results of various dimensions and indicators including professionalism, quality control, independence, supervision, and innovation capability have all been met. And on December 21, 2023, the Audit Committee and the Board deliberated and approved the independence, professionalism, and competence assessment of the attesting CPAs for the financial reports.	No major deviation.
IV. Has the Company appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for the performance of their duties, assisting directors and supervisors with legal compliance, handling matters related to the board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The Company, under the approved by the Board of Directors On December 23, 2022, appointed Mr. LIN, CHIH-TSUNG, the Chief Financial Officer, as the Director of Corporate Governance to ensure shareholder rights and enhance the functioning of the Board of Directors. His main responsibilities are as follows: 1. Establish an effective corporate governance-related system to implement legal compliance and improve internal management. 2. Handle matters related to the shareholders' meeting. 3. Handle matters related to the Board and the Audit Committee. 4. Preparation of minutes of the Board of Directors meetings and shareholders meetings. 5. Handle the company change registration. 6. Build and maintain the information on the Company's website, and disclose information and performance	No major deviation

Evaluation Item	Implementation Status (Note 1)		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	
			Summary description
			related to the Company's finances, operations, and corporate governance. 7. Assist the directors onboard, furnish the information required for the business execution, and arrange the continuing education for the directors. 8. Assist directors in complying with laws and regulations. The business execution in 2023 is as follows: 1. Assisted the directors and supervisors to perform their duties, provided the required information, and arranged for continuing education: (1) Regularly notify board members of the latest amendments and developments of laws and regulations related to the Company's business scope and corporate governance. (2) Provided the company information required by the directors, and maintained smooth communication among the directors and the executives. (3) Assist in arranging courses according to the Company's business needs and the education and career background of the directors. 2. Assist in the procedures and resolutions of the Board and shareholders' meetings to comply with the law: (1) Confirm whether the convention of the Board and shareholders' meetings complies with relevant laws and corporate governance regulations. (2) After each meeting, take charge of checking the release of important information on material resolutions to ensure the legality and correctness of the content of the material information, and to ensure equal information for investors' transactions. 3. Formulate the agenda of the board meeting, notify the directors seven days in advance, convene the meeting and provide meeting materials. For any recusal due to a conflict of interest in the agenda, the directors in question should be reminded in advance; the minutes should be completed within 20 days after the meeting. 4. Handle the registration prior to the date of the shareholders' meeting pursuant to the laws, and prepare the meeting notice, agenda handbook, and minutes within the statutory period. 5. Arrange meetings among the independent directors, CPAs, and the chief auditor. 6. Handle various company change registrations pursuant to laws. 7. Have completed 30 hours of training by the year.
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	V		The Company has designate a stakeholders section on its website(https://www.focl.com.tw/portfolio.php) to facilitate an open and two-way channel of communication with shareholders and to properly reply to any issues which all stakeholders are concerned about. The stakeholders of the Company shall refer to internal or external groups or individuals that may affect the Company or be affected by the Company, including employees, clients, suppliers, investors, government organizations, and communities/non-government/non-profit organizations. In 2023, communication between the Company and stakeholders regarding important issues was reported to the Board of Directors on December 21, 2023.
V.I. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		The Company has appointed the stock affair agency department of KGI Securities Co., Ltd. to handle the affairs related to the shareholders' meeting.
VII. Information disclosures			
(I) Has the Company set up a website to disclose information on financial business and corporate governance?	V		(I) The Company has a website(http://www.focl.com.tw/) maintained by the dedicated staff, and the key financial, business, and corporate governance information are updated at any time for the reference of shareholders and stakeholders.
(II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	V		(II) The Company has a system of spokespersons and acting spokespersons to speak on behalf of the Company uniformly. The dedicated personnel is appointed to be responsible for the Company's information collection and real-time disclosure, including information on investor conferences, and immediate disclosure of the Company's material information at MOPS of TWSE. The Company has established the [Internal Handling of Material Nonpublic Information and Prevention of Insider Trading Management Procedures] and has fully announced to employees that all relevant departments and employees should comply with the relevant procedures, laws, and regulations when handling possible material information and its disclosure.

Evaluation Item	Implementation Status (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for Q1, Q2, and Q3 and the operations of each month to the competent authority before a specified deadline?		V	(III) The Company has not yet announced and submitted an annual financial report to the competent authority within two months after the end of each fiscal year and announced and submitted the financial reports for Q1, Q2, and Q3 and the operations of each month to the competent authority before a specified deadline.	It will be adjusted depending on the Company's future operating conditions and scale.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	V		(I) For the employees' rights and care: the Company takes the Labor Standards Act, Gender Equality in Employment Act, Sexual Harassment Prevention Act, and other relevant government laws as the minimum standards for the Company to formulate human resources management charters and regulations to ensure the interests of employees. (II) Investor relations: In addition to regular disclosures of the Company's material operating information, the Company continues to improve the transparency of the information, for investors to grasp the Company's business movements and development plans. (III) Supplier relationship: The Company maintains a long-term and good cooperative relationship with its suppliers. (IV) Rights of stakeholders: to protect the interests of stakeholders, the Company has established various good and smooth communication channels, insisted on the principle of good faith and a responsible attitude for proper treatment, and fulfills corporate social responsibilities. (V) Continuing education of directors: the directors continue to participate in courses of continuing education on finance, risk management, business, commerce, accounting, law, or corporate social responsibility held by institutions designated by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, to enhance the professional and legal knowledge for total 54 hours in 2023. In addition, the managerial officers of accounting have completed a 12-hour course of continuing education. (VI) Implementation of risk management policies and risk measurement criteria: the Company has established various internal regulations pursuant to laws, and conducted various risk management and assessment. The risk policy of our company is formulated by the General Manager according to the types of risks, convening the responsible units to implement risk management measures. It emphasizes comprehensive risk management by all staff members, with preventive measures implemented at all levels during normal times to effectively manage risks. Additionally, regular meetings are convened by various functional committees to ensure the effectiveness of relevant risk management strategies. To ensure the implementation of risk management, the Audit Committee coordinates and integrates the review of risk management matters and reported to the Board of Directors on December 21, 2023. (VII) Implementation of the customer policy: the Company is committed to improving the quality and professional technology, for providing customers with the best services and products. (VIII) To protect directors and managerial officers from the risks borne when conducting the business, the Company purchases the "Liability Insurance of Directors and Managerial Officers" for directors and managerial officers every year. The policy of this liability insurance is explained in a board meeting to all directors on March 24, 2023.	No major deviation.
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: the Company conducts the self-evaluation for the corporate governance evaluation per the requirement of the competent authority, to improve the corporate governance gradually for better corporate governance image. 1. Since 2017, the Company adopts voting for proposals one after another for the shareholders' meetings, and the voting rights may be exercised by electronic means. The voting result of each proposal in a shareholders' meeting is announced on the same day to fully protect the rights of shareholders.				

Evaluation Item	Implementation Status (Note 1)		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
2. To enhance the operational health of a company, and protect the rights of the investors, the Company Act of Taiwan has included in the candidate nomination system for directors and supervisors. Therefore, the Company has adopted the candidate nomination system for director elections since 2019. 3. The Company has set up the Audit Committee after electing three independent directors in the 2019 annual general meeting; in addition, the Company has set up the Remuneration Committee, consisting of all independent directors. 4. To protect directors and managerial officers from the risks borne when conducting the business, the Company purchases the "Liability Insurance of Directors and Managerial Officers" for directors and managerial officers every year. The policy of this liability insurance is explained in a board meeting to all directors. 5. Improve information transparency: the Company insists the transparent operation and values the interests of shareholders. On the corporate website, there are "Investor Section," "Corporate Social Responsibility," and "Corporate Governance" to provide relevant information. After each board meeting, the important resolutions of the Board are immediately announced, and the investor conferences are held. 6. The directors continue to participate in courses of continuing education on finance, risk management, business, commerce, accounting, law, or corporate social responsibility held by institutions designated by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, to enhance the professional and legal knowledge for total 54 hours. 7. The Company has established the "Rules for Performance Evaluation of Board of Directors." The annual performance evaluations are submitted to the Remuneration Committee for analysis upon completion, and an evaluation report is submitted to the Board. 8. The Company has resolved to approve the "Corporate Governance Best Practice Principles" in the board meeting on December 23, 2020, and disclosed such in the MOPS and the official website. 9. The Company's interim financial reports are all approved by the Audit Committee and submitted to the Board for discussion and resolution. 10. The Company has established a Corporate Governance Officer. 11. The Company has formulated the "Sustainable Development Best Practice Principles" to achieve the goal of sustainable operation and promote sustainable development. 12. The Company's Board of Directors shall periodically (at least once a year) evaluate the independence and suitability of the CPA by reference to Audit Quality Indicators (AQIs) and shall disclose the evaluation process in detail in the annual report. 13. The Company shall upload to the Market Observation Post System by the 10th of each month the changes in the shareholdings of insiders during the previous month. The Company continues to promote the enhancement of various corporate governance mechanisms to adapt to the "corporate governance blueprint 3.0" announced by the FSC and responds to stakeholders' expectations through implementation of the five key strategies: maintaining shareholders' rights and interests, treating shareholders in a fair manner, increasing information transparency, strengthening the structure of the Board of Directors, and promoting sustainable development. It keeps creating values for stakeholders and anticipates setting an example for sustainable enterprises.			

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

Since June 2019, the Company formed the Committed consisting of all independent directors pursuant to the Securities and Exchange Act. In order to implement the spirit of corporate governance, it operates pursuant to the “Remuneration Committee Charter,” with the main aim of supervising the following matters:

- I. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and executive officers.
- II. Periodically evaluate and prescribe the remuneration of directors and executive officers.

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members

December 31, 2023

Criteria		Professional Qualification Requirements & Work Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Title (Note 1)	Name			
Independent director (Convener)	Yang, Cheng-Tsung	Bachelor, Department of Accounting, National Cheng Chi University Zhong You Accounting firm/Partner CPA Implicit Venture Inc./Chairman Chon Yo Managemeny Management Consulting Co., Ltd. Director Dianhua Culture and Arts Co., Ltd. Director *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None
Independent director	Huang, Jui-Ting	EMBA, National Chung Hsing University Manager, Far Eastern Big City Shopping Mall; Special Assistant to President, Fujian Septwolves Industry Co., Ltd.; Vice President, Xiamen Tiger City Fashion Shopping Mall; Vice President, Hulunbuir Isetan Shopping Mall *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None
Independent director	Wang, Chao-Hsiang	Department of Social Work, Chinese Culture University Chihlee University of Technology/Instructor *Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the Company or any of its affiliates; not holding the Company's shares; not providing commercial, legal, financial, accounting or related services; satisfying the independence.	None

Note 1: Please specify in the form the years of professional service, professional qualifications and experience, and independence of the members of the Remuneration Committee. 1 on page 00. Please fill in “Independent director” or “Others” in the Title column (please indicate “Convener” if applicable).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Independence status: Specify if the members of the Remuneration Committee meet the criteria for independence, including but not limited to (1) whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; (2) the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; (3) whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to 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); (4) the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

Note 4: Please refer to the examples of best practice principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(2) Attendance of Members at Remuneration Committee Meetings

I. There are three members of the Remuneration Committee.

II. The term of office of the current members: From June 17, 2022, to June 16, 2025, the recent (2023) year, the Remuneration Committee held 2 meetings(A). The qualifications and attendance of the members are as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Remarks
Convener	Yang, Cheng-Tsung	2	0	100%	
Committee member	Huang, Jui-Ting	2	0	100%	
Committee member	Wang, Chao-Hsiang	2	0	100%	
Additional information:					
I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.					
II. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.					

Note: (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their service.

(2) Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their service.

(3) The Comments and Resolutions by Remuneration Committee in the Most Recent Annual Period

The Board of Directors	Term	Proposal description	Resolution of the Remuneration Committee	The Company's response to the Remuneration Committee's opinions
2023/03/24	3th meeting, 5th Term	I. The performance evaluation of the Board of Directors.	Without objection and passed by all members in present	Without objection and passed by all Directors in present.
2023/12/21	4th meeting, 5th Term	I. Appointment of President by the Company. II. Regular Performance-Based Compensation and Benefits Review for Managers III. Proposal for distribution of employee incentive to each manager in 2023.	Without objection and passed by all members in present	Without objection and passed by all Directors in present.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the Board of Directors, which supervises the implementation?	V		The company has set up a sustainable development promotion group, with the CEO as the convener, and set up three working groups (Sustainable Environment Group, Corporate Social Responsibility Group, and Corporate Governance Group), which are authorized and supervised by the board of directors. The group will regularly report the implementation situation to the board of directors (once a year). The implementation status in 2023 has been reported to the board of directors on March 8, 2024
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	V		Implementation of corporate governance (I) The Company has established the “Sustainable Development Best Practice Principles” and incorporated Sustainable Development into its business activities and strategies. To strengthen corporate governance, the Company has formulated the effective corporate governance structure and related moral standards in accordance with the Code of Ethical Conduct. (II) The Company advocates in major meetings and promotes such through the internal website. (III) The Company has stipulated matters related to appraisal, rewards and disciplinary actions in the “Code of Ethical Conducts” and “Work Rules” to implement the social responsibility policy. Environmental protection and product responsibility (I) The Company is continuously committed to developing energy-saving products, improving process technology, and reducing water and energy consumption. The plant area conducts analysis and review on regulation management methods and responsible units for water and power consumption. (II) The Company evaluates the potential risks and opportunities of climate change for the Company in the future, continues to improve production equipment and refine processes, to invest in the development of energy-saving products. (III) The Company strictly implements random testing of supplied materials, or conducts the verification by third-party agencies to meet the relevant standards; the goods meet the requirements of the safety standards of the importing countries. A laboratory is established and has passed the verification of the testing unit. Meanwhile, product liability insurance is bought to strengthen risk management and protect the lives and property of global end consumers. Safeguard the labor human rights and safe environment (I) The Company complies with the applicable labor laws and labor human rights standards, prohibits the employment of child labor and forced labor, and complies with relevant regulations for working hours management and salary treatment, while valuing the equality of employment, and specifying such in the related regulations of the Company. (II) The building safety inspections and fire safety seminars are conducted regularly; the employee health exams are also conducted pursuant to relevant regulations of occupational safety and health to ensure labor safety without concern. To provide employees and job candidates with a work and service environment free from sexual harassment, the Company takes appropriate preventive, corrective, disciplinary and handling measures, to protect the interests and privacy of the involved parties. Engagement in social welfare The company is committed to fulfilling its corporate social responsibility and contributing to the public good. We actively participate in social welfare activities by making donations and sponsorships based on the needs of society's development.
III. Environmental issues (I) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		Pursuant to the instructions of the organizational operating guidelines, the Company has banned all environmentally hazardous substances for all products, and by coping with the regulations formulated by EU, the Restriction of Hazardous Substances (RoHS) is applied to lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs), among other

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																		
	Yes	No																			
			Summary description																		
			hazardous substances, seeking to inhibit environmental and social damages during the product life cycle. The Company has designed and inspected products for compliance with RoHS specifications, and it continues to move towards the goal of the RoHS specification.																		
(II) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		The Company has commissioned qualified vendors to render waste recycling operations and set up resource recycling bins for resource classification while promoting resource recycling to the employees internally.																		
(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	V		The Company's preliminary identification of climate change risks mainly includes the unstable water and power supply, development costs of energy-saving and carbon-reducing products, and risks and opportunities of natural disasters (typhoons and floods). The countermeasures are the improvement of production equipment and hardware process technologies, continuous investment in energy-saving product development, and replacement and regular maintenance of equipment.																		
(IV) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	V		The Company has formulated policies for environmental classification and recycling, energy-saving, and consumption reduction; the use of various resources is regularly recorded, with goals specified (the 2023 goal of water consumption is an increase/decrease of 2%, and the increase/decrease in waste is 2%) for review and improvement. All the environmental discharges comply with the law. It is sought that during the process of product design, development, production, use, and recycling, the product effectively protects the ecological environment, avoids resource abuse, reduces environmental pollution, maximizes the applications while reducing the environmental pollution, and utilizes various environmental management systems for refinement and improvement. 1. It has been identified that the light manufacturing machines and the air-conditioning system in offices consume more power. Automation equipment is continuously introduced for the light manufacturing machines, to produce products with higher quality and higher outputs under the original or reduced power usage. For the air-conditioning system in offices, the system regulations and promotions to personnel are adopted parallelly. Greenhouse gas emissions in the recent two years: <table><tr><th>Year</th><th>Greenhouse gas emissions (kgCO₂e)</th></tr><tr><td>2022</td><td>86,040</td></tr><tr><td>2023</td><td>78,553</td></tr></table> In 2023, the company continued to promote energy conservation among its employees, with a goal of reducing electricity consumption. The electricity usage decreased by 8.7% compared to the previous year (2022), exceeding the targeted annual reduction rate of ±2%. 2. The Company has been monitoring environmental issues including water resources and energy-saving for many years. In terms of water-saving plans, starting from the overall implementation of water-saving in daily life, the available water resources are applied for greater benefits. The industry where the Company operates has relatively lower water consumption, and it has been identified that the main water consumed is domestic water, such as water supply from the water plant in the plant area. The system regulations and promotions to personnel are adopted (using orientations for new recruits and departmental education and training to strengthen promotions). The Company will continue to think about water resource recycling and discuss further the evolved approaches to improve the overall efficiency of water consumption. Water consumption in the recent two years: <table><tr><th>Year</th><th>Water consumption (m³)</th><th>Total employees (person)</th><th>Average water consumption (m³)</th></tr><tr><td>2022</td><td>776</td><td>105</td><td>7.39</td></tr><tr><td>2023</td><td>790</td><td>108</td><td>7.31</td></tr></table> In 2023, the company continued to promote water conservation among its employees, with a goal of	Year	Greenhouse gas emissions (kgCO ₂ e)	2022	86,040	2023	78,553	Year	Water consumption (m ³)	Total employees (person)	Average water consumption (m ³)	2022	776	105	7.39	2023	790	108	7.31
Year	Greenhouse gas emissions (kgCO ₂ e)																				
2022	86,040																				
2023	78,553																				
Year	Water consumption (m ³)	Total employees (person)	Average water consumption (m ³)																		
2022	776	105	7.39																		
2023	790	108	7.31																		

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons														
	Yes	No															
	Summary description																
			reducing water consumption. The water usage increased by 1.8% compared to the previous year (2022), accord with the targeted annual reduction rate of ±2%. 3. The industry where the Company operates produces general waste, and domestic waste is the majority of the waste. The plant area vigorously implements the waste classification system, to enhance employees' awareness of environmental protection, and get accustomed to waste classification, to achieve the goals of waste reduction and resource recycling. Waste disposal schedule: <table><tr><th>Category</th><th>Type</th><th>Action</th></tr><tr><td rowspan="2">General waste</td><td>Domestic garbage</td><td>Incineration</td></tr><tr><td>Wasted paper, scrap iron (aluminum) containers, and wasted lighting sources</td><td>Recycle</td></tr></table> Total weight of waste: <table><tr><th>Year</th><th>Total weight of waste (ton)</th></tr><tr><td>2022</td><td>22.9</td></tr><tr><td>2023</td><td>19.2</td></tr></table> In 2023, the amount of waste generated by the company decreased by 16% compared to the previous year (2022). This reduction was primarily attributed to the effective implementation of a waste sorting system. 4. Energy saving measures: a. Hold staff training to implement environmental awareness Hold employee training courses to promote the Company's goals for environmental protection, energy-saving, carbon reduction, and pollution reduction. In various departmental meetings, intensive training on awareness of environmental protection, energy-saving, and emission reduction policies, laws, and regulations of environmental protection is conducted, along with promotional education, to enhance the employees' concepts and awareness regarding environmental protection and energy-saving. The following are specific measures for energy saving and environmental protection: ■ Set the temperature of the air conditioner to 27-28 Celsius degrees, ■ Turn off the lights when not in using, ■ Bring personal chopsticks, ■ Bring tea cups ■ Reduce photocopy on paper b. Reduce resource consumption and create the sustainable operation For power, water, metal raw materials, parts, stationery, and paper, the Company aims to reduce resource consumption, lower environmental impacts, and create sustainable operations. Other than continuing to implement energy-saving and consumption reduction, other environmental policies of the Company including concise design, parts sharing, operation digitization, and paperless are implemented. 5. Annual Environmental Protection Management Objectives In the year 2024, the company will continue the efforts from the previous year and focus on equipment maintenance, process improvement, and energy conservation to reduce energy consumption. The management of water usage, electricity consumption, and waste generation will remain as key areas of control. The energy consumption target for the year will be set at ±2% compared to the levels in 2023. Additionally, the target for waste generation will be controlled within ±2% of the desired value.	Category	Type	Action	General waste	Domestic garbage	Incineration	Wasted paper, scrap iron (aluminum) containers, and wasted lighting sources	Recycle	Year	Total weight of waste (ton)	2022	22.9	2023	19.2
Category	Type	Action															
General waste	Domestic garbage	Incineration															
	Wasted paper, scrap iron (aluminum) containers, and wasted lighting sources	Recycle															
Year	Total weight of waste (ton)																
2022	22.9																
2023	19.2																

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
IV. Social issues (I) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		The company complies with relevant national laws, including the Labor Standards Act, Employment Services Act, and Gender Equality in Employment Act. It has also formulated a human rights policy to ensure equal employment opportunities for local employees and indigenous people, and to create an environment that fully protects human rights, ensuring fair and dignified treatment of all internal and external members of the company. Within the company's rules and regulations, employee work rules and performance evaluation methods are provided to ensure that employees understand relevant labor laws and basic rights. In 2023, the company continued to conduct training for new and existing employees, with a focus on promoting gender equality awareness. A total of 7 new employees participated in training, and 113 employees received training and assessments, with a participation rate and achievement rate of 100%.
(II) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		1. Specify the employee welfare measures, including but not limited to: employee compensation, workplace diversity and equality (including but not limited to: the proportion of female employees and senior managerial officers), leaves, various allowances, gift money, subsidies, etc. 2. Describe the policy of how the business performance or results are reflected in employee compensation and the implementation. 1. Description of employee welfare measures a. Employee compensation The remuneration of the Company's employees complies with the Articles of Incorporation. When a profit in a year, no less than 1% should be provided as employee remunerations; the year-end bonus system comprehensively considers the operating conditions of the current year, to determine the base of the year-end bonus, and the calculation is made based on the seniority and weights of appraisal results of the employees, to distribute the bonuses to all employees as a reward their efforts toward the Company's goals. For the personnel of sales, marketing, and other positions, various rewards are budgeted by linking the Company's operation and their performance, such as sales bonuses. The year-end reward is also provided by linking the cumulative annual revenue of the Company and the achievement of the earnings before tax. b. Other welfare measures To take full care of employees and ensure their living conditions, other than providing the basic protection as required by laws, the Company also provides or sponsors the promotion of various relevant welfare programs, while organizing the Employee Welfare Committee to be responsible for planning and implementing various employee benefits, such as the gift money for the three festivals, Labor's Day, birthday, wedding and childbirth, emergency aids, funeral subsidies, employee travel subsidies, departmental gathering subsidies; in addition, free health exam programs and free parking spaces are provided to employees, and their family members may join the group insurance with a discounted premiums. The external functional training is provided at the Company's cost with the official leaves so that the employees are provided with more comprehensive protections. c. Workplace diversity and equality The Company is committed to achieving the goal of equal pay for equal work, with equal promotion opportunities for both genders. In 2023, female employees accounted for 35% of the Group's employees, and female officers accounted for 19% of all officers at the manager-level or above. The Company values the rights of employees provides a platform for employees to express their opinions and shares profit and earnings with employees, to maintain good working conditions and environment. 2. Appropriately reflect business performance or results in employee compensation: The structure of employee wage includes mainly the monthly salary, the year-end bonus, and the employee remunerations. The year-end bonus and employee remuneration depend on their contributions to the Company's operation and the achievement rate of the target specified in the Employee Remuneration Procedures, as the payment standard.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons									
	Yes	No										
	Summary description											
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V	Relying on technologies, the Company seeks to insist on the traditional craftsmanship spirit of refinement and innovation, to combine with the new generation of LED technologies, strict quality control, and energy-saving focus, to create a new generation of light products that are humanistic and heart-warming, and featured with eco-friendly, energy-saving, safe, and more suitable for people. Providing a safe, healthy and suitable working environment is the primary responsibility and obligation of the Company's officers at all levels. Other than complying with occupational safety and health regulations and related requirements, unsafe conduct, environments, equipment, and occupational disasters are prevented from occurring, to fulfill the responsibility of safeguarding the health and safety of employees. The Company believes that employees who are physically and mentally healthy can create efficient and high-quality work performance, so it is committed to providing employees with a safe and healthy working environment. The company regularly holds relevant activities and conducts public safety inspections of buildings (July 2022), annual safety inspections for firefighting (Sep. 2023), fire safety drills (May&Dec. 2023), and employee health exams (Jul.,2023), to provide a safe and healthy work environment. The plant has prescribed the "Practical Code Health and Safety," defining the safety responsibilities of each department for implementation. Through continuous education, training, and promotions, the Company develops employees' capabilities to respond to emergency and safety concepts, enhances employees' cognitive ability, and lowers unsafe conduct causing accidents. <u>Safety and health policy</u> ◎Comply with occupational safety regulations to ensure safety and health ◎Value workplace safety and health to implement disciplines for workplace ◎Promote autonomous management to eliminate the occupational safety disasters <u>Safety and health objectives:</u> ◎Eliminate the occupational safety disasters ◎Implement an autonomous inspection ◎Create a safe and comfortable workplace <u>Monitoring the operating environment of labor</u> There is no working environment particularly jeopardizing the health of workers in the plant area. However, the Company spares no efforts to enable employees to work in a healthy and safe environment for enhancing the Company's competitiveness. <u>Inspection of occupational safety</u> Article 14 of the Labor Safety and Health Act stipulates that self-inspections shall be planned for implementation; the self-inspection is divided into regular inspection, key inspection, operation inventory, and general inspection by the nature, to improve the safety of employees' operations. <u>Equipment safety management</u> In 2023, the Company has three forklifts as hazardous machinery. All hazardous machinery and equipment are listed pursuant to laws, and with detailed inspections and regular maintenance to ensure the safe operation of the equipment. <u>The Company's occupational safety education, training, and promotion in the past 2 years</u> <table><tr><th>Year</th><th>Persons of education and training</th><th>Hours of education and training</th></tr><tr><td>2023</td><td>43</td><td>140</td></tr><tr><td>2022</td><td>127</td><td>244</td></tr></table> The Company's occupational safety performance in the past 2 fiscal years - statistics of disabled and injured employees	Year	Persons of education and training	Hours of education and training	2023	43	140	2022	127	244	
Year	Persons of education and training	Hours of education and training										
2023	43	140										
2022	127	244										

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																								
	Yes	No																									
	Summary description																										
		<table><tr><th>Year</th><th>Incident with death</th><th>Incident with disability</th></tr><tr><td>2023</td><td>Male: 0; Female: 0</td><td>Male: 0; Female: 0</td></tr><tr><td>2022</td><td>Male: 0; Female: 0</td><td>Male: 0; Female: 0</td></tr></table>	Year	Incident with death	Incident with disability	2023	Male: 0; Female: 0	Male: 0; Female: 0	2022	Male: 0; Female: 0	Male: 0; Female: 0																
Year	Incident with death	Incident with disability																									
2023	Male: 0; Female: 0	Male: 0; Female: 0																									
2022	Male: 0; Female: 0	Male: 0; Female: 0																									
(IV) Has the Company established an effective career development training program for employees?	V		The employees may apply for courses of external education and training if required for work. Regarding the in-service training of employees, each department may arrange the proper internal training depending on the actual needs to provide the cultivation of complete professional skills and self-development as a secondary function to employees. The performance of related education and training in 2023 are as follows: <table><tr><th>Item</th><th>Classes</th><th>Total attendees</th><th>Total hours</th><th>Total expense (NT\$)</th></tr><tr><td>New recruits</td><td>7</td><td>7</td><td>26.5</td><td rowspan="3">NT\$97 thousand</td></tr><tr><td>Internal functional training</td><td>15</td><td>149</td><td>313</td></tr><tr><td>External training</td><td>25</td><td>25</td><td>255</td></tr><tr><td>Total</td><td>47</td><td>181</td><td>594.5</td><td></td></tr></table>	Item	Classes	Total attendees	Total hours	Total expense (NT\$)	New recruits	7	7	26.5	NT\$97 thousand	Internal functional training	15	149	313	External training	25	25	255	Total	47	181	594.5		No major deviation.
Item	Classes	Total attendees	Total hours	Total expense (NT\$)																							
New recruits	7	7	26.5	NT\$97 thousand																							
Internal functional training	15	149	313																								
External training	25	25	255																								
Total	47	181	594.5																								
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labeling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		The Company's product sales must comply with the labeling requirements of the countries where customers are located, such as safety regulations and RoHS. To enhance customer satisfaction, the Company ensures compliance with national safety regulations and ISO standards at every stage, from research and development to sales. The Company has established procedures for handling customer complaints, appeals, proposals, and dissatisfaction to effectively address customer issues. Additionally, an annual customer satisfaction survey is conducted to assess customer perception of the Company. The survey covers various aspects including quality assurance, product quality, anomaly handling, on-time delivery, service attitude, packaging, after-sales service, and communication coordination. In the previous year, a total of 46 surveys were distributed, with 36 responses received. The satisfaction rates for each category exceeded the KPI benchmarks. The survey allows the Company to understand the level of customer satisfaction, gather customer feedback and opinions, and improve the relationship between customers and the Company for a mutually beneficial outcome.	No major deviation.																							
(VI) Has the Company formulated a supplier management policy and required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? How is the implementation thereof?	V		The Company requires its suppliers to comply with environmental protection and occupational safety requirements in order to create a safe environment and fulfill corporate social responsibility. An annual supplier evaluation is conducted to assess their performance. In the previous year, evaluations were completed for 23 suppliers. The main evaluation criteria include delivery time, service attitude, product price, product quality, ability to handle emergencies, and after-sales service. Out of the evaluated suppliers, 20 were classified as B grade or higher, and 3 were classified as C grade. C grade suppliers will be required to make continuous improvements or adjust procurement conditions.	No major deviation.																							
V. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as sustainability reports that disclose the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for the said report?		V	While the Company has not prepared a sustainability report, it has disclosed the implementation of sustainable development in the annual report and on the Company's website.	A more well-rounded system will be built gradually after evaluating the needs.																							
If the company has its own sustainable development principles in accordance with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the deviance between its operation and the prescribed principles: to fulfill the corporate responsibility of sustainable development and cope with the operating demands of the Company, all operations are run with the aims of the sustainable development.																											
VII. Other important information to help understand the operation of sustainable development: to fulfill the corporate responsibility of sustainable development and cope with the operating demands of the Company, all operations are run with the aims of sustainable development.																											

(VI) Implementation of Ethical Corporate Management and Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Formulation of ethical management policies and plans (I) Has the Company formulated an ethical management policy approved by the Board of Directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the Board of Directors and the senior management committed to actively implementing the policy? (II) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" to regulate the Company's ethical corporate management policy. To ensure that directors, managerial officers, employees, appointees or persons with substantial control truly know and comply with such, the regular promotion is conducted every year, and disclosed on the official website and MOPS. (II) For business activities with a high risk of unethical conduct within the business scope, the Company, in addition to signing the employment contract of individual employees that expressly prohibits the unethical conduct in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles," for the material proposal, the operation of the Board is required per regulations, and the principle of refusal for conflict of interest is complied with for ensuring the openness and transparency of the decision-making. (III) To implement the ethical behavior and integrity management provisions of our company, we encourage the reporting of any illegal or unethical conduct that violates the code of ethics or integrity principles. In order to achieve this, we have established the "Procedures for Handling Reporting Illegal and Immoral/Unethical Conducts" and publicly disclosed them on our company website. These procedures clearly define the responsible units, reporting channels, and processing steps, effectively establishing internal and external reporting channels and a processing system within our company. This ensures the effective implementation of our ethical behavior guidelines and integrity management principles while safeguarding the legal rights and interests of both whistleblowers and the individuals involved. There are three channels available for reporting cases: "in-person reporting," "telephone reporting," and "written reporting." In 2023, no incidents of employees violating the integrity management principles occurred. Reporting Channels: 1. Email: audit@focl.com.tw 2. Reporting Hotline: (02) 8911-2000 #1808	No major deviation
II. Implementation of ethical management (I) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	V		(I) Before establishing a business relationship, the legality and the ethical management policy of the counterparty are assessed, as well as any record of unethical conduct, to ensure that its operation is fair and transparent, and does not ask, offer, or accept bribes.	No major deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the Company established a dedicated (concurrent) unit under the Board of Directors to conduct ethical corporate management, regularly (at least once a year) report to the Board of Directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	V		(II) For the policy of preventing a conflict of interest and to provide appropriate channels for representation, the Company appoints the President's Office as the concurrent unit for ethical management, in charge of the formulation and supervision of the implementation of ethical management policy and the preventive programs; the following matters are its responsibility, and the implementation results are reported to the Board annually (the 2023 implementation of ethical management was reported to the Board on December 21, 2023) (1) Assist the integration of ethical and moral values into the Company's business strategies, and formulate related anti-corruption measures to ensure ethical management by coping with the laws and regulations. (2) Formulate programs for preventing unethical conduct, and prescribe the work-related standard operating procedures and guidelines of conduct in each program. (3) Plan the internal organization, headcounts and responsibility, and set up a mechanism for mutual supervision as well as check and balance, for business activities with a high risk of unethical conduct within the business scope. (4) Promotion and coordination of ethical policy training. (5) Plan the whistleblowing system to ensure the effectiveness of its implementation. (6) Assist the Board and management to inspect and evaluate the effective operation of the preventive measures established under the ethical management policy, and regularly evaluate the compliance of the relevant business processes. (III) Where any director has an interest in him/herself or the corporate he/she represents in any proposal to the Board with the concern of harming the Company's interest, such director shall recuse him/herself when discussing and voting. In 2023, there were 2 proposals to the Board involving directors' own interests, and all relevant directors recused themselves from the discussion. (IV) Each year, the Internal Audit Office audits the Company's accounting system, and internal control system pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" based on the outcomes of the unethical conduct risk assessment and the implementation of the ethical corporate management. (V) In 2023, the Company had a total of 15 persons and a total of 15 persons/hour participated in internal and external education and training regarding ethical management issues (including compliance with the ethical management regulations and internal control). In 2023, the Company arranged relevant internal and external training courses for directors, managerial officers, and personnel related to material information, including legal sources of insider trading, applicable subjects, subjects to the regulations, the scope of material information, recognition and penalties for insider trading periods, for 15 hours of courses.	
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V			
(IV) Has the Company established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned CPAs to perform such audits?	V			
(V) Does the Company regularly hold internal and external education and training on ethical management?	V			
III. Implementation of the Company's whistleblowing system (1) Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	V		(I) The Company has established the "Procedures for Handling Reporting Illegal and Immoral/Unethical Conducts," of which the responsible unit (the spokesperson, acting spokesperson, and chief auditor) is appointed depending on the nature of the reported matter; the whistleblower may report in person, via telephone, and through correspondence. If the reported case is verified to be true, other than the disciplinary actions taken toward the relevant personnel, appropriate rewards will be provided to the whistleblowers.	No major deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the Company formulated standard operating procedures for the investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		(II) According to Article 5 of the Prosecution Regulations, as indicated in the channels for reporting by name (anonymous reporting is allowed) and providing information to facilitate verification, the responsible unit shall keep the overall verification process confidential when verifying.	
(III) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		(III) The process of handling the case by the responsible unit shall be kept confidential thoroughly, and the verification shall be taken via independent channels. The related investigation documents and files shall be properly kept, and the identity of the whistleblower shall be protected with no effort spared.	
IV. Enhanced information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		The Company has a website to disclose the Ethical Corporate Management Best Practice Principles and related corporate governance information. The dedicated personnel place the related information on the official website (http://www.focl.com.tw/); the spokespersons are appointed for the external speech system pursuant to regulations for shareholders, stakeholders, and competent authorities to grasp the Company's status at any time.	No major deviation.
V. Ethical Corporate Management Best Practice Principles of the Company as per the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please specify the difference between its operation and the principles: No major deviation.				
VI. Other important information that helps to understand the company's ethical management operation: none.				
(VII) Corporate Governance Guidelines and Regulations: The information is disclosed in the "Corporate governance" at the MOPS; furthermore, the Company exploits the convenience of the internet to set up a website, to build the Company's finance and business-related information, as well as the corporate governance information for the reference of shareholders and stakeholders. Please visit the official website(http://www.focl.com.tw/).				
(VIII) Other Important Information Regarding Corporate Governance: 1. On December 28, 2009, the Board approved the "Management Procedures for Internal Material Information Processing and Prevention of Insider Trading," specifying that directors, managerial officers, and employees must not disclose any material internal information known to them to others; inquiry or collection of undisclosed internal material information of the Company that is not related to their personal position from those who know such information is prohibited; and the undisclosed material internal information of the Company must not be disclosed to other. 2. The Company's new recruits are included in the education and training promotion program, and the "Management Procedures for Internal Material Information Processing and Prevention of Insider Trading" are placed on the Company's website for reference, with promotions in operating meetings from time to time. New managerial officers and directors are notified via e-mail for the related regulation documents to avoid violations and insider trading. 3. Since 2017, the Company adopts voting for proposals one after another for the shareholders' meetings, and the voting rights may be exercised by electronic means. The voting result of each proposal in a shareholders' meeting is announced on the same day to fully protect the rights of shareholders. 4. To enhance the operational health of a company, and protect the rights of the investors, the Company Act of Taiwan has included in the candidate nomination system for directors and supervisors. Therefore, the Company has adopted the candidate nomination system for director elections since 2019. 5. The Company has set up the Audit Committee after electing three independent directors in the 2019 annual general meeting; in addition, the Company has set up the Remuneration Committee, consisting of all independent directors. 6. To protect directors and managerial officers from the risks borne when conducting the business, the Company purchases the "Liability Insurance of Directors and Managerial Officers" for directors and managerial officers every year. The policy of this liability insurance is explained in a board meeting to all directors. 7. Improve information transparency: the Company insists the transparent operation and values the interests of shareholders. On the corporate website, there are "Investor Section," "Corporate Social Responsibility," and "Corporate Governance" to provide relevant information. After each board meeting, the important resolutions of the Board are immediately announced, and the investor conferences are held. 8. The directors continue to participate in courses of continuing education on finance, risk management, business, commerce, accounting, law, or corporate social responsibility held by institutions designated by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, to enhance the professional and legal knowledge for total 54 hours. 9. The Company has established the "Rules for Performance Evaluation of Board of Directors." The annual performance evaluations are submitted to the Remuneration Committee for analysis upon completion, and an evaluation report is submitted to the Board. (In 2022. The result of the peer evaluation was reported in the board meeting on March 08, 2024.) 10. The Company has resolved to approve the "Corporate Governance Best Practice Principles" in the board meeting on December 23, 2020, and disclosed such in the MOPS and the official website. 11. Interim financial statements for submission to the Board of Director to discuss. 12. The Company has appointed a chief corporate governance officer.				

**Statement on Internal Control System of Public Companies
means both the design and implementation are effective**

(The statement is applicable where the compliance with all laws and by-laws are declared for the legal compliance.)

Fortune Oriental Company Limited
Statement of the Internal Control System

Date: March 08, 2024

The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managerial officers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided internal control system into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023 ^(Note 2), the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's Board of Directors on March 08, 2024. Among the 7 directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Fortune Oriental Company Limited

Chairman:	Sign
President:	Sign

Note 1: For the design and implementation of the public companies' internal control system, where any material defect exists in a year, the description shall be added to Paragraph 4 of the Statement on Internal Control System, listing and describing the material defects found in the self-evaluation, the corrective measures taken by the Company, and the improvement status by the balance sheet date.

Note 2: The statement date is "the end of the accounting period."

2. For these companies commissioning CPAs to review the internal control, the reasons, review opinions of the CPAs, the corrective measures taken by the Company, and the improvement status of the defects shall be specified: not applicable.

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

(XI) Major resolutions at the shareholders' meeting and board meetings:

Date	Item	Major resolutions
March 24, 2023	The Board of Directors	Approved the Company's 2022 financial report and business report; Approved the Company's Adoption of the Proposal for 2022 Deficit Compensation; Approved the Company's 2022 internal control system statement.; Approved the formulation of "Handling of Cases Reporting Illegal, Immoral or Dishonest Behaviors."; Approved the formulation of "Risk Management Measures"; Approved Capital Expenditure Plan for Subsidiary; Approved the formulation of "Sustainable Development Best Practice Principles"; Approved convention for the 2023 annual general shareholders meeting.
May 12, 2023	The Board of Directors	Approved the proposal of 2023 Q1 Consolidated Financial Statements.
June 28, 2023	Shareholders' Meeting	Adoption of 2022 business report and financial statements. Adoption of the Proposal for 2022 Deficit Compensation.
August 11, 2023	The Board of Directors	Approved the proposal of 2023 Q2 Consolidated Financial Statements. Approved formulation of Management of the procedures for preparation of financial statements."
November 11, 2023	The Board of Directors	Approved the proposal of 2023 Q3 Consolidated Financial Statements.
December 21, 2023	The Board of Directors	Approved the 2024 annual internal control audit plan; Approved revision of "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties". Approved independence, professionalism, and competence assessment of attesting CPAs; Approved appointment of President by the Company. Approved regular Performance-Based Compensation and Benefits Review for Managers Approved Proposal for distribution of employee incentive to each manager in 2023.
March 08, 2024	The Board of Directors	Approved the Company's 2023 financial report and business report; Approved the Proposal for 2023 Deficit Compensation.; Approved the Company's 2023 internal control system statement.
March 15, 2024	The Board of Directors	Approved the subsidiaries take part in the urban renewal project plan and right transformation plan.; Approved convention for the 2024 annual general shareholders meeting.
May 10, 2024	The Board of Directors	Approved to change Certified Public Accountants; Approved the proposal of 2024 Q1 Consolidated Financial Statements.

Note: Major resolutions by the 2023 annual general meeting and implementation:

1. Approved the Company's 2022 financial report and business report.
2. Adoption of the Proposal for 2022 Deficit Compensation.

(XII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

(XIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

In accordance with the company's operational planning and to enhance corporate governance while implementing the principle of division of authority, Mr. Luo Guangwei has been appointed as the General Manager of our company, effective from December 21, 2023. The former Chairman and General Manager have been relieved of their concurrent role as General Manager.

IV. Information Regarding the Company's Audit Fee and Independence

(I) The non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises

Unit: NT\$ Thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit fees	Non-audit fees	Total	Remarks
G&F	Huang, Shih-Chia	2023.01.01~2023.12.31	2,300	58(*)	2,358	Annual and quarter financial reports
	Lee, Hui-Chin					

* Non-audit fee is Private placement of shares to make up for public offering review and ratio calculation form.

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount for the decrease in the audit fees and the reason thereof shall be disclosed: None.

(III) When the audit fees paid for the current year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and thereof shall be disclosed: None.

V. Replacement of CPAs

(I) Regarding the former CPA: None

VI. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past year: None

VII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

1. Changes in shareholdings of directors (independent directors included), managerial officers, and major shareholders:

Unit: Shares

Title	Name	2023		The year up to May 20	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and major shareholders	Guang Shen Investment Limited	-	-	-	-
Representative of the Chairman and the concurrent President	Chen, Pi-Hua	-	-	-	-
Representative of director	Lo, Kuang-Li	-	-	-	-
Representative of director	Liu, Chung-Min	-	-	-	-
Director-cum-President	Lo, Kuang-Wei	-	-	-	-
Independent director	Huang, Jui-Ting	-	-	-	-
Independent director	Wang, Chao-Hsiang	-	-	-	-
Independent director	Yang, Cheng-Tsung	-	-	-	-
Major shareholder	Li, Kuo-Lung	-	-	-	-
Head of finance and accounting	Lin, Chih-Tsung	-	-	-	-

2. Shares Trading with Related Parties: none.

3. Stock pledged with related party: None.

VIII. Relationship of the Top 10 Shareholders

Name (Note 1)	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remarks
	Shares	% (Note 2)	Shares	%	Shares	%	Name	Relationship	
Guang Shen Investment Limited	15,410,166	18.79	—	—	—	—	Li, Kuo-Lung	Representative of the company	—
Li, Kuo-Lung	14,633,687	17.84	—	—	—	—	Guang Shen Investment Limited	Representative of the company	—
Chen, Pi-Hua	6,070,979	7.40	1,176,716	1.43	—	—	Li, Hsin-Lung	Spouse	—
Lo, Kuang-Wei	5,890,000	7.18	2,606,000	3.18	—	—	Lo, Renzo-Cheng	Second degree relative	—
Agent company of SinoPac under the custody of Bank SinoPac Investment account	4,111,000	5.01	—	—	—	—	—	—	—
Lo, Renzo-Cheng	2,606,000	3.18	—	—	—	—	Lo, Kuang-Wei	Second degree relative	—
Lin, Meng-Han	1,793,000	2.19	—	—	—	—	—	—	—
Lo, Hsiang-Chi	1,339,150	1.63	—	—	—	—	—	—	—
Li, Hsin-Lung	1,176,716	1.43	6,070,979	7.40	—	—	Chen, Pi-Hua	Spouse	—
Lo, Pei-Chi	864,766	1.05	—	—	—	—	—	—	—

Note 1: All of the top 10 shareholders should be listed, and the names of corporate shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total number of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Ownership of Shares in Affiliated Enterprises

Unit: Shares; %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Hua-Xun Venture Capital Co., Ltd.	15,995,200	99.97	—	—	15,995,200	99.97%
Vast Power Corporation	90,644,460	61.43	—	—	90,644,460	61.43%
Dajixiang International Construction Co., Ltd.	0	0	50,350,000	100	50,350,000	100%
Innotek Photoelectric Technology Corp.	4,950,000	27.81	12,800,000	71.91	17,750,000	99.72%

Note: investment made by the Company using the equity method.

Four. Capital Overview

I. Capital and Shares

(I) Source of Capital

April 26, 2024 Unit: Thousands of shares; NT\$ thousand

Year/Month	Issue price (NT\$)	Authorized capital		Paid-up share capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash
December, 1996	10	12,000	120,000	12,000	120,000	Cash capital increase 60,000	None
December, 1997	28 10	19,900	199,000	19,900	199,000	Cash capital increase 64,600 Capitalization of retained earnings 14,400	None
May, 1998 (Note 1)	28 10	60,000	600,000	45,074	450,740	Cash capital increase 200,000 Capitalization of retained earnings 51,740	None
December, 1998 (Note 2)	40	60,000	600,000	55,100	551,000	Cash capital increase 100,260	None
July, 1999 (Note 3)	40 10 10 10	100,000	1,000,000	82,864	828,644	Cash capital increase 160,000 Capitalization of retained earnings 60,610 Capitalization of employee bonus 1,934 Capitalization of capital surplus 55,100	None
August, 2000 (Note 4)	145 10 10 10	280,000	2,800,000	162,785	1,627,846	Cash capital increase 450,000 Capitalization of retained earnings 174,016 Capitalization of employee bonus 9,457 Capitalization of capital surplus 165,729	None
October, 2001 (Note 5)	10	480,000	4,800,000	253,345	2,533,452	Capitalization of retained earnings 716,252 Capitalization of employee bonus 91,683 Capitalization of capital surplus 97,671	None
October, 2002 (Note 6)	16.2/16.6	480,000	4,800,000	364,139	3,641,394	ECB converted to share capital 1,107,942	None
January, 2003 (Note 7)	16.2/16.6	700,000	7,000,000	468,461	4,684,614	ECB converted to share capital 1,043,221	None
April, 2003 (Note 8)	16.2/16.6	700,000	7,000,000	468,667	4,686,668	ECB converted to share capital 2,054	None
October, 2003 (Note 9)	15.2/11.35	1,000,000	10,000,000	599,130	5,991,307	ECB converted to share capital 1,304,639	None
January, 2004 (Note 10)	11.35	1,000,000	10,000,000	645,687	6,456,877	ECB converted to share capital 465,570	None
April, 2004 (Note 11)	11.35	1,000,000	10,000,000	650,730	6,507,303	ECB converted to share capital 50,426	None
June, 2006 (Note 12)	10	1,000,000	10,000,000	270,730	2,707,303	Capital decrease to offset deficits -3,800,000	None
November, 2007 (Note 13)	10	1,000,000	10,000,000	221,030	2,210,303	Capital decrease to offset deficits -497,000	None
November, 2009 (Note 14)	10	1,000,000	10,000,000	150,617	1,506,177	Capital decrease to offset deficits -704,126	None
October, 2010 (Note 15)	10 4.55	1,000,000	10,000,000	63,000	630,000	Capital decrease to offset deficits -87,617	None
				64,000	640,000	New shares from the private placement 1,000	None
November, 2010 (Note 16)	4	1,000,000	10,000,000	93,000	930,000	New shares from the private placement 29,000	None
June, 2011 (Note 17)	5	1,000,000	10,000,000	120,000	1,200,000	New shares from the private placement 27,000	None
August, 2012 (Note 18)	10 5	1,000,000	10,000,000	62,000	620,000	Capital decrease to offset deficits -58,000	None
				63,000	630,000	New shares from the private placement 1,000	None
April, 2015 (Note 19)	13	1,000,000	10,000,000	64,550	645,500	New shares from the private placement 1,550	None
November, 2015 (Note 20)	7	1,000,000	10,000,000	67,550	675,500	New shares from the private placement 30,000	None
	7	1,000,000	10,000,000	70,408	704,080	New shares from the private placement 28,580	None

Year/Month	Issue price (NT\$)	Authorized capital		Paid-up share capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash
September, 2016 (Note 21)	7.5	1,000,000	10,000,000	74,408	744,080	New shares from the private placement 40,000	None
March, 2017 (Note 22)	7.5	1,000,000	10,000,000	76,008	760,080	New shares from the private placement 16,000	None
June, 2017 (Note 23)	7	1,000,000	10,000,000	77,008	770,080	New shares from the private placement 10,000	None
February, 2018 (Note 24)	7	1,000,000	10,000,000	78,008	780,080	New shares from the private placement 10,000	None
June, 2018 (Note 25)	8	1,000,000	10,000,000	79,008	790,080	New shares from the private placement 10,000	None
December, 2018 (Note 26)	5	3,000,000	30,000,000	82,008	820,080	New shares from the private placement 30,000	None

Note 1: The capital increase was approved with the Letter (87) Tai-Cai-Zheng (1) No. 30482 by the Securities and Futures Management Commission, MOF, dated April 24, 1998.

Note 2: The capital increase was approved with the Letter (87) Tai-Cai-Zheng (1) No. 81083 by the Securities and Futures Management Commission, MOF, dated September 23, 1998.

Note 3: The capital increase was approved with the Letter (88) Tai-Cai-Zheng (1) No. 52948 by the Securities and Futures Management Commission, MOF, dated June 7, 1999.

Note 4: The capital increase was approved with the Letter (89) Tai-Cai-Zheng (1) No. 37545 and No.45756 by the Securities and Futures Management Commission, MOF, dated May 15, 2000.

Note 5: The capital increase was approved with the Letter (90) Tai-Cai-Zheng (1) No. 149146 by the Securities and Futures Management Commission, MOF, dated July 31, 2001.

Note 6: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09101427490 by MOEA, dated October 23, 2002.

Note 7: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09201027950 by MOEA, dated January 27, 2003.

Note 8: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09201114160 by MOEA, dated April 16, 2003.

Note 9: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09201301270 by MOEA, dated October 27, 2003.

Note 10: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09301008620 by MOEA, dated January 20, 2004.

Note 11: The capital increase was approved with the Letter Jing-Shou-Shang-Zhi- No. 09301066400 by MOEA, dated April 19, 2004.

Note 12: The capital decrease was approved with the Letter Jing-Shou-Shang-Zhi- No.09501151550 by MOEA, dated July 19, 2006.

Note 13: The capital decrease was approved with the Letter Jing-Shou-Shang-Zhi- No.09601296220 by MOEA, dated December 3, 2007.

Note 14: The capital decrease was approved with the Letter Jing-Shou-Shang-Zhi- No.09801225760 by MOEA, dated September 30, 2009.

Note 15: The capital decrease and the first new share issuance via the private placement for 2010 were approved with the Letter Jing-Shou-Shang-Zhi- No.09901220300 by MOEA, dated October 1, 2010.

Note 16: The second new share issuance via the private placement for 2010 were approved with the Letter Jing-Shou-Shang-Zhi- No.09901266500 by MOEA, dated November 29, 2010.

Note 17: The third new share issuance via the private placement for 2010 were approved with the Letter Jing-Shou-Shang-Zhi- No.10001150620 by MOEA, dated July 19, 2011.

Note 18: The capital decrease and the first new share issuance via the private placement for 2012 were approved with the Letter Jing-Shou-Shang-Zhi- No.10101170670 by MOEA, dated August 21, 2012.

Note 19: The first new share issuance via the private placement for 2014 was approved with the Letter Jing-Shou-Shang-Zhi- No.10401065810 by MOEA, dated April 29, 2015.

Note 20: The first new share issuance via the private placement for 2015 was approved with the Letter Jing-Shou-Shang-Zhi- No.10401256840 by MOEA, dated December 7, 2015.

The second new share issuance via the private placement for 2016 was approved with the Letter Jing-Shou-Shang-Zhi- No.10501000170 by MOEA, dated January 7, 2016.

Note 21: The first new share issuance via the private placement for 2016 was approved with the Letter Jing-Shou-Shang-Zhi- No.10501226940 by MOEA, dated September 20, 2016.

Note 22: The second new share issuance via the private placement for 2016 was approved with the Letter Jing-Shou-Shang-Zhi- No.10601045680 by MOEA, dated April 13, 2017.

Note 23: The third new share issuance via the private placement for 2016 was approved with the Letter Jing-Shou-Shang-Zhi- No.10601080810 by MOEA, dated June 28, 2017.

Note 24: The first new share issuance via the private placement for 2017 was approved with the Letter Jing-Shou-Shang-Zhi- No.10701021230 by MOEA, dated February 23, 2018.

Note 25: The first new share issuance via the private placement for 2018 was approved with the Letter Jing-Shou-Shang-Zhi- No.10701094950 by MOEA, dated July 30, 2018.

Note 26: The second new share issuance via the private placement for 2019 was approved with the Letter Jing-Shou-Shang-Zhi- No.10801000960 by MOEA, dated January 17, 2019.

(II) Types of issued shares

Unit: shares

Share Type	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Common stock	82,008,000	917,992,000	1,000,000,000	

(III) Information on shelf registration: None.

II. Shareholder structure

April 26, 2024

Shareholder structure Number	Government agencies	Financial institution (securities trust funds)	Domestic corporate entity	Individual	Foreign institutions and natural persons	Total
Number of Shareholders	0	2	15	15,655	13	15,685
Shareholding (shares)	0	1,230	154,561,250	619,845,650	45,671,870	82,008,000
Shareholding Ratio (%)	0	0	18.85	75.58	5.57	100.00

III. Shareholding Distribution Status**(I) Common share**

Face value of NT\$10 per share

April 26, 2024

Class of Shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage
1-999	11,599	1,930,170	2.35%
1,000-5,000	3,118	6,522,601	7.95%
5,001-10,000	515	4,097,500	5.00%
10,001-15,000	154	1,943,544	2.37%
15,001-20,000	89	1,694,537	2.07%
20,001-30,000	83	2,147,864	2.62%
30,001-40,000	36	1,295,597	1.58%
40,001-50,000	26	1,211,415	1.48%
50,001-100,000	35	2,652,698	3.23%
100,001-200,000	13	1,770,045	2.16%
200,001-400,000	5	1,376,565	1.68%
400,001-600,000	0	0	0%
600,001-800,000	1	632,000	0.77%
800,001-1,000,000	2	1,702,766	2.08%
1,000,001 or more	9	53,030,698	64.66%
Total	15,685	82,008,000	100

(II) Preference share: None

IV. List of major shareholders

Unit: Shares

Shareholder's Name	Shareholding	Shares	Percentage
Guang Shen Investment Limited		15,410,166	18.79
Li, Kuo-Lung		14,633,687	17.84
Chen, Pi-Hua		6,070,979	7.40
Lo, Kuang-Wei		5,890,000	7.18
Investment accounts for an agent company of SinoPac under the custody of Bank SinoPac		4,111,000	5.01
Lo, Renzo-Cheng		2,606,000	3.18
Lin, Meng-Han		1,793,000	2.19
Lo, Hsiang-Chi		1,339,150	1.65
Li, Hsin-Lung		1,176,716	1.43
Lo, Pei-Chi		864,766	1.05

V. Market Price, Net Worth, Earnings, and Dividends per Share

Market price, net worth, earnings, and dividends per share

Unit: NT\$

Item		Year	2022	2023	As of March 31, 2024
Market price per share	Highest		24.2	18.30	16.55
	Lowest		11.05	11.20	13.05
	Average		15.26	13.68	14.76
Net value per share	Before distribution		9.67	10.09	10.33
	After distribution		9.67	10.09	10.33
Earnings per share	Weighted average number of shares		82,008	82,008	82,008
	Earnings per share		(4.70)	0.45	0.25
Dividend per share	Cash dividends		-	-	-
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividends from capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on investment	Price/earnings ratio		-	30.4	-
	Price/dividend ratio		-	-	-
	Cash dividend yield		-	-	-

Note 1: The figures after distribution are filled in the table as per the resolutions adopted by the shareholders' meeting in the following year. The earning distribution for 2021 has not yet resolved by the shareholders' meeting for approval.

Note 2: The formulas for the calculation of this table are specified below:

- (1) Price/earnings ratio = average closing price per share for the year/earnings per share.
- (2) Price/dividend ratio = average closing price per share for the year/cash dividends per share.
- (3) Cash dividend yield = cash dividend per share/average closing price per share for the year.

VI. Dividend policy and implementation:

1. The dividend policy stipulated in the Articles of Incorporation:

If the Company records a profit in a year, the Company shall set aside no less than 1% of the profit for the remuneration of employees, which shall be distributed in shares or cash by resolution of the Board of Directors and shall be distributed to employees of the Parent or subsidiaries of the Company who meet certain criteria; The Company may, by resolution of the board meeting, set aside no more than 3% of the said profit for the remuneration of directors. Employees' and directors' remuneration distribution proposals shall be submitted to the shareholders' meeting for reporting. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses and then to set aside employees' and directors' remuneration according to the aforementioned percentages.

If the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (however, provided the legal reserve has reached the amount of the Company's paid-up capital, this may not apply), setting aside or reversing a special reserve in accordance with the laws and regulations; in case of any remaining balance, along with the accumulated undistributed earnings, may be proposed for earnings distribution by the Board of Directors to the shareholders' meetings to distribute the shareholders' dividends. The Company's dividend policy is based on its current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Each year, no less than 5% of the distributable earnings may be contributed for distributing shareholders' dividends; provided, when the distributable earnings are less than the paid-up share capital, the distribution may be exempted. Dividends may be distributed to shareholders in cash or in shares, with cash dividends being no less than 10% of the total dividends.

2. Execution: The Company, as resolved by the Board of Directors on March 08, 2024, will not distribute dividends due to the remaining deficit that needs to be compensated.

3. If a material change in dividend policy is expected, provide an explanation: the dividend policy complies with the related provisions in the Articles of Incorporation, and no material change now.

VII. Impact of stock dividend distribution on business performance and EPS: not applicable (no stock dividend is proposed in this shareholders' meeting)

VIII. Employees' and Directors' Remuneration :

1. The percentage of the profit for or scope of remunerations to the employees and directors as stated in the Company's Articles of Incorporation:

If the Company records a profit in a year, the Company shall set aside no less than 1% of the profit for the remuneration of employees, which shall be distributed in shares or cash by resolution of the Board of Directors and shall be distributed to employees of the Parent or subsidiaries of the Company who meet certain criteria; The Company may, by resolution of the board meeting, set aside no more than 3% of the said profit for the remuneration of directors. Employees' and directors' remuneration distribution proposals shall be submitted to the shareholders' meeting for reporting. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses and then to set aside employees' and directors' remuneration according to the aforementioned percentages.

2. Basis for estimation of the remuneration of employees and directors in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

After the end of a year, where any material change in the distribution amount is resolved by the Board, the expense of the original provision year is adjusted to reflect the change; as of the resolution date of the shareholders' meeting, if the amount is changed again, it is treated as the accounting estimate change, and adjusted and accounted in the year when the shareholders' meeting resolves.

3. Proposal of distributing remunerations to the employees and directors approved by the Board:

The company has no surplus for distribution in 2023, so the remuneration of employees and directors has not been estimated, so it is not applicable.

4. Where there is a difference between the remunerations to the employees and directors paid out and the estimated amounts for the prior year (including the number of shares distributed, amount, and stock price), the amount of the difference, reason and accounting treatment shall also be specified:

The company has no surplus available for distribution in 2022, and the 2023 regular meeting of shareholders has resolved not to allocate employee bonuses and remuneration to directors and supervisors, so it is not applicable.

IX. Buyback of Treasury Stock: None.

X. Corporate Bonds: None.

XI. Preference shares: None.

XII. Global depository receipts: None.

XIII. Employee Stock Options: None.

XIV. New Restricted Employee Shares: None.

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

XVI. Financing Plans and Implementation:

- (I) The uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.
- (II) Status of implementation and benefits: Not applicable.

Five. Operational Highlights

I. Business Activities

(I) Business scope

1. The Company's major lines of business

1. F401010 International Trade
2. F113050 Wholesale of Computers and Clerical Machinery Equipment
3. F213030 Retail Sale of Computers and Clerical Machinery Equipment
4. CC01040 Lighting Equipment Manufacturing
5. F113020 Wholesale of Electrical Appliances
6. F213010 Retail Sale of Electrical Appliances
7. F101050 Wholesale of Fishery Products
8. F201030 Retail Sale of Fishery Products
9. G801010 Warehousing
10. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
11. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
12. IG03010 Energy Technical Services
13. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Relative weight of each line

The weight of each product line in 2023 is as below:

Unit: NT\$ Thousand

Product Item	Net operating amount	Ratio
Photoelectric illumination application products	168,582	87%
Electronic application and multimedia information products	22,690	12%
Others	1,273	1%
Total	192,545	100%

3. The products (services) provided by the Company:

Product Item	Explanation
Photoelectric illumination application products	Various LED lights and various fluorescent lamps, which may be widely used in commercial fields such as indoor and outdoor lighting of buildings, and lighting for retail display.
Electronic application and multimedia information products	Market strategy planning and development of various electronic application products, customer service and management, and market development and marketing. Marketing, international trading, and business promotion of various video and audio entertainment, information products, and product including education, cultural promotional, and life peripherals.
Others	Investment in financial products and leases of real estate properties.

4. The new products (services) planned for development

- (1) The focus of R&D and the direction of new products in the future are mainly researching various new light sources, and designing and manufacturing lights adaptive to various light sources for the best effect.

By mastering the competitive advantages of existing products in terms of operation, concentrating resources, and continuously developing and improving the functions of photoelectric illumination application products, the Company provides the products with the best quality and functions. Depending on the scale of the market economy, the principle of flexible processing is adopted for new products, to ensure that each product to generate maximum

- benefits in the shortest period.
- (2) Develop EV 3 IN 1 highly integrated power system.

(II) Overview of the industry

(1) Photoelectric illumination application products:

1. Current status and development of the industry:

LED light sources are deemed as the lighting source of the century, providing advantages such as small size, low power consumption, long life, eco-friendly and mercury-free, rich color gamut, easy control, shock resistance, and moisture resistance, with high energy saving effect. With the improvement of technologies, the brightness reaches a satisfactory level, with a promising market prospect. No manufacturer is spared from the active investment in the R&D of LED lighting. Therefore, by overcoming the obstacles such as luminous efficiency, mechanical components, heat dissipation, and electrical technologies, coupled with the declining costs of LED, the product application fields have rapidly expanded from mobile phone backlights, outdoor indicators, small and medium-sized backlight modules, backlight modules of laptop and LED TV, to the illumination field; the LED manufacturers and traditional lighting manufacturers have entered the LED lighting industry and LED lighting applications field with different professional technologies and different product development strategies.

In terms of the changes in the market size of LED lights and LED lighting products, the keys depend on the sensitivity of users to prices, and the price of LED products. Other than the basic illumination requirements, LED lighting products require lighting quality and effects more rigorously, with many functional designs increasing the product's added value, and lowering the user's sensitivity to price. While the cost of adopting LED lighting as a light source is still higher than other light sources, with the future market trend of continuous and stable growth, the timing of market scale expansion will be earlier than the LED light source products.

LED light source products are mainly used to replace traditional lighting. With the improvement of LED luminous efficiency and the rapid reduction of lighting costs, LED light sources are actively promoted by manufacturers. In the future development, the cost of LED lighting is expected to maintain a continuous declining trend, to get close to traditional lighting; other than the existing industrial or commercial application users, common consumers with high price sensitivity will be willing to use LED light source products to replace the existing traditional lighting, and thus the market scale grows significantly.

In terms of the attributes of the two categories of LED lighting products mentioned above, there are differences in price, illumination quality, product diversity, and product development directions. LED light source products aim to replace traditional light sources, so it is sought to have the price close to the traditional light sources, and the illumination quality is required to be as near as the traditional light sources, with the product development of small quantity and higher diversity, and moderate differences among different products with relatively uniform specifications. The LED lighting products are featured with professional lighting and high additional functions, so the prices are higher due to the added values including good lighting quality, craftsmanship design, and diverse product functions. The product development of small quantity and higher diversity; products are applied for different spaces with high deviation among each other. Therefore, under the differentiated product characteristics of the said products, the terminal application markets will be segregated. It is expected that the focus of future LED light source product market development will be on general lighting applications, while LED lighting products will focus on product development and application in the field of commercial lighting. While LED lighting and LED light source products have different product development and different market applications, both will jointly expand the shares in the market application of LED lights in the broader lighting market in the future.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain:

Upstream	Light source suppliers, electronic control system suppliers, and suppliers of metal, plastic, and glass
Midstream	Lighting designer/manufacturer (industry where the Group belongs to)
Downstream	Professional illumination design companies, lighting design companies, lighting distributors, and international lighting brands

3. Development trends and competition for the company's products

In terms of the future development of the lighting industry, incandescent bulbs will be banned and replaced gradually. Light sources with high efficiency such as fluorescent lamps, power-saving bulbs, and LEDs, are becoming the mainstream quickly. The share of traditional bulbs has been decreasing from nearly 80% since 2008. It is estimated that the market share of fluorescent lamps and power-saving bulbs would be increasing to 50% with the advantage of low price and helped by the policy banning incandescent lights and the coming of a full ban in 2015. However, LED also started its phase of rapid growth with the improvement of technologies, continuously growing luminous efficiency and declining prices in 2012. This will squeeze the share of power-saving bulbs. Featured with better color-rendering, compact size, low power consumption, and long life-cycle, LED is quickly adopted by consumers and thus grows to become the mainstream trend of the new lighting application. The average lighting hours of industrial and commercial lights reach up to 18 hours per day, and the recycling period of LED lighting is greatly shortened by three times compared to general lighting. With the longer light time, the energy-saving effect of LED lighting is significant and the cost of LED lights may be recovered quickly. LED has the characteristics of high color rendering, new appearance design, and corporate image improvement, resulting in the increased willingness of enterprises to use them, and thus the timing of LED product adoption will be advanced greatly. In the future, the proportion of LED products will increase

significantly and the penetration rate of LED applications is thus increased swiftly, so the timing of commercial lighting applications for LED is ahead of LED for industrial lighting. Regarding the overall LED lighting market, commercial and industrial lighting have the highest proportions and will become the most important application market for LED lighting products.

With the rapid development of LED lighting, domestic and foreign leading manufacturers existing in the lighting industry have joined the development and application of LED lighting. The Group entered the application of LED lighting in 2009 by adopting LED light sources to develop professional lighting. The features of the LED light sources are leveraged as the optical design basis of lights, and with the deep product development capabilities and product competitiveness, the Company has been deeply recognized by customers and the market.

The LED product supply chain in Taiwan is complete; provided, most of them are LED epitaxy and packaging manufacturers in the up-and midstream. Their competitive advantage is reducing costs and sales prices through mass production. Manufacturers mostly enter the development of LED light source products and seize the market opportunities for LED light sources as the replacement for traditional light sources. Most products are light sources, without peer focusing on the design and development of professional lighting design as the Company. In contrast, the Company has operated in the lighting field and is well recognized by the market for our product development and R&D strength accumulated for a long time. As the penetration of LED lighting application products increases, the competition becomes fierce, the winners are those who own the key technologies and channels.

(2) Electronic application and multimedia information products:

1. Current status and development of the industry:

With the flourishing development of the electronic industry and the continuously growing scale of the global semiconductor industry, the downstream electronic product manufacturers need to continuously develop new products and shorten the lead time before product launch, to catch the opportunities and enter the market as early as possible, in responding to the rapidly changing market. However, to effectively save production costs and respond to the rapidly changing end market, upstream semiconductor integrated device manufacturers (IDMs) and IC designers focus on improving processes and developing new products more and thus are unable to provide complete information and technical support to downstream manufacturers.

At this time, distributors begin to assume the responsibility of providing logistics, technical support and related product information to manufacturers. The upstream suppliers will transfer sales and support services to distributors, who will provide downstream customers with the market information and product application technical support, for helping them to shorten the product launch time.

The Company's electronic application product division is a new department, which needs to establish extensive customer resources. At this point, other than the customers with existing businesses in the network communication industry. We seek to cover more than 90% of the customers from the network communication industry with successful cases. With the expansion of new product lines, the Company will have greater visibility in other fields. Facing challenges from rapid changes in the industry and competition from peers, the key to success for distributors is professional service, quality, and speed. As the semiconductor industry develops faster and faster, the life cycle of electronic components is getting shorter and shorter. Not only expanding the market and serving customers, but distributors also need to play the dual role of sharing inventory costs and reducing the pressure of payment collection. For manufacturers, by transferring distributors with the services of supporting customers to develop new products, they can focus more on the development of new technologies and new products to create more cutting-edge international competitiveness. Therefore, more and more manufacturers develop more market opportunities with close partnerships with distributors and effective work divisions.

2. The relations between the up-, mid-, and downstream industries:

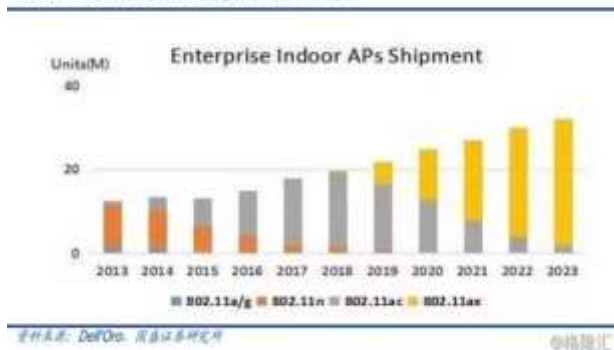
Upstream	Suppliers: semiconductor component manufacturers
Midstream	Channel/Distributor: semiconductor components distribution channels
Downstream	OBM/ODM/OEM: manufacturer of information and electronic communication products

3. Development trends and competition for the company's products

Currently, our main customers are the customers in the network communication industry.

The growth momentum of the network communication industry mainly comes from the next-generation Wifi 6 communication technology.

图表 37：企业室内网络接入设备出货量预测（单位：百万台）



Additionally, since the international manufacturers have shifted their targets to other industries, such as laptops, servers, and other industries with higher profits, they will supply less to the network communication industry, and this is the best timing for us to launch into the network communication industry.

Automotive electronics is a market that we continue to monitor for expansion in the next stage. By utilizing the exchanges and cooperation among the group resources, further breakthroughs are expected in the field of automotive electronics. According to Gartner's report, the scale of automotive semiconductors in 2020 was more than USD 37.4 billion, and the compound growth rate from 2021 to 2024 would exceed 14%. The growth momentum mainly comes from advanced driver assistance systems (ADAS), in-vehicle infotainment (IVI), and electric vehicles (EV). Of which, the annual compound growth rate ADAS during 2021-2024 will reach more than 26%; EV will also be a key driving force for automotive semiconductors in the future, with a penetration rate of 25-30% by 2025, and the compound growth rate is also over 20%. In addition, according to Gartner's report, the number of semiconductors installed in each vehicle will continue to increase at a compound annual growth rate of approximately 5-10%. It is obvious that even without considering the growth of vehicle shipments, there are still huge opportunities in the automotive semiconductor market.

(III) Technology and R&D

1. Research and development expenditures in the recent 2 fiscal years up to the date of publication of the annual report

Year	2023	2022
R&D amount	67,415	39,598

2. R&D outcomes

(1) The Company continues to master the competitive advantages of existing products in terms of operation, concentrates resources, and continuously develops and improves the functions of photoelectric illumination application products to provide the products with the best quality and functions. The specific R&D outcomes are as below:

- A. LED bracket Light (full plastic) series
- B. LED recessed light (tube type) series
- C. LED panel light series
- D. LED ceiling light (moisture-proof type) series
- E. LED ring lamp tube series
- F. LED recessed light (moisture-proof type) series
- G. LED MR-16 bulb (built-in power type) series
- H. LED PAR bulb series
- I. LED high ceiling bulb series
- J. LED exit light series
- K. LED evacuation direction indicating light, single-sided series
- L. LED evacuation direction indicating light, double-sided series

(2) The Company's electronic application and multimedia information product department is mainly a professional distributor of electronic components. This year, it will emphasize the establishment of the laboratory, and it is expected to invest in lab equipment procurement.

(3) Develop EV 3 IN 1 highly integrated power system.

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

(1) Photoelectric illumination application products:

1. Short-term business development plans

- A. Actively establish market segments and create various product niches.
- B. Strengthen the product lines to meet the customers' demand for one-stop purchases.
- C. Grasp the pulse of the market and provide customized products to meet the needs of customers in different regions, while formulating price strategies on the premise of the best profit to create competitive edges.
- D. Establish advantageous experiment, research, and development equipment, and create verifiable product quality standards.

2. Long-term business development plans

Looking to the future, with the deepening economic integration of Taiwan into globalization, the correlation between the international and Taiwan economic growth rates has increased in recent years. The Company has brand advantages and channels in the domestic market. When the global economy grows, Taiwan's economic growth rate will be higher than the world, and the growth of demands in the LED lighting market in Taiwan will accelerate. The Company will actively adjust its product series and marketing strategies. While there are still uncertain factors affecting economic development, the hope is that the external economic environment will improve broadly as expected, and the improvement and growth of the internal investment and consumer market demand are hoped for, for the Company's likely steady growth of performance. The new lighting-related products are launched consecutively and drive the growth of the Company's business. It is obvious that with the continuous expansion of the market of energy-saving lighting products applications, the Company will continue to brew the environmental protection agenda in the future. Additionally, the governments of various countries continue to expand investments in public construction, including street lamps, lighting for the urban landscape, and indoor and outdoor lighting of public buildings promoting the energy-saving industry market, and thus to maintain a competitive advantage, the Company must reduce production costs by expanding its operating scale, to meet customer needs.

- A. Formulate the product and workforce development plans to reserve talents required for corporate expansion and develop towards internationalization.
- B. Partner strategically with international manufacturers of light sources, continue to grasp the latest development trends of light sources, and develop products meeting future market needs.
- C. Establish its own brand in the newly developed market as a segmentation from the existing OEM market.
- D. Based on the core technologies, we insist on the spirit of humanism, care for the environment, and strive to promote green lighting.

The Company will continue and maintain a long-term cooperative relationship with customers, and make further improvements and improvements continuously for product quality control to supply the products with the best quality and price competitiveness. Furthermore, the Company will aim to achieve the quality, quantity, and delivery time required by customers, be customer-first oriented, meet customers' needs and create a win-win situation.

(2) Electronic application and multimedia information products:

1. Short-term business development plans

Marketing strategies

- A. The agency business lines of the products applied to network communication products and automotive electronics are expanded, mainly for products with high unit prices; in terms of power supply, it is the products with high voltage and high current. It is desirable to have products related to vehicle power supply. Currently, the Electronic Application Products Division only has a solid foundation in the sales of communication and network communication components. In the future, the Company will continue to optimize the product mix, introduce new product lines meeting market demand with higher gross margins, strengthen the product and market planning capabilities, and improve the overall market positioning. The Company will actively introduce relevant product agency lines suitable for the Company, and strives for product diversity and integrity, for fully exerting the channel benefits that have been built and providing customers with professional services.
- B. The new customers are actively developed to improve the customer position in the network communication, provide customers with better product solutions, assist to solve the demands of some customers, and form a closer partnership with customers.

Product strategies

- A. Integration of up- and downstream products: Based on the deep partnership with customers, the agency service of new key components is extended toward upstream and downstream, to achieve the purpose of providing complete technical services.
- B. Application development and agency service of power management products: With the increasingly powerful functionalities of mobile devices, the demand for power supply is becoming more and more stringent. How to enhance power management efficiency, reduce power consumption, and increase battery endurance have become the consistent R&D direction of all product manufacturers. In the future, the Company will continue to expand the agent service landscape of power management and lead the design of terminal product applications ahead of the trend.

2. Long-term business development plans

- A. The Company expands the complete and diversified product agent service line, aligning with market trends and customer needs, continuously plan to introduce a new product as an agent, enriches product categories, and provides key components required by the domestic and foreign electronics industries responding to relevant application areas.
- B. The professional channel marketing strategy continues to enhance the development of software and hardware, and the allocation of professional marketing personnel, to achieve real-time information exchange with upstream suppliers and downstream customers, for expanding marketing channels and the added value of agency distribution products with solid professional technology.
- C. The long-term collaborations and development of customer relationships, and the supplier relationship with the agent distributors are built, to play a key role of supplier consultant and customer service, providing suppliers and customers with the most complete information and after-sales service.

II. Market and Sales Overview

(I) Market analysis

1. Major product sales regions

The Company's photoelectric illumination application, electronic applications and multimedia information products are currently mainly sold in the domestic market. In the future, other than continuing to consolidate orders from the domestic sales market in Taiwan where the Company is located, the Company will continue to focus on developing overseas market orders.

2. Market share

Since there are thousands of lighting manufacturers around the world, selling different products in different regions, the large-sized multinational companies are market leaders, in particular, enjoying the benefits of economies of scale in terms of R&D, manufacturing, and distribution; however, due to the diversification lighting featured for the industry, smaller manufacturers can also gain a portion of the market through product differentiation. According to the statistics of the professional institution, IHS (Feb. 2019), the market share of the top three manufacturers in the lighting market would still be short of 10% in 2021, and the global lighting market can be described as a competition with no one dominant. Due to the wide range of products being sold and the characteristics of the industry, it is not proper to measure the Company's position in the industry with the market share.

The quality and characteristics of photoelectric illumination application products have been stable, but LED lighting products have begun to arise in recent years, and it is still in the phase of active channel expansion and striving exposures in local exhibitions. Currently, direct sales strategies are adopted to open product sales, while cooperating with regional distribution, OEM projects and engineering projects; once certifications from various countries are obtained, we will actively expand overseas markets.

3. Supply and demand and growth potential of the market in the future

Since 2010, the global lighting industry has maintained a steady year-on-year growth trend. In 2020, under the impact of the global pandemic, economic growth was hit, and the demand for lighting decreased. Therefore, it is estimated that the global lighting market declines by about 8.4% in 2020, and the market scale reaches USD 129 billion. For the med- and long-term, the pandemic is expected to be moderated, and it is expected that the lighting market demand will resume normal growth. LED lighting products are featured with small quantities and diversity, with relatively high gross margins. In the future, upon the continuous decline of the LED component prices, the market penetration will gradually increase, and the market size will also gradually grow; it is estimated that the penetration will increase from 57.5% to 79% from 2021 to 2025. With the steady growth of the global lighting market, the proportion of applied light sources in each application market size will change differently depending on the development of lighting technology and the trend of the lighting industry.

4. Competitive niche

Photoelectric illumination application products:

The warning signs generated by climate change, the greenhouse effect, and energy deficiency, demonstrate the core issues for the future development of human beings. New energy development, effective energy-saving and carbon reduction are the common goals of mankind. In response to the trend of energy saving, the Company has actively transformed, and invested in R&D and innovation for the core and key technologies of the green energy-saving lighting industry. With the efforts of the technical R&D team and the close coordination of the existing organization team, the development and mass production of various energy-saving lighting products have been completed.

Electronic application and multimedia information products:

- A. The complete and diverse agent service line: The Company's electronic application product division has established stable partnerships with the official agent services, and obtained the benchmark customers from the network communication industry. It is obvious that the marketing business strength of this division has been recognized by the manufacturer and the benchmark customers. In addition, the electronic application product division actively and correctly strives for new products for the agent service, making the product portfolio of the agent service complete and diversified, very positive and helpful to solidify the protection of existing product lines and the development of new product lines.
- B. Building a motivated and competent team: With the continuous growth of the Company, outstanding talents are being recruited continuously.
- C. Professional capability for technical support: we truly believe that other than possessing complete and diverse products, we have the professional capability of technical support to conduct full-fledged services, such as product R&D, design, and product integration solutions to customers all the time. Obtaining the trust of customers is the only way to maintain the relationship with customers.

5. The favorable and unfavorable factors for future development and countermeasures

Photoelectric illumination application products:

(1) Favorable factors:

The rich professional capabilities for lighting design and R&D: the Company has been operating in the professional lighting industry for nearly a decade, and the capabilities of product development and design are cultivated and developed through multi-year industrial experience. The main members of the R&D team are seasoned in the lighting industry, as well as lighting design and development. They are capable to integrate key technologies for light source design, mechanical structure, heat dissipation technology, and artistic appearance. The Company actively recruits talents in lighting design and related technologies, to cultivate and accumulate a solid technical foundation for the Company.

- A. Master professional skills.
 - B. Mature positioning of energy-saving smart lighting.
 - C. Products meeting market demands, with the expected growth.
 - D. The claims for energy saving and carbon reduction
 - E. Claims for a healthy light environment and convenient interface.
- (2) Unfavorable factors:
With the trend of rapid development of LED, more and more lighting manufacturers invest in the development of LED lighting products. By experiencing a period of the learning curve, the lighting design and product quality of lighting products are bound to be improved; consequently, the Company's technology edges of leading the investment in LED lighting products will gradually decrease, and the competition among manufacturers will be intensified. .
- (3) Countermeasures:
By partnering with renowned international LED light source manufacturers, the Company understands the latest LED light source development trends in advance, and conducts product development and design of LED light accordingly. By verifying the products with the complete lab equipment of the Company, the light quality required by customers for lights is achieved. The constant improvement in the development of LED lighting products enhances the Company's competitive advantage over other manufacturers. In terms of relationships with sales customers, the Company maintains quality customer service, and provides product customization services depending on customers' needs, to maintain good business relationships and expand the gap ahead of other competitors.

Electronic application and multimedia information products:

- (1) Favorable factors
- A. The electronic industry drives the continuous increase in the demand for semiconductors: The market demands for semiconductors are generated from the continuous development of new digitized products, coupled with the continuous evolution and launch of existing electronic products, resulting in increasing demands for semiconductors.
 - B. Expansion of products for the agent service: customers need to be deepened and broadened. Furthermore, the customers we currently transact with are all the benchmark customers in the industry. We will expand the product lines depending on the customers' needs.
- (2) Unfavorable factors and countermeasures
- A. Intensive product competition and lower gross margin
Countermeasures: adding the agent services for the parts and components of special applications, due to their non-substitution and higher margin, so that the risks under the price competition are lowered, while underscoring the market advantages of our own.
 - B. Suppliers' strategy adjustment and short product life cycle
Countermeasures: Enhancing product and market development, setting the future directions and opportunities targeting the new trends in products and markets, while introducing new products for the agent service and developing new markets and customers to timely grasp business opportunities.

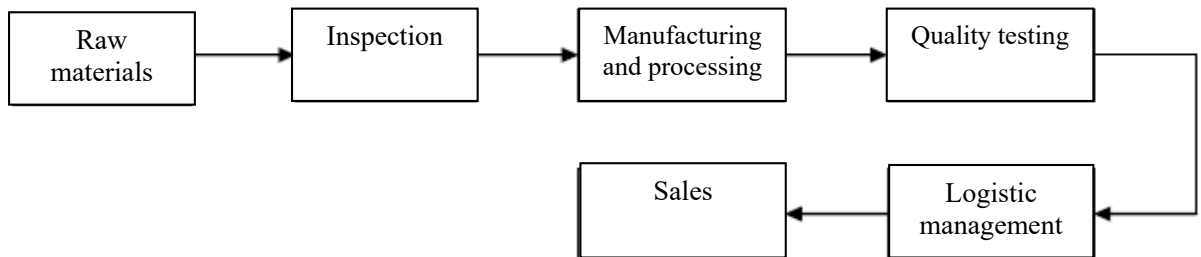
(II) Important functions and production processes of main products

1. Key usages of the products

The photoelectric illumination application products: Various LED lights and various fluorescent lamps, which may be widely used in commercial fields such as indoor and outdoor lighting of buildings, and lighting for retail display. Electronic application and multimedia individual products: analog IC notebook computers, personal computers and peripherals, mobile phones, network infrastructure, industrial control, servers, consumer electronics/toys, and home appliances.

2. Production/manufacturing processes of products

Photoelectric illumination application products:



The electronic application and multimedia information products department is mainly a professional distributor of electronic components, and currently cooperates well with suppliers.

(III) Supply of main raw materials

The photoelectric illumination application products of the Company have strict quality requirements on the goods provided by the suppliers (including suppliers of light sources, electronic control systems, plastic, metal, and glass). Once the quality is recognized by the Company, highly cooperative for the delivery time, and with the low-cost advantage, a good and long-term cooperative relationship will be built.

(IV) Suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the recent 2 fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ Thousand

Year	2022				2023				Q1 2024			
Item	Company Name	Amount	As a percentage of the annual net purchase (%)	Relations with issuer	Company Name	Amount	As a percentage of the annual net purchase (%)	Relations with issuer	Company Name	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relations with issuer
1	T Company	20,804	13.49	—	L Company	21,032	15.54	—	K Company	4,091	13.83	—
	Others	133,355	86.51		Others	114,313	84.46	—	Others	25,499	86.17	—
	Net purchase	154,159	100		Net purchase	135,345	100		Net purchase	29,590	100	

Note 1: List all suppliers accounting for 10% or more of the Company's total procurement amount in the past 2 fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

2. Major Clients in the Last Two Calendar Years

Unit: NT\$ Thousand

Year	2022				2023				Q1 2024			
Item	Company Name	Amount	As a percentage of the annual net sale (%)	Relations with issuer	Company Name	Amount	As a percentage of the annual net sale (%)	Relations with issuer	Company Name	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relations with issuer
1	W Company	11,481	4.76	—	W Company	11,345	5.89	—	W Company	3,254	6.81	—
	Others	(252,906)	(104.76)	—	Others	181,200	94.11	—	Others	44,563	93.19	
	Net sale	(241,425)	100		Net sale	192,545	100		Net sale	47,817	100	

Note 1: List all customers accounting for 10% or more of the Company's total sales amount in the recent 2 fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

(V) Production in the Last Two Years
Unit: NT\$ Thousand; thousand pieces

Production volume and value Major products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Photoelectric illumination application products	1,200	60	18,508	1,200	60	32,363
Electronic application and multimedia information products	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	1,200	60	18,508	1,200	60	32,363

(VI) Shipments and Sales in the Last Two Years

Unit: NT\$; thousand pieces

Major products	Year Sales volume and value	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Photoelectric illumination application products		1,287	187,635	5	58	1,188	169,049	0	0
Electronic application and multimedia information products		3,268	10,241	5,397	11,521	1,477	15,321	5,715	6,852
Others		0	(450,880)	0	0	0	1,323	0	0
Total		4,555	(253,004)	5,402	11,579	2,665	185,693	5,715	6,852

III. Human Resources

May 20, 2024

Year		2022	2023	Current year up to May 20, 2024 (Note)
Number of employees	Direct employees	6	5	5
	Indirect employees	99	103	93
	Total	105	108	98
Average age		43.79	44.31	43.42
Average years of service		4.72	5.16	5.11
Distribution of education attainment	Doctoral degree	0	2	0
	Master	15	19	14
	College/University	72	70	68
	Senior high school	16	14	13
	Below senior high school	2	3	3

Note: Fill in the information for the current fiscal year up to the date of publication of the annual report.

IV. Environmental Protection Expenditure:

Disbursements for any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and countermeasures:

The Company has not suffered any losses or penalty due to environmental pollution.

V. Labor Relations:

- (I) The Company's various employee benefit measures, continuing education, training, pension system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures.

(1) Employee benefit measures

The Company regularly holds employer-employee meetings to promote the Company's policies and operation status, establishes a communication mechanism for employees to understand employees' needs. In addition, the Employee Welfare Committee is responsible for planning and implementing various annual benefit programs and measures, aiming for the best benefits for the employees. The various current welfare systems of the Company are listed below:

Working benefits	Family caring	Employee benefits	Recreation and development
• Labor insurance and National Health Insurance • Contributions of labor pensions • Group insurance • Periodical health checks • Subsidy for occupational injury, emergency, and aiding • Gift or gift money for the three festivals • Birthday gift money • Gift to senior employees • Parking spaces for employees • Year-end party or spring dinner party • The employee remuneration and share subscription system (depending on the Company's operation conditions and performance appraisals)	• Wedding gift money • Subsidies for funerals • Childbirth gift money • Consolation money for hospitalization • Family members may join the group insurance at a discounted price, providing employees with more complete protection.	• Employee shopping discounts • Special store bargains	• Subsidies for recreational trips • Subsidies for departmental gathering • External functional training on the Company's expenses and the official leaves

(2) Continuing education and training of employees:

The employees may apply for courses of external education and training if required for work. Regarding the in-service training of employees, each department may arrange the proper internal training depending on the actual needs to provide the cultivation of complete professional skills and self-development as a secondary function to employees.

The performance of related education and training in 2023 are as follows:

Item	Classes	Total attendees	Total hours	Total expense (NT\$)
New recruits	7	7	26.5	NT\$ 97 thousand
Internal functional training	15	149	313	
External training	2	25	255	
Total	47	181	594.5	

(3) Retirement system:

- (1) Pursuant to the Labor Standard Act and the Labor Pension Act, employee retirement measures are established to ensure employees' rights and interests related to retirement.
- (2) By complying with the Labor Pension Act, 6% of the pension fund is contributed to each employee's individual labor pension account of the Labor Insurance Bureau.

Pension system	Old system	New system
Contributed approach	The old system is not applicable to any employee in the Group.	By complying with the Labor Pension Act, 6% of the pension fund is contributed to each employee's individual labor pension account of the Labor Insurance Bureau.
Contributed amount	Not applicable	The amount contributed in 2023 was NT\$ 4,430 thousand.

(4) Labor-management agreement

The Group is committed to strengthening harmony between the employer and employees and encouraging two-way communication to solve problems. All labor conditions are implemented pursuant to the Labor Standard Act. So far, the employer and employee relationship have been harmonious and there is no need for coordination due to labor disputes.

(5) Any protective measure for the employees' interests

All regulations of the Group comply with the various labor laws and regulations prescribed by the government. The comprehensive systems are established to specify various management regulations and to clearly define the rights, obligations, and benefits of employees. The content of the system is regularly reviewed and amended to protect the rights of all employees.

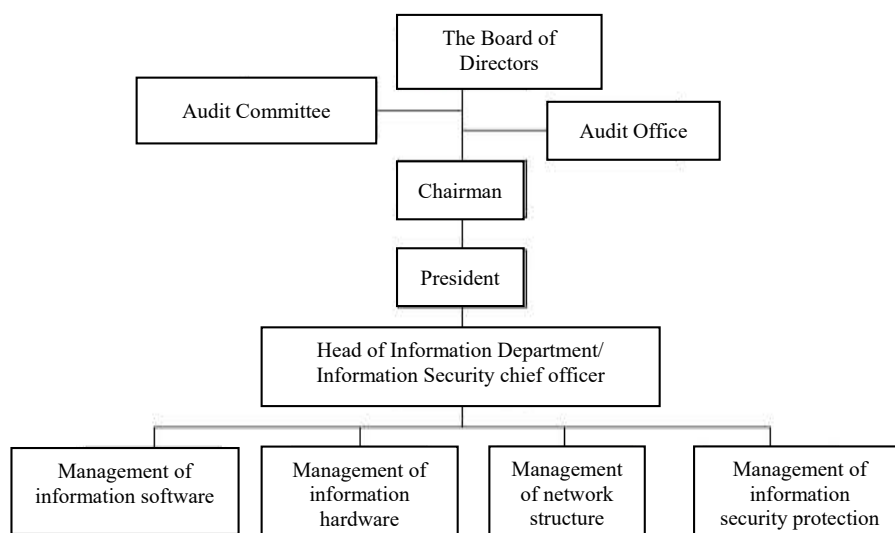
- (II) List any losses suffered by the company in the recent 2 fiscal years and up to the annual report publication date due to labor disputes, and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In the recent 2 fiscal years and up to the annual report publication date, the Company has had harmonious labor relations and suffered no loss due to any labor dispute.

VI. Information Security Management:

1. Structure of information security risk management

- (1) The company has established an information department dedicated to information and communication security management. This department is responsible for information security planning and implementation, with the goal of building the group's information security defense capabilities and enhancing employees' information and communication security knowledge.
- (2) In 2023, to strengthen the company's information security management mechanism, the company has appointed an information security chief officer and information security personnel to be responsible for related matters.



2. Information and Communication Security Management Principles:

With the goal of ensuring that all information operations comply with domestic and international laws, no incidents of customer privacy violations or data loss have been reported to date, based on feedback from external partners and customers.

3. Cyber security policy:

- The main approach is to decrease the probability of being attacked and elevate the barrier to invasion.
- Basic data backups with managerial measures are adopted to reduce the chances of data leakages.
- The internal audit mechanism is established for each operating process.

4. Specific management programs:

- Reduce unnecessary targets subject to attacks: Minimize services placed on the internet, such as FTP or websites. The corporate website is hosted by professional service providers to avoid becoming the target attracting corporate network attacks.
- Establish defense mechanisms from external firewalls to internal anti-virus software, and encrypted lines, among other things, to escalate the difficulty of invasion.
 - a. Use the site-to-site IPSec VPN between hardware as the network connection method in offices at different locations to improve the security of data exchange between different locations.
 - b. Install firewalls at each business venue to segregate the internal and external networks.
 - c. Establish an internal network anti-virus management console to monitor the update and deployment of the anti-virus software in the network domain, monitor the status of the infected computer, and take necessary actions immediately to prevent the expansion of the disaster.
 - d. Establish the Mail SPAM mechanism in the mail servers, and adjust depending on the actual situation. Establish DNS SPF rules to reduce the probability of email fraud.
 - e. Establish the WSUS mechanism to keep the operating systems in the local network well-updated.
- Establish a complete backup mechanism, and establish a backup and restore mechanism for file server, database, and key services, respectively, as well as the remote backup.
- Manage users' internet usage by means of permissions, including E-mail, instant messaging, and general internet browsing. The permissions are only granted upon the approval of the application; meanwhile, the user's internet behavior is monitored and recorded.
- Conduct relevant education and training for Internet users, if any personal information is involved, a Personal Data Protection Act declaration will be made, and it will be released only after a user confirms there is no mistake.
- The personnel access control of data centers, server maintenance records, application for network accounts and permissions for each system, and cancellation mechanism of resignation are included, other than the annual internal audit inspecting the information security items, to confirm the information security control of the equipment and if the system recovery test is performed correctly, to ensure that the various mechanisms are effectively implemented.

5. Resources invested in the cyber security management:

- (1) From 2021 to 2023, one NAS was installed in the Xindian data center, and two NASs were installed in the main data centers in Taoyuan successively for the automation of the backup mechanism and offline backup, to improve the backup mechanism and increase the difficulty of invasion.
- (2) Plan and implement internal firewalls to isolate the server cluster from other office computers, reducing the risk of server cluster exposure and updating their firmware to new versions to address vulnerabilities.
- (3) In 2023, 1 employee participated in information security-related education and training courses for a total of 12 hours.

6. Information and Communication Operations Standards:

Establish internal audit mechanisms for various operational processes, including access control for data center personnel, server maintenance records, network account and system access rights application and cancellation mechanisms, etc. Conduct annual internal audits of information and communication security items to verify the effectiveness of equipment security controls and system recovery tests, and report the audit results to the Board of Directors (November 10, 2024)

7. Any losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: None.

VII. Important contracts: None.

Six. Financial Information

I. Five-Year Financial Summary

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed balance sheet (parent-only) - Based on IFRS

Unit: NT\$ Thousand

Year Item		Financial data in the most recent five years (Note 1)					Financial data for the year up to March 31, 2024
		End of 2019	End of 2020	End of 2021	End of 2022	End of 2023	
Current assets		23,306	330,159	325,171	143,543	139,123	Not applicable
Property, plant and equipment		-	-	207	539	2,489	Not applicable
Intangible assets		-	-	648	710	927	Not applicable
Other assets		1,134,214	862,009	929,396	677,839	708,694	Not applicable
Total assets		1,157,520	1,192,168	1,255,422	822,631	851,233	Not applicable
Current liabilities	Before distribution	115,889	37,534	83,070	20,176	14,724	Not applicable
	After distribution	115,889	70,337	91,271	20,176	14,724	Not applicable
Non-current liabilities		17,156	8,448	8,235	9,836	68,833	Not applicable
Total liabilities	Before distribution	133,045	45,982	91,305	30,012	23,557	Not applicable
	After distribution	133,045	78,785	99,506	30,012	23,557	Not applicable
Equity attributable to owners of the parent		1,024,475	1,146,186	1,164,117	792,619	827,676	Not applicable
Share capital		820,080	820,080	820,080	820,080	820,080	Not applicable
Capital reserve		61,996	61,996	61,996	78,025	82,271	Not applicable
Retained earnings	Before distribution	142,399	265,443	284,419	(113,962)	(76,713)	Not applicable
	After distribution	142,399	232,640	276,218	(113,962)	(76,713)	Not applicable
Other equity		-	(1,333)	(2,378)	8,476	2,038	Not applicable
Treasury shares		-	-	-	-	-	Not applicable
Non-controlling interests		-	-	-	-	-	Not applicable
Total equity	Before distribution	1,024,475	1,146,186	1,164,117	792,619	827,676	Not applicable
	After distribution	1,024,475	1,113,383	1,155,916	792,619	827,676	Not applicable

Note 1: The financial data of each year above have been audited by the CPAs.

2. Condensed balance sheet (consolidated financial statement) - Based on IFRS

Unit: NT\$ Thousand

Year Item		Financial data in the most recent five years (Note 1)					Financial data for the year up to March 31, 2024
		End of 2019	End of 2020	End of 2021	End of 2022	End of 2023	
Current assets		1,938,505	2,089,691	2,308,748	1,255,784	1,248,141	1,258,514
Property, plant and equipment		3,169	4,594	19,673	27,065	61,146	62,267
Intangible assets		-	3,821	7,327	7,567	9,905	9,161
Other assets		69,399	74,138	78,912	87,116	130,363	128,531
Total assets		2,011,040	2,172,244	2,414,660	1,377,532	1,449,555	1,458,473
Current liabilities	Before distribution	199,638	154,827	307,499	131,000	145,649	134,826
	After distribution	199,638	187,630	315,700	131,000	145,649	134,826
Non-current liabilities		24,007	20,277	20,291	21,506	40,290	38,054
Total liabilities	Before distribution	223,645	175,104	327,790	152,506	185,939	172,880
	After distribution	223,645	207,907	335,991	152,506	185,939	172,880
Equity attributable to owners of the parent		1,024,475	1,146,186	1,164,117	792,619	827,676	846,993
Share capital		820,080	820,080	820,080	820,080	820,080	820,080
Capital reserve		61,996	61,996	61,996	78,025	82,271	82,271
Retained earnings	Before distribution	142,399	265,443	284,419	(113,962)	(76,713)	(56,216)
	After distribution	142,399	232,640	292,620	(113,962)	(76,713)	(56,216)
Other equity		-	(1,333)	(2,378)	8,476	2,038	858
Treasury shares		-	-	-	-	-	-
Non-controlling interests		762,920	850,954	922,753	432,407	435,940	438,600
Total equity	Before distribution	1,787,395	1,997,140	2,086,870	1,225,026	1,263,616	1,285,593
	After distribution	1,787,395	1,964,337	2,078,669	1,225,026	1,263,616	1,285,593

Note 1: The financial data of each year above have been audited by the CPAs. The financial data as of March 31, 2024 has been reviewed by the CPAs.

3. Condensed statement of comprehensive income (parent-only) - Based on IFRS

Unit: NT\$ thousand, except that NT\$ for earnings per share

Item \ Year	Financial data in the most recent five years (Note 1)					Financial data for the year up to Q1, 2024
	2019	2020	2021	2022	2023	
Operating revenue	18,022	9,206	12,171	21,762	22,690	Not applicable
Gross profit	3,629	1,730	3,642	5,467	682	Not applicable
Operating income or loss	(21,170)	(15,979)	(16,835)	(17,330)	(26,285)	Not applicable
Non-operating income and expenses	470,580	145,445	72,298	(368,029)	63,532	Not applicable
Net income before tax	449,410	129,466	55,463	(385,359)	37,247	Not applicable
Net income of continuing operations in this period	449,365	123,044	51,779	(385,361)	37,249	Not applicable
Loss on discontinued operations	-	-	-	-	-	Not applicable
Net income (loss) for this period	449,365	123,044	51,779	(385,361)	37,249	Not applicable
Other comprehensive income for this period (net of tax)	-	(1,333)	(1,045)	6,034	(6,438)	Not applicable
Total comprehensive income for this period	449,365	121,711	50,734	(379,327)	30,811	Not applicable
Net income attributable to owners of parent company	-	-	-	-	-	Not applicable
Net income attributable to non-controlling interests	-	-	-	-	-	Not applicable
Total comprehensive income attributable to owners of parent company	-	-	-	-	-	Not applicable
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	Not applicable
Earnings per share	5.48	1.50	0.63	(4.70)	0.45	Not applicable

Note 1: The financial data of each year above have been audited by the CPAs.

4. Condensed statement of comprehensive income (consolidated financial statement) - Based on IFRS

Unit: NT\$ thousand, except that NT\$ for earnings per share

Item \ Year	Financial data in the most recent five years (Note 1)					Financial data of the year up to Q1, 2024
	2019	2020	2021	2022	2023	
Operating revenue	322,760	400,282	369,590	(241,425)	192,545	47,817
Gross profit	(44,292)	239,955	242,574	(383,806)	51,310	10,907
Operating income or loss	(161,906)	148,165	127,421	(150,094)	(187,022)	(36,826)
Non-operating income and expenses	1,346,082	77,601	1,109	(110,941)	195,775	55,737
Net income before tax	1,184,176	225,766	128,530	(644,841)	60,063	18,911
Net income of continuing operations in this period	1,075,804	214,761	124,644	(644,843)	60,060	18,897
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) for this period	1,075,804	214,761	124,644	(644,843)	(6,438)	188,897
Other comprehensive income for this period (net of tax)	-	(1,333)	(1,045)	6,034	53,622	(1,180)
Total comprehensive income for this period	1,075,804	213,428	123,599	(638,809)	37,249	17,717
Net income attributable to owners of parent company	449,365	123,044	51,779	(385,361)	22,811	20,497
Net income attributable to non-controlling interests	626,439	91,717	72,865	(259,482)	30,811	(1,600)
Total comprehensive income attributable to owners of parent company	449,365	121,711	50,734	(379,327)	30,811	19,317
Total comprehensive income attributable to non-controlling interests	626,439	91,717	72,865	(259,482)	22,811	(1,600)
Earnings per share	5.48	1.50	0.63	(4.70)	0.45	0.25

(II) Auditors' Opinions from 2019 to 2023

Year	Accounting firm	Name of CPA	Audit opinion
2019	G&F	Huang, Jung-Chuan, Lee, Hui-Chin	Unqualified opinion
2020	G&F	Huang, Jung-Chuan, Lee, Hui-Chin	Unqualified opinion
2021	G&F	Huang, Shih-Chia, Lee, Hui-Chin	Unqualified opinion
2022	G&F	Huang, Shih-Chia, Lee, Hui-Chin	Unqualified opinion
2023	G&F	Huang, Shih-Chia, Lee, Hui-Chin	Unqualified opinion

II. Five-Year Financial Analysis

1. Financial analysis of the recent five years (parent-only) - Based on IFRS

Item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent 5 Years					The year up to March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	11.49	3.86	7.27	3.65	2.77	Not applicable
	The ratio of long-term capital to property, plant, and equipment	NA	NA	556,353.62	148878.48	33,608.24	Not applicable
Solvency %	Current ratio	20.11	879.63	391.44	711.45	944.87	Not applicable
	Quick ratio	20.09	879.56	390.2	662.47	886.48	Not applicable
	Interest earned ratio	NA	NA	NA	(11676.55)	621.78	Not applicable
Operating performance	Account receivable turnover (times)	3.53	3.36	2.52	3.78	3.47	Not applicable
	Average collection period (days)	103.4	108.63	144.84	96.56	105.19	Not applicable
	Inventory turnover (times)	223.15	553.78	17.08	3.00	2.43	Not applicable
	Accounts payable turnover (times)	1.91	2.14	2.11	3.76	6.06	Not applicable
	Average days in sales	1,64	0.66	21.37	121.67	150.21	Not applicable
	Property, plant and equipment turnover (times)	NA	NA	58.80	40.37	9.12	Not applicable
	Total assets turnover (times)	0.02	0.01	0.01	0.03	0.03	Not applicable
Profitability	Return on total assets (%)	49.53	10.47	4.23	(37.09)	4.46	Not applicable
	Return on stockholders' equity (%)	56	11.34	4.48	(39.39)	4.60	Not applicable
	Pre-tax income to paid-in capital (%) (Note 7)	54.80	15.79	6.76	(46.99)	4.54	Not applicable
	Profit ratio (%)	2493.42	1336.56	425.43	(1770.80)	164.16	Not applicable
	Earnings per share (NT\$)	5.48	1.50	0.63	(4.70)	0.45	Not applicable
Cash flow	Cash flow ratio (%)	0	0	0	5.38	0	Not applicable
	Cash flow adequacy ratio (%)	NA	NA	0	2.08	1.99	Not applicable
	Cash reinvestment ratio (%)	0	0	(2.80)	(0.89)	0	Not applicable
Leverage	Operating leverage	1	1	1	0.96	0.95	Not applicable
	Financial leverage	1	1	1	1	1	Not applicable
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%): 1. Financial Structure: As the net profit after tax for the year increased, the debt ratio decreased as a result of the increase in equity. 2. Solvency: The main result of the year was net profit after tax, which led to an increase in various indicators. 3. Operating performance: The increase in accounts payable turnover rate is primarily due to the increase in cost of goods sold. 4. Profitability: The improvement in all profitability ratios is primarily due to the after-tax net income for the current year.							

2. Financial analysis of the recent five years (consolidated financial statement) -Based on IFRS

Item (note 2)		Financial analysis for the most recent five years					The year up to March 31, 2023
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	11.12	8.06	13.57	11.07	12.83	11.85
	The ratio of long-term capital to property, plant, and equipment	57,160.06	43,914.17	10,710.93	4605.70	2,132.45	2,125.76
Solvency %	Current ratio	971.01	1,349.69	750.81	958.61	856.95	933.44
	Quick ratio	806.99	1,139.84	635.08	671.42	584.45	659.27
	Interest earned ratio	53.61	751.05	178.28	(24.46)	26.07	66.66
Operating performance	Account receivable turnover (times)	4.27	7.17	7.58	(5.3)	4.18	4.19
	Average collection period (days)	85.48	50.91	48.15	(68.87)	87.32	87.11
	Inventory turnover (times)	0.88	0.49	0.35	0.38	0.37	0.39
	Accounts payable turnover (times)	5.32	3.80	3.78	5.43	5.1	5.53
	Average days in sales	414.77	744.90	1042.86	960.53	986.49	935.9
	Property, plant and equipment turnover (times)	101.85	87.13	18.79	(8.92)	3.15	3.07
	Total assets turnover (times)	0.16	0.18	0.15	(0.18)	0.13	0.13
Profitability	Return on total assets (%)	53.36	10.28	5.46	(32.94)	4.38	5.26
	Return on stockholders equity (%)	86.09	11.35	6.1	(38.94)	4.83	5.93
	Pre-tax income to paid-in capital (%) (Note 7)	144.40	27.53	15.67	(78.63)	7.32	9.22
	Profit ratio (%)	333.31	53.65	33.72	267.1	31.19	39.52
	Earnings per share (NT\$)	5.48	1.50	0.63	(4.7)	0.45	0.25
Cash flow	Cash flow ratio (%)	NA	NA	NA	122.94	(27.04)	1.54
	Cash flow adequacy ratio (%)	31.22	27.3	7.93	112.66	64.37	64.01
	Cash reinvestment ratio (%)	NA	NA	NA	12.6	(2.98)	0.15
Leverage	Operating leverage	1	0.69	1.03	0.99	0.98	0.98
	Financial leverage	0.88	1	1.01	0.95	0.98	0.99

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

- 1.Solvency: The interest earned ratio increased mainly due to the net profit after tax and the reduction in interest expenses this period.
2. Operating performance: In the previous period, operating revenue was affected by losses from the valuation of financial instruments, but this period it was not, resulting in positive indicators.
- 3.Profitability: This is primarily due to the net profit after tax for this period.
- 4.Cash Flow : All cash flow ratios declined mainly because the loss on disposal of investments resulted in net cash outflows from operating activities.

Note 1: The following formulas for the calculation of the financial ratios shall be listed below this table at the end of the annual report:

1. Financial structure

- (1) Debt ratio = Total liabilities/Total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
- (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.

3. Operating performance

- (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
- (2) Average collection period (days) = 365/Accounts receivable turnover.
- (3) Inventory turnover = Cost of sales/Average inventory.
- (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
- (5) Average days in sales = 365/Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
- (7) Total asset turnover = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Profit or loss after tax + Interest expenses $\times$ (1 - Tax rate)] /Average total assets
- (2) Return on equity = Profit or loss after tax /Average total equity
- (3) Profit margin = Profit or loss after tax/Net sales.
- (4) Earnings per share = (Income or loss attributable to owners of the parent company - Preference shares dividends) /Weighted average number of shares issued. (Note 4)

5. Cash flow

- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income. (Note 6)
- (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is a loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow used in capital investment.
3. An increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. The gross of property, plant, and equipment refer to the total property, plant, and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones by their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-up capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

III. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company's 2023 Business Report, Financial Statements, and proposal for deficit compensation. Financial Statements were audited by G&F and they issued an audit report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for deficit compensation and do not find any discrepancies. According to Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, we hereby submit this report.

Sincerely,

Fortune Oriental Company Limited

Convener of the Audit Committee: Yang, Cheng-Tsung

March 08, 2024

IV. Financial Statements for the Years Ended December 31, 2023 and Independent Auditors' Report

G&F Certified Public Accountants, Taipei, Taiwan
11F-1, NO. 299 Sec. 4 Chung-Hsiao East Road Taipei Taiwan R.O.C
TEL : + 8 8 6 - 2 - 2 7 8 1 - 2 5 5 9 FAX : + 8 8 6 - 2 - 8 7 7 1 - 7 0 4 9

Independent Auditors' Report

The Board of Directors and Shareholders

Fortune Oriental Company Limited

Opinions

We have audited the accompanying parent company only financial statements of Fortune Oriental Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information.

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 Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Litigation and contingent liabilities

Refer to Notes 16 and 26 to the parent company only financial statements.

For major pending legal cases, does the Company's estimate sufficient litigation or settlement losses. Will affect the completeness of the parent company only financial statements to recognize related losses and liabilities, it also has an impact on the parent company only financial performance and condition. Therefore, the audit of litigation and contingent liabilities is identified as a key audit matter.

In response to the above-mentioned litigation and contingent liabilities, our major audit procedures executed are as follows:

- 1.Evaluate the rationality of the Company's estimated litigation or settlement loss liability provisions.
- 2.Review the board meeting minutes, major news announcements, and news reports during and after the audit period to search for any unaccounted for legal disputes, lawsuits, or settlement losses of the Company.
- 3.Evaluate the claimed amounts in relevant lawsuit, and whether sufficient losses and liability provisions are accounted for.
- 4.Obtain the lawyer's reply letter and opinion on the litigation case, and inquire about the Company's point of view to verify the development status of the litigation case, the completeness of the loss and provision of liabilities.
- 5.Evaluate whether the Company 's liability provision and the disclosure about the litigation are appropriate.

Investments accounted for using the equity method-sub-subsidiary's inventory-evaluation of the land held for construction

The inventory- land held for construction and its superstructure of the sub-subsidiary- Dajixiang International Construction Co., Ltd. at the end of 2023 accounted for 86% of the total assets of the sub-subsidiary, mainly for the market land, and the current planning combines the ownership of other real estate in the same area, jointly participate in the urban renewal business plan: transform the functional buildings into a market, a residence, or a combination of the two to increase the development value of real estate. Before the decision of the urban planning committee of the competent authority, the sub-subsidiary has uncertainty about the development value of the land held for construction, which affects the the Company's investment performance accounted for using the equity method. Refer to Note 9 to the financial statements of the sub-subsidiary, so the evaluation of the land held for construction is identified as a key audit matter.

In response to the above-mentioned evaluation of the land held for construction, our major audit procedures executed are as follows:

1. Review the documents or reports on the implementation of the construction site urban renewal plan, and pay attention to the changes in the implementation progress, whether it is in line with the urban renewal project and content.
2. Review the board meeting minutes of the urban renewal plan for the construction site, and examine whether the item approved by the board affects the development value of the construction site; and evaluate whether the impact of the directors' opinions holding other opinions affects the financial performance of the management authority.
3. Examine and review the asset appraisal report of external experts on the balance sheet date to evaluate whether there is a risk of impairment loss on the land held for construction.
4. Examine whether the note to the financial statement disclosure of the sub-subsidiary's inventory- evaluation of the land held for construction is appropriate.

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

Management is responsible for the preparation and fair presentation of the parent company

only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities 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 and Risk Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

omissions, misrepresentations, or the override of internal control.

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

and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Shih Chia and Lee, Hui Chin.

The image shows two handwritten signatures in black ink. The first signature is 'Huang, Shih Chia' and the second is 'Lee Hui Chin'. Both are written in a cursive, flowing style.

G & F Certified Public Accountants
Taipei, Taiwan, Republic of China
March 8, 2024

Notice to Readers

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

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

Fortune Oriental Company Limited
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NT\$ thousands

Asset		Notes	December 31, 2023		December 31, 2022		Liabilities and equity		Notes	December 31, 2023		December 31, 2022		
Code	Item		Amount	%	Amount	%	Code	Item		Amount	%	Amount	%	
	Current assets							Current liabilities						
1100	Cash and cash equivalents	6	\$	26,250	3	\$	23,745	2		\$	47	-	\$	-
1110	Financial assets at fair value through profit or loss-current	7		95,732	11		105,377	13			160	-		71
1150	Notes receivable, net	5,8		109	-		108	-	24		225	-		3,523
1170	Accounts receivable, net	5,8		8,435	1		4,429	1			2,332	1		4,696
1200	Other receivables			-	-		-	-	14		10,914	1		10,881
130X	Inventories	9		8,240	1		9,860	1	14,24		13	-		13
1410	Prepayments			357	-		24	-	12		1,001	-		972
11XX	Total current assets			139,123	16		143,543	17			32	-		20
											14,724	2		20,176
	Non-current assets													
1550	Investments accounted for using equity method	10		705,327	83		673,483	82						
1600	Property, plant and equipment	11		2,489	1		539	-	19		2	-		4
1755	Right-of-use assets	12		1,567	-		2,556	1	12		598	-		1,599
1780	Intangible assets			927	-		710	-	5, 16		8,233	1		8,233
1920	Refundable deposits			1,800	-		1,800	-			8,833	1		9,836
1960	Prepayments for investment	13		-	-		-	-			23,557	3		30,012
15XX	Total non-current assets			712,110	84		679,088	83	17					
											820,080	96		820,080
											82,271	10		78,025
											33,281	4		33,281
											5	-		5
											(109,999)	(13)		(147,248)
											(76,713)	(9)		(113,962)
											2,038	-		8,476
											827,676	97		792,619

The accompanying notes are an integral part of the parent company only financial statements
(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman : Chen, Bi hua

Manager : Luo ,Guang wei

Head of Accounting : Lin, Zhi chong

Fortune Oriental Company Limited
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands, except for earnings per share

Code	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue, net		\$ 22,690	100	\$ 21,762	100
5000	Operating costs		(22,008)	(97)	(16,295)	(75)
5900	Gross operating profit		682	3	5,467	25
6000	Operating expenses	21,24				
6100	Selling and marketing expenses		(7,850)	(35)	(5,972)	(27)
6200	Administrative expenses		(19,116)	(84)	(17,247)	(79)
6450	Expected credit (loss) gains		(1)	-	422	1
	Total operating expenses		(26,967)	(119)	(22,797)	(105)
6900	Operating loss		(26,285)	(116)	(17,330)	(80)
7000	Non-operating income and expenses					
7010	Other income	18	19,976	88	26,112	120
7020	Other gains and losses	18	9,580	42	(116,131)	(534)
7050	Finance costs		(60)	-	(33)	-
7070	Share of profits(loss) of subsidiaries and associates	10	34,036	150	(277,977)	(1,277)
	Total non-operating income and expenses		63,532	280	(368,029)	(1,691)
7900	Net income(loss) before tax		37,247	164	(385,359)	(1,771)
7950	Income tax benefit(expenses)	19	2	-	(2)	-
8200	Net income(loss)		37,249	164	(385,361)	(1,771)
	Other comprehensive (loss) income					
8310	Items that will not be reclassified to profit or loss:					
8316	Unrealized (losses) gains on investments in equity instruments at fair value through other comprehensive income on subsidiaries	17	(6,438)	(28)	6,034	28
8300	Other comprehensive (loss) income for the year, net of income tax		(6,438)	(28)	6,034	28
8500	Total comprehensive income(loss) for the year		\$ 30,811	136	\$ (379,327)	(1,743)
	Earnings per share (NT\$ in dollars)	20				
9750	Basic earnings(loss) per share		\$ 0.45		\$ (4.70)	
9850	Diluted earnings(loss) per share		\$ 0.45		\$ (4.70)	

The accompanying notes are an integral part of the parent company only financial statements
(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua

Manager: Luo ,Guang wei

Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	Capital stock	Capital surplus	Retained earnings			Other equity		Total equity
			Legal reserve	Special reserve	unappropriated earnings (Accumulated deficit)	Unrealized (losses) gains on financial assets at fair value through other comprehensive income on subsidiaries		
Balance as of January 1, 2022	\$ 820,080	\$ 61,996	\$ 28,103	\$ 5	\$ 256,311	\$ (2,378)	\$ 1,164,117	
Appropriations of earnings								
Legal reserve	-	-	5,178	-	(5,178)	-	-	
Cash dividends to shareholders	-	-	-	-	(8,200)	-	(8,200)	
Total	-	-	5,178	-	(13,378)	-	(8,200)	
Net loss	-	-	-	-	(385,361)	-	(385,361)	
Other comprehensive (loss)income	-	-	-	-	(4,820)	10,854	6,034	
Total comprehensive loss	-	-	-	-	(390,181)	10,854	(379,327)	
From share of changes in equities of subsidiaries	-	16,029	-	-	-	-	16,029	
Balance as of December 31, 2022	\$ 820,080	\$ 78,025	\$ 33,281	\$ 5	\$ (147,248)	\$ 8,476	\$ 792,619	
Balance as of January 1, 2023	\$ 820,080	\$ 78,025	\$ 33,281	\$ 5	\$ (147,248)	\$ 8,476	\$ 792,619	
Net income	-	-	-	-	37,249	-	37,249	
Other comprehensive loss	-	-	-	-	-	(6,438)	(6,438)	
Total comprehensive income	-	-	-	-	37,249	(6,438)	30,811	
From share of changes in equities of subsidiaries	-	4,246	-	-	-	-	4,246	
Balance as of December 31, 2023	\$ 820,080	\$ 82,271	\$ 33,281	\$ 5	\$ (109,999)	\$ 2,038	\$ 827,676	

The accompanying notes are an integral part of the parent company only financial statements
(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua Manager: Luo ,Guang wei Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	2023	2022
	Amount	Amount
Cash flows from operating activities		
Net income(loss) before tax	\$ 37,247	\$ (385,359)
Adjustments for		
Adjustments to reconcile income(loss)		
Depreciation expenses	1,133	488
Amortization expenses	244	150
Expected credit loss(reversal)	1	(422)
(Gains)losses on disposal of financial assets at fair value through profit or loss, net	58,138	96,092
Valuation (profit)loss on financial assets at fair value through profit or loss	(67,917)	20,777
Interest income	(109)	(51)
Interest expense	60	33
Dividend income	(19,411)	(25,912)
Share of (profit)loss of subsidiaries and associates	(34,036)	277,977
Loss on foreign exchange, net	216	52
Changes in operating assets and liabilities		
Net changes in operating assets		
Notes receivable	(1)	110
Accounts receivable	(4,240)	2,728
Accounts receivables from related parties	-	22
Other receivables	-	60,583
Inventories	1,620	(8,874)
Prepayments	(333)	20
Net changes in operating liabilities		
Current contract liabilities	47	-
Notes payable	89	(229)
Other notes payable to related parties	(3,522)	418
Accounts payable	(2,329)	1,079
Other pyables	(23)	(60,562)
Other current liabilities	12	(67)
Cash outflow from operations	(33,114)	(20,947)
Interest received	109	51
Dividends received	19,411	25,912
Interest paid	(60)	(33)
Income tax paid	-	(3,897)
Net cash (outflow)inflow from operating activities	(13,654)	1,086
Cash flows from investing activities		
Acquisitions of		
Property, plant and equipment	(2,038)	(512)
Intangible assets	(237)	(729)

(Continued on the next page)

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Fortune Oriental Company Limited
Parent Company Only Statements of Cash Flows(continued)
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	2023	2022
	Amount	Amount
Financial assets at fair value through profit or loss-current	(101,597)	(53,236)
Proceeds from disposal of Financial assets at fair value through profit or loss-current	121,021	66,010
Refund from capital reduction related to financial assets at fair value through profit or loss	-	3,594
Refundable deposits paid	-	(1,800)
Net cash inflow from investing activities	17,149	13,327
Cash flows from financing activities		
Payment of principal of lease liabilities	(972)	(398)
Cash dividends paid	-	(8,200)
Net cash outflow from financing activities	(972)	(8,598)
Effect of exchange rate changes on cash and cash equivalents	(18)	(22)
Net increase in cash and cash equivalents	2,505	5,793
Cash and cash equivalents at beginning of period	23,745	17,952
Cash and cash equivalents at end of period	\$ 26,250	\$ 23,745

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

(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua

Manager: Luo ,Guang wei

Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(Unit: NT\$ thousands, unless specified otherwise)

1. General

Fortune Oriental Company Limited (hereinafter referred to as the “Company”) was incorporated on April 14, 1995. The main business is the agency of electronic components related products, the import and export trade of multimedia information products etc.

Shares of the Company were listed for trading on Taipei Exchange from February 21, 2000; the Company later received approval to list for trading on Taiwan Stock Exchange Corporation from September 19, 2001 onwards.

2. The Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. Application of New and Revised International Financial Reporting Standards

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC announcements (SIC) (collectively, referred to as “IFRSs” below) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024

Application of New/Amended/Revised Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendments to IFRS 16 regarding “Lease liabilities arising from sale and leaseback transactions”	January 1, 2024(Note2)
Amendments to IAS 1 regarding “Classification of liabilities as current or non- current”	January 1, 2024
Amendments to IAS 1 regarding “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding “Supplier finance arrangements”	January 1, 2024(Note3)

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

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

Note 3: Initial application of some disclosure requirements is exempted.

As of the date of issuance of the parent company only financial statements, the Company assesses that amendments to other standards and interpretations will not have a significant impact on the financial position and performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

Application of New/Amended/Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 regarding “Sale or contribution of assets between an investor and its associate or joint venture”	Undetermined
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 regarding “Initial application of IFRS 17 and IFRS 9- compare Information”	January 1, 2023
Amendments to IAS 21 regarding “Lack of Exchangeability”	January 1, 2025(Note 2)

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

Note 2: Applicable to annual reporting periods starting after January 1, 2025. Initial application date of the impact amount will be recognized in retained earnings. When financial statements are expressed in non-functional currency, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the initial application date.

As of the date of issuance of the parent company only financial statements, the Company continues to evaluate the impact of amendments to other standards and interpretations on its financial position and performance. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Material Accounting Policy Information

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2)Basis of preparation

a.Basis for measurement

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted by “investments accounted for using equity method”, “share of profit or loss of subsidiaries and associates” and related equity items.

b.Functional currency and presentation currency

The functional currency of the Company is the currency of the main economic environment in which it operates, and the functional currency of the Company is NT\$.

(3)Foreign currencies

Foreign currency transactions are converted into the functional currency using exchange rate as at the trade day. Foreign currency-denominated assets and liabilities at the end of the period are converted into the functional currency using exchange rate applicable on that day. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit or loss in the period occurred.

Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rates as at the date of fair value. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items measured at historical cost are converted using exchange rate as of the date of initial transaction. No further conversion is made.

(4)Classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets:

- a. Assets are held primarily for the purpose of trading.
- b. Assets are expected to be realized within 12 months from the balance sheet date.
- c. Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

The Company classifies assets not meeting the aforesaid criteria into non-current assets.

Liabilities that meet one of the following criteria are classified as current liabilities:

- a. Liabilities incurred primarily for the purpose of trading.
- b. Liabilities that are expected to be settled within 12 months after the balance sheet date.
- c. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

The Company classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

(5) Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

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

a. Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(a) Category of financial assets and measurement

Financial assets are classified into: financial assets at fair value through profit or loss,

investments in debt instruments and equity instruments at fair value through other comprehensive income, and financial assets at amortized cost.

Financial assets at fair value through profit or loss

For certain financial assets which include debt instruments that do not meet the criteria of amortized cost or fair value through other comprehensive income, it is mandatorily required to measure them at fair value through profit or loss. Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

Investments in debt instruments at fair value through other comprehensive income

Debt instruments with contractual terms specifying that cash flows are solely payments of principal and interest on the principal amount outstanding, together with objective of collecting contractual cash flows and selling the financial assets, are measured at fair value through other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at fair value through other comprehensive income are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity investments that is not held for trading as at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

Financial assets at amortized cost

Cash and cash equivalents, debt instrument investments, notes and accounts

receivable (including related parties), other receivables and refundable deposits are measured at amortized cost.

Debt instruments with contractual terms specifying that cash flows are solely payments of principal and interest on the principal amount outstanding, together with objective of holding financial assets in order to collect contractual cash flows, are measured at amortized cost.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss.

(b) Impairment on financial assets

At the end of the period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at fair value through other comprehensive income.

All receivables have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

For the purpose of internal credit risk management, a financial asset is deemed to have defaulted in any of the following circumstances, without considering the presence of collaterals:

- There is internal or external information to indicate that the debtor is unable to settle outstanding debts.
- Debts are not settled past the credit term.

Impairment losses on the above-mentioned financial assets are reduced through the allowance account to reduce their carrying amounts, but valuation losses on debt instrument investments measured at fair value through other comprehensive income are recognized in other comprehensive income.

(c)Derecognition of financial assets

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

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

b.Financial liabilities

(a)Recognition and measurement

Except for financial liabilities at fair value through profit or loss, which are measured at fair value, all other financial liabilities are measured at amortized cost using the effective interest method (including notes and accounts payable, other payables).

(b)Derecognition of financial liabilities

When a financial liability is derecognition, the difference between carrying value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized through profit or loss.

(6)Inventories

Inventories are stated at the lower of cost or net realizable value; the lower of cost or net realizable value is compared item-by-item, except items within the same category. Net realizable value refers to the estimated selling price less all estimated costs required for

completion and all associated marketing expenses under normal circumstances. Inventories are calculated using the weighted average method.

(7) Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries refers to an entity under the control of the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. The parent company only financial statements, the current year profit and loss and other comprehensive income are the same as those in the consolidated financial statements, the equity attributable to shareholders of the parent is the same.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control over a subsidiary, the retained investment in such former subsidiary is remeasured, and the remeasurement is regarded as the fair value of a financial asset on initial recognition. Difference between fair value and carrying amount is recognized in profit or loss. For all amounts previously recognized in other comprehensive income related to said subsidiary, the accounting treatment is on the same basis as if the Company directly disposes of the relevant assets or liabilities.

Unrealised profits or losses on downstream transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. The profits or losses arising from the countercurrent and sidestream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements to the extent that they are not related to the Company's interests in the subsidiaries.

(8) Property, plants and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction, acquisition of the item of property, plant and equipment or borrowing costs

eligible for capitalization.

For any property, plant, or equipment that comprises several different components, each major component is treated as a separate property, plant, or equipment if it makes up a material part relative to total cost and if use of different depreciation rate or method is deemed more appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part replaced shall be derecognized. All other amount of repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.

Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated. Please refer to Note 11 for the useful years of property, plant, and equipment.

Depreciation, useful years, and residual value are reviewed at the end of the period. Any changes will be treated as changes in accounting estimates.

(9)Leases

Leased assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company.

a.The Company as lessee

The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the

initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the parent company only balance sheets.

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

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. If, however, the carrying value of right-of-use asset has already been reduced to zero, any subsequent remeasurements are recognized through profit or loss. Lease liabilities are presented separately in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(10)Intangible assets

a.Other intangible assets other than goodwill

Other separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

b.Amortization

Except for goodwill and intangible assets with undefined useful life, intangible assets are amortized using the straight-line method over the useful life from the time they reach

the usable state. Amortizations are recognized in profit or loss.

The method and period of amortization are reviewed at the end of the period. Any changes will be treated as changes in accounting estimates.

(11) Impairment of non-financial assets

Other tangible and intangible assets and additional cost for contract establishment

The Company examines the carrying values of these assets for signs of impairment at the end of the period. If signs of impairment are discovered, the Company then estimates each asset's recoverable amount to determine the amount of impairment to be recognized. If the recoverable amount can not be estimated for a particular asset, the Company will estimate recoverable amount for the entire cash-generating unit. Recoverable amount is the higher between fair value less costs to sell and 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.

If recoverable amount of an asset or cash-generating unit falls below its carrying value, the carrying value of that particular asset or cash-generating unit is reduced to the recoverable amount with impairment losses recognized through profit or loss. When impairment losses are reversed on a later date, the carrying value of corresponding assets or cash-generating units is adjusted upwards to the estimated recoverable amount. However, the increased carrying value shall not exceed the carrying value of the asset or cash-generating unit before impairment losses were recognized. Reversals of impairment loss are recognized through profit or loss in the period occurred.

(12) Liability provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation.

Provisions are recognized to account for the risk and uncertainty of the Company's obligations. It represents the best estimate of the cash outflows needed to settle obligations at the end of the period. Where liabilities reserve is estimated based on cash outflows at the time of settlement, the carrying value is calculated as the present value of future cash outflows.

(13) Revenue recognition

The Company first identifies performance obligations in a contract it signs with

customer, then allocates the transaction sum to various obligations, and recognizes revenue when each obligation is fulfilled.

a.Revenue from sale of merchandise

The Company sells the electronic components and multimedia information products, and recognizes revenues and accounts receivable at the time products are shipped to customer's designated location, as the customer then becomes entitled to set price and make use of such product while at the same time bears the main responsibility to resell and assumes obsolescence risks.

The credit period of the Company's sales of goods is 60~120 days. Most contracts are recognized as accounts receivable when the control of the goods is transferred and the right to receive consideration is unconditional. Such accounts receivable is usually short and not significant financial component. The Company also has part of the sale of goods transactions that first collects the consideration from the customer and assumes the obligation to transfer the goods in the future, so it is recognized as a contract liability.

The period during which the above-mentioned contract liabilities of the company are transferred to income usually does not exceed one year, and does not lead to the generation of major financial components, so it is measured at the original amount.

(14)Employee benefits

Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Company expects to pay in exchange for employees' service.

Contributions to the defined contribution plan are recognized as expenses over the duration of employees' service.

(15)Income tax

The tax expense for the period comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

a.Current income tax

Current income tax includes amounts that are calculated based on the current year's taxable income (or loss), plus any adjustment to income tax payable in previous years.

Income tax on unappropriated earnings is expensed in the year the shareholders

approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

b. Deferred income tax

Deferred income taxes are measured and recognized based on temporary differences between the carrying value and tax base of an asset or liability at the end of the period. Deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences.

Taxable temporary differences arising from subsidiaries investments are recognized as deferred income tax liabilities, except in cases where the Company is able to control the timing of which temporary differences are reversed, and that such temporary differences are highly likely to be kept from reversing in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to realize the temporary differences, and that reversal is expected in the foreseeable future.

Deferred income tax is calculated using the tax rate that is expected to be effective at the time deferred income tax asset or liability is expected to be realized or repaid. In this financial report, the statutory tax rate or substantively enacted tax rate at the end of the period was used for calculation. Deferred income tax liabilities and assets represent tax impacts of the method by which the Company expects to recover or settle the carrying value of its assets and liabilities at the end of the period.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated at the end of the period. Income tax benefits that are not very likely to be realized will be reduced down to the realizable amount.

5. Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty

The management is required to make judgments, estimates, and assumptions when preparing the parent company only financial statements. These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of assets, liabilities, income, and expenses reported. The actual outcome may differ from initial estimates.

The management constantly reviews its estimates and assumptions. Impacts from changes in accounting estimates are recognized in the year the changes take place and in future years when impacts materialize.

(1) Estimated impairment on receivables

The Company estimates impairment loss of receivables by measuring expected credit losses over the remaining duration. Credit loss is determined as the present value of differences between contractual cash flow (carrying value) and expected cash flow collection (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is not measured using present value of differences. Significant impairment losses may arise if actual cash flow falls below expectation in the future.

(2) Liability provisions - lawsuit reserve

The Company evaluates occurrence and cost of lawsuits regularly based on historical experience. Lawsuit reserves are recognized when a lawsuit is very likely to give rise to current obligations and that the amount can be reasonably estimated. Please refer to Note 16.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 121	\$ 121
Deposits in banks	26,129	23,624
Total	<u>\$ 26,250</u>	<u>\$ 23,745</u>

7. Financial Assets at Fair Value Through Profit or Loss - Current

	December 31, 2023	December 31, 2022
Financial assets mandatorily at fair value through profit or loss :		
<u>Equity instrument- current</u>		
Beneficiary certificates	\$ -	\$ 22,122
TWSE/TPEX listed stocks	95,732	83,255
Total	<u>\$ 95,732</u>	<u>\$ 105,377</u>

As of December 31, 2023 and 2022, none of the financial assets at fair value through profit or loss is pledged as collateral.

8. Notes and Accounts Receivable, Net

	December 31, 2023	December 31, 2022
Notes receivable - non-related parties	\$ 109	\$ 108
Accounts receivable - non-related parties	425,454	421,447
Less: Loss allowance	(417,019)	(417,018)
Net amount	8,435	4,429
Total	<u>\$ 8,544</u>	<u>\$ 4,537</u>

The average credit term granted on the sale of merchandise is 60-120 days. Accounts receivable do not calculate interest. The Company rates its main customers based on publicly available financial information and transaction history. The Company persistently monitors credit exposure and counterparties' credit ratings, and controls counterparty exposure through credit limits that are reviewed and approved by the management.

The Company adopts the simplified approach of IFRS 9 and recognizes loss allowance on accounts receivable based on expected credit losses over the duration (after excluding special cases where 100% of losses have been provided). Expected credit losses for the duration of account are calculated using a provision matrix, which takes into consideration a customer's default history and current financial position, the current state of industry and economy, GDP forecast, and industry outlook. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the provision matrix did not distinguish between customer groups, but merely used different expected credit loss rates for the number days of the accounts receivable.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount can not be reasonably estimated, the Company will directly offset loss allowance against accounts receivable. In which case, the Company will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit or loss.

The amount of loss allowance calculated based on the provision matrix is presented below:
(1) December 31, 2023

	Not past due	Past due 1-60 days	Past due 61-90 days	Past due 91-365 days	Past due over 365 days	Total
Total carrying value	\$ 7,967	\$ 741	\$ -	\$ -	\$ 416,746	\$ 425,454
Loss allowance	(240)	(33)	-	-	(416,746)	(417,019)
Amortized cost	\$ 7,727	\$ 708	\$ -	\$ -	\$ -	\$ 8,435

(2)December 31, 2022

	Not past due	Overdue 1- 60 Days	Past due 61-90 days	Past due 91-365 days	Past due over 365 days	Total
Total carrying value	\$ 4,522	\$ 179	\$ -	\$ -	\$ 416,746	\$ 421,447
Loss allowance	(240)	(32)	-	-	(416,746)	(417,018)
Amortized cost	\$ 4,282	\$ 147	\$ -	\$ -	\$ -	\$ 4,429

Changes in loss allowance on accounts receivable are shown below:

	2023	2022
Balance, beginning of year	\$ 417,018	\$ 417,440
Loss allowance (reversal)	1	(422)
Balance, end of year	\$ 417,019	\$ 417,018

9.Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 8,240	\$ 9,860

As of December 31, 2023 and 2022, none of inventories is pledged as collateral.

10.Investments Accounted for Using Equity Method

Investments in subsidiaries

Subsidiaries	December 31, 2023		
	percentage of ownership	Carrying amount	Investment profit(loss)
Huaxun Venture Capital Co., Ltd.	99.97%	\$ 12,095	\$ (1,920)
VAST POWER CORPORATION	61.43%	675,513	38,507
INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	27.81%	17,719	(2,551)
Total		\$ 705,327	\$ 34,036

Subsidiary- VAST POWER CORPORATION (Original company name: INFOMEDIA INC.) ,the company name was changed with the approval of the Ministry of Economic Affairs in July 2023.

Subsidiaries	December 31, 2022		
	percentage of ownership	Carrying amount	Investment profit(loss)
Huaxun Venture Capital Co., Ltd.	99.97%	\$ 14,015	\$ (3,063)
INFOMEDIA INC.	60.41%	639,198	(270,217)
INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	27.81%	20,270	(4,697)
Total		<u>\$ 673,483</u>	<u>\$ (277,977)</u>

(1)As of December 31, 2023 and 2022, none of investments accounted for using equity method is pledged as collateral.

(2)Subsidiary- INFOMEDIA INC. canceled the recovered shares in 2022. The base date of capital reduction was October 31, 2022. After the capital reduction, the Company's shareholding ratio was 60.41%. Later in 2023, the acquired shares were successively cancelled. The base dates for capital reduction were April 24 and August 14, 2023 respectively. After the capital reduction, the Company's shareholding ratios were 61.41% and 61.43% respectively.

(3)The financial statements of subsidiaries have been audited by CPA, for information on the Company's subsidiaries, please refer to table 3.

11. Property, Plant and Equipment

	Machinery	Office	Others	Total
<u>Cost of equipment</u>				
Balance at January 1, 2023	\$ 299	\$ 319	\$ -	\$ 618
Additions	-	162	1,932	2,094
Balance at December 31, 2023	<u>\$ 299</u>	<u>\$ 481</u>	<u>\$ 1,932</u>	<u>\$ 2,712</u>
<u>Accumulated depreciation and cumulative impairment</u>				
Balance at January 1, 2023	\$ 29	\$ 50	\$ -	\$ 79
Depreciation	50	64	30	144
Balance at December 31, 2023	<u>\$ 79</u>	<u>\$ 114</u>	<u>\$ 30</u>	<u>\$ 223</u>
Carrying amounts at December 31, 2023	<u>\$ 220</u>	<u>\$ 367</u>	<u>\$ 1,902</u>	<u>\$ 2,489</u>

	Machinery	Office	Others	Total
<u>Cost of equipment</u>				
Balance at January 1, 2022	\$ -	\$ 210	\$ -	\$ 210
Additions	299	109	-	408
Balance at December 31, 2022	<u>\$ 299</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 618</u>
<u>Accumulated depreciation and cumulative impairment</u>				
Balance at January 1, 2022	\$ -	\$ 3	\$ -	\$ 3
Depreciation	29	47	-	76
Balance at December 31, 2022	<u>\$ 29</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 79</u>
Carrying amounts at December 31, 2022	<u>\$ 270</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 539</u>

(1) Property, plant and equipment of the Company are depreciated on a straight-line basis over the number of useful years shown below:

Machinery equipment	5 Years
Office equipment	5 Years
Other equipment	5 Years

(2) The Company do not capitalize interest in 2023 and 2022.

(3) The Company's real estate, plant and equipment non-cash transaction investment activities are as follows:

Item	2023	2022
Additions to property, plant and equipment	\$ 2,094	\$ 408
Net change in other payables	(56)	104
Acquisition of real estate, plant and equipment cash payments	<u>\$ 2,038</u>	<u>\$ 512</u>

(4) As of December 31, 2023 and 2022, none of the above assets of the Company is pledged as collateral.

12. Lease Agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts of right-of-use assets		
Transportation equipment	\$ 1,567	\$ 2,556
	2023	2022
Addition of right-of-use assets	\$ -	\$ 2,968
Depreciation expense on right-of-use assets		
Transportation equipment	\$ 989	\$ 412

(2) Lease liabilities

	December 31, 2023	
	Current	Non-current
Carrying amounts of the lease liabilities		
Non-related parties	\$ 1,001	\$ 598
	December 31, 2022	
	Current	Non-current
Carrying amounts of the lease liabilities		
Non-related parties	\$ 972	\$ 1,599

The monthly discount rate range for the lease liabilities is as follows:

	2023	2022
Transportation equipment	0.244%	0.244%

(3) Other lease information

Item	2023	2022
Lease expense for short-term	\$ 87	\$ 40
Lease expense for low-value leases	-	-
Total cash (outflow) from leases	\$ 87	\$ 40

13. Prepayments for Investment

Item	December 31, 2023	December 31, 2022
Gold Target Fund	\$ -	\$ -

On June 30, 2004, the Company prepaid US\$ 77,750 thousand (equivalent to NT\$ 2,624,833) of investment in exchange for 7,775 shares of Gold Target Fund. Price per share of the fund was US\$ 10 thousand, and the investment represented a 15% ownership interest. Gold

Target Fund had aimed to raise US\$ 500,000 thousand of capital in this offering. This fund investment was entered into by former chairman - Mr. Lu, Hsueh-Ren under the authorization of the Company's board of directors. According to the indictment drafted by prosecutor of Banqiao District Court Prosecutors Office on December 20, 2004, the investment arrangement had been the former chairman's fraudulent attempt to conceal the use of capital and to obtain proof of capital. No court judgment had been yet determined as of the publication date of the parent company only financial statements, but the Company recognized impairment losses for the entire sum out of conservatism.

14. Other Payables

	December 31, 2023	December 31, 2022
Other payables to related parties	\$ 13	\$ 13
Other payables to non-related parties		
Salary payables	978	1,002
Accruals for technical cooperation	7,559	7,559
Others	2,377	2,320
Subtotal	10,914	10,881
Total	\$ 10,927	\$ 10,894

15. Retirement Benefit Plans

The retirement policy that the Company has established in accordance with the "Labor Pension Act" introduces a defined contribution plan. According to the "Labor Pension Act", the Company is required to make monthly pension fund contributions at an amount no less than 6% of employee's monthly salary. The Company has established a set of employee retirement policy according to the "Labor Pension Act", and makes monthly contributions to employees' pension fund accounts held with the Bureau of Insurance at 6% of salary.

Pension expenses recognized for the defined contribution plan totaled NT\$ 605 in 2023 and NT\$ 444 in 2022.

16. Other Non-Current Liabilities

	December 31, 2023	December 31, 2022
Estimated litigation settlement losses	\$ 8,233	\$ 8,233

In 2002 and 2003, the Company engaged Gemini Limited (an overseas underwriter) for the issuance of European convertible bonds (ECB). The underwriting income that Gemini Limited had earned on this transaction was subject to profit-seeking enterprises income tax of NT\$ 7,286 under the Taiwan tax laws, and a lawsuit was raised to have the Company pay this sum according to contract terms. On August 17, 2011, Taiwan High Court issued a judgment that required the Company to pay Gemini Limited NT\$ 6,933 plus NT\$ 1,300 of interests accrued at the statutory rate for a total of NT\$ 8,233, which were presented under the accounts “Other non-operating expenses– other” and “Other non-current liabilities - other.” The Company raised an appeal to Supreme Court on September 13, 2011, but was rejected on June 5, 2013.

17. Equity

(1) Capital stock

	December 31, 2023	December 31, 2022
Authorized Capital	\$ 10,000,000	\$ 10,000,000
Issued capital	\$ 820,080	\$ 820,080

Changes in the number of issued common shares:

	Shares (thousands)	Shares capital
Balance as of December 31, 2023	82,008	\$ 820,080
Balance as of December 31, 2022	82,008	\$ 820,080

(2) Capital surplus

Item	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 4,650	\$ 4,650
Discount on issued capital	(4,650)	(4,650)
Difference between the equity price of subsidiary actually acquired or disposed of and the carrying value	61,996	61,996
Changes in ownership equity of subsidiary canceled and reclaimed shares	20,275	16,029
Total	\$ 82,271	\$ 78,025

According to the Company's Articles of Incorporation, additional paid-in capital (including common shares issued in excess of par value, corporate bond conversion premium, difference between the equity price of subsidiary actually acquired or disposed of and the carrying value, and treasury share transactions) may be distributed in cash or capitalized into capital stock when the Company is free of cumulative losses. However, capitalization of this surplus is capped at a certain percentage of the Company's issued capital each year. Furthermore, changes of equity interest in subsidiaries, changes of equity interest in equity-accounted affiliated enterprises, and shareholders' uncollected and expired dividends can be taken to offset losses but not for any other purpose.

(3) Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay tax first and compensate the accumulated losses; appropriate 10% of the balance for legal reserve, but this does not apply when the legal reserve has reached the amount of the Company's total capital. Subsequently, the Company shall make an appropriation for or reverse the special reserve in accordance with the law. Then, if there are still earnings, together with the undistributed earnings accumulated from the beginning of the same period, the board of directors shall put forth an earnings distribution proposal for the resolution by the shareholders' meeting before distribution. Please refer to Note 21(2) - Employee benefit and profit-sharing policy for rules concerning employee and director remuneration stated in the Company's Articles of Incorporation.

The Company's dividend policy has been established to accommodate current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 5% of distributable earnings shall be paid as dividend each year, but the Company may decide to withhold earnings if the amount of cumulative distributable earnings is less than the issued capital. Dividends can be paid in cash or in shares, with cash dividends amounting to no less than 10% of total dividends.

The above earnings appropriation proposals shall be raised for resolution and acknowledgment during the annual general meeting held in the following year.

According to The Company Act, companies are required to make legal reserve at 10%

of after-tax profit until the balance of legal reserve equals paid-up capital. The Company may distribute legal reserve in cash or in shares in the absence of cumulative losses, subject to resolution in a shareholders meeting; however, only the amount of legal reserve that exceeds 25% of paid-up capital is distributable.

Earnings appropriation proposals for 2022 and 2021 were passed during the annual shareholders meeting held on June 28, 2023 and June 17, 2022, respectively. Details of the earnings appropriation proposals were as follows:

	Earnings appropriation	
	2022	2021
Legal reserve	\$ -	\$ 5,178

From the distributable earnings concluded for 2021, the Company distributed NT\$ 8,200 to shareholders, which represented cash dividends of NT\$ 0.1(in dollars) per share.

(4)Other equity

Item	2023	2022
January 1	\$ 8,476	\$ (2,378)
Losses on disposal of debt instruments measured at fair value through other comprehensive income on subsidiaries were transferred to retained earnings	-	4,820
Unrealized (losses)gains on valuation of financial assets at fair value through other comprehensive income on subsidiaries	(6,438)	6,034
December 31	\$ 2,038	\$ 8,476

Other equity, as mentioned above, include changes in other equity of the Company and subsidiaries that had recognized proportionally based on ownership percentage.

18.Non-Operating Income and Expenses

(1)Other Income

	2023	2022
Interest income	\$ 109	\$ 51
Dividend income	19,411	25,912
Other income - other	456	149
Total	\$ 19,976	\$ 26,112

(2)Other gains and losses

	2023	2022
Losses on disposal of financial assets at fair value through profit or loss	\$ (58,138)	\$ (96,092)
Valuation gains(losses) on financial assets at fair value through profit or loss	67,917	(20,777)
Net (losses)gains on currency exchange	(189)	782
Other non-operating expenses– other	(10)	(44)
Total	\$ 9,580	\$ (116,131)

19.Income Tax Expenses

(1)Income tax recognized in profit or loss

	2023	2022
Current income tax expenses	\$ -	\$ -
Deferred income tax expenses		
(Reversal)occurrence of temporary differences	(2)	2
Income tax (benefit)expenses	\$ (2)	\$ 2

Reconciliation of income tax expenses and profit or loss before tax:

Item	2023	2022
Net income(loss) before tax	\$ 37,247	\$ (385,359)
Income tax expense at the statutory rate	\$ 7,449	\$ (77,072)
Tax effect of adjusting items	(7,808)	77,788
Occurrence of temporary differences	51	7
Losses carried forward	-	(721)
Losses deferred amount	306	-
Income tax (benefit)expenses recognized in profit or loss	\$ (2)	\$ 2

(2)Income tax expenses recognized in other comprehensive income

The Company recognized NT\$ 0 of income tax expenses in other comprehensive income in 2023 and 2022.

(3)Deferred income tax liabilities

Below are changes in deferred income tax liabilities:

2023

	January 1	Recognized in profit or loss	December 31
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized gains on exchange	\$ 4	\$ (2)	\$ 2

2022

	January 1	Recognized in profit or loss	December 31
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized gains on exchange	\$ 2	\$ 2	\$ 4

(4)Summary of unused losses carried forward :

Year occurred	Amount of loss	Final year deductible
2014	\$ 112,573	2024
2015	27,123	2025
2016	5,078	2026
2017	41,718	2027
2018	5,714	2028
2019	15,487	2029
Total	\$ 207,693	

(5)Items not recognized as deferred income tax assets

As of December 31, 2023 and 2022, the aggregate deductible temporary differences for which no deferred income tax assets had been recognized amounted to NT\$ 2,319,835 and NT\$ 2,350,027 respectively.

(6)Income tax declarations

Income tax declarations were approved until 2021 by the Tax Bureau for the Company as at December 31, 2023.

20.Earnings Per Share

		2023	
	Net income	Number of Shares (Denominator) (thousand shares)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Net income available to common shareholders of the parent	\$ 37,249	82,008	\$ 0.45
		2022	
	Net loss	Number of Shares (Denominator) (thousand shares)	Loss per share (in dollars)
Basic and diluted loss per share			
Net loss available to common shareholders of the parent	\$ (385,361)	82,008	\$ (4.70)

21. Employee benefit, depreciation and amortization expenses

(1) Depreciation and amortization expenses

	2023	2022
Property, plant, and equipment	\$ 144	\$ 76
Intangible assets	244	150
Right-of-use assets	989	412
Total	\$ 1,377	\$ 638
Summary of depreciation and amortization expenses by function		
Operating expenses	\$ 1,377	\$ 638

(2) Employee benefit expenses

	2023	2022
Post-employment benefits (Note 15)		
Defined contribution plan	\$ 605	\$ 444
Other employee benefits	16,003	13,051
Total employee benefit expenses	\$ 16,608	\$ 13,495
Summary of other employee benefit expenses by function		
Operating expenses	\$ 16,608	\$ 13,495

a. The Company employed the average of 22 employees in 2023 and 20 employees in 2022; the number of directors without concurrent role as employee was 6 in both years.

b.Information on employees' and directors' remuneration

The amount of profit after accumulated losses compensated but before tax and employee or director remuneration is subject to the following distributions at the percentages stated in the Articles of Incorporation:

	2023	2022
Remuneration		
Employees	No lower than 1%	No lower than 1%
Directors	No higher than 3%	No higher than 3%

There were accumulated losses at the end of 2023 and 2022, so employees' and directors' remuneration were not estimated.

If the amount changes after annual parent company only financial statements are approved and announced to the public, the difference will be treated as a change of accounting estimate and recognized as a gain or loss in the following year.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings for 2023 and 2022.

22.Capital Management

The Company exercises capital management to ensure business continuity and to maintain capital structure at the optimal level that maximizes shareholders' value. The Company has maintained the same strategy from the previous year; its capital structure comprises equity attributable to owners of parent company (including capital stock, capital surplus, retained earnings, and other equity). The Company conducts regular reviews to determine whether the Company's capital structure is appropriate; these reviews address the costs and risks associated with various types of capital. As per suggestion of the management, the Company currently adopts a centralized capital allocation approach for enhanced capital management.

23.Financial Instruments

(1)Fair value information

a.Financial assets and liabilities not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured

at fair value have been presented on the parent company only balance sheets at carrying values that resemble their fair values. Liquid financial instruments (including cash and cash equivalents, receivables, and payables) mature within one year and therefor have carrying values that closely resemble their fair values. Non-liquid financial instruments (including refundable and guarantee deposits) have carrying values that closely resemble their fair values due to the insignificant effect of discounting, or because that the floating rate is reflective of the market condition and credit rating of the Company.

b. Fair value measurement for balance sheet

According to IAS, the Company may classify financial instruments by the types of input used for fair value measurement into the following three categories:

Level 1: Financial instruments that are openly quoted in an active market, and have fair values measured using market value as of the parent company only balance sheets date.

Level 2: Financial instruments that do not have level 1 class, and have fair values measured using data that is directly observable (price) or indirectly observable (inferred from price).

Level 3: Financial instruments that do not belong to either of the above two, and have fair values measured using non-observable market data. The chart below explains how fair value of financial instrument is measured after initial recognition; the measurement method is distinguished between levels 1-3 class based on availability of observable data.

c. Valuation techniques and assumptions used in the measurement of fair value of financial assets and financial liabilities are determined in the following manner:

(a) Financial assets and financial liabilities that involve standardized terms and conditions and are traded in open markets shall have fair values determined using market quotation. If no indicative market value is available, fair value shall be estimated using the valuation approach. Estimates and assumptions used in the Company's valuation approach are consistent with the estimates and assumptions adopted by other market participants when pricing the underlying financial instruments.

(b) Derivative instruments that are openly quoted in an active market shall have fair value determined at the openly quoted price. If no market price is available for reference, non-

option derivatives shall have fair value determined based on discounted cash flows using yield curve that matches the duration of the derivative, whereas option derivatives shall have fair value determined using an option pricing model. Estimates and assumptions used in the Company's valuation approach are consistent with the estimates and assumptions adopted by other market participants when pricing the underlying financial instruments.

- (c) Where valuation involves the use of level 3 class fair value, the Company assigns its Finance Department to validate fair value of each financial instrument using independently sourced data so that the outcome of valuation is closely relevant to market conditions. The Finance Department ensures that data is sourced from independent and reliable sources, and is consistent compared to other sources of data while being representative of the true price. All valuation models are calibrated, back-tested and updated regularly; adjustments are made to the required inputs, data, and fair value as deemed necessary to ensure that the outcome of valuation is reasonable.

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 95,732	\$ -	\$ -	\$ 95,732
Financial assets amortized at cost	\$ -	\$ -	\$ 36,594	\$ 36,594
Financial liabilities amortized at cost	\$ -	\$ -	\$ 13,644	\$ 13,644
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 83,255	\$ -	\$ -	\$ 83,255
Beneficiary certificates	22,122	-	-	22,122
Total	\$ 105,377	\$ -	\$ -	\$ 105,377
Financial assets amortized at Cost	\$ -	\$ -	\$ 30,082	\$ 30,082
Financial liabilities amortized at cost	\$ -	\$ -	\$ 19,184	\$ 19,184

There was no transfer between Level 1 and Level 2 fair value measurements in

2023 and 2022.

(2)Categories of financial instrument

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss- current	\$ 95,732	\$ 105,377
Financial assets amortized at cost (current and non-current) (Note 1)	36,594	30,082
Total	<u>\$ 132,326</u>	<u>\$ 135,459</u>
<u>Financial liabilities</u>		
Financial liabilities amortized at cost (Note 2)	<u>\$ 13,644</u>	<u>\$ 19,184</u>

Note 1: Includes cash and cash equivalents, receivables and refundable deposits.

Note2: Includes payables (including related parties).

(3)Purpose and policy of financial risk management

The Company places particular emphasis on the control of financial risks, and conducts timely and effective tracking and management of market risk, credit risk, and liquidity risk to ensure that the Company has access to adequate and low-cost working capital and is able to minimize the adverse impacts that market uncertainty has on the Company.

All of the Company's main financial activities are reviewed by the board of directors according to internal policies and control systems. The Finance Department observes areas of responsibility and financial risk management procedures when executing financial plans, whereas internal auditor review internal compliance with rules and exposure limits on a regular basis. Furthermore, the Company does not engage in any speculative trading of financial instruments (including financial derivatives).

a.Market risk

(a)Exchange rate risk

Some of the Company's business activities involve the use of non-functional currencies, the main functional currency is NT\$. Because the impact of exchange rate fluctuations is minimal, no significant exchange rate risk is expected to occur.

Sensitivity analysis

The Company is mostly susceptible to changes in the US\$ exchange rate; the effects are explained below.

The following table is a sensitivity analysis showing the effect when NT\$(the functional currency) strengthens/weakens against US\$ by 5% The sensitivity analysis indicates the amount of increase in profit before tax if NT\$ was to weaken against US\$ by 5% at the end of the period; if NT\$ was to strengthen against US\$ by 5%, the effect on profit before tax would be a negative figure of the same amount or opposite effect at loss. The sensitivity analysis covers cash and cash equivalents, accounts receivable, and accounts payable.

	Effects of exchange rate variation (US\$)	
	2023	2022
Gain/Loss	\$ 428	\$ 126

(b)Interest Rate Risk

Interest rate risk refers to risk of fair value change and cash flow change to a financial instrument following a change of market interest rate.

The carrying value of financial assets and liabilities susceptible to interest rate risks as at the parent company only balance sheet date is presented below:

	December 31, 2023	December 31, 2022
Risk of cash flow changes due to interest rate		
Financial assets	\$ 26,129	\$ 23,624

Sensitivity analysis

Sensitivity analysis on interest rate risk is conducted by calculating cash flow changes using floating interest rate as at the end of the period, while assuming a 10-basis point increase in a given year. The effect on profit and loss is explained below:

	Effect of interest rate variation	
	2023	2022
Gain/Loss	\$ 26	\$ 24

b.Credit risk

Credit risk refers to the risk of financial loss the Company may incur due to its customers being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable. The Company transacts with reputable counterparties and monitors credit exposures as well as counterparties' credit rating persistently. There was no

significant concentration of transactions in any single customer or transaction counterparty.

24. Related Party Transactions

(1) Name of related parties and relationship

Name of related parties	Relationship with the Company
VAST POWER CORPORATION	Subsidiary
INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Subsidiary
Chairman and director	Key management
Sun Deco Investment Ltd.	Other related party

(2) Significant transactions with related parties

a. Sales

	2023	2022
Subsidiary	\$ -	\$ 72

b. Operating expenses

	2023	2022
<u>Rental expenses</u>		
Other related party	\$ 36	\$ 36
<u>Postage fees</u>		
Subsidiary	\$ 75	\$ 75
<u>Other expenses</u>		
Subsidiary	\$ -	\$ 11

The Company leases offices from other related party. The content of the lease is determined by agreement between the two parties. The rent is paid on a monthly basis in accordance with the lease. The relevant rental expenses are listed as operating expenses.

c. Assets and liabilities transactions

	2023	2022
<u>Other notes payable</u>		
Subsidiary	\$ 225	\$ -
Key management	-	3,523
Total	\$ 225	\$ 3,523

	2023	2022
<u>Other payables</u>		
Subsidiary	\$ 13	\$ 13

d.Endorsement/guarantee: Please refer to table 1 for details on related party endorsement and guarantee.

(3)Remuneration of key management personnel

Sum of remuneration to directors and other members of key management:

	2023	2022
Short-term employee benefits	\$ 2,872	\$ 3,558

25.Pledged(Mortgage) Assets: N/A.

26.Significant Contingent Liabilities and Unrecognized Contract Commitments

(1)Regarding the violation of the Securities Exchange Law by the former person in charge of the Company, Mr. Hsieh, Han-Chin, etc., the Supreme Court's 2021 Taishang No. 5982 judgment was confirmed on the case, which aims to reveal the Supreme Court's decision to uphold the original judgment: " Mr. Hsieh, Han-Chin was a director duty of care as a good manager should not have followed the sales structure arranged by Mr. Luo, Fu-Chu for disposing of the factory in this case. As a result, the Company could only collect NT\$ 480,000 for the transaction price, instead of the NT\$ 550,000 that should be paid for the actual sale to Hengtong Company. So that Mr. Luo, Fu-Chu obtained the NT\$ 70,000 that should have belonged to the Company. It was fully recognized that the price difference of NT\$ 70,000 obtained by Mr. Luo, Fu-Chu has indeed caused significant damage to the Company, and it was an unprofitable and unconventional transaction." The Company had filed a lawsuit for civil damages against the above-mentioned parties involved in the above-mentioned damages on March 2, in 2023, requesting to pay the Company NT\$ 70,000 and related statutory interest jointly and severally, so as to protect the rights and interests of the Company and shareholders.

Regarding the above transaction, the Company received a notice from the civil court of the Taipei District Court in Taiwan in early April 2012, and the Investors Protection Center

filed a lawsuit against the former person in charge of the Company, the Company, the directors and the supervisors to compensate investors for damages. The requested amount was NT\$ 83,304 and the interest calculated at 5% per annum until the date of repayment. In this case, the Company had signed a settlement agreement with the Investors Protection Center on February 14, 2014 to reach a settlement, and the Investors Protection Center had withdrawn the lawsuit with the Taipei District Court in Taiwan on March 21, 2014. The Company had completed the settlement agreement.

The case was rejected by the Taiwan Taipei District Court on April 12, 2016, and the application for false execution was rejected. The Investors Protection Center appealed to the Taiwan High Court on May 3, 2016, and the appeal amount was reduced to NT\$ 72,031, the Taiwan High Court ruled on May 31, 2017 to reject the appeal, and the Investors Protection Center appealed to the Supreme Court on June 23, 2017, and the Supreme Court pronounced on January 31, 2019: the original judgment was abolished, sent back to the Taiwan High Court; on December 7, 2021, the Taiwan High Court still rejected the appeal of the Investors Protection Center, and the Investors Protection Center appealed to the Supreme Court, and the Supreme Court on March 9, 2023 "2022, Taishang No. 1045" ruled to reject the appeal of the Investors Protection Center, and the case was finalized.

(2) On January 10, 2007, the Company received correspondence from KOREA EXCHANGE BANK, a lender for New Star Digital, which was an investee of Global Solutions Holdings Ltd., with the intention to claim against the Company's US\$ 10,000 thousand guarantee to New Star Digital. The Company had not received legal documents pertaining to this claim as of December 31, 2023, and was therefore temporarily free of responsibilities to pay.

(3) As of December 31, 2023 and 2022, the Company had offered NT\$ 759,554 and NT\$ 785,734 of financial guarantee, respectively, to external parties. Refer to Table 1 for details.

27. Others

The Company has no major donation expenditures in 2023 and 2022.

28. Supplementary Disclosures

(1) Information on significant transactions:

a. Loans to others: N/A.

- b. Endorsements/guarantees provided to others. (Table 1)
 - c. Marketable securities held at the end of the period. (excluding investment subsidiaries and affiliated companies) (Table 2)
 - d. Marketable securities acquired or sold amounting to at least NT\$ 300 million or 20% of the paid-in capital.
 - e. Acquisition of real estate amounting to at least NT\$ 300 million or 20% of the paid-in capital: N/A.
 - f. Disposal of real estate amounting to at least NT\$ 300 Million or 20% of the paid-in capital: N/A.
 - g. Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: N/A.
 - h. Receivables from related parties amounting to at Least NT\$ 100 million or 20% of the paid-in capital: N/A.
 - i. Trading in derivative instruments: N/A.
- (2) Information on investees. (Table 3)
- (3) Information on investments in mainland China: N/A.
- (4) Information on major shareholders: names of shareholders with more than 5% ownership interest, the number and percentage of shares held. (Table 4)

29. Segment Information

Please refer to the consolidated financial statement in 2023 for details.

Table 1

Endorsements/guarantees provided to others:

Unit: NT \$ thousands

No. (Note 1)	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantees amount to net asset value of the Endorser/guara ntor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of Endorsements/ guarantees by parent company to subsidiary	Provision of Endorsements/ guarantees by subsidiary to parent company	Provision of Endorsements/ guarantees to the party in Mainland China
	Endorser /guarantor	Company name Relationship (Note 2)										
0	The Company	New Star Digital Inc. 1	7,449,084 (Note 8)	795,947 (Note 4)	759,554 (Note 5)	759,554	-	91.77%	12,415,140 (Note 8)	No	No	No

Note 1: The serial number column is explained below:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order 1 starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following 7 categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed / guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements / guarantees to the endorsed / guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Specify the Company's single-party and overall endorsement/guarantee limits as mentioned in the external party endorsement/guarantee procedures. Explain in the remarks field how the single-party and overall endorsement/guarantee limits are calculated.

Note 4: Represents the highest balance of endorsements/guarantees made to external parties during the year.

Note 5: Represents board-approved amount. If the Chairman has been authorized by the board of directors to make decisions according to Subparagraph 8, Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the column shall represent Chairman-approved amount.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland area.

Note 8: The Company established its own set of "Endorsement and Guarantee Policy" with board of directors' approval on April 25, 2013, which was later approved through shareholders' resolution during the meeting held on June 11, 2013. According to the policy, the sum of endorsements/guarantees to external parties shall not exceed 1,500% of the Company's net assets, as shown in the latest financial statements, whereas endorsements/guarantees to any single external party is capped at 900% of the Company's net assets, as shown in the latest financial statements.

Note 9: The Company had granted NT\$ 759,554 of endorsements/guarantees to external parties as of December 31, 2023.

Table 2

Marketable securities held at the end of the period:

Unit: NT \$ thousands/shares

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Ending balance				Remarks (Note 4)
				No. of shares	Carrying value (Note 3)	Ownership (%)	Fair value	
The Company	Shares of AU Optonics Co., Ltd.	None	Financial assets at fair value through profit or loss-current	500,000	9,075	0.01%	9,075	
The Company	Shares of QUANTA COMPUTER INC.	None	Financial assets at fair value through profit or loss-current	386,000	86,657	0.01%	86,657	
Huaxun Venture Capital Co., Ltd	Shares of Aetas Technology Incorporated	None	Financial assets at fair value through other comprehensive income-noncurrent	468,750	-	1.23%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of Integrated Memory Incorporated	None	Financial assets at fair value through other comprehensive income-noncurrent	100,000	-	1.15%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of BroadRiver Commuatuons Inc.	None	Financial assets at fair value through other comprehensive income-noncurrent	142,045	-	1.4%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of EVA Airways Corporation	None	Financial assets at fair value through profit or loss-current	25,000	786	0.00%	786	
VAST POWER CORPORATION	Shares of United Microelectronics Corporation	None	Financial assets at fair value through profit or loss-current	4,011,000	210,979	0.03%	210,979	
VAST POWER CORPORATION	Shares of Yageo Corporation	None	Financial assets at fair value through profit or loss-current	190,000	113,430	0.04%	113,430	
VAST POWER CORPORATION	Shares of Pan-International Industrial Corp.	None	Financial assets at fair value through profit or loss-current	650,000	23,042	0.13%	23,042	
VAST POWER CORPORATION	Shares of AU Optonics Co., Ltd.	None	Financial assets at fair value through profit or loss-current	500,000	9,075	0.01%	9,075	

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Securities held by	Marketable securities(Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Ending balance				Remarks (Note 4)
				No. of shares	Carrying value (Note 3)	Ownership (%)	Fair value	
VAST POWER CORPORATION	Shares of SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LT	None	Financial assets at fair value through profit or loss-current	600,000	64,500	0.22%	64,500	
VAST POWER CORPORATION	Shares of QUANTA COMPUTER INC.	None	Financial assets at fair value through profit or loss-current	670,000	150,415	0.02%	150,415	
VAST POWER CORPORATION	Shares of Pharma Essentia Corp.	None	Financial assets at fair value through other comprehensive income-noncurrent	100,000	27,680	0.03%	27,680 (註 6)	pledged to bank
VAST POWER CORPORATION	Xin-Chuan-Gan Capital Limited Partnership Private Equity Fund	None	Financial assets at fair value through profit or loss -noncurrent	-	16,500	-	16,500	
VAST POWER CORPORATION	Shares of Zhi Cheng Retro-style EV-mobility Design Co., Ltd.	None	Financial assets at fair value through other comprehensive income-noncurrent	200,000	2,000	6.67%	2,000	
Dajixiang International Construction Co., Ltd	KGI Real Assets Multi-asset Fund -TWD B	None	Financial assets at fair value through profit or loss-current	100,000	996	-	996	
Dajixiang International Construction Co., Ltd	Cathay US Corporate 10+ Years Banking ETF	None	Financial assets at fair value through profit or loss-current	100,000	1,667	-	1,667	
Dajixiang International Construction Co., Ltd	Fuh Hwa Guardian Fund	None	Financial assets at fair value through profit or loss-current	1,005,197	20,130	-	20,130	

Note 1: Securities mentioned in this table shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above, as specified in IAS 39 "Financial Instruments."

Note 2: Not required if the securities issuer is a non-related party.

Note 3: For items that are measured at fair value, the amount of fair value after adjustment and net of cumulative impairment is shown in the carrying value column; for items that are not measured at fair value, the amount of original acquisition cost or cost after amortization net of cumulative impairment is shown in the carrying value column.

Note 4: All securities that have been placed as collateral, borrowed against, or are subject to restrictions under agreed terms shall have details such as the quantity pledged, the amount charged, and restrictions explained in the remarks column.

Note 5: Financial statements are no longer available.

Note 6: VAST POWER CORPORATION acquired 100,000 shares of privately placed common shares of Pharma Essentia Corp. in May 2022. Except for the transfer in accordance with Article 43-8 of the Securities Exchange Law, this shareholding cannot be freely transferred within 3 years of acquisition, and its rights and obligations. The same as the publicly issued common stock, at the end of the period, the valuation adjustment is calculated based on the closing price on December 31, 2023 after deducting the liquidity discount.

Table 3

Information on investees:

Unit: NT\$ thousands/thousand shares

Investor	Name of Investee	Location	Principal business	Initial investment amount		Shares held as at December 31, 2023			Ownership (%) multiplied with investee's net assets as at December 31, 2023	Net (loss) income of investee in 2023	Investment (loss) income recognized by the Company in 2023	Remarks
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Carrying Value				
The Company	Huaxun Venture Capital Co., Ltd.	Taiwan	General investment	159,952	159,952	15,995	99.97%	12,095	12,095	(1,920)	(1,920)	Subsidiary
The Company	VAST POWER CORPORATION	Taiwan	Electric vehicle power system development, real estate leasing	1,305,458	1,305,458	90,644	61.43%	675,513	675,513	63,015	38,507	Subsidiary
The Company	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	49,500	49,500	4,950	27.81%	17,719	17,719	(9,213)	(2,551)	Subsidiary
VAST POWER CORPORATION	Dajixiang International Construction Co., Ltd.	Taiwan	Real estate development	334,061	334,061	50,350	100%	380,843	380,843	3,109	3,109	Sub-subsidiary
VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	65,000	65,000	6,500	36.52%	23,153	23,153	(9,213)	(3,365)	Subsidiary
Huaxun Venture Capital Co., Ltd.	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	30,000	30,000	3,000	16.85%	10,686	10,686	(9,213)	(1,553)	Subsidiary

Note 1: If the public company has set up a foreign holding entity and prepared consolidated financial statements on the holding entity according to local regulations, information on foreign investees can be disclosed to the level of the foreign holding entity and no further breakdown is needed.

Note 2: Companies that do not meet the condition described in Note 1 shall complete the form according to the following rules:

(1) For columns including "Name of investee," "Location," "Principal business," "Initial investment amount," and "Shares held as at December 31, 2022," list down investees that are held by the Company (public company) first, followed by those held by directly controlled investees and indirectly controlled investees. Specify in the remarks column the relationship between each investee and the Company (public company) (such as a subsidiary or sub-subsidiary).

(2) Specify the amount of profit or loss made by each investee in the current period.

(3) Specify only the amount of profit or loss that the Company (public company) has recognized from directly held subsidiaries and equity-accounted investees. No disclosure is needed on indirectly held investees. When disclosing "current gains/losses recognized on directly held subsidiaries," make sure that the gains/losses already include investment gains/losses that they are required to recognize on their investments.

Table 4

Information on major shareholders

Name of Major Shareholder	Number of shares held (thousands)	Ownership percentage (%)
GUANG-SHEN Investment Co., Ltd.	15,410	18.79
Li,Guo-Long	14,634	17.84
Chen, Bi -hua	6,071	7.40
Luo,Guang -Wei	5,890	7.18
Bank SinoPac is entrusted to keep the investment account of SinoPac Securities (Asia) Co., Ltd., a client of SinoPac(Asia) Nominees Co., Ltd.	4,237	5.16

Explanation: If information of this table is obtained from Taiwan Depository & Clearing Corporation, the following explanations can be added to the footnote section of this table:

(1) Information on major shareholders, as presented in this table, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of each quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

(2) Shareholders who placed shares under trust are disclosed in trustors' sub-accounts held with various trustees. Shareholders with more than 10% ownership interest are subject to insider equity reporting, according to the Securities and Exchange Act. Insider equity includes shares held in own name and any shares placed under trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.

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

Representation Letter

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

Very truly yours,

Fortune Oriental Company Limited

By

Chairman : Chen, Bi hua

March 8, 2024

Independent Auditors' Report

The Board of Directors and Shareholders

Fortune Oriental Company Limited

Opinions

We have audited the accompanying consolidated financial statements of Fortune Oriental Company Limited (the“Company”) and its subsidiaries (collectively, the“Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors'Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Litigation and contingent liabilities

Refer to Notes 23 and 34 to the consolidated financial statements.

For major pending legal cases, does the Group's estimate sufficient litigation or settlement losses. Will affect the completeness of the Group's consolidated financial statements to recognize related losses and liabilities, it also has an impact on the Group's financial performance and condition. Therefore, the audit of litigation and contingent liabilities is identified as a key audit matter.

In response to the above-mentioned litigation and contingent liabilities, our major audit procedures executed are as follows:

1. Evaluate the rationality of the Group's estimated litigation or settlement loss liability provisions.
2. Review the board meeting minutes, major news announcements, and news reports during and after the audit period to search for any unaccounted for legal disputes, lawsuits, or settlement losses of the Group.
3. Evaluate the claimed amounts in relevant lawsuit, and whether sufficient losses and liability provisions are accounted for.
4. Obtain the lawyer's reply letter and opinion on the litigation case, and inquire about the Group's point of view to verify the development status of the litigation case, the completeness of the loss and provision of liabilities.

5. Evaluate whether the Group's liability provision and the disclosure about the litigation are appropriate.

Inventory-evaluation of the land held for construction

The inventory-land held for construction and its superstructure at the end of 2023 accounted for 22% of the total consolidated assets, mainly for the market land, and the current planning combines the ownership of other real estate in the same area, jointly participate in the urban renewal business plan: transform the functional buildings into a market, a residence, or a combination of the two to increase the development value of real estate. Before the decision of the urban planning committee of the competent authority, the Group has uncertainty about the development value of the land held for construction, which affects the the Group's performance. Also see Note 13 to the consolidated financial statements, so the evaluation of the land held for construction is identified as a key audit matter.

In response to the above-mentioned evaluation of the land held for construction, our major audit procedures executed are as follows:

1. Review the documents or reports on the implementation of the construction site urban renewal plan, and pay attention to the changes in the implementation progress, whether it is in line with the urban renewal project and content.
2. Review the board meeting minutes of the urban renewal plan for the construction site, and examine whether the item approved by the board affects the development value of the construction site; and evaluate whether the impact of the directors' opinions holding other opinions affects the financial performance of the management authority.
3. Examine and review the asset appraisal report of external experts on the consolidated balance sheet date to evaluate whether there is a risk of impairment loss on the land held for construction.
4. Examine whether the note to the consolidated financial statements disclosure of the Group's inventory- evaluation of the land held for construction is appropriate.

Other Matter

We have also audited the parent company only financial statements of Fortune Oriental

have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 and Risk 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied

with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Shih Chia and Lee, Hui Chin.

The image shows two handwritten signatures in black ink. The first signature, on the left, reads 'Huang, Shih Chia' and is written in a cursive, flowing style. The second signature, on the right, reads 'Lee Hui Chin' and is also written in a cursive, flowing style.

G & F Certified Public Accountants
Taipei, Taiwan, Republic of China
March 8, 2024

Notice to Readers

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

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

Fortune Oriental Company Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT\$ thousands

Code	Asset Item	Notes	December 31, 2023		December 31, 2022		Liabilities and equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%	Code	Item		Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	6	\$	72,818	5	\$	2130	Contract liabilities		8,541	1	\$	5,052
1110	Financial assets at fair value through profit or loss-current	7	690,753	48	719,878	52	2150	Notes payable		2,664	-		2,336
1136	Financial assets at amortized cost-current	9	30,000	2	-	-	2162	Other notes payable to related parties	32	-	-		3,522
1150	Notes receivable, net	10	11,713	1	13,293	1	2170	Accounts payable		26,449	2		22,988
1170	Accounts receivable, net	10	36,088	2	30,925	2	2200	Other payables	21	84,465	6		79,622
1180	Accounts receivable due from related parties, net	32	157	-	-	-	2220	Other payables to related parties	21, 32	6	-		6
1200	Other receivables	11		19	-	-	2280	Lease liabilities	17	19,797	1		13,713
1220	Current income tax assets	27		5	-	-	2399	Other current liabilities - other		3,727	-		3,761
130X	Inventories	12	44,599	3	48,996	4	21XX	Total current liabilities		145,649	10		131,000
1323	Land held for construction	13	327,407	22	322,781	24		Non-current liabilities					
1410	Prepayments	14	24,896	2	4,445	-	2570	Deferred income tax liabilities	27	7	-		5
1470	Other current assets	14	9,686	1	1,148	-	2580	Lease liabilities	17	31,378	2		13,096
11XX	Total current assets	14	1,248,141	86	1,255,784	91	2645	Guarantee deposits		672	-		172
							2670	Other non-current liabilities	23	8,233	1		8,233
	Non-current assets						25XX	Total non-current liabilities		40,290	3		21,506
1510	Financial assets at fair value through profit or loss-non-current	7	16,500	1	-	-	2XXX	Total liabilities		185,939	13		152,506
1517	Financial assets at fair value through other comprehensive income-non-current	8	29,680	2	45,660	3		Equity attributable to shareholders of the parent	24				
1600	Property, plant, and equipment	15	61,146	4	27,065	2	3110	Capital stock		820,080	57		820,080
1755	Right-of-use assets	17	50,349	3	26,191	2	3200	Capital surplus		82,271	5		78,025
1760	Investment property, net	18	7,570	1	8,211	1	3300	Retained earnings		33,281	2		33,281
1780	Intangible assets	19	9,905	1	7,567	1	3320	Legal reserve		5	-		5
1915	Prepayments for equipment		16,595	1	-	-	3350	Special reserve		(109,999)	(7)		(147,248)
1920	Refundable deposits	16	9,669	1	7,054	-	3400	Accumulated deficit		2,038	-		8,476
1960	Prepayments for investment	20	-	-	-	-	31XX	Other equity					
15XX	Total non-current assets		201,414	14	121,748	9	36XX	Total equity attributable to shareholders of the parent		827,676	57		792,619
1XXX	Total assets		\$ 1,449,555	100	\$ 1,377,532	100	3XXX	Non-controlling interests	24	435,940	30		432,407
								Total equity		1,263,616	87		1,225,026
								Total liabilities and equity		\$ 1,449,555	100		\$ 1,377,532

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman : Chen, Bi hua

Manager : Luo ,Guang wei

Head of Accounting : Lin, Zhi chong

Fortune Oriental Company Limited and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands, except for earnings per share

Code	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue, net	25	\$ 192,545	100	\$ (241,425)	(100)
5000	Operating costs	12,29	141,235	(73)	(142,381)	(59)
5900	Gross operating profit (losses)		51,310	27	(383,806)	(159)
6000	Operating expenses	29				
6100	Selling and marketing expenses		(40,939)	(21)	(41,727)	(17)
6200	Administrative expenses		(77,613)	(40)	(67,646)	(28)
6300	Research and development expenses		(67,415)	(35)	(39,598)	(16)
6450	Expected credit loss	10	(1,055)	(1)	(1,123)	(1)
	Total operating expenses		(187,022)	(97)	(150,094)	(62)
6900	Operating losses		(135,712)	(70)	(533,900)	(221)
7000	Non-operating income and expenses	26				
7010	Other income		96,104	49	30,099	12
7020	Other gains and losses		102,067	53	(115,713)	(48)
7050	Finance costs		(2,396)	(1)	(25,327)	(10)
	Total non-operating income and expenses		195,775	101	(110,941)	(46)
7900	Net income (loss) before tax		60,063	31	(644,841)	(267)
7950	Income tax expenses	27	(3)	-	(2)	-
8200	Net income (loss)		60,060	31	(644,843)	(267)
	Other comprehensive (loss)income					
8310	Items that will not be reclassified to profit or loss					
8316	Unrealized (losses)gains on investments in equity instruments at fair value through other comprehensive income	24	(6,438)	(3)	6,034	3
8300	Other comprehensive (loss)income for the year, net of income tax		(6,438)	(3)	6,034	3
8500	Total comprehensive income(loss) for the year		\$ 53,622	28	\$ (638,809)	(264)
8600	Net income (loss) attributable to					
8610	Shareholders of the parent	28	\$ 37,249		\$ (385,361)	
8620	Non-controlling interests	24	22,811		(259,482)	
			\$ 60,060		\$ (644,843)	
8700	Comprehensive income(loss) attributable to					
8710	Shareholders of the parent		\$ 30,811		\$ (379,327)	
8720	Non-controlling interests	24	22,811		(259,482)	
			\$ 53,622		\$ (638,809)	
	Earnings per share (NT\$ in dollars)	28				
9750	Basic earnings(losses) per share		\$ 0.45		\$ (4.70)	
9850	Diluted earnings(losses) per share		\$ 0.45		\$ (4.70)	

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua

Manager: Luo ,Guang wei

Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	Equity attributable to shareholders of the parent							Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings		Other equity		Total equity attributable to shareholders of the parent		
			Legal reserve	Special reserve	unappropriated earnings (Accumulated deficit)	Unrealized (losses) gains on financial assets at fair value through other comprehensive income			
Balance as of January 1, 2022	\$ 820,080	\$ 61,996	\$ 28,103	\$ 5	\$ 256,311	\$ (2,378)	\$ 1,164,117	\$ 922,753	\$ 2,086,870
Appropriations of earnings									
Legal reserve	-	-	5,178	-	(5,178)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(8,200)	-	(8,200)	-	(8,200)
Total	-	-	5,178	-	(13,378)	-	(8,200)	-	(8,200)
Net loss	-	-	-	-	(385,361)	-	(385,361)	(259,482)	(644,843)
Other comprehensive income	-	-	-	-	(4,820)	10,854	6,034	-	6,034
Total comprehensive income	-	-	-	-	(390,181)	10,854	(379,327)	(259,482)	(638,809)
From share of changes in equities of subsidiaries	-	16,029	-	-	-	-	16,029	-	16,029
Adjustments in non-controlling interests	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022	\$ 820,080	\$ 78,025	\$ 33,281	\$ 5	\$ (147,248)	\$ 8,476	\$ 792,619	\$ 432,407	\$ 1,225,026
Balance as of January 1, 2023	\$ 820,080	\$ 78,025	\$ 33,281	\$ 5	\$ (147,248)	\$ 8,476	\$ 792,619	\$ 432,407	\$ 1,225,026
Net income	-	-	-	-	37,249	-	37,249	22,811	60,060
Other comprehensive loss	-	-	-	-	-	6,438	(6,438)	-	(6,438)
Total comprehensive income	-	-	-	-	37,249	6,438	30,811	22,811	53,622
From share of changes in equities of subsidiaries	-	4,246	-	-	-	-	4,246	-	4,246
Adjustments in non-controlling interests	-	-	-	-	-	-	-	(19,278)	(19,278)
Balance as of December 31, 2023	\$ 820,080	\$ 82,271	\$ 33,281	\$ 5	\$ (109,999)	\$ 2,038	\$ 827,676	\$ 435,940	\$ 1,263,616

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

(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua

Manager: Luo ,Guang wei

Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	2023	2022
	Amount	Amount
Cash flows from operating activities		
Income(loss) before tax	\$ 60,063	\$ (644,841)
Adjustments for		
Adjustments to reconcile income(loss)		
Depreciation expenses	26,473	19,779
Amortization expenses	3,050	2,025
Expected credit loss	1,055	1,123
Valuation (gains)losses on financial assets at fair value through profit or loss	(281,952)	415,809
Losses on disposal of financial assets at fair value through profit or loss, net	179,688	247,781
Interest expenses	2,396	25,327
Interest income	(772)	(1,202)
Dividend income	(85,222)	(119,895)
Losses (gains) on disposal of property, plants, and equipment	95	(286)
Losses on foreign exchange, net	241	55
Changes in operating assets and liabilities		
Acquisition of financial assets at fair value through profit or loss	-	(710,381)
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Disposal of financial assets at fair value through profit or loss	-	901,467
Disposal of financial assets at fair value through other comprehensive income-current	-	28,371
Notes receivable	1,580	(1,382)
Accounts receivable	(6,450)	2,980
Accounts receivable from related parties	(157)	(42)
Other receivables	(19)	120,724
Inventories (including land held for construction)	(229)	(19,372)
Prepayments	(20,451)	(954)
Other current assets	(8,538)	(221)
Contract liabilities	3,489	594
Notes payable	338	(1,280)
Other notes payable to related parties	(3,543)	418
Accounts payable	3,477	804
Other payables	2,436	(173,118)
Other payables to related parties	-	42
Other current liabilities	(29)	(18)
Cash (outflow)inflow from operations	(122,981)	69,307

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Fortune Oriental Company Limited and Subsidiaries
Consolidated Statements of Cash Flows(continued)
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Item	2023	2022
	Amount	Amount
Interest received	772	1,202
Dividends received	85,222	119,895
Interest paid	(2,396)	(25,327)
Income tax paid	(5)	(4,026)
Net cash (outflow)inflow from operating activities	(39,388)	161,051
Cash flows from investing activities		
Acquisitions of		
Refund from capital reduction related to financial assets at fair value through profit or loss	-	16,227
Financial assets at fair value through profit or loss	(546,312)	-
Financial assets at fair value through other comprehensive income-non -current	(2,000)	-
Financial assets at amortized cost-current	(30,000)	-
Investment property	-	(8,642)
Property, plant and equipment	(37,919)	(12,360)
Intangible assets	(6,164)	(5,225)
Proceeds from disposal of		
Financial assets at fair value through profit or loss	668,703	12,774
Property, plant and equipment	50	286
Increase in prepayments for equipment	(16,595)	-
Refundable deposits (paid)refunded	(2,615)	50,181
Net cash inflow from investing activities	27,148	53,241
Cash flows from financing activities		
Borrowings of short-term loan	-	3,000
Repayments of short-term loan	-	(3,000)
Repayments of lease principal	(18,746)	(14,363)
Cash dividends paid	-	(8,200)
Guarantee deposits received (refunded)	500	(148)
Acquisition of treasury stock	(10,989)	(218,790)
Net cash outflow from financing activities	(29,235)	(241,501)
Effect of exchange rate changes on cash and cash equivalents	(25)	(18)
Net decrease in cash and cash equivalents	(41,500)	(27,227)
Cash and cash equivalents at beginning of period	114,318	141,545
Cash and cash equivalents at end of period	\$ 72,818	\$ 114,318

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

(Please refer to independent auditors' report of G & F Certified Public Accountants on March 8, 2024)

Chairman: Chen, Bi hua

Manager:Luo ,Guang wei

Head of Accounting: Lin, Zhi chong

Fortune Oriental Company Limited and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Unit: NT\$ thousands, unless specified otherwise)

1. General

Fortune Oriental Company Limited(hereinafter referred to as the “Company”, and its subsidiaries are collectively referred to as the “Group”) was incorporated on April 14, 1995. The main business is the agency of electronic components related products, the import and export trade of multimedia information products etc. Subsidiary (VAST POWER CORPORATION) increased financial investment transactions in its business activities in 2020. Afterwards, on December 23, 2022, the board of directors approved operational adjustments from 2023, it will focus on the R&D, design, manufacture and sales of electric vehicle power systems. While financial investment transactions will be adjusted and reduced in scale since 2023 and listed as non-operating items.

Shares of the Company were listed for trading on Taipei Exchange from February 21, 2000; the Company later received approval to list for trading on Taiwan Stock Exchange Corporation from September 19, 2001 onwards.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. Application of New and Revised International Financial Reporting Standards

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC announcements (SIC) (collectively, referred to as “IFRSs” below) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the

Group.

- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024

Application of New/Amended/Revised Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendments to IFRS 16 regarding “Lease liabilities arising from sale and leaseback transactions”	January 1, 2024(Note2)
Amendments to IAS 1 regarding “Classification of liabilities as current or non- current”	January 1, 2024
Amendments to IAS 1 regarding “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding “Supplier finance arrangements”	January 1, 2024(Note3)

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

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

Note 3: Initial application of some disclosure requirements is exempted.

As of the date of issuance of the parent company only financial statements, the Group assesses that amendments to other standards and interpretations will not have a significant impact on the financial position and performance.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

Application of New/Amended/Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 regarding “Sale or contribution of assets between an investor and its associate or joint venture”	Undetermined
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 regarding “Initial application of IFRS 17 and IFRS 9- compare Information”	January 1, 2023
Amendments to IAS 21 regarding “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting

periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. Initial application date of the impact amount will be recognized in retained earnings.

When financial statements are expressed in non-functional currency, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the initial application date.

As of the date of issuance of the consolidated financial statements, the Group continues to evaluate the impact of amendments to other standards and interpretations on its financial position and performance. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Material Accounting Policy Information

(1) Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

(2) Basis of preparation

a. Basis for measurement

The consolidated financial statements have been prepared based on historical cost basis, except for financial instruments that are measured at fair value.

b. Functional currency and presentation currency

Every entity within the Group has designated its functional currency as the main currency used in the economic environment where operations take place. NT\$ is the functional currency of the Group.

(3) Basis of consolidation

a. Basis of preparation for consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

The consolidated statement of comprehensive income already accounts for

operating profit/losses of subsidiaries acquired or disposed of during the current period since the acquisition date or up until the disposal date. Total comprehensive income generated by subsidiaries is divided into amounts that are attributable to shareholders of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Company.

b. The subsidiaries in the consolidated financial statemente

The detail information of the subsidiaries at the end of reporting period was as follows

Investor	Subsidiary	Nature of business	Ownership percentage	
			December 31, 2023	December 31, 2022
The Company	Huaxun Venture Capital Co., Ltd.	General investment	99.97%	99.97%
The Company	VAST POWER CORPORATION	Electric vehicle power system development, real estate leasing	61.43%	60.41%
The Company	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Lighting equipment	27.81%	27.81%
Huaxun Venture Capital Co., Ltd.	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Lighting equipment	16.85%	16.85%
VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Lighting equipment	36.52%	36.52%
VAST POWER CORPORATION	Dajixiang International Construction Co., Ltd.	Real estate development	100%	100%

Note 1

The main business activities of subsidiary (VAST POWER CORPORATION) in 2022 were general investment and real estate leasing. On December 23, 2022, the board of directors approved operational adjustments. Since 2023, it has been engaged in real estate leasing and the research and development and design of electric vehicle power systems, manufacturing and sales are the main business activities, while financial investment transactions have been adjusted and reduced in scale since 2023 as non-operating items.

Note 2

Subsidiary-VAST POWER CORPORATION (Original company name: INFOMEDIA INC.), the company name was changed with the approval of the Ministry of Economic Affairs in July 2023.

c. Subsidiaries not listed in the consolidated financial statements: N/A.

d. Subsidiaries with significant non-controlling interests that are material to the Group

The total amount of non-controlling interests of the Group as of December 31, 2023 and 2022 was NT\$ 435,940 and NT\$ 432,407, respectively. The following was information on non-controlling interests and subsidiary that were material to the Group:

Subsidiary	Main Business Location	Non-controlling interests		Non-controlling interests	
		December 31, 2023		December 31, 2022	
		Amount	Ownership Percentage	Amount	Ownership Percentage
VAST POWER CORPORATION	Taiwan	\$ 424,128	38.57%	\$ 418,896	39.59%

Aggregate financial information of subsidiary

Balance Sheets

	VAST POWER CORPORATION	
	December 31, 2023	December 31, 2022
Current Assets	\$ 625,000	\$ 632,655
Non-current Assets	587,855	502,398
Current Liabilities	(83,642)	(70,052)
Non-current Liabilities	(29,582)	(6,916)
Total Net Assets	\$ 1,099,631	\$ 1,058,085

Statements of Comprehensive Income

	VAST POWER CORPORATION	
	December 31, 2023	December 31, 2022
Operating revenue, net	\$ 2,619	\$ (437,785)
Net income(loss) before tax	63,016	(526,328)
Income tax expenses	(1)	-
Net income(loss) from continuing operations	63,015	(526,328)
Other comprehensive (loss)income	(10,480)	9,989
Total comprehensive income(loss) for the year	\$ 52,535	\$ (516,339)
Total comprehensive income(loss) attributable to non-controlling interests	\$ 20,263	\$ (204,419)
Dividends paid to non-controlling interests	\$ -	\$ -

Statements of Cash Flows

	VAST POWER CORPORATION	
	December 31, 2023	December 31, 2022
Net cash (outflow)inflow from operating activities	\$ (33,294)	\$ 170,809
Net cash inflow (outflow) from investing activities	56,324	(11,558)
Net cash outflow from financing activities	(23,217)	(227,610)
Effect of exchange rate changes on cash and cash equivalents	5	3
Decrease in cash and cash equivalents	(182)	(68,356)
Cash and cash equivalents at beginning of period	20,747	89,103
Cash and cash equivalents at end of period	\$ 20,565	\$ 20,747

(4) Foreign currencies

Foreign currency transactions are converted into the functional currency using exchange rate as at the trade day. Foreign currency-denominated assets and liabilities at the end of the period are converted into the functional currency using exchange rate applicable on that day. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit or loss in the period occurred.

Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rates as at the date of fair value. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items measured at historical cost are converted using exchange rate as of the date of initial transaction. No further conversion is made.

(5) Classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets:

- a. Assets held primarily for the purpose of trading.
- b. Assets that are expected to be realized within 12 months from the balance sheet date.
- c. Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

The Group classifies assets not meeting the aforesaid criteria into non-current assets.

Liabilities that meet one of the following criteria are classified as current liabilities:

- a. Liabilities incurred primarily for the purpose of trading.
- b. Liabilities that are expected to be settled within 12 months after the balance sheet date.
- c. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

The Group classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

(6) Financial instruments

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

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

a. Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(a) Category of financial assets and measurement

Financial assets are classified into: financial assets at fair value through profit or loss, investments in debt instruments and equity instruments at fair value through other comprehensive income, and financial assets at amortized cost.

Financial assets at fair value through profit or loss

For certain financial assets which include debt instruments that do not meet the criteria of amortized cost or fair value through other comprehensive income, it is mandatorily required to measure them at fair value through profit or loss. Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

Investments in debt instruments at fair value through other comprehensive income

Debt instruments with contractual terms specifying that cash flows are solely payments of principal and interest on the principal amount outstanding, together with objective of collecting contractual cash flows and selling the financial assets, are measured at fair value through other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at fair value through other comprehensive income are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit

or loss when these debt instruments are disposed.

Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity investments that is not held for trading and not a consideration for business acquisition as at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

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

Financial assets at amortized cost

Cash and cash equivalents, debt instrument investments, notes and accounts receivable (including related parties), other receivables and refundable deposits are measured at amortized cost.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting short-term cash commitments. Time deposits that do not meet the above definitions are presented as other financial assets - current or non-current.

Debt instruments with contractual terms specifying that cash flows are solely payments of principal and interest on the principal amount outstanding, together with objective of holding financial assets in order to collect contractual cash flows, are measured at amortized cost.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals to carrying amount determined by the effective interest

method less any impairment loss.

(b) Impairment on financial assets

At the end of the period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at fair value through other comprehensive income.

All receivables have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Consolidated Entity first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

For the purpose of internal credit risk management, a financial asset is deemed to have defaulted in any of the following circumstances, without considering the presence of collaterals:

- There is internal or external information to indicate that the debtor is unable to settle outstanding debts.
- Debts are not settled past the credit term.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the

carrying amount of the financial assets.

(c) Derecognition of financial assets

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

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

b. Financial liabilities

(a) Recognition and measurement

Except for financial liabilities at fair value through profit or loss, which are measured at fair value, all other financial liabilities are measured at amortized cost using the effective interest method (including notes and accounts payable, other payables, and guarantee deposits).

(b) Derecognition of financial liabilities

When a financial liability is derecognition, the difference between carrying value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

(7) Inventories

Inventories are stated at the lower of cost or net realizable value; the lower of cost or net realizable value is compared item-by-item, except items within the same

category. Net realizable value refers to the estimated selling price less all estimated costs required for completion and all associated marketing expenses under normal circumstances. Inventories are calculated using the weighted average method.

(8) Property, plants and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction, acquisition of the item of property, plant and equipment or borrowing costs eligible for capitalization.

For any property, plant, or equipment that comprises several different components, each major component is treated as a separate property, plant, or equipment if it makes up a material part relative to total cost and if use of different depreciation rate or method is deemed more appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the part replaced shall be derecognized. All other amount of repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.

Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated. Please see Note 15 for the useful years of property, plant, and equipment.

Depreciation, useful years, and residual value are reviewed at the end of the period. Any changes will be treated as changes in accounting estimates.

(9) Leases

For a contract that contains a lease component and non-lease component, the Company may elect to account for the lease and non-lease components as a single lease component.

a. The Group as lessor

A lease arrangement is classified as a finance lease if the terms involve a transfer all risks and returns associated with ownership of the underlying assets to the lessee. All other lease arrangements are classified as operating lease.

When the Group subleases the right-of-use assets, the Group classifies the sublease based on the right-of-use assets (instead of the underlying assets).

Lease payments of a finance lease comprise fixed payments, variable lease payments. Net investments of a lease are calculated as the sum of present value of lease payments receivable, and is presented on balance sheets as finance lease receivables. Finance income is allocated into the lease period that reflects a constant return rate of the Group's net lease investments.

Proceeds received from operating leases are recognized as income on a straight-line basis over the lease tenor.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the

commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. If, however, the carrying value of right-of-use asset has already been reduced to zero, any subsequent remeasurements are recognized through profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(10) Intangible assets

a. Other intangible assets

Other separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through business combination are measured at fair value as at the acquisition date, and presented separately from goodwill.

b. Amortization and derecognition

Except for goodwill and intangible assets with undefined useful life, intangible assets are amortized using the straight-line method over the useful life from the time they reach the usable state. Amortizations are recognized in profit or loss.

The method and period of amortization are reviewed at the end of the period. Any changes will be treated as changes in accounting estimates.

Difference between the net disposal proceed and carrying value of intangible

assets derecognized is recognized in current profit or loss.

(11) Liability provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation.

Provisions are recognized to account for the risk and uncertainty of the Group's obligations. It represents the best estimate of the cash outflows needed to settle obligations at the end of the period. Where liabilities reserve is estimated based on cash outflows at the time of settlement, the carrying value is calculated as the present value of future cash outflows.

(12) Impairment of non-financial assets

Other tangible and intangible assets and additional cost for contract establishment

The Group examines the carrying values of these assets for signs of impairment at the end of the period. If signs of impairment are discovered, the Group then estimates each asset's recoverable amount to determine the amount of impairment to be recognized. If the recoverable amount can not be estimated for a particular asset, the Group will estimate recoverable amount for the entire cash-generating unit. Recoverable amount is the higher between fair value less costs to sell and 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.

If recoverable amount of an asset or cash-generating unit falls below the carrying value, the carrying value of that particular asset or cash-generating unit is reduced to the recoverable amount with impairment losses recognized through profit or loss. When impairment losses are reversed on a later date, the carrying value of corresponding assets or cash-generating units is adjusted upwards to the estimated recoverable amount. However, the increased carrying value shall not exceed the carrying value of the asset or cash-generating unit before impairment losses were recognized. Reversals of impairment loss are recognized through profit or loss in the period occurred.

(13) Revenue recognition

The Group first identifies performance obligations in a contract it signs with customer, then allocates the transaction sum to various obligations, and recognizes

revenue when each obligation is fulfilled.

a. Revenue from sale of merchandise

The Group sells electronic components, multimedia information products, lighting equipment and lighting products, and recognizes revenues and accounts receivable at the time products are shipped to customer's designated location, as the customer then becomes entitled to set price and make use of such product while at the same time bears the main responsibility to resell and assumes obsolescence risks.

b. Rental income

Income is recognized on a monthly basis over the lease tenor using the straight-line method.

(14) Employee benefits

Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Group expects to pay in exchange for employees' service.

Contributions to the defined contribution plan are recognized as expenses over the duration of employees' service.

(15) Income tax

The tax expense for the period comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

a. Current income tax

Current income tax includes amounts that are calculated based on the current year's taxable income (or loss), plus any adjustment to income tax payable in previous years.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

b. Deferred income tax

Deferred income taxes are measured and recognized based on temporary differences between the carrying value and tax base of an asset or liability at the end

of the period. Deferred income tax assets are recognized under the condition that the Group is very likely to generate taxable income in the future to offset deductible temporary differences.

Taxable temporary differences arising from subsidiaries investments are recognized as deferred income tax liabilities, except in cases where the Group is able to control the timing of which temporary differences are reversed, and that such temporary differences are highly likely to be kept from reversing in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to realize the temporary differences, and that reversal is expected in the foreseeable future.

Deferred income tax is calculated using the tax rate that is expected to be effective at the time deferred income tax asset or liability is expected to be realized or repaid. In this financial report, the statutory tax rate or substantively enacted tax rate at the end of the period was used for calculation. Deferred income tax liabilities and assets represent tax impacts of the method by which the Group expects to recover or settle the carrying value of its assets and liabilities at the end of the period.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated at the end of the period. Income tax benefits that are not very likely to be realized will be reduced down to the realizable amount.

5. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

The management is required to make judgments, estimates, and assumptions when preparing the consolidated financial statements. These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of assets, liabilities, income, and expenses reported. The actual outcome may differ from initial estimates.

The management constantly reviews its estimates and assumptions. Impacts from changes in accounting estimates are recognized in the year the changes take place and in

future years when impacts materialize.

Significant accounting judgments

(1) Lease tenor

When determining the tenor of leased asset, the Group takes into account the economic incentives to be generated and all facts and circumstances relating to the exercise (or non-exercise) of options, including all expected changes of fact and circumstances from the lease start date until the option exercise date. The main factors taken into consideration include: terms and conditions of the option contract, major lease improvements during the contract tenor, and significance of the underlying asset to lessee's operations. Lease tenor is re-evaluated for any material occurrence or material change of circumstance that is within the control of the Group.

Uncertainty of estimates and assumptions

(1) Inventories

Due to the fact that inventories are measured at the lower of cost and net realizable value, the Group assesses inventories at the end of the period for any decrease in sales value caused by normal wear, obsolescence, or absence of market demand, and reduces inventory cost to net realizable value accordingly. Inventory valuation is conducted by estimating product demand within a specific period of time in the future, which may vary significantly due to rapid industry development. For details on inventory valuation, please refer to Note 12.

(2) Liability provisions - lawsuit reserve

The Group evaluates occurrence and cost of lawsuits regularly based on historical experience. Lawsuit reserves are recognized when a lawsuit is very likely to give rise to current obligations and that the amount can be reasonably estimated. Please refer to Note 23.

(3) Estimated impairment on receivables

The Group estimates impairment loss of receivables by measuring expected credit losses over the remaining duration. Credit loss is determined as the present value of differences between contractual cash flow (carrying value) and expected cash flow collection (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is not measured using

present value of differences. Significant impairment losses may arise if actual cash flow falls below expectation in the future.

(4) Impairment assessment on tangible assets and intangible assets (except goodwill)

When assessing asset impairment, the Group relies on the use of subjective judgment and determines independent cash flow and future income or expenses or losses for specific asset groups after taking into consideration the method in which assets are used and industry characteristics. Any change of economic circumstances and any change in estimate caused by the Group's strategies may result in significant impairment in the future.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 299	\$ 279
Deposits in banks	72,519	114,039
Total	<u>\$ 72,818</u>	<u>\$ 114,318</u>

7. Financial Assets at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
<u>Financial assets-current</u>		
Financial assets mandatorily at fair value through profit or loss		
TWSE/TPEX listed stocks	\$ 667,960	\$ 691,684
Beneficiary certificates	22,793	28,194
subtotal	<u>690,753</u>	<u>719,878</u>
<u>Financial assets-non-current</u>		
Financial assets mandatorily at fair value through profit or loss		
Private Equity Fund	16,500	-
Total	<u>\$ 707,253</u>	<u>\$ 719,878</u>

As of December 31, 2023 and 2022, none of the financial assets at fair value through profit or loss is pledged as collateral.

8. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2023	December 31, 2022
<u>Equity instruments- non-current</u>		
Private placement of TPEX listed stocks	\$ 27,680	\$ 38,160
Private Equity Fund	-	7,500
Non-listed stocks		
AETAS	-	-
INTEGRATED	-	-
BROADRIVER	-	-
Zhi Cheng Retro-style EV-mobility Design Co., Ltd.	2,000	-
Total	\$ 29,680	\$ 45,660

- (1) The Group invests in the above instruments by adopting a medium-long term strategy, and expects to profit over the long term. Management of the Group is of the opinion that recognizing short-term fair value changes through profit or loss on such investments does not conform with the long-term investment plans described above, and therefore has chosen to account for such investments at fair value through other comprehensive income.
- (2) AETAS, INTEGRATED and BROADRIVER, three equity-accounted investments held by the Group, suffered losses that significantly reduced fair value below initial cost of investment, for this reason, the Group had recognized losses on adjustment to valuation for the entirety of the three investees.
- (3) As of December 31, 2023 and 2022, none of the above assets is pledged as collateral.

9. Financial Assets at Amortized Cost

	December 31, 2023	December 31, 2022
Time deposits maturing after 3 months	\$ 30,000	\$ -

Details of profit or loss items recognized on financial assets measured at amortized cost:

	2023	2022
Interest income	\$ 235	\$ -

10. Notes and Accounts Receivable, Net

	December 31, 2023	December 31, 2022
Notes receivable - non-related parties	\$ 11,713	\$ 13,293
Accounts receivable - non-related parties	461,725	455,507
Less: Loss allowance	(425,637)	(424,582)
Net amount	36,088	30,925
Total	\$ 47,801	\$ 44,218

The average credit term granted on the sale of merchandise is 60-120 days. No interest is calculated on accounts receivable. The Group rates its main customers based on publicly available financial information and transaction history. The Group persistently monitors credit exposure and counterparties' credit ratings, and controls counterparty exposure through credit limits that are reviewed and approved by the management.

The Group adopts the simplified approach of IFRS 9 and recognizes loss allowance on accounts receivable based on expected credit losses over the duration (after excluding special cases where 100% of losses have been provided). Expected credit losses for the duration of account are calculated using a provision matrix, which takes into consideration a customer's default history and current financial position, the current state of industry and economy, GDP forecast, and industry outlook. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the provision matrix did not distinguish between customer groups, but merely used different expected credit loss rates for the number days of the accounts receivable.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount can not be reasonably estimated, the Group will directly offset loss allowance against accounts receivable. In which case, the Group will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit or loss.

The amount of loss allowance calculated based on the provision matrix is presented below:

(1) December 31, 2023

	Not past due	Past due 1-60 days	Past due 61-90 days	Past due 91-365 days	Past due over 365 days	Total
Total carrying value	\$ 33,453	\$ 3,436	\$ 539	\$ 705	\$ 423,592	\$ 461,725
Loss allowance	(697)	(762)	(272)	(314)	(423,592)	(425,637)
Amortized cost	\$ 32,756	\$ 2,674	\$ 267	\$ 391	\$ -	\$ 36,088

(2) December 31, 2022

	Not past due	Overdue 1- 60 Days	Past due 61-90 days	Past due 91-365 days	Past due over 365 days	Total
Total carrying value	\$ 29,480	\$ 1,132	\$ 552	\$ 2,128	\$ 422,215	\$ 455,507
Loss allowance	(1,098)	(148)	(116)	(1,005)	(422,215)	(424,582)
Amortized cost	\$ 28,382	\$ 984	\$ 436	\$ 1,123	\$ -	\$ 30,925

Changes in loss allowance on accounts receivable are shown below:

	2023	2022
Balance, beginning of year	\$ 424,582	\$ 423,459
Loss allowance	1,055	1,123
Balance, end of year	\$ 425,637	\$ 424,582

11. Other Receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	\$ 19	\$ -
Others	16,132	16,132
Less: Loss allowance	(16,132)	(16,132)
Total	\$ 19	\$ -

12. Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Carrying value
Merchandise	\$ 88,516	\$ (80,275)	\$ 8,241
Raw materials	6,567	(3,909)	2,658
Supplies	349	(337)	12
Finished goods	48,904	(15,216)	33,688
Total	\$ 144,336	\$ (99,737)	\$ 44,599

	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying value
Merchandise	\$ 89,594	\$ (79,734)	\$ 9,860
Raw materials	7,859	(5,123)	2,736
Supplies	340	(248)	92
Finished goods	52,324	(16,016)	36,308
Total	<u>\$ 150,117</u>	<u>\$ (101,121)</u>	<u>\$ 48,996</u>

The Group's inventory cost recognized as an expense for the current period :

	2023	2022
Cost of inventories sold	\$ 144,217	\$ 151,853
Valuation gains on price recovery	(6,010)	(13,591)
Others	3,028	4,119
Operating costs	<u>\$ 141,235</u>	<u>\$ 142,381</u>

The inventories of the Group are measured by the lower of cost and net present value. In 2023 and 2022, the inventory valuation gains on price recovery recognized were NT\$ 6,010 and NT\$ 13,591 respectively.

As of December 31, 2023 and 2022, none of the above inventories is pledged as collateral.

13. Land held for construction

Item	December 31, 2023	December 31, 2022
Land held for Construction	\$ 414,950	\$ 414,950
Construction-in-progress	1,590	1,590
Total	416,540	416,540
Less: Allowance for valuation loss	(89,133)	(93,759)
Net amount	<u>\$ 327,407</u>	<u>\$ 322,781</u>

- (1) The Group's inventory of land held for construction, buildings and structures comprise: 10 lots of individually owned land including Lot No. 695, Huiguo Section, Xindian; joint construction land Lot No. 696 (Please refer to Note 16 for details), and 5 individually

owned buildings and structures including Building No. 1762.

- (2) Land held for construction by sub-subsidiary-Dajixiang International Construction Co., Ltd. showed a recovery of market value as of December 31, 2023 and 2022, as indicated by real estate appraisal report; NT\$ 4,626 and NT\$ 17,132 of gains from reversal of inventory valuation loss were recognized for the respective periods.
- (3) As of December 31, 2023 and 2022, none of the above land held for Construction is mortgaged as collateral.

14. Other Current Assets

Nature	December 31, 2023	December 31, 2022
Other financial assets	\$ 9,361	\$ -
Others	325	1,148
Total	<u>\$ 9,686</u>	<u>\$ 1,148</u>

Please refer to Note 33 for details on other financial assets pledged as collateral.

15. Property, Plant and Equipment

	January 1, 2023	Additions	Reclassification	Disposal and Scrapping	December 31, 2023
<u>Cost of quipment</u>					
Machinery	\$ 10,921	\$ 13,977	\$ 46	\$ -	\$ 24,944
Mold	600	59	(29)	-	630
Transportation	120	-	-	-	120
Office	9,534	2,314	30	(125)	11,753
Others	17,961	24,722	(172)	(70)	42,441
Total	<u>\$ 39,136</u>	<u>\$ 41,072</u>	<u>\$ (125)</u>	<u>\$ (195)</u>	<u>\$ 79,888</u>
<u>Accumulated depreciation</u>					
Machinery	\$ 4,536	\$ 1,174	\$ 2	\$ -	\$ 5,712
Mold	33	106	(2)	-	137
Transportation	-	30	-	-	30
Office	2,027	1,731	11	(31)	3,738
Others	4,883	3,840	(172)	(18)	8,533
Total	<u>\$ 11,479</u>	<u>\$ 6,881</u>	<u>\$ (161)</u>	<u>\$ (49)</u>	<u>\$ 18,150</u>

	January 1, 2023	Additions	Reclassification	Disposal and Scrapping	December 31, 2023
<u>Cumulative impairment</u>					
Machinery	\$ 592	\$ -	\$ -	\$ 592	\$ 592
	January 1, 2022	Additions	Reclassification	Disposal and Scrapping	December 31, 2022
<u>Cost of quipment</u>					
Machinery	\$ 10,680	\$ 4,173	\$ -	\$ (3,932)	\$ 10,921
Mold	-	600	-	-	600
Transportation	1,500	120	-	(1,500)	120
Office	4,589	4,945	-	-	9,534
Others	15,645	2,316	-	-	17,961
Total	\$ 32,414	\$ 12,154	\$ -	\$ (5,432)	\$ 39,136
<u>Accumulated depreciation</u>					
Machinery	\$ 6,957	\$ 477	\$ -	\$ (2,898)	\$ 4,536
Mold	-	33	-	-	33
Transportation	1,500	-	-	(1,500)	-
Office	749	1,278	-	-	2,027
Others	1,909	2,974	-	-	4,883
Total	\$ 11,115	\$ 4,762	\$ -	\$ (4,398)	\$ 11,479
<u>Cumulative impairment</u>					
Machinery	\$ 1,626	\$ -	\$ -	\$ (1,034)	\$ 592

Net carrying value	December 31, 2023	December 31, 2022
Machinery equipment	\$ 18,640	\$ 5,793
Mold equipment	493	567
Transportation equipment	90	120
Office equipment	8,015	7,507
Other equipment	33,908	13,078
Total	\$ 61,146	\$ 27,065

- (1) Property, plant and equipment of the Group are depreciated on a straight-line basis over the number of useful years shown below:

Machinery equipment	3-10 years
Mold equipment	5 Years

Transportation equipment	3 years
Office Equipment	3-5 Years
Other Equipment	2-5 Years

(2) Non-cash investment in property, plant and equipment:

Item	December 31, 2023	December 31, 2022
Additional property, plant and equipment	\$ 41,072	\$ 12,154
Net change of other payables	(3,153)	206
Amount of cash paid for acquisition of property, plant and equipment	\$ 37,919	\$ 12,360

(3) The Group did not capitalize interest in 2023 and 2022.

(4) As of December 31, 2023 and 2022, none of the above assets is pledged as collateral.

16. Refundable Deposits

Item	December 31, 2023	December 31, 2022
Contract deposits for urban renewal of Huiguo market	\$ -	\$ -
Deposits for office and plant	3,466	2,306
Deposit for the Group vehicle	5,036	3,476
Others	1,167	1,272
Total	\$ 9,669	\$ 7,054

On January 24, 2011, sub-subsidiary - Dajixiang International Construction Co., Ltd. (referred to as Dajixiang below) signed a joint construction contract with Mr. Sheng, Pei-Ran, owner of land Lot No. 696, Huiguo Section, Xindian District, New Taipei City, to co-construct a new building using the urban renewal approach. The land owner will own 55% of the new building while Dajixiang owns the remaining 45%, and for which Dajixiang had paid a joint construction deposit of NT\$ 52,050.

On September 28, 2018, land owner Mr. Sheng, Pei-Ran transferred all rights under the joint construction contract to King King Energy Service Co., Ltd. (referred to as King King below), which superseded in the possession of the joint construction deposits and all rights of the joint construction contract. Due to inability to proceed with the joint construction project, Dajixiang and King King agreed to terminate the joint construction

contract on June 14, 2022, and as a result, the land for joint construction registered under Dajixiang was transferred back to King King, and all taxes that arose as a result were borne by King King.

On July 7, 2022, a consensus was reached in accordance with Paragraph 2, Article 4 of the “Condominium Administration Act” to retain ownership over 1/100 of the jointly developed land and swapped out 1/200,000 of the land Lot No. 724, 743, 744 and 745 and 1/4 of building No. 2612. Ownership transferred for the above real estate transactions were completed on July 11, 2022, and King King refunded NT\$ 52,050 of the joint construction deposits on July 12, 2022.

Dajixiang previously signed refundable deposits as part of its agreement with owners of Huiguo market to execute the urban renewal project, but after overall operational adjustment, Dajixiang does not expect to recover refundable deposits, and a loss of NT\$ 7,935 had been wrote down in full.

17. Lease Agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying value of right-of-use assets		
Plants	\$ 44,767	\$ 21,068
Transportation equipments	5,582	5,123
Total	\$ 50,349	\$ 26,191
	2023	
Additional right-of-use assets		
Plants	\$ 39,271	\$ 15,194
Transportation equipments	4,097	3,907
Total	\$ 43,368	\$ 19,101
	2023	2022
Depreciation on right-of-use assets		
Plants	\$ 15,313	\$ 12,093
Transportation equipments	3,638	2,492
Total	\$ 18,951	\$ 14,585

(2) Lease Liabilities

	December 31, 2023	December 31, 2022
Carrying value of Lease liabilities		
Current	\$ 19,797	\$ 13,713
Non-current	31,378	13,096
Total	<u>\$ 51,175</u>	<u>\$ 26,809</u>

Discount month-rate range for lease liabilities:

	December 31, 2023	December 31, 2022
Plants	0.208%~0.292%	0.208%~0.292%
Transportation equipments	0.244%~0.292%	0.244%~0.292%

- (3) The Group rents plants and transportation equipments for production and official affairs; the lease tenor ranges from one year to five years. The Group is not entitled to right of first offer over any leased plants or transportation equipments upon termination of lease tenor.

(4) Other lease information

Item	2023	2022
Lease expense for short-term and low-value leases	<u>\$ 5,272</u>	<u>\$ 1,699</u>
Total cash (outflow) from leases	<u>\$ 26,777</u>	<u>\$ 31,358</u>

18. Investment Property

	December 31, 2023	December 31, 2022
Investment property	<u>\$ 7,570</u>	<u>\$ 8,211</u>

- (1) The fair value of the investment property of the Group on December 31, 2023 was evaluated by the management of the Group with reference to market evidence of similar real estate prices and information such as the current value of the announcement. The estimated fair value was NT\$ 8,844.

- (2) As of December 31, 2023 and 2022, none of the above assets is mortgaged as collateral.

19. Intangible Assets

	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance as of January 1, 2023	\$ 11,163	\$ 155	\$ 11,318
Addition	5,572	-	5,572
Reclassification	(195)	-	(195)
Balance as of December 31, 2023	<u>\$ 16,540</u>	<u>\$ 155</u>	<u>\$ 16,695</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2023	\$ 3,698	\$ 53	\$ 3,751
Amortization expenses	3,011	39	3,050
Reclassification	(11)	-	(11)
Balance as of December 31, 2023	<u>\$ 6,698</u>	<u>\$ 92</u>	<u>\$ 6,790</u>
Net amount	<u>\$ 9,842</u>	<u>\$ 63</u>	<u>\$ 9,905</u>
	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance as of January 1, 2022	\$ 8,958	\$ 95	\$ 9,053
Addition	2,205	60	2,265
Balance as of December 31, 2022	<u>\$ 11,163</u>	<u>\$ 155</u>	<u>\$ 11,318</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2022	\$ 1,694	\$ 32	\$ 1,726
Amortization expenses	2,004	21	2,025
Balance as of December 31, 2022	<u>\$ 3,698</u>	<u>\$ 53</u>	<u>\$ 3,751</u>
Net amount	<u>\$ 7,465</u>	<u>\$ 102</u>	<u>\$ 7,567</u>

- (1) Amortization expenses are accounted on a straight-line basis over useful years shown as follows:

Computer software	1-5 Years
Other intangible assets	3-5 years

- (2) Non-cash investment in intangible assets:

Item	December 31, 2023	December 31, 2022
Additional intangible assets	\$ 5,572	\$ 2,265
Net change of other payables	592	2,960
Amount of cash paid for acquisition of intangible assets	\$ 6,164	\$ 5,225

(3) As of December 31, 2023 and 2022, none of the above assets is pledged as collateral.

20. Prepayments for Investment

Item	December 31, 2023	December 31, 2022
Gold Target Fund	\$ -	\$ -

On June 30, 2004, the Group prepaid US\$ 77,750 thousand (equivalent to NT\$ 2,624,833) of investment in exchange for 7,775 shares of Gold Target Fund. Price per share of the fund was US\$ 10 thousand, and the investment represented a 15% ownership interest. Gold Target Fund had aimed to raise US\$ 500,000 thousand of capital in this offering. This fund investment was entered into by former chairman - Mr. Lu, Hsueh-Ren under the authorization of the Company's board of directors. According to the indictment drafted by prosecutor of Banqiao District Court Prosecutors Office on December 20, 2004, the investment arrangement had been the former chairman's fraudulent attempt to conceal the use of capital and to obtain proof of capital. No court judgment had been yet determined as of the publication date of consolidated financial statements, but the Group recognized impairment losses for the entire sum out of conservatism.

21. Other Payables

	December 31, 2023	December 31, 2022
Other payables - related parties	\$ 6	\$ 6
Other payables - non-related parties		
Accruals for technical cooperation	59,611	59,611
Salary payables	6,383	5,848
Others	18,471	14,163
Subtotal	84,465	79,622
Total	\$ 84,471	\$ 79,628

22. Retirement Benefit Plans

The retirement policy that the Group has established in accordance with the “Labor Pension Act” introduces a defined contribution plan. According to the “Labor Pension Act”, the Group is required to make monthly pension fund contributions at an amount no less than 6% of employee’s monthly salary. The Group has established a set of employee retirement policy according to the “Labor Pension Act”, and makes monthly contributions to employees’ pension fund accounts held with the Bureau of Insurance at 6% of salary.

Pension expenses recognized for the defined contribution plan totaled NT\$ 4,430 in 2023 and NT\$ 3,621 in 2022.

23. Other Non-Current Liabilities

	December 31, 2023	December 31, 2022
Estimated litigation settlement losses	\$ 8,233	\$ 8,233

In 2002 and 2003, the Company engaged Gemini Limited (an overseas underwriter) for the issuance of European convertible bonds (ECB). The underwriting income that Gemini Limited had earned on this transaction was subject to profit-seeking enterprises income tax of NT\$ 7,286 under the Taiwan tax laws, and a lawsuit was raised to have the Company pay this sum according to contract terms. On August 17, 2011, Taiwan High Court issued a judgment that required the Company to pay Gemini Limited NT\$ 6,933 plus NT\$ 1,300 of interests accrued at the statutory rate for a total of NT\$ 8,233, which were presented under the accounts “Other non-operating expenses– other” and “Other non-current liabilities - other.” The Company raised an appeal to Supreme Court on September 13, 2011, but was rejected on June 5, 2013.

24. Equity

(1) Capital stock

	December 31, 2023	December 31, 2022
Authorized Capital	\$ 10,000,000	\$ 10,000,000
Issued capital	\$ 820,080	\$ 820,080

Changes in the number of issued common shares:

	Shares (thousands)	Shares capital
Balance as of December 31, 2023	82,008	\$ 820,080
Balance as of December 31, 2022	82,008	\$ 820,080

(2) Capital surplus

Item	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 4,650	\$ 4,650
Discount on issued capital	(4,650)	(4,650)
Difference between the equity price of subsidiary actually acquired or disposed of and the carrying value	61,996	61,996
Changes in ownership equity of subsidiary canceled and reclaimed shares	20,275	16,029
Total	\$ 82,271	\$ 78,025

According to the Company's Articles of Incorporation, additional paid-in capital (including common shares issued in excess of par value, corporate bond conversion premium, difference between the equity price of subsidiary actually acquired or disposed of and the carrying value, and treasury share transactions) may be distributed in cash or capitalized into capital stock when the Company is free of cumulative losses. However, capitalization of this surplus is capped at a certain percentage of the Company's issued capital each year. Furthermore, changes of equity interest in subsidiaries, changes of equity interest in equity-accounted affiliated enterprises, and shareholders' uncollected and expired dividends can be taken to offset losses but not for any other purpose.

(3) Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay tax first and compensate the accumulated losses; appropriate 10% of the balance for legal reserve, but this does not apply when the legal reserve has reached the amount of the Company's total capital. Subsequently, the Company shall make an appropriation for or reverse the special reserve in accordance

with the law. Then, if there are still earnings, together with the undistributed earnings accumulated from the beginning of the same period, the board of directors shall put forth an earnings distribution proposal for the resolution by the shareholders' meeting before distribution. Please refer to Note 29(2) - Employee benefit and profit-sharing policy for rules concerning employee and director remuneration stated in the Company's Articles of Incorporation.

The Company's dividend policy has been established to accommodate current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 5% of distributable earnings shall be paid as dividend each year, but the Company may decide to withhold earnings if the amount of cumulative distributable earnings is less than the issued capital. Dividends can be paid in cash or in shares, with cash dividends amounting to no less than 10% of total dividends.

The above earnings appropriation proposals shall be raised for resolution and acknowledgment during the annual general meeting held in the following year.

According to The Company Act, companies are required to make legal reserve at 10% of after-tax profit until the balance of legal reserve equals paid-up capital. The Company may distribute legal reserve in cash or in shares in the absence of cumulative losses, subject to resolution in a shareholders meeting; however, only the amount of legal reserve that exceeds 25% of paid-up capital is distributable.

Earnings appropriation proposals for 2022 and 2021 were passed during the annual shareholders meeting held on June 28, 2023 and June 17, 2022, respectively. Details of the earnings appropriation proposals were as follows:

	Earnings appropriation	
	2022	2021
Legal reserve	\$ -	\$ 5,178

From the distributable earnings concluded for 2021, the Company distributed NT\$ 8,200 to shareholders, which represented cash dividends of NT\$ 0.1 (in dollars).

(4) Other equity

Item	2023	2022
January 1	\$ 8,476	\$ (2,378)
Losses on disposal of debt instruments measured at fair value through other comprehensive income were transferred to retained earnings	-	4,820
Unrealized (losses)gains on valuation of financial assets at fair value through other comprehensive income	(6,438)	6,034
December 31	\$ 2,038	\$ 8,476

Other equity, as mentioned above, include changes in other equity of subsidiaries that the Group had recognized proportionally based on ownership percentage.

(5) Non-controlling interests

Item	2023	2022
January 1	\$ 432,407	\$ 922,753
Attributable to non-controlling interests		
Adjustments	(19,278)	(230,864)
Net income(loss)	22,811	(259,482)
December 31	\$ 435,940	\$ 432,407

25. Operating Revenue, Net

	2023	2022
Revenue from sale of merchandise	\$ 201,389	\$ 220,607
Rental income	1,097	1,562
Other operating revenue	-	94,491
Losses from trading of financial assets	(89)	(546,793)
Less: Sales return and discount	(9,852)	(11,292)
Operating revenue, net	\$ 192,545	\$ (241,425)

26. Non-Operating Income and Expenses

(1) Other Income

	2023	2022
Interest income	\$ 772	\$ 244
Dividend income	85,222	25,912
Other income - others	10,110	3,943
Total	<u>\$ 96,104</u>	<u>\$ 30,099</u>

(2) Other gains and losses

	2023	2022
Losses on disposal of financial assets	\$ (179,712)	\$ (96,092)
Net (losses)gains on currency exchange	(157)	852
Lease modification benefit	4	-
(Losses)gains on disposal of property, plant and equipment	(14)	286
Other non-operating expenses— other	(119)	(54)
Valuation gains(losses) on financial assets at fair value through profit or loss	282,065	(20,705)
Total	<u>\$ 102,067</u>	<u>\$ (115,713)</u>

(3) Finance costs

	2023	2022
Interest expenses		
Bank borrowings	\$ -	\$ 7
Statutory interest	2,090	24,500
Lease liabilities	306	820
Total	<u>\$ 2,396</u>	<u>\$ 25,327</u>

27. Income Tax Expenses

(1) Income tax recognized in profit or loss

	2023	2022
Current income tax expenses	\$ -	\$ -
Deferred income tax expenses		
Occurrence and reversal of temporary differences	3	2
Income tax expenses	<u>\$ 3</u>	<u>\$ 2</u>

Reconciliation of income tax expenses and profit or loss before tax:

Item	2023	2022
Net income(loss) before tax	\$ 60,063	\$ (644,841)
Income tax expense at statutory rate	\$ 12,013	\$ (128,968)
Tax effect of adjusting items	(12,276)	128,266
Occurrence and reversal of temporary differences	(2,561)	1,465
Losses carried forward	-	(761)
Losses deferred amount	2,826	-
The subsidiary's income does not reach the tax threshold	1	-
Income tax expenses recognized in profit or loss	\$ 3	\$ 2

(2) Income tax expenses recognized in other comprehensive income

The Group recognized NT\$ 0 of income tax expenses in other comprehensive income in 2023 and 2022.

(3) Deferred income tax liabilities

Below were changes in deferred income tax liabilities:

2023

	January 1	Recognized in profit or loss	December 31
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized gains on exchange	\$ 5	\$ 2	\$ 7

2022

	January 1	Recognized in profit or loss	December 31
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized gains on exchange	\$ 3	\$ 2	\$ 5

(4) Summary of unused losses carried forward:

Year occurred	Amount of loss	Final year deductible
2014	\$ 502,332	2024
2015	118,053	2025

Year occurred	Amount of loss	Final year deductible
2016	35,917	2026
2017	59,923	2027
2018	21,353	2028
2019	36,855	2029
2020	4,444	2030
2021	10,159	2031
2022	13,511	2032
2023	12,596	2033
Total	<u>\$ 815,143</u>	

(5) Items not recognized as deferred income tax assets

As of December 31, 2023 and 2022, the aggregate deductible temporary differences for which no deferred income tax assets have been recognized amounted to NT\$ 2,472,058 and NT\$ 2,532,702, respectively. The Group has no significant taxable income in the future.

(6) Income tax declarations

Income tax declarations were approved by the Tax Bureau for the Group as at December 31, 2023:

The Company	Approved until 2021
Subsidiary - Huaxun Venture Capital Co., Ltd.	Approved until 2021
Subsidiary –VAST POWER CORPORATION	Approved until 2021
Sub-subsidiary - Dajixiang International Construction Co., Ltd.	Approved until 2021
Subsidiary - INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Approved until 2021

28. Earnings Per Share

	2023		
	Net income	Number of Shares (Denominator) (thousand shares)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Net income available to common shareholders of the parent	\$ 37,249	82,008	\$ 0.45

	2022		
	Net loss	Number of Shares (Denominator) (thousand shares)	Losses per share (in dollars)
Basic and diluted losses per share			
Net loss available to common shareholders of the parent	\$ (385,361)	82,008	\$ (4.70)

29. Employee benefit, depreciation and amortization expenses

(1) Depreciation and amortization expenses

	2023	2022
Property, plant, and equipment	\$ 6,881	\$ 4,762
Intangible assets	3,050	2,025
Right-of-use assets	18,951	14,585
Investment property	641	432
Total	\$ 29,523	\$ 21,804
Summary of depreciation and amortization expenses by function		
Operating costs	\$ 2,536	\$ 3,622
Operating expenses	26,987	18,182
Total	\$ 29,523	\$ 21,804

(2) Employee benefit expenses

	2023	2022
Post-employment benefits (Note 22)		
Defined contribution plan	\$ 4,430	\$ 3,621
Other employee benefits	96,026	79,241
Total employee benefit expenses	\$ 100,456	\$ 82,862
Summary of other employee benefit expenses by function		
Operating costs	\$ 3,080	\$ 4,032
Operating expenses	97,376	78,830
Total	\$ 100,456	\$ 82,862

- a. The Company employed a total of 22 employees in 2023 and 20 employees in 2022; the number of directors without concurrent role as employee was 6 in both years.

b. Information on employees' and directors' remuneration

The amount of profit after accumulated losses compensated but before tax and employee or director remuneration is subject to the following distributions at the percentages stated in the Articles of Incorporation:

	2023	2022
Remuneration:		
Employee	No lower than 1%	No lower than 1%
Directors	No higher than 3%	No higher than 3%

There were accumulated losses at the end of 2023 and 2022, so employees' and directors' remuneration were not estimated.

If the amount changes after annual parent company only financial statements are approved and announced to the public, the difference will be treated as a change of accounting estimate and recognized as a gain or loss in the following year.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings for 2023 and 2022.

30. Capital Management

The Group exercises capital management to ensure business continuity and to maintain capital structure at the optimal level that maximizes shareholders' value. The Group has maintained the same strategy from the previous year; its capital structure comprises equity attributable to owners of parent company (including capital stock, capital surplus, retained earnings, and other equity). The Group conducts regular reviews to determine whether the Group's capital structure is appropriate; these reviews address the costs and risks associated with various types of capital. As per suggestion of the management, the Group currently adopts a centralized capital allocation approach for enhanced capital management.

31. Financial Instruments

(1) Fair value information

a. Financial assets and liabilities not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the consolidated balance sheets at

carrying values that resemble their fair values. Liquid financial instruments (including cash and cash equivalents, receivables, and payables) mature within one year and therefor have carrying values that closely resemble their fair values. Non-liquid financial instruments (including refundable and guarantee deposits) have carrying values that closely resemble their fair values due to the insignificant effect of discounting, or because that the floating rate is reflective of the market condition and credit rating of the Group.

b. Fair value measurement for balance sheet

According to IAS, the Group may classify financial instruments by the types of input used for fair value measurement into the following three categories:

Level 1: Financial instruments that are openly quoted in an active market, and have fair values measured using market value as of the consolidated balance sheets date.

Level 2: Financial instruments that do not have level 1 class, and have fair values measured using data that is directly observable (price) or indirectly observable (inferred from price).

Level 3: Financial instruments that do not belong to either of the above two, and have fair values measured using non-observable market data. The chart below explains how fair value of financial instrument is measured after initial recognition; the measurement method is distinguished between levels 1-3 class based on availability of observable data.

c. Valuation techniques and assumptions used in the measurement of fair value of financial assets and financial liabilities are determined in the following manner:

(a) Financial assets and financial liabilities that involve standardized terms and conditions and are traded in open markets shall have fair values determined using market quotation. If no indicative market value is available, fair value shall be estimated using the valuation approach. Estimates and assumptions used in the Group's valuation approach are consistent with the estimates and assumptions adopted by other market participants when pricing the underlying financial instruments.

(b) Derivative instruments that are openly quoted in an active market shall have fair value determined at the openly quoted price. If no market price is available for reference, non-option derivatives shall have fair value determined based on

discounted cash flows using yield curve that matches the duration of the derivative, whereas option derivatives shall have fair value determined using an option pricing model. Estimates and assumptions used in the Group's valuation approach are consistent with the estimates and assumptions adopted by other market participants when pricing the underlying financial instruments.

- (c) Where valuation involves the use of level 3 class fair value, the Group assigns its Finance Department to validate fair value of each financial instrument using independently sourced data so that the outcome of valuation is closely relevant to market conditions. The Finance Department ensures that data is sourced from independent and reliable sources, and is consistent compared to other sources of data while being representative of the true price. All valuation models are calibrated, back-tested and updated regularly; adjustments are made to the required inputs, data, and fair value as deemed necessary to ensure that the outcome of valuation is reasonable.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (current and non-current)	\$ 690,753	\$ -	\$ 16,500	\$ 707,253
Financial assets at fair value through other comprehensive income-non-current	27,680	-	2,000	29,680
Financial assets amortized at cost (current and non-current)	39,361	-	130,464	169,825
Total	\$ 757,794	\$ -	\$ 148,964	\$ 906,758
Financial liabilities amortized at cost (current and non-current)	\$ -	\$ -	\$ 114,256	\$ 114,256
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss-current	\$ 719,878	\$ -	\$ -	\$ 719,878
Financial assets at fair value through other comprehensive income-non-current	38,160	-	7,500	45,660
Financial assets amortized at cost (current and non-current)	-	-	165,590	165,590
Total	\$ 758,038	\$ -	\$ 173,090	\$ 931,128
Financial liabilities amortized at cost (current and non-current)	\$ -	\$ -	\$ 108,646	\$ 108,646

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

(2) Categories of financial instrument

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (current and non-current)	\$ 707,253	\$ 719,878
Financial assets at fair value through other comprehensive income (current and non-current)	29,680	45,660
Financial assets amortized at cost (current and non- current) (Note 1)	169,825	165,590
Total	<u>\$ 906,758</u>	<u>\$ 931,128</u>
<u>Financial liabilities</u>		
Financial liabilities amortized at cost (current and non- current) (Note 2)	<u>\$ 114,256</u>	<u>\$ 108,646</u>

Note 1: Includes cash and cash equivalents, receivables (including related parties), other financial assets, and refundable deposits.

Note 2: Includes payables (including related parties) and guarantee deposits.

(3) Purpose and policy of financial risk management

The Group places particular emphasis on the control of financial risks, and conducts timely and effective tracking and management of market risk, credit risk, and liquidity risk to ensure that the Group has access to adequate and low-cost working capital and is able to minimize the adverse impacts that market uncertainty has on the Group.

All of the Group's main financial activities are reviewed by the board of directors according to internal policies and control systems. The Finance Department observes areas of responsibility and financial risk management procedures when executing financial plans, whereas internal auditor reviews internal compliance with rules and exposure limits on a regular basis. Furthermore, the Group does not engage in any speculative trading of financial instruments (including financial derivatives).

a. Market risk

(a) Exchange rate risk

Some of the Group's business activities involve the use of non-functional currencies, NT\$ is the functional currency for most transactions. The Group

expects no major exchange rate risk, given the insignificance of exchange rate impact.

Please refer to Note 36 for carrying value of monetary assets and liabilities that were denominated in currencies other than the functional currency as at the consolidated balance sheet date.

Sensitivity analysis

The Group is mostly susceptible to changes in the US\$ exchange rate; the effects are explained below.

The following table is a sensitivity analysis showing the effect when NT\$(the functional currency) weakens against US\$ by 5%. The sensitivity analysis indicates the amount of increase in profit before tax. If NT\$ was to strengthen against US\$ by 5%, the effect on profit before tax would be a negative figure of the same amount. The sensitivity analysis covers cash and cash equivalents, accounts receivable and accounts payable.

	Effects of exchange rate variation (US\$)	
	2023	2022
Gain/Loss	\$ 430	\$ 108

(b) Interest Rate Risk

Interest rate risk refers to risk of fair value change and cash flow change to a financial instrument following a change of market interest rate.

The carrying value of financial assets and liabilities susceptible to interest rate risks as at the consolidated balance sheet date is presented below:

	December 31, 2023	December 31, 2022
Risk of cash flow changes due to interest rate		
Financial assets	\$ 111,576	\$ 113,777

Sensitivity analysis

Sensitivity analysis on interest rate risk is conducted by calculating cash flow changes using floating interest rate as at the end of the period, while assuming a 10-basis point increase in a given year. The effect on profit and loss is explained

below:

	Effect of interest rate variation	
	2023	2022
Gain/Loss	\$ 112	\$ 114

b. Credit risk

Credit risk refers to the risk of financial loss the Group may incur due to its customers being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable. The Group transacts with reputable counterparties and monitors credit exposures as well as counterparties' credit rating persistently. There was no significant concentration of transactions in any single customer or transaction counterparty.

c. Liquidity Risk

The Group maintains adequate position of cash and cash equivalents to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

The table below is a maturity analysis of long-term financial liabilities including estimated interest, but excludes financial liabilities that have carrying values closely resembling contractual cash flows:

	December 31, 2023			
	Contractual cash flow	Within 1 year	1-5 years	Over 5 years
Lease liabilities	\$ 58,646	\$ 22,944	\$ 35,702	\$ -

	December 31, 2022			
	Contractual cash flow	Within 1 year	1-5 years	Over 5 years
Lease liabilities	\$ 40,509	\$ 18,727	\$ 21,782	\$ -

32. Related Party Transactions

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(2) Name of related parties and relationship

Name of related parties	Relationship with the Company
Chairman and director	Key management
Huiyuan Construction Ltd.	Other related party
Sun Deco Investment Ltd.	Other related party
Chiron Property Co., Ltd.	Other related party
New Taipei City Urban Renewal Research and Development Education Foundation	Other related party

(3) Significant transactions with related parties

a. Sales

	2023	2022
Other related party	\$ 150	\$ -

b. Rental expenses

	2023	2022
Other related party	\$ 146	\$ 146

The Group rents office from other related party; the terms of lease are entirely negotiated between the two parties, whereas rents are paid monthly according to the terms of the lease contracts. Rental expenses are presented as operating expense.

c. Other operating expenses

	2023	2022
Other related party	\$ 126	\$ -

d. Accounts receivable

	December 31, 2023	December 31, 2022
Other related party	\$ 157	\$ -

f. Other equipment

	December 31, 2023	December 31, 2022
Other related party	\$ -	\$ 3,905

g. Payables

Presentation account	Related party category	December 31, 2023	December 31, 2022
Other notes payable	Key management	\$ -	\$ 3,522
Other payables	Other related party	6	6
Total		\$ 6	\$ 3,528

h. Endorsement/guarantee: Please refer to table 1 for details on related party endorsement and guarantee.

(4) Remuneration of key management personnel

Sum of remuneration to directors and other members of key management:

	2023	2022
Short-term employee benefits	\$ 8,490	\$ 6,127

33. Pledged (Mortgaged) Assets

The details of the assets pledged(mortgaged) by the Group as collateral are as follows:

Item	December 31, 2023	December 31, 2022
Other financial assets - restricted deposits in banks	\$ 9,361	\$ -
Financial assets at fair value through other comprehensive income-non-current	27,680	-
Total	\$ 37,041	\$ -

34. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Regarding the violation of the Securities Exchange Law by the former person in charge of the Company, Mr. Hsieh, Han-Chin, etc., the Supreme Court's 2021 Taishang No. 5982 judgment was confirmed on the case, which aims to reveal the Supreme Court's decision to uphold the original judgment: " Mr. Hsieh, Han-Chin was a director duty of care as a good manager should not have followed the sales structure arranged by Mr. Luo, Fu-Chu for disposing of the factory in this case. As a result, the Company could only collect NT\$ 480,000 for the transaction price, instead of the NT\$ 550,000 that should be paid for the actual sale to Hengtong Company. So that Mr. Luo, Fu-Chu obtained the NT\$ 70,000 that should have belonged to the Company. It was fully recognized that the price difference of NT\$ 70,000 obtained by Mr. Luo, Fu-Chu has indeed caused significant damage to the

Company, and it was an unprofitable and unconventional transaction." The Company had filed a lawsuit for civil damages against the above-mentioned parties involved in the above-mentioned damages on March 2, in 2023, requesting to pay the Company NT\$ 70,000 and related statutory interest jointly and severally, so as to protect the rights and interests of the Company and shareholders.

Regarding the above transaction, the Company received a notice from the civil court of the Taipei District Court in Taiwan in early April 2012, and the Investors Protection Center filed a lawsuit against the former person in charge of the Company, the Company, the directors and the supervisors to compensate investors for damages. The requested amount was NT\$ 83,304 and the interest calculated at 5% per annum until the date of repayment. In this case, the Company had signed a settlement agreement with the Investors Protection Center on February 14, 2014 to reach a settlement, and the Investors Protection Center had withdrawn the lawsuit with the Taipei District Court in Taiwan on March 21, 2014. The Company had completed the settlement agreement.

The case was rejected by the Taiwan Taipei District Court on April 12, 2016, and the application for false execution was rejected. The Investors Protection Center appealed to the Taiwan High Court on May 3, 2016, and the appeal amount was reduced to NT\$ 72,031, the Taiwan High Court ruled on May 31, 2017 to reject the appeal, and the Investors Protection Center appealed to the Supreme Court on June 23, 2017, and the Supreme Court pronounced on January 31, 2019: the original judgment was abolished, sent back to the Taiwan High Court; on December 7, 2021, the Taiwan High Court still rejected the appeal of the Investors Protection Center, and the Investors Protection Center appealed to the Supreme Court, and the Supreme Court on March 9, 2023 "2022, Taishang No. 1045" ruled to reject the appeal of the Investors Protection Center, and the case was finalized.

- (2) On January 10, 2007, the Company received correspondence from KOREA EXCHANG BANK, a lender for New Star Digital, which was an investee of Global Solutions Holdings Ltd., with the intention to claim against the Company's US\$ 10,000 thousand guarantee to New Star Digital. The Company had not received legal documents pertaining to this claim as of December 31, 2023, and was therefore temporarily free of responsibilities to pay.
- (3) As of December 31, 2023 and 2022, the Company had offered NT\$ 759,554 and NT\$ 785,734 of financial guarantee, respectively, to external parties. Refer to Table 1 for details.
- (4) As of December 31, 2022 and 2021, the Group had contracted NT\$131,467 and NT\$ 133,417 of construction work, of which NT\$ 129,030 and NT\$ 130,024 had been delivered,

- and for which NT\$ 6,676 and NT\$ 6,634 of guaranteed notes had been issued, respectively.
- (5)As of December 31, 2023, subsidiary- VAST POWER CORPORATION had a pending lawsuit concerning buyout of minority shares. Due to disagreements over the calculation of fair share price, the minority shareholders filed a request to have the fair price determined by court. For this reason, the court's ruling may affect the equity of VAST POWER CORPORATION On August 12, 2020, Taiwan Taoyuan District Court ruled to set the buyback price of VAST POWER CORPORATION's shares at NT\$ 1.54(in dollars) per share for the particular shareholders. The shareholders filed an appeal out of disagreement with the purchase price set by court, and Taiwan Taoyuan District Court later issued civil judgments on November 8, 2021, March 24 and April 7, 2022 that instructed subsidiary-VAST POWER CORPORATION to purchase shares from the appellants at NT\$ 6.44(in dollars) per share. Subsidiary- VAST POWER CORPORATION protested again, and the case was decided by the Taiwan High Court on March 28, June 20 and December 30, 2022. The purchase price was NT\$ 6.44(in dollars) per share, and successively according to the ruling of the court and the relevant provisions of the Company Law, the acquisition of shares was completed.
- (6)As of December 31, 2023, sub-subsidiary-Dajixiang International Construction Co., Ltd. had a pending lawsuit involving a request for return of land from plaintiff-Mr. Hsiao, Chin-I legal representative for Hui Guo Enterprise Limited. Taiwan Taipei District Court previously rejected the plaintiff's claim and request for provisional execution on October 22, 2020, which the plaintiff followed up with a separate lawsuit in 2021 and was once again rejected on March 18, 2021. Plaintiff Mr. Hsiao, Chin-I raised another appeal to Taiwan High Court, which rejected the plaintiff's civil claims. In addition, the plaintiff sued on January 13, 2023, requesting the return of the land ownership of the Huiguo Market in the Huiguo section of Xindian. The whole case was dismissed by the Taiwan High Court No. 901 in 2023.
- (7) As of December 31, 2023, sub-subsidiary -Dajixiang was sued by the plaintiff -Mr. Hsiao, Chin-I on January 13, 2023 to request the New Taipei City Government to abandon the urban renewal case of Huiguo Market. The whole case is currently under trial by the Taiwan High Administrative Court. No. 183.
- (8)As of December 31, 2023 and 2022, the Group had issued NT\$ 0 and NT\$ 10,000 of guaranteed notes to support bank borrowings, respectively.
- (9)As of December 31, 2023 and 2022, the Group had issued NT\$ 3,885 and NT\$ 7,156 of

promissory notes for leases, respectively.

35. Material Events After the Balance Sheet Date: N/A.

36. Material Foreign Currency Asset and Liability Information

- (1) The following is a summarized presentation of foreign currencies other than the functional currency used by various segments within the Group. The exchange rates disclosed are the rates at which the respective foreign currency is converted into the functional currency. Below is a list of foreign currency-denominated assets and liabilities that have material impact:

December 31, 2023			
	Foreign currency	Exchange rate	Carrying value
Foreign currency-denominated assets			
<u>Monetary item</u>			
USD	\$ 295	30.71	\$ 9,058
Foreign currency-denominated liabilities			
<u>Monetary item</u>			
USD	\$ 219	30.71	\$ 6,724
December 31, 2022			
	Foreign currency	Exchange rate	Carrying value
Foreign currency-denominated assets			
<u>Monetary item</u>			
USD	\$ 184	30.71	\$ 5,651
Foreign currency-denominated liabilities			
<u>Monetary item</u>			
USD	\$ 114	30.71	\$ 3,501

- (2) The Group reported net (losses) gains on exchange totaling NT\$ (157) in 2023 and NT\$ 852 in 2022.

37. Others

The Group incurred no major donation in 2023 and 2022.

38. Supplementary Disclosures

(1) Information on significant transactions:

- a. Loans to others: N/A.
- b. Endorsements/guarantees provided to others. (Table 1)
- c. Marketable securities held at the end of the period. (Table 2)
- d. Marketable securities acquired or sold amounting to at least NT\$ 300 million or 20% of the paid-in capital: N/A.
- e. Acquisition of real estate amounting to at least NT\$ 300 million or 20% of the paid-in capital: N/A.
- f. Disposal of real estate amounting to at least NT\$ 300 Million or 20% of the paid-in capital: N/A.
- g. Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital: N/A.
- h. Receivables from related parties amounting to at Least NT\$ 100 million or 20% of the paid-in capital: N/A.
- i. Trading in derivative instruments: N/A.
- j. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts. (Table 3)
- k. If the issuer has issued shares without par value or at par values other than NT\$ 10(in dollars) per share, the 20% requirement on paid-in capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheets: N/A.

(2) Information on investees. (Table 4)

(3) Information on investments in mainland China: N/A.

(4) Information on major shareholders: names of shareholders with more than 5% ownership interest, the number and percentage of shares held. (Table 5)

39. Segment Information

This information is provided to the decision maker for resource allocation and performance evaluation purposes, and is distinguished by the type of product or service delivered. Below are the reportable segments identified by the Group:

Electronics and multimedia segment: mainly involved in system design, and the research and development of processing equipment, electronic components, and plastic products.

Electric Vehicle Department: The main business is the research, development, design, manufacturing and sales of electric vehicle power systems.

Optoelectronics segment: mainly involved in the wholesale of lighting equipment, wholesale of electronic materials, and manufacturing of electronic components.

Other segments: represents the aggregate of operating segments that do not meet the quantitative criteria.

(1) Measurement of segment information:

Key decision makers of the Group evaluate performance of each operating segment based on income before tax, which is calculated in a manner that is consistent with the income before tax presented in the consolidated financial statements.

(2) Information on asset, liability and profit or loss of segments:

Segment	2023					
	Electronics multimedia	Electric Vehicle	Optoelectronics	Others	Adjustment, write-offs	Total
Revenue:						
External revenue	\$ 22,690	\$ 333	\$ 168,582	\$ 940	\$ -	\$ 192,545
Internal segment revenue	-	2,286	467	(1,553)	(1,200)	-
Total revenue	\$ 22,690	\$ 2,619	\$ 169,049	\$ (613)	\$ (1,200)	\$ 192,545
Segment loss	\$ (26,285)	\$ (101,140)	\$ (9,212)	\$ (794)	\$ 1,719	\$ (135,712)
Other income	19,976	75,404	464	495	(235)	96,104
Other gain/loss	9,580	91,097	(97)	1,487	-	102,067
Finance costs	(60)	(2,089)	(364)	-	117	(2,396)
Gains(losses) using the equity method	34,036	(256)	-	-	(33,780)	-
Pretax profit /loss	\$ 37,247	\$ 63,016	\$ (9,209)	\$ 1,188	\$ (32,179)	\$ (60,063)

2022

Segment	Electronics multimedia	Investment	Optoelectronics	Others	Adjustment, write-offs	Total
Revenue:						
External revenue	\$ 21,690	\$ (452,002)	\$ 187,359	\$ 1,528	\$ -	\$ (241,425)
Internal segment revenue	72	11,336	334	-	(11,742)	-
Total revenue	\$ 21,762	\$ (440,666)	\$ 187,693	\$ 1,528	\$ (11,742)	\$ (241,425)
Segment loss/profit	\$ (17,330)	\$ (507,678)	\$ (16,852)	\$ 15,546	\$ (7,586)	\$ (533,900)
Other income	26,112	2,800	371	1,412	(596)	30,099
Other loss/gain	(116,131)	369	(23)	72	-	(115,713)
Finance costs	(33)	(24,882)	(590)	-	178	(25,327)
Losses using the equity method	(277,977)	-	-	-	277,977	-
Pretax loss/profit	\$ (385,359)	\$ (529,391)	\$ (17,094)	\$ 17,030	\$ 269,973	\$ (644,841)

Assets and liabilities of operating segments as at December 31, 2023 and 2022:

Operating segment assets

Segment	Electronics multimedia	Electric Vehicle / Investment	Optoelectronics	Others	Adjustment, write-offs	Total
December 31, 2023	\$ 851,233	\$ 1,212,856	\$ 116,160	\$ 393,606	\$ (1,124,300)	\$ 1,449,555
December 31, 2022	\$ 822,632	\$ 1,149,118	\$ 126,748	\$ 378,144	\$ (1,099,110)	\$ 1,377,532

Operating segment liabilities

Segment	Electronics multimedia	Electric Vehicle / Investment	Optoelectronics	Others	Adjustment, write-offs	Total
December 31, 2023	\$ 23,557	\$ 113,225	\$ 52,755	\$ 665	\$ (4,263)	\$ 185,939
December 31, 2022	\$ 30,013	\$ 77,014	\$ 54,129	\$ 409	\$ (9,059)	\$ 152,506

Table 1

Endorsements/guarantees provided to others:

Unit: NT\$ thousands

No. (Note 1)	Endorser /guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantees amount to net asset value of the Endorser/guara ntor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of Endorsements/ guarantees by parent company to subsidiary	Provision of Endorsements/ guarantees by subsidiary to parent company	Provision of Endorsements/ guarantees to the party in Mainland China
		Company name	Relationship (Note 2)										
0	The Company	New Star Digital Inc.	1	7,449,084 (Note 8)	795,947 (Note 4)	759,554 (Note 5)	759,554	-	91.77%	12,415,140 (Note 8)	No	No	No

Note 1: The serial number column is explained below:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order 1 starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following 7 categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed / guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements / guarantees to the endorsed / guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Specify the Company's single-party and overall endorsement/guarantee limits as mentioned in the external party endorsement/guarantee procedures. Explain in the remarks field how the single-party and overall endorsement/guarantee limits are calculated.

Note 4: Represents the highest balance of endorsements/guarantees made to external parties during the year.

Note 5: Represents board-approved amount. If the Chairman has been authorized by the board of directors to make decisions according to Subparagraph 8, Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the column shall represent Chairman-approved amount.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a subsidiary to a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland area.

Note 8: The Company established its own set of "Endorsement and Guarantee Policy" with board of directors' approval on April 25, 2013, which was later approved through shareholders' resolution during the meeting held on June 11, 2013. According to the policy, the sum of endorsements/guarantees to external parties shall not exceed 1,500% of the Company's net assets, as shown in the latest financial statements, whereas endorsements/guarantees to any single external party is capped at 900% of the Company's net assets, as shown in the latest financial statements.

Note 9: The Company had granted NT\$ 759,554 of endorsements/guarantees to external parties as of December 31, 2023.

Table 2

Marketable securities held at the end of the period:

Unit: NT \$ thousands/shares

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Ending balance				Remarks (Note 4)
				No. of shares	Carrying value (Note 3)	Ownership (%)	Fair value	
The Company	Shares of AU Optronics Co., Ltd.	None	Financial assets at fair value through profit or loss-current	500,000	9,075	0.01%	9,075	
The Company	Shares of QUANTA COMPUTER INC.	None	Financial assets at fair value through profit or loss-current	386,000	86,657	0.01%	86,657	
Huaxun Venture Capital Co., Ltd	Shares of Aetas Technology Incorporated	None	Financial assets at fair value through other comprehensive income-noncurrent	468,750	-	1.23%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of Integrated Memory Incorporated	None	Financial assets at fair value through other comprehensive income-noncurrent	100,000	-	1.15%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of BroadRiver Commuatuons Inc.	None	Financial assets at fair value through other comprehensive income-noncurrent	142,045	-	1.4%	- (Note 5)	
Huaxun Venture Capital Co., Ltd	Shares of EVA Airways Corporation	None	Financial assets at fair value through profit or loss-current	25,000	786	0.00%	786	
VAST POWER CORPORATION	Shares of United Microelectronics Corporation	None	Financial assets at fair value through profit or loss-current	4,011,000	210,979	0.03%	210,979	
VAST POWER CORPORATION	Shares of Yageo Corporation	None	Financial assets at fair value through profit or loss-current	190,000	113,430	0.04%	113,430	
VAST POWER CORPORATION	Shares of Pan-International Industrial Corp.	None	Financial assets at fair value through profit or loss-current	650,000	23,042	0.13%	23,042	
VAST POWER CORPORATION	Shares of AU Optronics Co., Ltd.	None	Financial assets at fair value through profit or loss-current	500,000	9,075	0.01%	9,075	

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Securities held by	Marketable securities(Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Ending balance				Remarks (Note 4)
				No. of shares	Carrying value (Note 3)	Ownership (%)	Fair value	
VAST POWER CORPORATION	Shares of SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LT	None	Financial assets at fair value through profit or loss-current	600,000	64,500	0.22%	64,500	
VAST POWER CORPORATION	Shares of QUANTA COMPUTER INC.	None	Financial assets at fair value through profit or loss-current	670,000	150,415	0.02%	150,415	
VAST POWER CORPORATION	Shares of Pharma Essentia Corp.	None	Financial assets at fair value through other comprehensive income-noncurrent	100,000	27,680	0.03%	27,680 (註 6)	pledged to bank
VAST POWER CORPORATION	Xin-Chuan-Gan Capital Limited Partnership Private Equity Fund	None	Financial assets at fair value through profit or loss -noncurrent	-	16,500	-	16,500	
VAST POWER CORPORATION	Shares of Zhi Cheng Retro-style EV-mobility Design Co., Ltd.	None	Financial assets at fair value through other comprehensive income-noncurrent	200,000	2,000	6.67%	2,000	
Dajixiang International Construction Co., Ltd	KGI Real Assets Multi-asset Fund -TWD B	None	Financial assets at fair value through profit or loss-current	100,000	996	-	996	
Dajixiang International Construction Co., Ltd	Cathay US Corporate 10+ Years Banking ETF	None	Financial assets at fair value through profit or loss-current	100,000	1,667	-	1,667	
Dajixiang International Construction Co., Ltd	Fuh Hwa Guardian Fund	None	Financial assets at fair value through profit or loss-current	1,005,197	20,130	-	20,130	

Note 1: Securities mentioned in this table shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above, as specified in IAS 39 “Financial Instruments.”

Note 2: Not required if the securities issuer is a non-related party.

Note 3: For items that are measured at fair value, the amount of fair value after adjustment and net of cumulative impairment is shown in the carrying value column; for items that are not measured at fair value, the amount of original acquisition cost or cost after amortization net of cumulative impairment is shown in the carrying value column.

Note 4: All securities that have been placed as collateral, borrowed against, or are subject to restrictions under agreed terms shall have details such as the quantity pledged, the amount charged, and restrictions explained in the remarks column.

Note 5: Financial statements are no longer available.

Note 6: VAST POWER CORPORATION acquired 100,000 shares of privately placed common shares of Pharma Essentia Corp. in May 2022. Except for the transfer in accordance with Article 43-8 of the Securities Exchange Law, this shareholding cannot be freely transferred within 3 years of acquisition, and its rights and obligations. The same as the publicly issued common stock, at the end of the period, the valuation adjustment is calculated based on the closing price on December 31, 2023 after deducting the liquidity discount.

Table 3

Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts:

Unit: NT\$ thousands

No. (Note 1)	Name of transacting party	Transaction counterparty	Relationship with transacting party (Note 2)	Transaction details			
				General ledger account	Amount	Transaction terms	Proportion to total consolidated revenue or assets (Note 3)
0	The Company	VAST POWER CORPORATION	1	Postage and cable charges	75	Note 5	0.039
0	The Company	VAST POWER CORPORATION	1	Other payables	13	Note 5	0.001
0	The Company	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	1	Other notes payable	225	Note 5	0.016
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Guarantee deposits	300	Note 5	0.021
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Operating revenues - rental revenues	2,286	Note 5	1.187
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other income	159	Note 5	0.083
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other operating expenses	326	Note 5	0.169
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Accounts receivable	400	Note 5	0.028
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other receivables	119	Note 5	0.008
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other payables	6	Note 5	-
1	VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other notes payable	207	Note 5	0.014

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No. (Note 1)	Name of transacting party	Transaction counterparty	Relationship with transacting party (Note 2)	Transaction details			
				General ledger account	Amount	Transaction terms	Proportion to total consolidated revenue or assets (Note 3)
2	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	VAST POWER CORPORATION	3	Lease liabilities	2,993	Note 5	0.244
3	Dajixiang International Construction Co., Ltd.	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Other operating expenses	42	Note 5	0.022
3	Dajixiang International Construction Co., Ltd.	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	3	Sundry purchases	99	Note 5	0.051

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

1. 0 for parent company. 2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below:

1. Parent to subsidiary. 2. Subsidiary to parent. 3. Subsidiary to subsidiary.

Note 3: Calculation for transaction sum as a percentage of total revenues or assets is explained as follows: for consolidated balance sheet items, percentage of end of period balance is calculated relative to total consolidated assets; for profit and loss items, percentage of cumulative amount is calculated relative to total consolidated revenues.

Note 4: Key transactions presented in this table are determined by the Company based on principles of materiality.

Note 5: The terms of trade between parent and subsidiaries are not significantly different from ordinary sales. For other transactions without comparable reference, the terms of which are negotiated between the parties involved.

Table 4

Information on investees:

Unit: NT\$ thousands/thousand shares

Investor	Name of Investee	Location	Principal business	Initial investment amount		Shares held as at December 31, 2023			Ownership (%) multiplied with investee's net assets as at December 31, 2023	Net (loss) income of investee in 2023	Investment (loss) income recognized by the Company in 2023	Remarks
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Carrying Value				
The Company	Huaxun Venture Capital Co., Ltd.	Taiwan	General investment	159,952	159,952	15,995	99.97%	12,095	12,095	(1,920)	(1,920)	Subsidiary
The Company	VAST POWER CORPORATION	Taiwan	Electric vehicle power system development, real estate leasing	1,305,458	1,305,458	90,644	61.43%	675,513	675,513	63,015	38,507	Subsidiary
The Company	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	49,500	49,500	4,950	27.81%	17,719	17,719	(9,213)	(2,551)	Subsidiary
VAST POWER CORPORATION	Dajixiang International Construction Co., Ltd.	Taiwan	Real estate development	334,061	334,061	50,350	100%	380,843	380,843	3,109	3,109	Sub-subsidiary
VAST POWER CORPORATION	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	65,000	65,000	6,500	36.52%	23,153	23,153	(9,213)	(3,365)	Subsidiary
Huaxun Venture Capital Co., Ltd.	INNOTEK PHOTOELECTRIC TECHNOLOGY CORP.	Taiwan	Lighting equipment	30,000	30,000	3,000	16.85%	10,686	10,686	(9,213)	(1,553)	Subsidiary

Note 1: If the public company has set up a foreign holding entity and prepared consolidated financial statements on the holding entity according to local regulations, information on foreign investees can be disclosed to the level of the foreign holding entity and no further breakdown is needed.

Note 2: Companies that do not meet the condition described in Note 1 shall complete the form according to the following rules:

(1) For columns including "Name of investee," "Location," "Principal business," "Initial investment amount," and "Shares held as at December 31, 2022," list down investees that are held by the Company (public company) first, followed by those held by directly controlled investees and indirectly controlled investees. Specify in the remarks column the relationship between each investee and the Company (public company) (such as a subsidiary or sub-subsidiary).

(2) Specify the amount of profit or loss made by each investee in the current period.

(3) Specify only the amount of profit or loss that the Company (public company) has recognized from directly held subsidiaries and equity-accounted investees. No disclosure is needed on indirectly held investees. When disclosing "current gains/losses recognized on directly held subsidiaries," make sure that the gains/losses already include investment gains/losses that they are required to recognize on their investments.

Table 5

Information on major shareholders

Name of Major Shareholder	Number of shares held (thousands)	Ownership percentage (%)
GUANG-SHEN Investment Co., Ltd.	15,410	18.79
Li,Guo-Long	14,634	17.84
Chen, Bi -hua	6,071	7.40
Luo,Guang -Wei	5,890	7.18
Bank SinoPac is entrusted to keep the investment account of SinoPac Securities (Asia) Co., Ltd., a client of SinoPac (Asia) Nominees Co., Ltd.	4,237	5.16

Explanation: If information of this table is obtained from Taiwan Depository & Clearing Corporation, the following explanations can be added to the footnote section of this table:

- (1) Information on major shareholders, as presented in this table, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of each quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.
- (2) Shareholders who placed shares under trust are disclosed in trustors' sub-accounts held with various trustees. Shareholders with more than 10% ownership interest are subject to insider equity reporting, according to the Securities and Exchange Act. Insider equity includes shares held in own name and any shares placed under trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.

VI. Financial Difficulties for the Company and its Affiliates: None.

Seven. Review of Financial Conditions, Financial Performance, and Risk

I. Analysis of Financial Status:

Review and Analysis of Financial Status Comparative analysis table of financial performance

Unit: NT\$ thousand

Item \ Year	End of 2023	End of 2022	Difference	
			Amount	%
Current assets	1,248,141	1,255,784	(7,643)	(0.61)
Property, plant and equipment	61,146	27,065	34,081	125.92
Intangible assets	9,905	7,567	2,338	30.90
Other assets	130,363	87,116	43,247	49.64
Total assets	1,449,555	1,377,532	72,023	5.23
Current liabilities	145,649	131,000	14,649	11.18
Non-current liabilities	40,290	21,506	18,784	87.34
Total liabilities	185,939	152,506	33,433	21.92
Equity attributable to owners of the parent	827,676	792,619	35,057	4.42
Share capital	820,080	820,080	-	-
Capital reserve	82,271	78,025	4,246	5.44
Retained earnings	(76,713)	(113,962)	37,249	32.69
Other equity	2,038	8,476	(6,438)	(75.96)
Non-controlling interests	435,940	432,407	3,533	0.82
Total equity	1,263,616	1,225,026	38,598	3.15
The changes of 20% or more and the changed amount for NT\$10,000 thousands are analyzed below:				
1. The increase in property, plant, and equipment is primarily due to the acquisition of new equipment.				
2. The increase in other assets is mainly due to an increase in right-of-use assets and prepaid equipment expenses.				
3. The increase in non-current liabilities and total liabilities is primarily due to an increase in lease liabilities.				
4. The increase in retained earnings is mainly attributable to the net profit after tax for this period.				

II. Analysis of Financial Performance:

1. The main reasons for any material change in operating revenues, operating income, or income before tax in the recent 2 fiscal years:

Unit: NT\$ thousand

Item \ Year	2023	2022	Increased/decreased amount	Percentage of increase (decrease) %
Net operating revenue	192,545	(241,425)	433,970	(179.75)
Operating cost	(141,235)	(142,381)	(1,146)	(0.8)
Gross profit	51,310	(383,806)	435,116	113.37
Operating expenses	(187,022)	(150,094)	36,928	24.60
Operating income	(135,712)	(533,900)	398,188	74.58
Non-operating income and expenses	195,775	(110,941)	306,716	276.47
Net income before tax	60,063	(644,841)	704,904	109.31
Income tax expenses	(3)	(2)	1	50
Current period net profit	60,060	(644,843)	704,903	109.31
Other comprehensive income for this period (net of tax)	(6,438)	6,034	(12,472)	(206.70)
Total comprehensive income for this period	53,622	(638,809)	692,431	108.39
Net profit attributable to owners of parent company	37,249	(385,361)	422,610	109.67

Item \ Year	2023	2022	Increased/decreased amount	Percentage of increase (decrease) %
Total comprehensive income attributable to owners of parent company	30,811	(379,327)	410,138	108.12
Analysis of the changes of 20% or more and the changed amount for NT\$10 million in the past 2 fiscal years:				
1. The increase in Net operating revenue, Gross profit, and Operating income is mainly due to the adjustment in the business model this period. The gains or losses from financial investments are now reported under non-operating income and expenses. As a result, Net operating revenue is not affected by the losses generated from the valuation of financial instruments.				
2. The increase in operating expenses was mainly due to the increase in related management and research and development expenses in the electronics and electric vehicle departments this year.				
3. The increase in non-operating income and expenses was primarily due to the net profit from financial investments during the year.				
4. The increase in pre-tax profit, net profit for the period, comprehensive income for the period, net profit attributable to owners of the parent company, and total comprehensive income attributable to owners of the parent company was mainly due to the increase in operating income. Compared with the same period last year, Operating expenses increased, and non-operating income and expenses increased.				

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

The sales forecast of the Group in the coming year is made based on the performance of the Group in the past years, the expected market environment, and the demand-supply conditions while considering the future business development of the Group.

III. Analysis of Cash Flow

(I) Analysis of changes in cash flows in the recent year:

Unit: NT\$ thousand

Cash and Cash Equivalents, Beginning of Year	Net cash flow from the operating activities	Net cash flow from the investment and financing activities	Effect on foreign currency exchange differences	Amount of remaining cash	Corrective measures to be taken in response to illiquidity	
					Investment plan	Financial plan
114,318	(39,388)	(2,087)	(25)	72,818	—	—
Analysis and explanation:						
Analysis of changes in cash flows in the recent year:						
(1) Operating activities: The net cash outflow from operating activities was primarily due to the deduction of financial asset valuation gains.						
(2) Investing activities: The net cash inflow from investing activities was primarily due to disposal gains from investments.						
(3) Financing activities: The net cash outflow from financing activities primarily resulted from the subsidiary companies' acquisition of equity.						

(II) Corrective measures to be taken in response to illiquidity: None.

(III) Analysis of cash liquidity in the coming year:

Unit: NT\$ thousand

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net cash flow from the investment and financing activities	Effect on foreign currency exchange differences	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
					Investment plan	Financial plan
75,818	60,000	(67,010)	—	65,808	—	—
Analysis and explanation:						
1. Analysis of changes in cash flows in the coming year:						
(1) Operating activities: Estimated cash inflows generated from profits.						
(2) Investing and financing activities: Mainly for the addition of equipment required for operations.						
2. The corrective measures to be taken in response to illiquidity and a liquidity analysis: Not applicable.						

IV. Influence of major capital expenditures on financial business in the most recent year: No material impact.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(I) Reinvestment policy:

The Company's reinvestment policy aims to respond the demands of business development, lower production costs, expand the sales channels, and improve the Company's competitiveness while considering the future growth of the Company. For the organizational form, the investment objective, market conditions, and the business, shareholding, among other items of the reinvestees are assessed in detail, for the decision-makers to refer to for investment decision-making.

(II) Investment in the Last Year, Main Causes for Profits or Losses and Improvement Plans.

Unit: NT\$ Thousand

Investor	Investee	Current income (losses) of the investee	Share of income (losses) recognized	Main reason for profit or loss	Improvement plan
Fortune Oriental Company Limited	Hua-Xun Venture Capital Co., Ltd.	(1,920)	(1,920)	It is the loss generated from the investment business.	In response to market competition, the company has actively adjusted its product portfolio and sales strategies. Despite the presence of uncertain factors affecting economic development, there is still hope for an improvement in the external macroeconomic environment as expected. The company anticipates improvements and growth in domestic and international investment and consumer market demand, aiming to maintain its market share in the lighting industry.
Fortune Oriental Company Limited	Innotek Photoelectric Technology Corp.	(9,213)	(2,551)	Production, marketing, and business promotion of various LED lights, various fluorescent lamps, and other peripheral products. The loss was mainly attributed to the decrease in terminal demands due to the impact of the COVID-19 pandemic on domestic demand.	
Fortune Oriental Company Limited	Vast Power Corporationn .	63,015	38,507	It is the benefit generated by investment business.	None
Vast Power Corporationn	Dajixiang International Construction Co., Ltd.	3,109	3,109	The land development will be continued and the collaboration will be enhanced via the strategic alliance.	

(III) The investment plans for the coming year: Depending on the assessment of the operating conditions; there has been no material investment plan.

VI. Analysis of Risk Management

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. The impact of changes in interest rates on the Company's profit and loss, and future countermeasures: the Company has sufficient working capital without loans. Except for the time deposits probably being affected by interest income, the changes in interest rates have little impact on the Company.
2. Through the inter-group foreign currency capital allocation, the Company balances most of the impacts of changes in exchange rates on profit and loss, while maintaining contacts with major banks of business relationships to grasp exchange rate trends all the time, and adjusting the foreign currency assets and liabilities depending on the Company's future capital needs for responding the risk of changes in exchange rates.
3. The impact of inflation on the Company's profit and loss: The Group maintains close and good interaction with suppliers and customers, and monitors the market price fluctuations all the time, to adjust the purchase and sales prices depending on market fluctuations for reducing the impacts of inflation movements. In addition, according to the data released by the Directorate General of Budget, Accounting, and Statistics, Executive Yuan, the annual growth rate of the consumer price index for March 2024 was 2.14%, with the increased prices of international raw materials. In addition to negotiating with suppliers to increase the inventory of spare materials, the Company also adjusted rose prices to customers. The comparison of the recent gross profit margin and the same period shows little impact on the Company's profit and loss.

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

1. The Company does not engage in any high-risk and highly leveraged investment and derivatives trading.
2. For loans to others and endorsements/guarantees provided, the Company complies with the “Operating Procedures for Loaning of Funds” and “Operating Procedures for Endorsements/Guarantees.”

(III) Future Research & Development Projects and Corresponding Budget:

The advantages of EVs are environmental-friendly, zero pollution, low noise, economic, and easy maintenance, with excellent subsidy policies in various countries. The action goal of counter-global warming is to halve global carbon emissions by 2030, to avoid irreversible consequences of global warming. In the global trend of carbon and emission reduction, EVs have become the imperative mainstream trend of the world. Under the dual influences of environmental-friendly and energy-saving awareness and policy incentives in advanced countries, the development of EVs has been gradually accelerating. Therefore, EVs will be the most explosive industry in the next decade and promotes energy transformation and effective carbon reduction policies. In light of this, the Group is optimistic about the EV industry, adjustment of planning may be required depending on the market conditions and the actual operation of the company. The Company’s future major R&D plans are summarized as follows:

- (1) R&D plan: 160kW EV three-in-one highly integrated (drive motor, electrical engineering, and reduction drive) power system.
- (2) R&D descriptions and directions:
It is positioned at the front end of the value chain of the EV industry, and to break the landscape that is the monopoly of European and US combustion vehicles for more than a century, jumping out of traditional automobile manufacturing (low added-value), toward the direction of high added-value and innovative R&D capabilities, the Company is committed to promoting R&D plans of EV power system for Taiwan, and the R&D of key components for innovative EVs. Integrating the advantages of TIT and machinery process industries in Taiwan, and adapting to the forward-looking technology development trends of international car manufacturers, the Company continuously develops multi-functional integrated power systems for various models.
- (3) Technical level: Hairpin manufacturing/high power density power system design/integrated flow channel design/vibration-proof structure design/design of high-speed electric machine and gearbox /highly integrated design
- (4) Technical capability: The complete R&D process, from structural design, mechanism design, electronic control design, electric machine design, and technical verification, to product specification management, each department of the team performs its own duties and works closely for its expertise. The Company possesses multi-year practical experience in IATF16949 product design and development, as well as the quality verification process.
- (5) Design features:
 1. The micro controllers adopt a new generation of Freescale architecture, with the bottom layer conforming to Autosar, and the code complying with the MISRA C 2012 specification.
 2. The development process in compliance with ISO 26262-3, 4, and 6
 3. The electric machine adopts the Hair pin technology.
 4. Integrated design of the electric machine and drive motor to reduce the cost of power lines and connectors.
 5. The product design and development are based on the “Parts and Material Engraving Specifications” prescribed by the EU, for green design and green manufacturing. Implement environmental protection and reduce pollution.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company’s daily operations comply with the relevant domestic and foreign laws and regulations, and the Company always monitors the development trends of important domestic and foreign policies and changes in laws and regulations, to fully grasp the changes in the operating environment. The changes in important policies and regulatory environments at home or abroad are not significant to the Company’s finance and business.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

For the overall development trend of lighting sources, LED products have caught most eyes in recent years.

Compared to other lighting sources, LED lighting sources will rapidly grow the application fields with the premises of increase in luminous efficiency and effectively reduced costs, and thus are considered the new generation of lighting sources possibly replacing traditional light sources,

The Company’s adoption of LED lighting sources to develop lighting products has been fruitful. The considerable R&D outcomes are achieved in terms of the four major technical aspects, namely illumination, machinery, electricity, and heat. The Company has also built the laboratory with a full set of professional testing equipment certified for safety. For functional requirements such as high illuminance, high color rendering, low glare, and light source stability, the lighting design fully presents the product requirements after being verified by the laboratory. With the industrial trends of technological innovation and green lighting, the Company insists the professionalism and persistence in product quality and will be able to gain early market opportunities and gradually grow its operating scale.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures:

The Group insists on the operating principles of ethics, professionalism, and innovation, values the market demands, strengthens internal management and is committed to its top priority of improving product quality and

- customer satisfaction. All the employees of the Group are determined to operate the main business with no spared efforts, to insist on the core business, and maintain good credit relationships with customers and vendors.
- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.
- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: There is no major plan for capital expenditure.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:
- The Company does not have an excessive concentration of purchases and sales. Currently, both vendors and customers maintain good relationships with the Company, and the transactions are normal, without any concentration risk.
- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, or Shareholders with Shareholdings of over 10%: None.
- (XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.
- (XII) Litigation or Non-litigation Matters:
1. Major ongoing lawsuits, non-lawsuits or administrative lawsuit:
 - (1) In 2002 and 2003, the Company engaged Gemini Limited (an overseas underwriter) for the issuance of European convertible bonds (ECB). The underwriting income that Gemini Limited had earned on this transaction was subject to profit-seeking enterprises income tax of NT\$ 7,286 under the Taiwan tax laws, and a lawsuit was raised to have the Company pay this sum according to contract terms. On August 17, 2011, Taiwan High Court issued a judgment that required the Company to pay Gemini Limited NT\$ 6,933 plus NT\$ 1,300 of interests accrued at the statutory rate for a total of NT\$ 8,233, which were presented under the accounts "Other expense" and "Other non-current liabilities - others." The Company raised an appeal to Supreme Court on September 13, 2011, but was rejected on June 5, 2013.
 - (2) On January 10, 2007, the Company received correspondence from KOREA EXCHANG BANK, a lender for New Star Digital, which was an investee of Global Solutions Holdings Ltd., with the intention to claim against the Company's US\$ 10,000 thousand guarantee to New Star Digital. The Company had not received legal documents pertaining to this claim as of March 31, 2024, and was therefore temporarily free of responsibilities to pay.
 2. Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors or shareholders with over 10% shareholdings:
 - (I) Regarding the violation of the Securities Exchange Law by the former person in charge of the Company, Mr. Hsieh, Han-Chin, etc., the Supreme Court's 2021 Taishang No. 5982 judgment was confirmed on the case, which aims to reveal the Supreme Court's decision to uphold the original judgment: " Mr. Hsieh, Han-Chin was a director duty of care as a good manager should not have followed the sales structure arranged by Mr. Luo, Fu-Chu for disposing of the factory in this case. As a result, the Company could only collect NT\$ 480,000 for the transaction price, instead of the NT\$ 550,000 that should be paid for the actual sale to Hengtong Company. So that Mr. Luo, Fu-Chu obtained the NT\$ 70,000 that should have belonged to the Company. It was fully recognized that the price difference of NT\$ 70,000 obtained by Mr. Luo, Fu-Chu has indeed caused significant damage to the Company, and it was an unprofitable and unconventional transaction." The Company had filed a lawsuit for civil damages against the above-mentioned parties involved in the above-mentioned damages, requesting to pay the Company NT\$ 70,000 and related statutory interest jointly and severally, so as to protect the rights and interests of the Company and shareholders. On April 30, 2024, in accordance with the Taiwan Taipei District Court's 2023 Jin-Zi No. 49 ruling, Hsieh, Han-Chin is required to compensate in full. Regarding the above transaction, the Company received a notice from the civil court of the Taipei District Court in Taiwan in early April 2012, and the Investors Protection Center filed a lawsuit against the former person in charge of the Company, the Company, the directors and the supervisors to compensate investors for damages. The requested amount was NT\$ 83,304 and the interest calculated at 5% per annum until the date of repayment. In this case, the Company had signed a settlement agreement with the Investors Protection Center on February 14, 2014 to reach a settlement, and the Investors Protection Center had withdrawn the lawsuit with the Taipei District Court in Taiwan on March 21, 2014. The Company had completed the settlement agreement. The case was rejected by the Taiwan Taipei District Court on April 12, 2016, and the application for false execution was rejected. The Investors Protection Center appealed to the Taiwan High Court on May 3, 2016, and the appeal amount was reduced to NT\$ 72,031, the Taiwan High Court ruled on May 31, 2017 to reject the appeal, and the Investors Protection Center appealed to the Supreme Court on June 23, 2017, and the Supreme Court pronounced on January 31, 2019: the original judgment was abolished, sent back to the Taiwan High Court; on December 7, 2021, the Taiwan High Court still rejected the appeal of the Investors Protection Center, and the Investors Protection Center appealed to the Supreme Court, and the Supreme Court on March 9, 2023 "2022, Taishang No. 1045" ruled to reject the appeal of the Investors Protection Center, and the case was finalized.
- (XIII) Other Major Risks:
- Information security risks:
- The Company has established a complete network and computer security protection system for information security risks, to control or maintain the functions of the Company's manufacturing, operations, accounting, and other key business operations, but the computer system cannot be guaranteed for being completely exempted from any third party cyber attacks crashing systems. These network attacks may invade by illegal means (such as spam emails). The implanted virus, not only damages the Company's key confidential files, but the spam mails may also increase the transmission process of the Company's server that the CPUs, hard disk space of servers,

and the terminal users' hard disk spaces are affected with reduced speed and space utilization performance, for activities destroying the Company's operations and damaging the Company's reputations. Cyberattacks may also attempt to steal the Company's trade secrets, other intellectual properties and confidential information, such as proprietary information of customers or other stakeholders, and personal information of employees.

In order to prevent the loss of the Company in the event of a serious cyber attacks. The Company reviews if there is any significant deficiency in network and information security protection annually, and takes preventive measures such as regular remote backup of files, network firewalls installation and anti-virus software, while strengthening the information personnel education and training, and the employee network Information security promotions are conducted from time to time; however, it cannot guarantee that Company is immune to evolving risks and attacks amid the ever-changing cybersecurity threats. During 2023 and as of the publication date of the annual report, the Company has not discovered any major cyber attacks or incidents, nor has it been involved in any related legal cases or regulatory investigations.

(XIV) The organizational structure of risk management:

1.Board of Directors:

The highest decision-making body for the company's risk management, aiming to comply with laws and regulations, promote, and implement comprehensive company risk management. It clearly understands the risks faced by operations, ensures the effective operation of the risk management mechanism, and bears ultimate responsibility for risk management.

2.Audit Committee:

Supervises the execution of risk management within the group and provides improvement suggestions for risk management policies.

3.General Manager's Office:

The General Manager's Office is responsible for executing risk authority duties.

4.Relevant Units: Functional unit supervisors are responsible for risk management, analyzing, and monitoring relevant risks within their respective units.

4.1 Audit Office:

An independent department under the Board of Directors, responsible for executing the company's internal audit operations, inspecting, and evaluating the implementation of internal controls to reasonably ensure effective operational risk management.

4.2 Operations Management Meetings:

Supervisory or operational meetings chaired by the Chairman or General Manager, reviewing the company's operational goals, business conditions, and future development plans through risk assessments.

4.3Departments:

Department heads have frontline risk management responsibilities, assisting in and supervising the implementation of risk management within their departments, ensuring the effective execution of internal control procedures for various business activities.

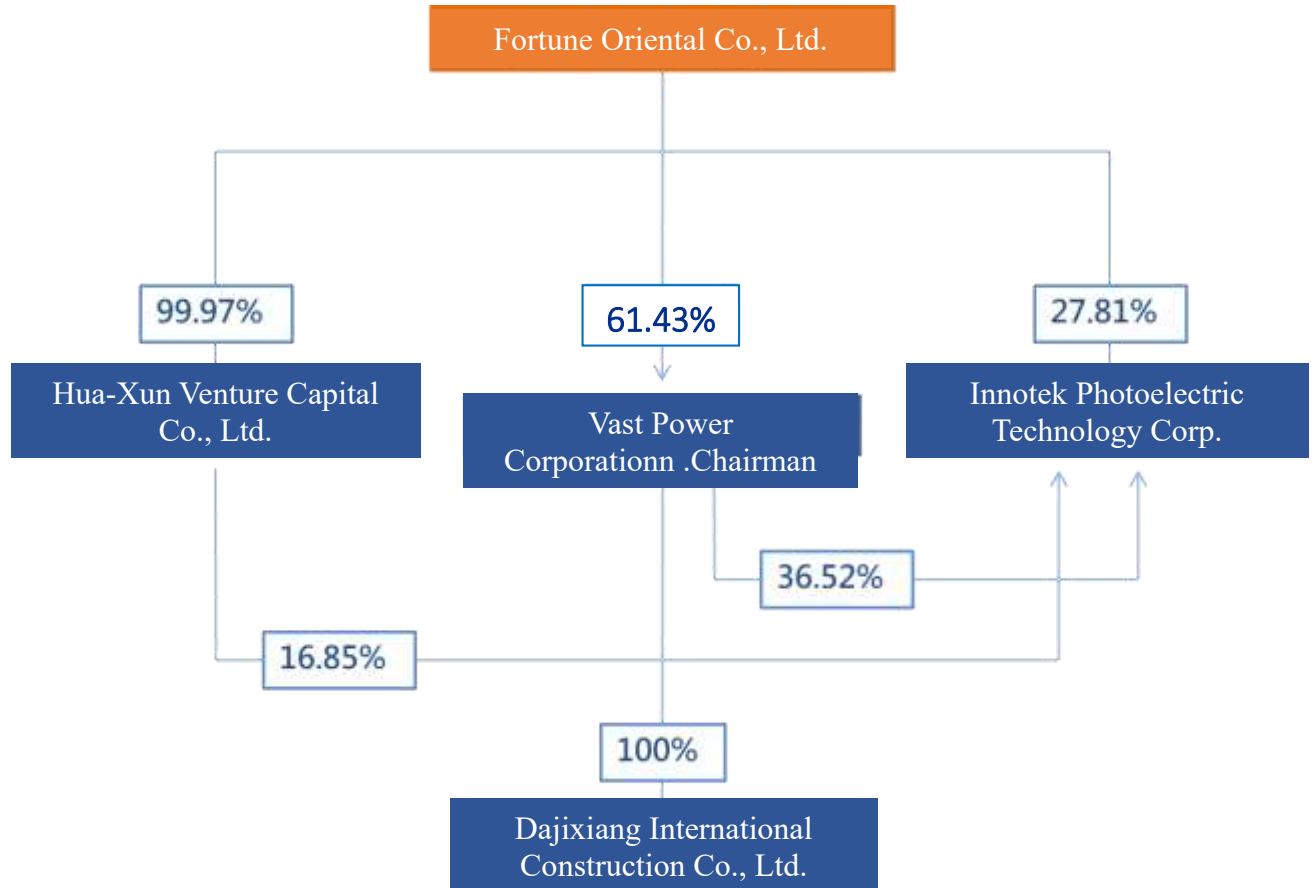
VII. Other important matters: None.

Eight. Special Disclosure

I. Relevant information of affiliated enterprise:

- (I) Consolidated business report of affiliated enterprise
1. Consolidated business chart

December 31, 2023



2. Basic information of affiliated enterprises

Unit: NT\$ thousand

Name of business	Establishment date	Establishment address	Paid-up capital	Main business
Hua-Xun Venture Capital Co., Ltd.	September, 2000	No.6, Lane 54, Zhongzheng Rd., Xindian District, New Taipei City	160,000	General investments
Vast Power Corporationn	December, 2003	No. 19, Alley 51, Lane 50, Daren Rd., Taoyuan District, Taoyuan City	1,475,552	R&D, design, manufacturing and sales of electric vehicle powertrain systems
Dajixiang International Construction Co., Ltd.	March, 1988	No.6, Lane 54, Zhongzheng Rd., Xindian District, New Taipei City	503,500	Real property investment
Innotek Photoelectric Technology Corp.	December, 2009	No.6, Lane 54, Zhongzheng Rd., Xindian District, New Taipei City	178,000	Illuminating equipment

3. Same shareholder information of those presumed with control and subordinate relationship: N/A

4. Industries to which the affiliates belong:

The sectors covered by the affiliates include general investment, real property investment, R&D, design, manufacturing and sales of electric vehicle powertrain systems and illuminating equipment.

5. Information of directors, supervisors and General Manager of each affiliated enterprise:

December 31, 2023

Unit: Shares; %

Name of enterprise	Title	Name or representative	Shareholding	
			shares	Shareholding Ratio (%)
Hua-Xun Venture Capital Co., Ltd.	Chairman	Representative of Fortune Oriental Co., Ltd. - Chen, Pi-Hua	15,995,200	99.97
	Director	Representative of Fortune Oriental Co., Ltd. - Li, Hsin-Lung		
	Director	Representative of Fortune Oriental Co., Ltd. - Lo, Kuang-Li		
	Supervisor	Huang, I-Li		
Vast Power Corporationn	Chairman	Representative of Fortune Oriental Co., Ltd. - Lo, Kuang-Wei	90,644,460	61.43
	Director	Representative of Fortune Oriental Co., Ltd. - Chen, Pi-Hua		
	Director	Representative of Fortune Oriental Co., Ltd. - Lo, Kuang-Li		
	Supervisor	Huang, I-Li		
Innotek Photoelectric Technology Corp.	Chairman	Representative of Fortune Oriental Co., Ltd. - Chen, Pi-Hua	4,950,000	27.81
	Director	Representative of Fortune Oriental Co., Ltd. - Lo, Kuang-Wei		
	Director	Representative of Fortune Oriental Co., Ltd. - Lo, Kuang-Li		
	Supervisor	Huang, I-Li		
Dajixiang nternational Construction Co., Ltd.	Chairman	Vast Power Corporationn—Chen, Pi-Hua	50,350,000	100
	Director	Vast Power Corporationn—Lo, Kuang-Wei		
	Director	Vast Power Corporationn—Lo, Kuang-Li		
	Supervisor	Vast Power Corporationn—Huang, I-Li		

6. Operation profile of each affiliated enterprise

December 31, 2023

Unit: NT\$ thousand

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net Income	EPS (NT\$)
Hua-Xun Venture Capital Co., Ltd.	160,000	12,145	46	12,099	(1,641)	(1,922)	(1,920)	(0.12)
Vast Power Corporationn	1,475,552	1,212,855	113,224	1,099,631	2,619	(101,140)	63,015	0.42
Innotek Photoelectric Technology Corp.	178,000	116,755	52,755	63,405	169,049	(9,213)	(9,213)	(0.52)
Dajixiang International Construction Co., Ltd.	503,500	318,462	619	380,843	1,029	1,129	3,109	0.06

(II) Consolidated Financial Statement of Affiliated Enterprises and the Affiliation Report

Representation Letter

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

Very truly yours

Fortune Oriental Company Limited
Chairman: Chen, Pi-Hua

March 08, 2024

II. Private Placement Securities in the Most Recent Years: None.

III. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

IV. Other necessary supplementary information: None.

Nine. Any event as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the Company during the most recent year and up to the publication date of this annual report: None.