

Stock Code: 3338

TaiSol Electronics Co., Ltd. 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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Overseas Securities Exchange : None

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One. Letter to Shareholders

Dear shareholders,

First of all, on behalf of the Company, I would like to extend warm appreciation to all shareholders for their support and encouragement of TaiSol in the past year. In 2023, amid high interest rates, high inflation, and China's post-pandemic economic performance not being as good as expected, global end-user demand remained weak. Escalated U.S. curbs on chip exports to China, the Russian invasion of Ukraine and the Israeli-Palestinian conflict affected global economic development and social stability. In the face of challenges, in addition to continuing to develop high-performance computing (HPC), auto, and server cooling products, TaiSol's team has also expanded energy storage products, continued to better develop technologies, strengthened organizational management, and improved technology, quality, and cost competitiveness.

Hereby, I would like to report on the Company's operating results in 2023 and outlook for 2024:

I. 2023 Performance

1. The 2023 business plan implementation highlight and achievements

The Company's consolidated net operating revenue in 2023 was NT\$3,811,775 thousand, a decrease of 16.56% from 2022; the consolidated net operating income in 2023 was NT\$266,531 thousand, a decrease of 3.32% from 2022; the net income after tax was NT\$243,294 thousand, a decrease of 9.04% from the level in 2022; the earnings per share in 2023 was NT\$2.78.

In 2023, due to factors such as the US-China trade war, inflation, and global economic slowdown, end-user demand declined, and orders were reduced. However, by adjusting the product mix and policy-based order-taking strategy, we could flexibly allocate production capacity, increase production efficiency, and reduce production costs, and strengthen the control of operating activities for a lean organization. The 2023 gross margin was 20.66%, representing a 1.55% increase from 2022; the 2023 net profit margin was 6.38%, representing an increase of 0.52% from 2022.

2. Budget Implementation

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to disclose the implementation status as it did not disclose its financial forecast for 2022.

3. Analysis of financial income, expenses and profitability

Unit: NT\$000'

Item		Year	2023	2022
Financial income/expenses	Operating revenue		3,811,775	4,568,318
	Gross profit		787,451	872,984
	Net income after tax attributable to the parent company		243,294	267,477
Profitability	Return on assets (%)		6.62%	7.23%
	Return on equity (%)		12.98%	15.02%
	Ratio of net income before tax to paid-in capital (%)		36.28%	41.64%
	Profit margin (%)		6.38%	5.86%
	Basic earnings per share (NT\$)		2.78	3.05

4. R&D Status

(1) R&D expenditures for the most recent two years

Unit: NT\$000'

Year	2023	2022
R&D expenses	136,704	177,758
Ratio of R&D expenses to operating revenue (%)	3.59%	3.89%

(2) R&D Achievement

- Thermal ManagementThermal:

- A. Development of open and closed server liquid cooling systems
- B. Development of HPC & AI server thermal solutions
- C. Development of thermal solutions for auto systems
- D. Development of 3D vapor chamber thermal system applications
- E. Development of comprehensive ADAS system thermal solutions
- F. Dedication to further research on immersion liquid cooling technology

- Other Electronic Components:

- A. Development of SD 8.0 product solutions
- B. Development of Micro SD 8.0

- IoT Applications:

- A. Pet monitoring feeder
- B. Development of NFC fingerprint cards and card holders
- C. Development of NFC motorcycle unlocking modules

II. Outlook for 2024

1. Business Policy

Through continuous innovation and improved thermal technologies, especially water cooling, we can avoid price competition with differentiated technologies and products. We have been following the marketing strategy dominated by electric vehicles and high-end servers, to expand the product lines and global layout. We are optimistic about the demand and growth of the thermal industry, and will continue to maintain operational resilience, accumulate energy, adjust the pace, pay attention to changes in the global market, and respond quickly with acute vigilance, in order to enter the next prosperity.

2. Important Production and Sales Policies

(1) Marketing Strategy

- A. In 2024, the Company will continue to implement the auto and high-end server markets and develop other similar customers, tackle core technologies, and establish a forward-looking sustainable layout to create longer-term competitive advantages.
- B. We will cooperate with strategic customers to deploy the high-end immersion cooling market and high-end graphics card thermal solutions.
- C. We will expand the product lines of other electronic components and make use of the existing AVL advantages to increase revenue from EMS customers.
- D. The Company will adopt a SI-based marketing strategy to strengthen services to customers and expand the marketing base.

(2) Production Strategy

- A. In line with the BU-centered management strategy, the Company will uniformly control production and sales, quickly respond to customer needs and deepen the cooperation with key customers.
- B. We propose various production indicators, and regularly track and review them; further control and reduce costs to improve market competitiveness.
- C. To accommodate the distribution of customers' manufacturing bases, we cooperate with them to plan the production bases and expand the global manufacturing layout.
- D. We plan strategic partners to further expand product lines to meet the needs of our customers.

(3) R&D Strategy

- A. In view of future product planning and customer needs, the Company will strengthen its core technologies, in the hope of developing products that are closer to the market and meet customer needs with the competitive advantage of its leading R&D.
- B. We will develop new technologies and new industry products to meet the diverse needs of customers and expand business capacity.

3. Future Development Strategy

In the past, the Company's development was limited to the Greater China market. In the future, TaiSol will integrate the Group's resources and advantages to gradually develop overseas markets. In 2024, the Company will move toward the goal of institutionalized, systematic, process-based, and simplified management. We will build a management team dealing with "leading technologies, excellent production, satisfied customers, proud shareholders, and happy employees".

2024 is the beginning of TaiSol's revolutionary transformation. The Company will usher in the era of self-transcendence. We know that every step of progress is arduous but necessary. We bravely move forward and carry out all-round changes from the corporate organization, product strategy, global layout, talent cultivation, and process simplification.

We expect that all shareholders can witness our transformation and growth and share more fruitful operating results.

TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang
President: Liang, Chun-Hsin
Chief accountant: Wu, Mei-Ling

Two. Company Profile

I. Date of Incorporation: September 23, 1994.

II. Company history: Milestones

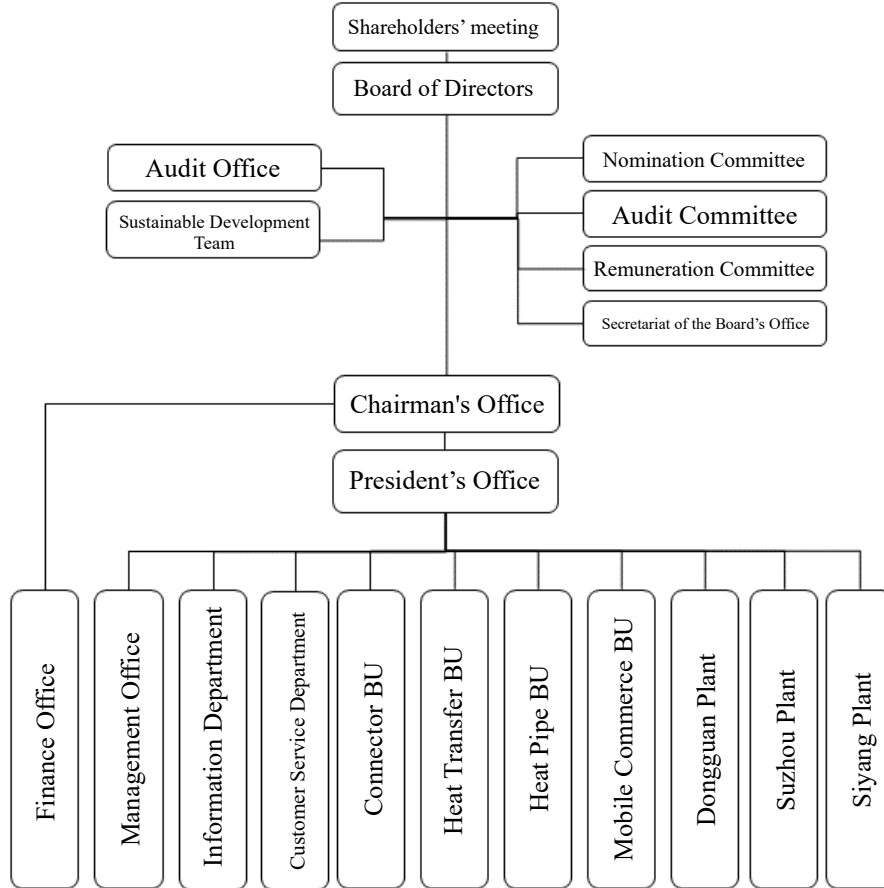
September 1994	The Company was established, with a capital of NT\$6 million, to engage in the manufacture and sales of electronic and computer parts and components.
August 2001	The Investment Commission, MOEA, approved the merger and acquisition of World Window Electronics (H.K.) Limited and indirect investments in the electronic plant of World Window in Xiabian, Chang'an, Dongguan.
April 2002	The Investment Commission, MOEA, approved the investment in TaiSol Electronics (Hong Kong) Co., Ltd. and the indirect investments in Suzhou TaiSol Electronics Co., Ltd..
June 2004	The Company was approved for listing on the emerging stock market for trading.
July 2004	Obtained the 197th Certificate for Operation Headquarters of Enterprises issued by the Industrial Development Bureau, MOEA.
March 2007	Invested in the establishment of TaiSol Electronics Japan Co., Ltd..
October 2013	The board of directors of the Taiwan Stock Exchange (TWSE) approved the Company's application for listing.
December 2013	The Company was formally listed on TWSE.
July 2014	Passed the D-U-N-S® Registered™.
January 2015	Issued the first tranche of secured convertible corporate bonds in the amount of NT\$300 million.
August 2015	Issued the initial employee stock options.
December 2017	As of 31 December of the year, the paid-in capital was NT\$697,762,140.
January 2018	Converted stock options into shares, and the paid-in capital became NT\$697,922,140.
March 2018	Converted corporate bonds into shares, and the paid-in capital became NT\$698,359,850.
May 2018	Rated the 726th in the Top 2,000 National Manufacturers in 2017 by the CommonWealth Magazine. Ranked 81st for computer peripherals and parts and components.
September 2018	Performed a capital increase in cash of NT\$167,67 million, and the paid-in capital became NT\$865,029,850.
November 2018	Converted stock options into shares and a cancellation of treasury shares, and the paid-in capital became NT\$864,479,850.
December 2018	The Investment Commission, MOEA, approved the investments in SiYang TaiSol Electronics Co., Ltd..
January 2019	Converted stock options into shares, and the paid-in capital became NT\$864,819,850. Rated the 689th in the Top 2,000 National Manufacturer in 2018 by the CommonWealth Magazine. Ranked 79th for computer peripherals and parts and components.

- August 2019 Issued the second tranche of secured convertible corporate bonds in the amount of NT\$300 million.
- January 2020 Converted stock options and corporate bonds into shares, and the paid-in capital became NT\$871,970,070.
- May 2020 Converted stock options and corporate bonds into shares, and the paid-in capital became NT\$872,584,590.
- May 2020 Rated the 535th in the Top 2,000 National Manufacturer in 2019 by the Commonwealth Magazine. Ranked 67th for computer peripherals and parts and components and concurrently ranked 38th among Top 50 Fast-Growing Manufacturers.
- July 2020 Passed the D-U-N-S® Registered™.
- August 2020 Converted corporate bonds into shares, and the paid-in capital became NT\$877,651,410.
- November 2020 Converted stock options into shares, and the paid-in capital became NT\$878,011,410.
- January 2021 Converted stock options into shares, and the paid-in capital became NT\$878,331,410.
- January 2021 Rated the 498th in the Top 2,000 National Manufacturers in 2020 by the Commonwealth Magazine. Ranked 57th for computer peripherals and parts and components.
- May 2021 Converted stock options into shares, and the paid-in capital became NT\$878,7771,410.
- November 2021 Converted stock options into shares, and the paid-in capital became NT\$879,081,410.
- January 2022 The Investment Commission, MOEA, approved the investments in Vietnam TaiSol Electronics LLC.
- May 2022 Rated the 566th in the Top 2,000 National Manufacturer in 2021 by the Commonwealth Magazine. Ranked the 63rd for computer peripherals and parts and components.
- September 2022 Suzhou TaiSol Electronics was ranked by Commercial Times as 940th among the top 1000 Taiwanese companies in China.
- September 2022 DongGuan TaiSol Electronics was ranked by Commercial Times as 774th among the top 1000 Taiwanese companies in China.
- September 2023 DongGuan TaiSol Electronics was ranked by Commercial Times as 841st among the top 1000 Taiwanese companies in China.
- May 2023 Rated the 612th in the Top 2,000 National Manufacturer in 2022 by the Commonwealth Magazine. Ranked 70th for computer peripherals and parts and components.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Functions of all major departments

Department	Functions
Chairman's Office	Supervise the Company on behalf of the Board to maximize benefits for all shareholders; lead the overall operation of the organization for the continual growth and profits.
President's Office	Formulate the Company's business strategy, set business objectives, and supervise and evaluate the implementation and performance of business objectives.
Audit Office	<ol style="list-style-type: none">(1) Review whether the internal control system is effectively designed and implemented.(2) Perform audits of operations of different departments and promote the implementation of self-evaluations of internal control.(3) Implement project audits to discover recommendations for operation improvements, assist in strengthening corporate governance, and establish risk management mechanisms.
Sustainable Development Team	<ol style="list-style-type: none">(1) Sustainable development strategy planning.(2) Promotion and execution of sustainable development.
Finance Office	<ol style="list-style-type: none">(1) Capital management and financing planning arrangements.(2) Short-term wealth management and long-term investments.(3) Coordinate matters related to stock affairs.(4) Credit control.(5) Regular announcements or declarations of the financial position.(6) Preparation and analysis of accounting and financial statements for the decision-making department to manage and make policies.(7) Tax planning and filing.(8) Summary and control of the annual budget and analysis and reporting of its implementation results.(9) Establishment, amendment, evaluation, and implementation of the accounting system.
Management Office	<ol style="list-style-type: none">(1) Human resources, administrative and general management and other related affairs.(2) Management and maintenance of fixed assets and intellectual property rights.(3) Formulate, plan and promote safety and health management matters.
Information Department	<ol style="list-style-type: none">(1) Information system management: Maintain and integrate the ERP system and other related systems to ensure the stable operation of the system.(2) Infrastructure management: Ensure that the Company's internal infrastructure operates safely and efficiently.

Department	Functions
	<p>(3) Information security management: responsible for formulating, executing and promoting the information security strategy and measures, and complying with applicable laws and regulations and standards.</p> <p>(4) Technical support and training: Provide colleagues with technical support and training to help employees improve their technical skills and use efficiency.</p>
Customer Service Department	<p>(1) Sales support.</p> <p>(2) Order, inventory and account management.</p>
Connector BU	R&D, design, manufacturing, quality control, market development and sales of other electronic components.
Thermal BU	Thermal BU and R&D, design, manufacturing, quality management, market development and sales of thermal solutions and products.
Heat Pipe BU	R&D, design, manufacturing, quality management, market development and sales of heat pipe products.
Mobile Commerce BU	R&D, design, manufacturing, quality management, market development and sales of NFC and card reader related products.

II. Information on Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches

(I) Directors (including independent directors)

1. Directors and Independent Directors (I)

March 26, 2024

Title	Nationality or place of registration	Name	Gender Age	Date of election (inauguration)	Tenure	Date of initial election	Shares held upon being elected		Shares held at present		Shares held by spouse and minors		Shares held in the name of others		Major career achievements (academic background)	Concurrent duties in the Company and other companies	Other directors of departments and branches, Directors, or supervisors who are spouse or blood relatives within the second degree of kinship			Remarks
							Number of shares	Share holding (%)	Number of shares	Share holding (%)	Number of shares	Share holding (%)	Number of shares	Share Shareholding ratio (%)			Title	Name	Relationship	
Chairman	Taiwan	Yu, Ching-Sung (Note 1)	Male 61~70	2021.07.05	Three years	1999.11.06	14,463,046	16.46	876,046	1.00	438,431	0.50	1,949,000	2.22	Graduated from the Department of Business Administration, Tatung Institute of Technology Director and corporate representative of Techmaster Limited Chairman and CEO, TaiSol Electronics Co., Ltd.	None				Dismissal on August 24, 2023
Director	Taiwan	Lin, Chan-Lieh	Male 61~70	2021.07.05	Three years	2013.04.22	27,000	0.03	18,000	0.02	-	-	-	-	Department of Mechanical Engineering, the Affiliated Tainan Industrial Senior High School of National Cheng Kung University President, WanShih Electronic Co., Ltd. Director, WanShih Electronic Co., Ltd. CEO, TaiSol Electronics Co., Ltd. Director, TaiSol Electronics Japan Co., Ltd. Director, Suzhou TaiSol Electronics Co., Ltd. Director and corporate representative, SiYang TaiSol Electronics Co., Ltd.	Director, TaiSol Electronics Co., Ltd. Independent director, Hu Lane Associate Inc Professional Consultant, Mec Imex Inc.				
Director	Taiwan	Liang, Chun-Hsin (Note 2)	Male 61~70	2021.07.05	Three years	2018.06.19	28,813	0.04	9,813	0.01	-	-	-	-	Department of Economics, Tunghai University President/COO/Consultant, SINBON Electronics Co., Ltd.	President and CEO, TaiSol Electronics Co., Ltd. Director, DongGuan TaiSol Electronics Co., Ltd. Director, Suzhou TaiSol Electronics Co., Ltd. Director, SiYang TaiSol Electronics Co., Ltd.				Dismissal on May 5, 2023
Director	Taiwan	Hsieh, Chun-Shan	Male 61~70	2021.07.05	Three years	2013.04.22 (Note 3)	1,000,276	1.14	888,276	1.01	-	-	-	-	Department of Advanced Electronic Equipment Maintenance, the Affiliated Tainan Industrial Senior High School of National Cheng Kung University Funder, Coolpe Computer Co., Ltd. Supervisor, TaiSol Electronics Co., Ltd.	Director, TaiSol Electronics Co., Ltd. Chairman, Weisheng Investment Co., Ltd. Supervisor, Coolpe Computer Co., Ltd.				
Director	Taiwan	Long-Thin Enterprise Co., Ltd.	Not applicable	2021.07.05	Three years	2021.07.05	2,044,000	2.33	1,949,000	2.22	-	-	-	-	Not applicable					
		Representative: Yu, Po-Hsin (Note 4)	Male 31~40	2021.07.05	Three years	2021.07.05	169,643	0.20	-	-	-	-	-	-	Corporate Finance MSc, Queen Mary University of London Department of Business Administration, National Sun Yat-sen University Project section chief, Department of Corporate Finance, Capital Securities Corporation Manager, Market Development Department, Vsell Enterprise Co., Ltd. Senior specialist, Department of Corporate Finance, Taipei Fubon Bank Manager, Department of Investment, Paralink Asset Management Asia Ltd.	Supervisor, Long-Thin Enterprise Co., Ltd.				Dismissal on August 28, 2023

Title	Nationality or place of registration	Name	Gender Age	Date of election (inauguration)	Tenure	Date of initial election	Shares held upon being elected		Shares held at present		Shares held by spouse and minors		Shares held in the name of others		Major career achievements (academic background)	Concurrent duties in the Company and other companies	Other directors of departments and branches, Directors, or supervisors who are spouse or blood relatives within the second degree of kinship			Remarks
							Number of shares	Share holding (%)	Number of shares	Share holding (%)	Number of shares	Share holding (%)	Number of shares	Share holding ratio (%)			Title	Name	Relationship	
		Representative: Peng, Peng-Huang (Note 5)	Male 61~70	2023.08.28	Three years	2023.08.28			1,057,000	1.20	4,000	0.00	-	-	Master of Business Administration, Soochow University. Vice Chairman and President, Singatron Enterprise Co., Ltd. Founder and Chairman, T.Y. Management Hsinchu Consulting Co., Ltd.	Chairman and CSO/Corporate Representative Director, TaiSol Electronics Co., Ltd. Corporate representative, TaiSol Electronics (Hong Kong) Co., Ltd. Director, World Window Electronics (H.K.) Limited Vice Chairman and President, Singatron Enterprise Co., Ltd. Chairman, Tranwo Technology Corp. Chairman, Chuanyu Communication (Suzhou) Co., Ltd. Chairman, T.Y. Management Hsinchu Consulting Co., Ltd. Director, Info-Tek Corporation Director, Kingstate Electronics Corp. Director, Singatron Electronic (China) Co., Ltd. Director, Suzhou Singatron Auto Co., Ltd. Director, Singatron Technology (HongKong) Co., Ltd. Director, MacroStar Investment Holding (HK) Co., Limited Independent Director, GIGA-BYTE Technology Co., Ltd.				Appointment on August 28, 2023
Independent Director	Taiwan	Chang, Wen-Tien	Male 61~70	2021.07.05	Three years	2013.04.22 (Note 6)	-	-	-	-	-	-	-	-	Institute of Business Administration, Chinese Culture University Assistant Manager, Bank of Communications Vice president and spokesperson, Federal Corp. Assistant Vice President/Director of R&D Department/Manager of Administration Department/Director of Secretariat, Bowa Bank Adjunct lecturer at Chinese Culture University, Fengchia University, and Shih Chien University Independent director, Taiwan Oasis Technology Co., Ltd.	Independent Director, TaiSol Electronics Co., Ltd.				
Independent Director	Taiwan	Tseng, Tien-Yun	Male 61~70	2021.07.05	Three years	2018.06.19	-	-	-	-	-	-	-	-	Graduate Institute of Technology Law, National Chung Hsing University Vice president of Finance, Champion Building Materials Co., Ltd. Vice president of Finance, Wonderful Hi-Tech Co., Ltd. Member of the Remuneration Committee, WanShih Electronic Co., Ltd. Independent director, Wonderful Hi-Tech Co., Ltd.	Independent Director, TaiSol Electronics Co., Ltd. Partner, Dazhe CPA's Firm Arbitrator, Chinese Arbitration Association, Taipei				
Independent Director	Taiwan	Chen, Chih-Hung	Male 61~70	2021.07.05	Three years	2018.06.19	-	-	-	-	-	-	-	-	Department of Business Management, Tatung Institute of Technology Southeast Cement Corporation Director of the Chairman's Office and Manager of the QA Department/Director of the Kaohsiung Plant/Special Assistant to the Chairman	Independent Director, TaiSol Electronics Co., Ltd. President, Penghu Cable TV. Co., Ltd.				
Independent Director	Taiwan	Fang, Yen-Ling	Female 61~70	2021.07.05	Three years	2021.07.05	-	-	-	-	-	-	-	-	Master of Law, Soochow University Ph.D. in Finance, Xiamen University EMBA, National Chengchi University Partner, KPMG	Independent Director, TaiSol Electronics Co., Ltd. Independent director, Wistron Information Technology and Services Corporation Independent Director, Pharmosa Biopharm Inc.				

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 2: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 112, thereby naturally leading to his dismissal from the position of director according to the law.

Note 3: Hsieh, Chun-Shan resigned as a Director and was appointed as a Supervisor on 22 April 2013 and was appointed as a Director on 5 July 2021.

Note 4: Long-Thin Enterprise Co., Ltd. appointed a new representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed.

Note 5: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Note 6: After resigning as a Supervisor on 6 June 2006, Chang, Wen-Tien was appointed as an Independent Director of the Company on 22 April 2013.

Major shareholders of the institutional shareholders

March 26, 2024

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholder (Note 2)	Shareholding (%)
Long-Thin Enterprise Co., Ltd.	Yeh, Li-Juan	41.50%
	Yu, Po-Ting	2.33%
	Yu, Po-Hsin	2.33%
	Yu, Ching-Sung	53.84%

2. Directors and Independent Directors (II)

I. Professional qualifications and independence analysis of directors:

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Yu, Ching-Sung (Dismissal on August 24, 2023) (Note 1)	<ol style="list-style-type: none"> 1. Department of Business Administration, Tatung Institute of Technology 2. Previously served as Chairman and CEO of TaiSol Electronics Co., Ltd. and Chairman of Vsell Enterprise Co., Ltd. 3. More than 30 years of experience in business management in electronic technology-related industries. His expertise covers commerce, business planning for technology-related industries, marketing, and business management. 	<ol style="list-style-type: none"> 1. Chairman and CEO of the Company, a Director who is concurrently a managerial officer. 2. Concurrently a director of an affiliate (wholly-owned subsidiary) of the Company. 3. A top ten shareholder of the Company with over 5% shareholding who is a natural person. 4. A relative within the second degree of kinship with Yu, Po-Hsin, legal representative of Long-Thin Enterprise Co., Ltd. 5. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements. 	

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Representative of Long-Thin Enterprise Co., Ltd.: Peng, Peng-Huang (Note 2)	<ol style="list-style-type: none"> 1. Master of Business Administration, Soochow University 2. Current Chairman of the Company, Vice Chairman and President of Singatron Enterprise Co., Ltd., Chairman of Tranwo Technology Corp., and Founder and Chairman of T.Y. Management Hsinchu Consulting Co., Ltd. 3. More than 30 years of experience in business management in electronic technology-related industries. His expertise covers business planning, marketing, and business management in technology-related industries. 	<ol style="list-style-type: none"> 1. Chairman and CSO of the Company, a Director who is concurrently a managerial officer. 2. Concurrently a director of an affiliate (wholly-owned subsidiary) of the Company. 3. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements. 	1
Lin, Chan-Lieh	<ol style="list-style-type: none"> 1. Department of Mechanical Engineering, the Affiliated Tainan Industrial Senior High School of National Cheng Kung University 2. President, WanShih Electronic Co., Ltd. 3. More than 25 years of experience in electronic connecting wire products. His expertise covers commerce, marketing, and business management. 	The Company has verified the key factors of independence as set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC), and the Director complies with relevant independence requirements.	1
Liang, Chun-Hsin (Dismissal on May 5, 2023) (Note 3)	<ol style="list-style-type: none"> 1. Department of Economics, Tunghai University 2. Former President of SINBON Electronics Co., Ltd. 3. More than 25 years of experience in business management in electronic technology. His expertise covers corporate governance, commerce, marketing, and business management for industrial technologies. 	<ol style="list-style-type: none"> 1. Concurrently President of the Company, a Director who is concurrently a managerial officer. 2. Concurrently a director of an affiliate (wholly-owned subsidiary) of the Company. 3. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements. 	

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Hsieh, Chun-Shan	<ol style="list-style-type: none"> 1. Department of Advanced Electronic Equipment Maintenance, the Affiliated Tainan Industrial Senior High School of National Cheng Kung University 2. Supervisor of Coolpc Computer Co., Ltd. and Chairman of Weisheng Investment Co., Ltd. 3. Experience in information technology. His expertise covers business management and marketing. 	The Company has verified the key factors of independence as set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission (FSC), and the Director complies with relevant independence requirements.	
Representative of Long-Thin Enterprise Co., Ltd.: Yu, Po-Hsin (Dismissal on August 28, 2023) (Note 4)	<ol style="list-style-type: none"> 1. Corporate Finance MSc, Queen Mary University of London, Master's Degree 2. Having worked in financial securities such as Capital Securities and Fubon Bank, with experience in financial insurance. 3. His expertise covers finance and accounting, marketing, startup investment, and finance and securities. 	<ol style="list-style-type: none"> 1. Director who is also a Special Assistant to the Chairman and Chief Procurement Officer of the Company and is a managerial officer. 2. Concurrently a director of an affiliate (wholly-owned subsidiary) of the Company. 3. A relative within the second degree of kinship with Yu, Ching-Sung, Chairman of the Company. 4. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements. 	

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Chang, Wen-Tien	<ol style="list-style-type: none"> 1. Master's degree from the Institute of Business Administration, Chinese Culture University. 2. Have worked in financial institutions such as Bank of Communications and Baohua Bank 3. Rich practical experience in corporate mergers and acquisitions, venture capital, finance and securities, corporate governance and other fields, with professional fields covering finance and accounting, law, business management. 4. Currently independent director of the Company. His professionalism will improve the quality of corporate governance of the board of directors and the monitoring function of the Audit Committee. 5. None of the circumstances stated in subparagraphs of Article 30 of the Company has occurred. 	<p>According to the requirements of the Articles of Incorporation and “Corporate Governance Best Practice Principles” of the Company, a candidate nomination system shall be adopted for the election of Directors. Upon the nomination and selection of Board members, the Company has obtained the written declaration, work experience, current employment certificate, and a table of the relative relationship of each Director for verification and has confirmed the independence of each Director, its spouse, and relatives within the second degree of kinship with the Company. In addition, the Company has verified that the four Independent Directors listed on the left have complied with the key elements of qualification stated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 14-2 of the Securities and Exchange Act two years before being elected and during their tenure; the rights to fully participate in decision-making and opinion expression are granted to Directors Independent Directors according to Article 14-3 of the Securities and Exchange Act for them to implement relevant powers independently.</p>	

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Tseng, Tien-Yun	<ol style="list-style-type: none"> 1. Master's degree from the Institute of Science and Technology Law, National Chung Hsing University, and professional accountant qualification. 2. Currently Partner of Dazhe CPA's Firm and Arbitrator at the Chinese Arbitration Association, Taipei. 3. Over 25 years of experience as a certified public accountant, with expertise covering corporate finance and accounting, law, and business management. 4. Currently independent director of the Company. His professionalism will improve the quality of corporate governance of the board of directors and the monitoring function of the Audit Committee. 5. None of the circumstances stated in subparagraphs of Article 30 of the Company has occurred. 	<p>According to the requirements of the Articles of Incorporation and "Corporate Governance Best Practice Principles" of the Company, a candidate nomination system shall be adopted for the election of Directors. Upon the nomination and selection of Board members, the Company has obtained the written declaration, work experience, current employment certificate, and a table of the relative relationship of each Director for verification and has confirmed the independence of each Director, its spouse, and relatives within the second degree of kinship with the Company. In addition, the Company has verified that the four Independent Directors listed on the left have complied with the key elements of qualification stated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act two years before being elected and during their tenure; the rights to fully participate in decision-making and opinion expression are granted to Directors Independent Directors according to Article 14-3 of the Securities and Exchange Act for them to implement relevant powers independently.</p>	

Criteria Name	Professional qualifications and experience	Independence status	Number of concurrent duties as an independent director at a public company
Chen, Chih-Hung	<ol style="list-style-type: none"> 1. Department of Business Administration, Tatung Institute of Technology 2. Currently President of Penghu Cable TV Co., Ltd. and former employee at Southeast Cement Corporation 3. Over 20 years of experience in management, with professional fields covering marketing and management. 4. Currently independent director of the Company. His professionalism will improve the quality of corporate governance of the board of directors and the monitoring function of the Audit Committee. 5. None of the circumstances stated in subparagraphs of Article 30 of the Company has occurred. 	<p>According to the requirements of the Articles of Incorporation and “Corporate Governance Best Practice Principles” of the Company, a candidate nomination system shall be adopted for the election of Directors. Upon the nomination and selection of Board members, the Company has obtained the written declaration, work experience, current employment certificate, and a table of the relative relationship of each Director for verification and has confirmed the independence of each Director, its spouse, and relatives within the second degree of kinship with the Company. In addition, the Company has verified that the four Independent Directors listed on the left have complied with the key elements of qualification stated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 14-2 of the Securities and Exchange Act two years before being elected and during their tenure; the rights to fully participate in decision-making and opinion expression are granted to Directors Independent Directors according to Article 14-3 of the Securities and Exchange Act for them to implement relevant powers independently.</p>	
Fang, Yen-Ling	<ol style="list-style-type: none"> 1. Master of Law from Soochow University, Doctor of Finance from Xiamen University, and certified professional accountant of the Republic of China. 2. Used to work as a Partner of KPMG Taiwan with over 30 years of experience. 3. Her expertise covers financial accounting and law. 4. Currently independent director of the Company. His professionalism will improve the quality of corporate governance of the board of directors and the monitoring function of the Audit Committee. 5. None of the circumstances stated in subparagraphs of Article 30 of the Company has occurred. 		2

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 2: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Note 3: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 112, thereby naturally leading to his dismissal from the position of director according to the law.

Note 4: Long-Thin Enterprise Co., Ltd. appointed a new representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed.

II. Diversity and independence of the Board of Directors:

(I) Diversification of the Board of Directors:

The Company promotes and respects the diversification policy of Directors. To improve corporate governance and facilitate the healthy development of the Board composition and structure, the Company is convinced that the diversification policy will help improve the overall performance of the Company. The election of Board members is based on the principle of meritocracy with diversified and complementing abilities from different industries and fields, including basic composition (i.e., age, gender, and nationality), the possession of industrial experience and relevant skills (i.e., electronics, finance and accounting, law, academy, marketing, and technology), and business decisions, business administration, leadership and decision-making, crisis management, and other abilities. To improve the functions of the Board and achieve the ideal objective of corporate governance, Article 20 of the “Corporate Governance Best Practice Principles” of the Company stipulates that the overall Board shall possess the abilities as follows:

1. Ability for business judgment; 2. ability for accounting and financial analysis; 3. ability for business management; 4. ability for crisis management; 5. industrial knowledge; 6. international market viewpoint; 7. leadership; 8. ability for decision-making. See below for the policy on diversified current directors and its implementation:

Name of director	Basic composition							Industrial experience				Professional field							
	Nationality	Gender	Concurrently an employee	Age				Tenure/ seniority of Independent Directors			Finance and insurance	IT	Accountant/Lawyer	Electronic manufacturing	Finance and accounting	Marketing	Law	Electronics and electrical engineering	Business management
				31 - 40 years old	41 - 50 years old	51 - 60 years old	61 - 70 years old	Less than three	Three to nine	Over nine years									
Yu, Ching-Sung (Note 1)	Republic of China	Male	V				V					V		V				V	
Long-Thin Enterprise Co., Ltd. Representative: Peng, Peng-Huang (Note 2)	Republic of China	Male	V				V					V		V				V	

Name of director	Basic composition							Industrial experience				Professional field							
	Nationality	Gender	Concurrently an employee	Age				Tenure/ seniority of Independent Directors			Finance and insurance	IT	Accountant/Lawyer	Electronic manufacturing	Finance and accounting	Marketing	Law	Electronics and electrical engineering	Business management
				31 - 40 years old	41 - 50 years old	51 - 60 years old	61 - 70 years old	Less than three	Three to nine	Over nine years									
Liang, Chun-Hsin (Note 3)	Republic of China	Male	V				V					V		V				V	
Lin, Chan-Lieh	Republic of China	Male					V					V		V				V	
Hsieh, Chun-Shan	Republic of China	Male					V				V			V				V	
Long-Thin Enterprise Co., Ltd. Representative: Yu, Po-Hsin (Note 4)	Republic of China	Male	V	V							V			V					
Chang, Wen-Tien	Republic of China	Male					V			V				V		V		V	
Tseng, Tien-Yun	Republic of China	Male					V		V			V	V	V		V		V	
Chen, Chih-Hung	Republic of China	Male					V		V			V		V				V	
Fang, Yen-Ling	Republic of China	Female					V	V			V			V		V		V	

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 2: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Note 3: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 2023, thereby naturally leading to his dismissal from the position of director according to the law.

Note 4: Long-Thin Enterprise Co., Ltd. appointed a new representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed.

The substantial management objectives of the Company's diversification policy and the achievement are as follows:

Management objectives	Achievement and description
Directors who are concurrently managerial officers shall not exceed one-third of the Board members	Only one of the seven directors is a managerial officer. The Company has achieved the target of a diversified Board of Directors. In addition, considering the balance of corporate governance, the Company added a seat for a professional Independent Director to enhance external supervision. With the supervision of four Independent Directors, a more balanced development will be recorded for the operation of the Board.
Board composition and gender of members	The Company's seven directors include four independent directors, whose expertise covers financial accounting, law, electronics and electrical machinery, marketing, and business management. The Company has always focused on gender equality in the Board of Directors. At present, there is one female director among the seven directors (14%, above the target 10%).
Tenure/seniority of Independent Directors	Three of the four Independent Directors have served for less than three terms, and the remaining Independent Director has been the Independent Director of the Company for three terms. However, due to the material benefits to business planning and decision-making of the Company as the Independent Director possesses extensive practical experience in fields of M&A, startup investment, finance and securities, and corporate governance, and it complies with relevant conditions of independence under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company continues their appointment as the Independent Director of the Company.

(II) Board independence:

1. Structure of the Board:

The Company has established a director election system. All directors are elected in an open and fair manner, as required under the Articles of Incorporation, the Procedures for Election of Directors, the Corporate Governance Best Practice Principles, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act. The Board is currently composed of four independent directors (57%) and three non-independent directors (43%), one of whom is a managerial officer (14%). None of the directors are relatives within the second degree of kinship, which complies with Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2. The Board possesses independence:

The Board of the Company provides guidance for the Company's strategies, supervises the management, and is responsible for the Company and its shareholders. For the operations and arrangements of the corporate governance system, the Board exercises its powers according to laws and regulations, the Articles of Incorporation, or resolutions made by the shareholders' meeting. The Board of the Company emphasizes the functions of independent operation and transparency; Directors and Independent Directors are independent individuals who independently exercise their powers. Four Independent Directors also comply with the requirements of relevant laws and regulations to supervise the control of the existing or potential risks of the Company with the powers of the Audit Committee so as to duly monitor the effective implementation of the internal control, the election (dismissal) of CPAs and independence, and the appropriate preparation of the financial statements of the Company. Furthermore, the Company has stated that a candidate nomination system shall be adopted for the election of Directors and Independent Directors according to the Procedures for the Election of Directors. The Company encourages shareholders' participation, and shareholders with a certain shareholding or above may propose the list of candidates. The Company carries out the review of candidates' qualifications, confirms whether they violate the circumstances stated in Article 30 of the Company Act, performs relevant acceptance operations according to the law and makes announcements to protect shareholders' interests and avoid the rights of nomination from being monopolized or abused, maintaining independence.

(II) Information on President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branches

March 26, 2024

Title	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and minors		Shares held in the name of others		Major career achievements (academic background)	Concurrent duties in other companies	Managerial officers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
CEO	R.O.C	Yu, Ching-Sung (Note 1)	Male	2014.08.11	876,046	1.00	438,431	0.50	1,949,000	2.22	Department of Business Administration, Tatung Institute of Technology Director and corporate representative of Techmaster Limited	None				
CSO	R.O.C	Peng, Peng-Huang (Note 2)	Male	2023.09.08	1,057,000	1.20	4,000	0.00	-	-	Master of Business Administration, Soochow University. Vice Chairman and President, Singatron Enterprise Co., Ltd. Founder and Chairman, T.Y. Management Hsinchu Consulting Co., Ltd.	Chairman and CSO/Corporate Representative Director, TaiSol Electronics Co., Ltd. Corporate representative, TaiSol Electronics (Hong Kong) Co., Ltd. Director, World Window Electronics (H.K.) Limited Vice Chairman and President, Singatron Enterprise Co., Ltd. Chairman, Tranwo Technology Corp. Chairman, Chuanyu Communication (Suzhou) Co., Ltd. Chairman, T.Y. Management Hsinchu Consulting Co., Ltd. Director, Info-Tek Corporation Director, Kingstate Electronics Corp. Director, Singatron Electronic (China) Co., Ltd. Director, Suzhou Singatron Auto Co., Ltd. Director, Singatron Technology (HongKong) Co., Ltd. Director, MacroStar Investment Holding (HK) Co., Limited Independent Director, GIGA-BYTE Technology Co., Ltd.				
President and CEO	R.O.C	Liang, Chun-Hsin (Note 3)	Male	2015.05.15	9,813	0.01	-	-	-	-	Department of Economics, Tunghai University President/COO/consultant, SINBON Electronics Co., Ltd.	President/Director, TaiSol Electronics Co., Ltd. Director, DongGuan TaiSol Electronics Co., Ltd. Director, Suzhou TaiSol Electronics Co., Ltd. Director, SiYang TaiSol Electronics Co., Ltd.	-	-	-	
Vice President	R.O.C	Lin, Meng-Yi (Note 4)	Male	1996.12.30	123,379	0.14	17,322	0.02	-	-	Department of Japanese, Tamkang University	Director and legal representative, TaiSol Electronics Japan Co., Ltd.	-	-	-	
Executive Vice	R.O.C	Liu, Ke-Ping	Male	2013.01.01	-	-	-	-	-	-	EMBA, National Chengchi University Department of Mechanical	Director, SiYang TaiSol Electronics Co., Ltd.	-	-	-	

Title	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and minors		Shares held in the name of others		Major career achievements (academic background)	Concurrent duties in other companies	Managerial officers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
President											Engineering, National Taiwan University of Science and Technology					
Vice President	R.O.C	Yu, Jun-Yi	Male	2012.07.01	-	-	-	-	-	-	Department of Civil Engineering, Chung Cheng Institute of Technology Manager, Hwa-Pur Enterprise Co., Ltd.	Director and corporate representative, DongGuan TaiSol Electronics Co., Ltd. Director and corporate representative, Suzhou TaiSol Electronics Co., Ltd.	-	-	-	
Vice President	R.O.C	Liu, Zhi-Ming	Male	2014.07.07	-	-	-	-	-	-	Department of Electrical Engineering, Shu-Teh Junior College of Technology Vice President, Robin Source International Co., Ltd.	President, Suzhou TaiSol Electronics Co., Ltd.	-	-	-	
Vice President	R.O.C	Yu, Po-Hsin (Note 5)	Male	2021.07.15	-	-	-	-	-	-	Corporate Finance MSc, Queen Mary University of London Department of Business Management, National Sun Yat-sen University Project section chief, Department of Corporate Finance, Capital Securities Corporation Manager, Market Development Department, Vsell Enterprise Co., Ltd. Senior specialist, Department of Corporate Finance, Taipei Fubon Bank Manager, Department of Investment, Paralink Asset Management Asia Ltd.	Supervisor, Long-Thin Enterprise Co., Ltd.				
Chief Financial Officer	R.O.C	Wu, Mei-Ling	Female	2021.04.06	-	-	-	-	-	-	Institute of Business Administration, National Taipei University Deputy Chief Financial Officer, Sysgration Ltd. Special Assistant to President, Zhen Xi Construction Co., Ltd. Assistant Vice President of Finance, Polar Blue International Co., Ltd. Manager of Finance Department, Solomon Technology Corporation Assistant Vice President of Finance, TaiSol Electronics Co., Ltd.	Supervisor, Suzhou TaiSol Electronics Co., Ltd. Supervisor, SiYang TaiSol Electronics Co., Ltd.	-			
Senior Assistant Vice President	R.O.C	Lin, Jin-Xiang	Male	2000.03.01	-	-	-	-	-	-	Department of Electronic Engineering, Asia Eastern University of Science and Technology Engineer, Super Fair Enterprises Limited	Director and corporate representative, Vietnam TaiSol Electronics LLC	-	-	-	
Senior Assistant Vice President	R.O.C	Guo, Zheng-Hong	Male	2003.03.03	738	-	-	-	-	-	Graduate Institute of Management, National Taiwan University of Science and Technology Technology Project Manager, Robin Source International Co., Ltd.	-	-	-		
Assistant Vice	R.O.C	Lu, Wen-Chi	Male	2005.07.01	91	-	-	-	-	-	Institute of Power Mechanical Engineering, National Tsing Hua	-	-	-		

Title	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and minors		Shares held in the name of others		Major career achievements (academic background)	Concurrent duties in other companies	Managerial officers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
President											University Manager, Inforise Technology Ltd.					
Assistant Vice President	R.O.C	Wu, Wen-Han (Note 6)	Male	2017.08.11	23,657	0.03	-	-	-	-	Department of Mechanical Engineering, National Taipei Institute of Technology Product Section Manager, Diptronics Manufacturing Inc. Vice President of Engineering, ANT Precision Industry Co., Ltd.	-	-	-		
Assistant Vice President	R.O.C	Liu, Ming-Tien	Male	2019.01.01	2,505	-	-	-	-	-	Department of Mechanical Engineering, Hwa Hsia University of Technology Engineering Assistant, Ange Electronics Co., Ltd. Procedure Engineer, Weistech Technology Co., Ltd.	-	-	-		
Assistant Vice President	R.O.C	Hsu, Bo-Chun (Note 7)	Male	2019.01.01	-	-	-	-	-	-	Department of Industrial Engineering, Feng Chia University Manager of Resources and Materials, Liteconn Co., Ltd. Division Chief of Resources and Materials, Hotron Precision Electronic Industrial Co., Ltd. Manager of Resources and Materials, P-TWO Industries Inc.	-	-	-		
Assistant Vice President	R.O.C	Liu, Yong-Ming	Male	2019.08.01	-	-	-	-	-	-	Department of Electrical Engineering, Lunghwa University of Science and Technology Vice President of engineering, ADDA Electronic Machinery (Kunshan, China) Factory Manager of the production/engineering department, Kunshan Dingpei	-	-	-		

Note 1: CEO Yu Ching-sung retired on August 31, 2023.

Note 2: Chairman Peng, Peng-Huang concurrently served as Chief Strategy Officer on September 8, 2023.

Note 3: President Liang, Chun-Hsin concurrently served as CEO on September 8, 2023.

Note 4: Vice President Lin, Meng-Yi resigned on December 31, 2023.

Note 5: Vice President Yu, Po-Hsin resigned on September 7, 2023.

Note 6: Assistant Vice President Wu, Wen-Han resigned on November 30, 2023.

Note 7: Assistant Vice President Hsu, Bo-Chun resigned on December 26, 2023.

III. Remuneration of Directors, President and Vice Presidents

1. Remuneration of Directors and Independent Directors

Unit: NT\$000'; 31 December 2023

Title	Name	Remuneration of Directors								Sum of A, B, C, and D as a % of the net profit after tax (Note 10)		Remuneration received for serving as an employee concurrently						Sum of A, B, C, D, E, F, and G as a % of the net profit after tax (Note 10)		Remuneration from investees other than subsidiaries or the parent company (Note 11)		
		Compensation (A) (Note 2)		Severance and pension (B)		Remuneration to Directors (C) (Note 3)		Expenses incurred on business (D) (Note 4)				Salary, bonus, and special allowance (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount		The Company	All companies included in the financial statements (Note 7)
Director	Yu, Ching-Sung (Note 1)					2,434	2,434	40	40	2,474 (1.02%)	2,474 (1.02%)	9,244	9,948	14,364	14,364					26,082 (10.72%)	26,786 (11.01%)	None
	Lin, Chan-Lieh					700	700	70	70	770 (0.32%)	770 (0.32%)									770 (0.32%)	770 (0.32%)	None
	Liang, Chun-Hsin (Note 2)					255	255	30	30	285 (0.12%)	285 (0.12%)	4,529	4,529	108	108	656		656		5,578 (2.29%)	5,578 (2.29%)	None
	Hsieh, Chun-Shan					700	700	70	70	770 (0.32%)	770 (0.32%)									770 (0.32%)	770 (0.32%)	None
	Long-Thin Enterprise Co., Ltd.					959	959			959 (0.39%)	959 (0.39%)									959 (0.39%)	959 (0.39%)	None
	Representative of Long-Thin Enterprise Co., Ltd.: Yu, Po-Hsin (Note 3)							40	40	40 (0.02%)	40 (0.02%)	1,882	1,882	72	72					1,995 (0.82%)	1,995 (0.82%)	None
	Representative of Long-Thin Enterprise Co., Ltd.: Peng, Peng-Huang (Note 4)							30	30	30 (0.01%)	30 (0.01%)	2,023	2,023							2,053 (0.84%)	2,053 (0.84%)	None
Independent Director	Chang, Wen-Tien					1,050	1,050	140	140	1,190 (0.49%)	1,190 (0.49%)									1,190 (0.49%)	1,190 (0.49%)	None
	Tseng, Tien-Yun					950	950	140	140	1,090 (0.45%)	1,090 (0.45%)									1,090 (0.45%)	1,090 (0.45%)	None
	Chen, Chih-Hung					950	950	140	140	1,090 (0.45%)	1,090 (0.45%)									1,090 (0.45%)	1,090 (0.45%)	None
	Fang, Yen-Ling					900	900	140	140	1,040 (0.43%)	1,040 (0.43%)									1,040 (0.43%)	1,040 (0.43%)	None

1. Please describe the policy, system, standards, and structure of the remuneration of Directors and Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to the amount of remuneration:
The Remuneration Committee and the Board are authorized to determine Directors' and Independent Directors' travel expenses and remuneration based on their participation and operations and contributions. Directors' and Independent Directors' Remuneration distributed from earnings is specified according to the Articles of Incorporation, and determined by the Remuneration Committee and the Board as authorized based on the appraisal of Directors' performance.

2. Except as disclosed in the above table, the remuneration received by the Company's Directors for providing services (such as serving as a consultant in a non-employee capacity of the parent company/all companies in the financial statements/investees) in the most recent year: None.

**Remunerations distributed from earnings are temporary estimations, and the actual distribution amount has not been finalized.

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law. In addition, a total of NT\$598 thousand was paid as salaries and bonuses to the driver of Chairman.

Note 2: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 2023, thereby naturally leading to his dismissal from the position of director according to the law.

Note 3: Long-Thin Enterprise Co., Ltd. appointed a new representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed.

Note 4: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Pay Scale

Scale of remuneration to the Company's directors	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Below NT\$1,000,000	Lin, Chan-Lieh; Liang, Chun-Hsin; Hsieh, Chun-Shan; Long-Thin Enterprise; Yu, Po-Hsin; Peng, Peng-Huang	Lin, Chan-Lieh; Liang, Chun-Hsin; Hsieh, Chun-Shan; Long-Thin Enterprise; Yu, Po-Hsin; Peng, Peng-Huang	Lin, Chan-Lieh; Hsieh, Chun-Shan; Long-Thin Enterprise	Lin, Chan-Lieh; Hsieh, Chun-Shan; Long-Thin Enterprise
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	Chang, Wen-Tien; Tseng, Tien-Yun; Chen, Chih-Hung; Fang, Yen-Ling	Chang, Wen-Tien; Tseng, Tien-Yun; Chen, Chih-Hung; Fang, Yen-Ling	Yu, Po-Hsin; Chang, Wen-Tien; Tseng, Tien-Yun; Chen, Chih-Hung; Fang, Yen-Ling	Yu, Po-Hsin; Chang, Wen-Tien; Tseng, Tien-Yun; Chen, Chih-Hung; Fang, Yen-Ling
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Yu, Ching-Sung	Yu, Ching-Sung	Peng, Peng-Huang	Peng, Peng-Huang
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)			Liang, Chun-Hsin	Liang, Chun-Hsin
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)			Yu, Ching-Sung	Yu, Ching-Sung
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: Names of the Directors shall be set out separately (for corporate shareholders, the name and representative of corporate shareholders shall be set out separately), general Directors and Independent Directors shall be set out separately, with their remuneration disclosed in aggregate.

Note 2: Refer to the compensation of Directors in the most recent year (including their salaries, duty allowance, severance payment, bonuses, and incentives).

Note 3: Refer to the intended amount of Directors' remuneration distributed as approved by the Board before the shareholders' meeting for the proposal for earning distribution in the most recent year.

Note 4: Refer to expenses incurred by Directors on business in the most recent year (including travel expenses, special allowance, allowances, dormitory, company car, and the provision of other benefits in kind). If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration.

Note 5: Refer to salaries, duty allowance, severance payment, bonuses, incentives, travel expenses, special allowance, allowances, dormitory, company car, and benefits in kind received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managerial officers, and employees) in the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary

expenses (including employee stock option certificates, restricted stock awards, and shares subscribed under capital increases in cash) recognized according to IFRS 2 “Share-based Payment” shall also be included in the remuneration.

Note 6: For employee remuneration (including stock and cash) received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managerial officers, and employees) in the most recent year, the amount of distribution of remuneration of employees approved as a resolution by the Board before in the most recent year shall be disclosed. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year.

Note 7: The sum of remunerations paid by all companies in the consolidated report (including the Company) to the Directors shall be disclosed.

Note 8: For the sum of remunerations paid by the Company to the Directors, the name of the Directors shall be disclosed in the range where they belong.

Note 9: The sum of remunerations paid by all companies in the consolidated financial statements (including the Company) to the Directors shall be disclosed, and the name of the Directors shall be disclosed in the range where they.

Note 10: Net profit after tax refers to the profit after tax stated in the parent company only or unconsolidated financial statements for the most recent year.

Note 11: a. Please specify whether the Directors receive relevant remunerations from investees other than subsidiaries or the parent company (if not, please specify “No”).

b. If Directors receive relevant remunerations from investees other than subsidiaries or the parent company, please combine the amount of remuneration received by the Directors from investees other than subsidiaries or the parent company into column I of the Pay Scale and rename the columns “Parent company and all investees.”

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, Directors and supervisors), expenses incurred on business, and other relevant remunerations received by Directors in the nature of Directors, supervisors, or managerial officers of investees other than subsidiaries.

* The remuneration disclosed in the table is different from the concept of income under the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

2. Remuneration of President and Vice Presidents

Unit: NT\$000'; 31 December 2023

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and special allowance (C) (Note 3)		Employees' remuneration (D) (Note 4)				Sum of A, B, C, and D as a % of the net profit after tax (Note 8)		Remuneration from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Yu, Ching-Sung (Note 1)	22,767	25,687	15,083	15,083	11,173	12,183	2,805	-	2,805	-	51,828 (21.30%)	55,759 (22.92%)	None
CSO	Peng, Peng-Huang (Note 2)													None
President and CEO	Liang, Chun-Hsin (Note 3)													None
Executive Vice President	Liu, Ke-Ping													None
Vice President	Lin, Meng-Yi (Note 4)													None
Vice President	Liu, Zhi-Ming													None
Vice President	Yu, Jun-Yi													None
Vice President	Yu, Po-Hsin (Note 5)													None
Chief Financial Officer	Wu, Mei-Ling													None

* Regardless of titles, the remuneration of any positions equivalent to President or Vice Presidents (President, CEO, chief inspector, and others) shall be disclosed.

Note 1: CEO Yu Ching-sung retired on August 31, 2023.

Note 2: Peng, Peng-Huang, served as Chief Strategy Officer on September 8, 2023.

Note 3: President Liang, Chun-Hsin concurrently served as CEO on September 8, 2023.

Note 4: Vice President Lin, Meng-Yi resigned on December 31, 2023.

Note 5: Vice President Yu, Po-Hsin resigned on September 7, 2023.

Pay Scale

Scale of remuneration to the Company's President and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All investees (Note 7) E
Below NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	Yu, Po-Hsin	Yu, Po-Hsin
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Peng, Peng-Huang; Yu, Chun-Yi; Wu, Mei-Ling	Peng, Peng-Huang; Wu, Mei-Ling
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	Lin, Meng-Yi; Liu, Zhi-Ming	Liu, Zhi-Ming; Yu, Chun-Yi
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	Liang, Chun-Hsin; Liu, Ke-Ping	Jun-Hsing Liang, Lin, Meng-Yi; Liu, Ke-Ping
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)	Yu, Ching-Sung	Yu, Ching-Sung
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	9 persons	9 persons

Note 1: Name of President and Vice Presidents shall be set out separately, with their remuneration disclosed in aggregate.

Note 2: Refer to salaries, duty allowance, and severance payment of the President and Vice Presidents for the most recent year.

Note 3: Refer to bonuses, incentives, travel expenses, special allowance, allowances, dormitory, company car, benefits in kind, and other remunerations of President and Vice Presidents for the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses (including employee stock option certificates, restricted stock awards, and shares subscribed under capital increases in cash) recognized according to IFRS 2 “Share-based Payment” shall also be included in the remuneration.

Note 4: Refer to the amount of distribution of remuneration of employees (including stock and cash) to the President and Vice Presidents approved as a resolution by the Board in the most recent year. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year.

Note 5: The sum of remunerations paid by all companies in the consolidated financial statements (including the Company) to the President and Vice Presidents shall be disclosed.

Note 6: For the sum of remunerations paid by the Company to the President and Vice Presidents, the name of the President and Vice Presidents shall be disclosed in the range where they belong.

Note 7: The sum of remunerations paid by all companies in the consolidated report (including the Company) to the President and Vice Presidents shall be disclosed, and the name of the President and Vice Presidents shall be disclosed in the range where they are.

Note 8: Net profit after tax refers to the profit after tax stated in the parent company only or unconsolidated financial statements for the most recent year.

Note 9: a. Please specify whether the President and Vice Presidents receive relevant remunerations from investees other than subsidiaries or the parent company (if not, please specify "No").

b. If the President and Vice Presidents receive remuneration from invested enterprises, other than subsidiaries, or the parent company, the remuneration received by the President and Vice Presidents from invested enterprises, other than subsidiaries, or the parent company, Incorporated into Column E of Pay Scale and renamed the column as "Parent Company and all investees."

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, Directors and supervisors), expenses incurred on business, and other relevant remunerations received by Directors, President and Vice Presidents in the nature of Directors, supervisors, or managers of investees other than subsidiaries.

* The remuneration disclosed in the table is different from the concept of income under the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

3. Name of managerial officers who distribute employee remuneration and the distribution status:

Names of managerial officers who distribute employees' remuneration and the distribution status

31 December 2023 (Unit: NT\$000')

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total as a percentage of net profit after tax (%)
Managerial officer	CSO	Peng, Peng-Huang	-	3,544 (Note 4)	3,544	1.46%
	President and CEO	Liang, Chun-Hsin				
	Executive Vice President	Liu, Ke-Ping				
	Vice President	Liu, Zhi-Ming				
	Vice President	Yu, Jun-Yi				
	Chief Financial Officer	Wu, Mei-Ling				
	Senior Assistant Vice President	Lin, Jin-Xiang				
	Senior Assistant Vice President	Guo, Zheng-Hong				
	Assistant Vice President	Lu, Wen-Chi				
	Assistant Vice President	Liu, Ming-Tien				
	Assistant Vice President	Liu, Yong-Ming				
	Chief auditor	Yang, Hsiu-Shan				

Note 1: Names and titles shall be individually disclosed; however, the amount of profit distribution may be disclosed in aggregate.

Note 2: Refer to the amount of distribution of remuneration of employees (including stock and cash) to the managerial officers of the Company approved as a resolution by the Board in the most recent year. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year. Net profit after tax refers to the profit after tax for the most recent year. For companies that adopted the IFRSs, the net profit after tax refers to the net profit after tax on the parent company only or unconsolidated financial statements for the most recent year.

Note 3: The scope of the application of managerial officers shall be subject to the requirements of Letter Tai-Cai-Zheng-San-Zi No.0920001301 on March 27 2003; the scope is as follows:

- (1) President and equivalents
- (2) Vice President and equivalents
- (3) Assistant Vice President and equivalents
- (4) Chief of the Finance Department
- (5) Chief of the Accounting Department
- (6) Other persons who are entitled to manage affairs and sign for the Company

Note 4: Not yet approved by the 2024 annual shareholders' meeting.

(IV) Comparison and analysis of the total remuneration paid to the Company's directors, Presidents, and Vice Presidents in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of the after-tax net income listed in the parent company only or unconsolidated financial statements; and an explanation of the policies, standards, and combination, the procedure for determining remuneration, and its linkage to operating performance.

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, President and Vice Presidents of the Company, to the net income.

Unit: NT\$000'

Item	Year	2022		2023	
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Remuneration of Directors		25,704	27,457	42,617	43,321
Ratio of the total remuneration of Directors to net profit after tax (%)		9.61	10.27	17.52	17.81
Total remuneration of President and Vice Presidents		34,803	39,213	51,828	55,759
Ratio of the total remuneration of President and Vice Presidents to net profit after tax (%)		13.01	14.66	21.30	22.92

(2) The remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks

A. Directors: The Remuneration Committee and the Board are authorized to determine the travel expenses and compensation of Directors based on the level of participation in the Company's operations and contributions. Remunerations of Directors distributed from earnings are subject to the requirements of the Articles of Incorporation, and the Remuneration Committee and the Board are authorized to determine based on the results of the performance evaluation of Directors.

B. President and Vice Presidents: The Company's salary for President and Vice Presidents is determined by reference to the salary policy of the same industry at the time of appointment. After that, the salary adjustment will be made in accordance with the Company's annual salary policy and performance evaluation. Evaluation results are adjusted, and the distribution of bonus and employee remuneration is based on Articles of Incorporation and with reference to the operating performance of the current year and its contribution to the Company. The relevant distribution proposals are reviewed and discussed by the Remuneration Committee.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

1. In the most recent year (2023), the Board of Directors held 7 (A) meetings. Below are the directors attending these meetings:

Title	Name or corporate name	Number of meetings attended in person B	Number of meetings attended by proxy	Actual attendance rate (%) "B/A"	Remarks
Chairman	Yu, Ching-Sung	4	0	57%	(Note 1)
Chairman	Long-Thin Enterprise Co., Ltd. Representative: Peng, Peng-Huang	3	0	43%	(Note 2)
Director	Lin, Chan-Lieh	7	0	100%	
Director	Liang, Chun-Hsin	2	0	29%	(Note 3)
Director	Hsieh, Chun-Shan	7	0	100%	
Director	Long-Thin Enterprise Co., Ltd. Representative: Yu, Po-Hsin	4	0	57%	(Note 4)
Independent Director	Chang, Wen-Tien	7	0	100%	
Independent Director	Tseng, Tien-Yun	7	0	100%	
Independent Director	Chen, Chih-Hung	7	0	100%	
Independent Director	Fang, Yen-Ling	7	0	100%	

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 2: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Note 3: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 2023, thereby naturally leading to his dismissal from the position of director according to the law.

Note 4: Long-Thin Enterprise Co., Ltd. appointed a new representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed.

Other mentionable items:

- I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - (I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established its Audit Committee; therefore, the requirements under Article 14-3 of the Securities and Exchange Act shall not apply; see the operation of the Audit Committee.
 - (II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date/ session	Name of director	Proposals	Cause of conflict of interest and status of voting participation
2023/01/13 13th Term 12th meeting	Chairman Yu, Ching-Sung Director Liang, Chun- Hsin Representative of Long-Thin Enterprise Co., Ltd.: Director Yu, Po-Hsin	Proposal for the distribution standard and amount of terminal end bonuses for 2022 and remuneration of employees for 2021	The proposal was approved by attending directors other than those interested in the proposal, who avoided discussion and voting due to conflict of interest.
2023/02/24 13th Term The 13th meeting	Director Lin, Chan-Lieh	Proposal for the release of non-competition restrictions on the Director	The proposal was approved by attending directors other than those interested in the proposal, who avoided discussion and voting due to conflict of interest.
2023/08/29 13th Term 2nd extraordinary meeting	Representative of Long-Thin Enterprise Co., Ltd.: Director Peng, Peng- Huang	Appointment of additional members of the Nomination Committee	The proposal was approved by attending directors other than those interested in the proposal, who avoided discussion and voting due to conflict of interest.
2023/09/08 13th Term The 16th meeting	Representative of Long-Thin Enterprise Co., Ltd.: Chairman Peng, Peng- Huang	1.Proposal for the appointment of the Company's current Chairman Peng, Peng- Huang, as the Chief Strategy Officer of TaiSol Group and the approval of his remuneration 2.Proposal for the release of non-competition restrictions on the Director and managers	The proposal was approved by attending directors other than those interested in the proposal, who avoided discussion and voting due to conflict of interest.

III. A company listed on TWSE/TPEX shall disclose the evaluation cycle and period, evaluation scope, method, evaluation content, and other information of the self- (or peer) evaluation of the Board:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2023.01.01 - 2023.12.31	Board of Directors (40%)	Internal self- evaluation of the Board Peer evaluation	Performance evaluation aspects and weight ratio: 1. Participation in the operation of the Company

					<p>30%</p> <p>2. Improvement of the quality of the Board's decision-making 25%</p> <p>3. Composition and structure of the board of directors 10%</p> <p>4. Election and continuing education of the Directors 15%</p> <p>5. Internal control 20%</p>
			Individual Board member (30%)	1. Self-evaluation of Board members	<p>Performance evaluation aspects and weight ratio:</p> <p>1. Mastery of the Company's objectives and mission 10%</p> <p>2. Awareness of the duties of Directors 15%</p> <p>3. Participation in the operation of the Company 30%</p> <p>4. Management of internal relationships and communication 15%</p> <p>5. Election and continuing education of the Directors 10%</p> <p>6. Internal control 20%</p>
			Individual Board member (30%)	<p>1. Evaluation of meeting departments of the Board</p> <p>2. Evaluation of the Chairman</p> <p>3. Peer evaluation</p>	<p>Performance evaluation aspects and weight ratio:</p> <p>1. Compliance with applicable laws and regulations 55%</p> <p>2. Participation in the operation of the Company 45%</p>
Once a year	2023.01.01 - 2023.12.31	Audit Committee Compensation Committee Nomination Committee		Self-evaluation of functional committees	<p>Performance evaluation aspects and weight ratio:</p> <p>1. Participation in the operation of the Company 20%</p> <p>2. Quality of the functional committees' decision-making 25%</p> <p>3. Improvement of the quality of the functional committees' decision-making 35%</p> <p>4. Election and continuing education of members of functional committees 15%</p> <p>5. Internal control 5%</p>

- IV. The goals of strengthening functions of the Board in the current year and most recent year (e.g., establish Audit Committee, promote information transparency) and implementation status:
- (I) The Company commissioned the Taiwan Corporate Governance Association to appraise the external performance of the Board of Directors in 2023. The evaluation period was from September 1, 2022 to August 31, 2023. The evaluation items included the composition of the Board of Directors, the guidance of the Board of Directors, Authorization from the Board of Directors, supervision of the Board of Directors, communication between the Board of Directors, internal control and risk management, self-discipline of the Board of Directors, and other aspects such as Board meetings, and support systems to review the operation of the Company's Board of Directors. The evaluation positively affirmed the Company's meeting procedure culture, the operation of the Board of Directors and functional committees, and the detailed meeting minutes. The Company reported the evaluation results to the Board of Directors on January 12, 2024.
- (II) In order to improve the timeliness of financial information disclosure and strengthen the disclosure of non-financial and ESG information, the Company established a sustainability team in 2023 and compiled a sustainability report in H2 2023 with disclosure on its website.

- (II) Operation of the Audit Committee or the participation of supervisors in Board meetings:
 1. Operations of the Audit Committee

The Audit Committee held 5 meetings (A) in the most recent year (2023). Below are the members attending these meetings:

Title	Name	Number of meetings attended in person (B)	Number of meetings attended by proxy	Attendance rate (%) (B/A)	Remarks
Independent Director (convener)	Fang, Yen-Ling	5	0	100.00%	
Independent Director	Chang, Wen-Tien	5	0	100.00%	
Independent Director	Tseng, Tien-Yun	5	0	100.00%	
Independent Director	Chen, Chih-Hung	5	0	100.00%	

Other mentionable items:

I. If any of the following circumstances occurs to the operations of the Audit Committee, the date of the Audit Committee meeting, session, content of proposals, opposing opinions, content of qualified opinions, or material recommendations of Independent Directors, or the content of material recommendations, resolutions of the Audit Committee, and the Company's response to the opinions of the Audit Committee shall be specified:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act.

Date/ session	Proposals	Objections, reservations or significant suggestions by independent directors	Resolutions by the Audit Committee and the Company's approval of the audit committee's opinions
1st Board on January 13, 2023 The 8th meeting	<ol style="list-style-type: none"> 1. Proposal for the 2023 business plan and budget 2. Proposal for 2023 CPA independence review and annual certification fees 3. Proposal for the provision of endorsements and guarantees by the Company to SiYang TaiSol Electronics Co., Ltd. and Suzhou TaiSol Electronics Co., Ltd. 	None	Approved by all attending members of the Audit Committee and by all attending directors as recommended by the Audit Committee.
2023/02/24 1st Term The 9th meeting	<ol style="list-style-type: none"> 1. Proposal for the evaluation of the effectiveness of the internal control system and the Statement of Internal Control System in 2022 2. Proposal for the preparation of 2022 unconsolidated financial statements and consolidated financial statements 3. Proposal for the 2022 business report and earnings distribution 4. Proposal for the release of non-competition restrictions on the Director 	None	Approved by all attending members of the Audit Committee and by all attending directors as recommended by the Audit Committee.
2023/05/12 1st Term The 10th meeting	<ol style="list-style-type: none"> 1. Proposal for the appointment of the Chief Auditor 2. Proposal for lending to SiYang TaiSol Electronics Co., Ltd. by subsidiary DongGuan TaiSol Electronics Co., Ltd. 	None	Approved by all attending members of the Audit Committee and by all attending directors as recommended by

			the Audit Committee.
2023/08/11 1st Term The 11th meeting	1. Proposal for the preparation of the 2022 Q2 consolidated financial statements	None	Approved by all attending members of the Audit Committee and by all attending directors as recommended by the Audit Committee.
2023/10/30 1st Term 12th meeting	1. Proposal for lending to Suzhou TaiSol Electronics Co., Ltd. by subsidiary DongGuan TaiSol Electronics Co., Ltd. 2. Adjustment of endorsement and guarantee limits to subsidiaries Siyang TaiSol Electronics Co., Ltd. and Suzhou TaiSol Electronics Co., Ltd.	None	Approved by all attending members of the Audit Committee and by all attending directors as recommended by the Audit Committee.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

III. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):

(I) Communication between Independent Directors and the Chief Auditor:

Meeting date	Meeting nature	Communication highlight	Communication results
2023/02/24	Information discussion	2022 self-evaluation report on the internal control system.	Upon consideration, the report was submitted to and approved by the Audit Committee and the Board.
		2023 Report on the Implementation of the Audit Plan and Audit Operations.	Independent Director acknowledged and expressed no opinion.
2023/10/30	Information discussion	Presentation of the 2024 annual audit plan.	Upon consideration, the plan was submitted to and approved by the Audit Committee and the Board.

(II) Communication between Independent Directors and CPAs:

Meeting date	Meeting nature	Subject of communication
2023/01/13	Audit Committee The 8th meeting of the 1st Board	1. Declaration of Independence 2. Audit Quality Indicators (AQIs)
2023/02/24	Audit Committee The 9th meeting of the 1st Board	1. Independence 2. Description of the 2022 consolidated financial statements 3. Important regulatory updates
2023/05/12	Audit Committee The 10th meeting of the 1st Board	1. Independence 2. Description of the Q1 2023 consolidated financial statements 3. Important regulatory updates
2023/08/11	Audit Committee The 11th meeting of the 1st Board	1. Independence 2. Description of the Q2 2023 consolidated financial statements 3. Important regulatory updates
2023/10/30	Audit Committee The 12th meeting of the 1st Board	1. Independence 2. Description of the Q3 2023 consolidated financial statements 3. Important regulatory updates
2023/10/30	Information discussion	1. Audit Plan for the 2023 Financial Statements and Report on Key Audit Matters

2. Attendance of Supervisors at Board Meetings: The Company has established its Audit Committee to replace supervisors on 5 July 2021.

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

Evaluation item	Implementation			Non-implementation and its reason(s)
	Yes	No	Description	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the "Corporate Governance Best Practice Principles" and disclosed it on the MOPS and its website.	No material difference
II. The Company's equity structure and shareholder equity (I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and	V		(I) The Company has established its “Rules of Procedures for Shareholders’ Meetings” and “Corporate Governance Best Practice Principles” and complied with relevant operations. In addition, a	No material difference

Evaluation item	Implementation			Non-implementation and its reason(s)
	Yes	No	Description	
litigations, and implement based on the procedure?			"shareholder section" is established on the Company's website, and there are dedicated personnel handling relevant matters.	
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company's major shareholders are mostly members of its management team or their relatives and friends.	No material difference
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The operations of assets, finance, and accounting of affiliates of the Company are separate, and the dealings between enterprises comply with the requirements of the internal control system; the Company has also established its "Regulations for Monitoring Subsidiaries" to reinforce our risk control.	No material difference
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company has established its Procedures for Handling Material Inside Information and Procedures for Ethical Corporate Management and Guidelines for Conduct to specify that employees shall avoid conflicts of interest related to their duties and shall not make use of undisclosed information they acknowledged to engage in insider trading; the Company also regularly organizes educational training for promotion.	No material difference
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversified policy for the composition of its members?	V		(I) The "Procedures for the Election of Directors" and "Corporate Governance Best Practice Principles" of the Company have established the diversification policy of Board members; for the principles, substantial management targets, and implementation, see the "Board diversification and independence" section.	No material difference

Evaluation item	Implementation			Non-implementation and its reason(s)
	Yes	No	Description	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) Apart from establishing functional committees according to the law, the Company has also established its Nomination Committee; for relevant powers, see Information on members of the Nomination Committee and information on operations.	No material difference
(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the unconsolidated remuneration of directors and nominations for reelection?	V		(III) The Company has established the Regulations for the Performance Evaluation of Directors and Managerial Officers. Apart from executing internal evaluations for the performance of the Board, individual Board members, and functional committees each year, the Company executes an external evaluation for the performance of the Board every three years to serve as the basis for the unconsolidated remuneration and nomination for re-appointment of Directors.	No material difference
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) The Audit Committee regularly evaluates the independence, adequacy, and professionalism of CPAs each year, requires the CPAs to provide the Independence Declaration each year, and carries out evaluations based on the evaluation items for CPAs as formulated. In addition, when the Board discusses the appointment of CPAs, it requires CPAs to provide information about AQIs and carries out discussions and communications with CPAs to serve as the reference for the appointment of the CPAs.	No material difference

<p>IV. Has the Company allocated an appropriate number of qualified persons and appointed a chief of corporate governance in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and supervisors, assisting Directors and supervisors to comply with laws, handling matters relating to Board meetings and shareholders' meetings according to laws, and preparing minutes of Board meetings and shareholders' meetings)?</p>	<p>V</p>	<p>As approved by the Board of Directors , the President shall serve as the corporate governance officer; the Board Secretariat has been established in charge of corporate governance, and is responsible for coordinating various departments to provide the information required for the directors to execute their business, assisting the directors to comply with laws and regulations, and handle the Board of Directors' and shareholders' meetings according to laws. and related matters.</p> <p>Below are the work items performed in the year:</p> <p>I. Assist Directors in performing their duties:</p> <p>(I) Assist in establishing or amending relevant regulations of the Company according to the amendments to laws and regulations for Directors' acknowledgment and reference.</p> <p>(II) Assist in maintaining the communications and exchanges between Directors and directors of different operations of the Company.</p> <p>(III) Assist in maintaining the communications and exchanges between Directors and CPAs.</p> <p>II. Assist in the convening of Board meetings and shareholders' meetings, agenda, and other relevant matters:</p> <p>(I) Assist in the compliance of the notice, convening, and agenda of Board meetings and shareholders' meetings with laws and regulations and corporate governance specifications.</p> <p>(II) Assist in providing meeting data for Board meetings and shareholders' meetings.</p> <p>(III) Confirm that the material information announcements for material resolutions after the Board meetings and shareholders' meetings are accurate and compliant with laws and regulations.</p> <p>(IV) Complete meeting minutes and relevant data after the Board meetings and shareholders' meetings within the deadline prescribed by laws and</p>	<p>No material difference</p>
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Evaluation item	Implementation		Non-implementation and its reason(s)
	Yes	No	
			<p>regulations.</p> <p>(V) Make promotions to Board members about laws and regulations (including no insider trading) and requirements of corporate governance from time to time.</p> <p>III. Assist the Directors in arranging continuing education according to the requirements of laws and regulations and requirements of duties.</p>
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The Company has established communication channels with stakeholders; there are dedicated personnel making responses to important corporate social responsibility issues that are of concern to stakeholders, respectively, and disclose them in the "stakeholder section" on the Company's website. https://www.taisol.com/esg/stakeholder-relation/</p>
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		<p>The Company has appointed a professional stock affairs agency to handle matters for shareholder meetings.</p>
VII. Information disclosure			
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		<p>(I) The Company has established a website to regularly disclose information on our finance, business, and corporate governance.</p>
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman	V		<p>(II) The Company has established its website in Chinese and English, appointed dedicated personnel responsible for the collection and disclosure of the information, and implemented a spokesperson system. Information related to the convening of investor conferences is uploaded to the Company's website.</p>

Evaluation item	Implementation			Non-implementation and its reason(s)
	Yes	No	Description	
<p>system, webcasting investor conferences)?</p> <p>(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	V		<p>(III) The Company has announced and reported its 2022 financial statements within two months after the end of the fiscal year. The Company has announced and reported its Q1, Q2 and Q3 financial statements as well as monthly operation results, before the prescribed time limit..</p>	No material difference
<p>VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>(I) The Company has always deemed employees as important assets and values labor rights and welfare. Apart from providing various insurance and welfare and making retirement pension provisions, the Company also provides group insurance to protect the work and life safety of employees. Meanwhile, the Company arranges multiple welfare activities and provides educational training to improve the professional skills of employees.</p> <p>(II) The Company values the cooperating relationships with its suppliers/partners, assists suppliers in carrying out risk evaluations, and supervises suppliers in complying with safety, health, and environmental protection requirements. It attaches attention to the labor human rights of suppliers, ensures the safety of operators, and prevents property losses. Through supplier management, the Company promotes the philosophy of environmental protection to external parties and procures suppliers/partners to jointly care for environmental protection issues to join hands in improving the environment and society.</p> <p>(III) The Company has established</p>	<p>No material difference</p> <p>No material difference</p> <p>No material</p>

Evaluation item	Implementation			Non-implementation and its reason(s)
	Yes	No	Description	
			<p>communication channels with stakeholders and respects their legal rights.</p> <p>(IV) Continuing education of Directors: Directors of the Company possess professional industrial backgrounds and practical experience in business management and participate in continuing education related to governance according to the law.</p> <p>(V) Implementation of risk management policies and risk measurement standards: The Company establishes various internal rules and systems and carries out various risk management and evaluations according to the law.</p> <p>(VI) Implementation of customer policies: Adhering to the customer-oriented principle, the Company designs and produces high-quality products to satisfy customers' requirements for quality and volume, regularly examines the maintenance of customer relations, and carries out comprehensive communications with customers to maintain favorable long-term cooperating relationships.</p> <p>(VII) The Company has purchased liability insurance for Directors.</p>	<p>difference.</p> <p>No material difference.</p> <p>No material difference.</p> <p>No material difference.</p> <p>No material difference.</p>
<p>IX. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved: (Note 2)</p>				

(Note 1)

The Audit Committee evaluates the independence of CPAs each year, and the substantial indicators, standards, and results are set out in the following table:

Item	Substantial indicator	Measurement criteria	Satisfactory
1	CPAs and the Company have no direct or significant indirect financial interest.	If CPAs are stakeholders	Compliant
2	CPAs and the Company have no inappropriate interests.	Any inappropriate interest	Compliant
3	CPAs shall not perform the audit and certification for	Any	Compliant

Item	Substantial indicator	Measurement criteria	Satisfactory
	the financial statements of an institution that the CPAs had provided services for it within two years.	violations	
4	The name of CPAs shall not be used by others.	If the names used by others	Compliant
5	CPAs and all members of the audit service team shall not hold shares in the Company.	Any shareholding	Compliant
6	No money borrowings form or loans to the Company.	If any or no	Compliant
7	CPAs shall not have joint investments or share benefits with the Company.	If any or no	Compliant
8	CPAs shall not concurrently hold a regular position in the Company and receive fixed pay.	If any or no	Compliant
9	CPAs shall not receive any commissions related to the operations.	If any or no	Compliant
10	Is the tenure of the principal and associate CPAs longer than seven consecutive years?	If longer than seven consecutive years?	Compliant
11	CPAs and the Company have no close business relationship.	If any or no	Compliant
12	CPAs and the Company have no potential employment relationship.	If any or no	Compliant
13	There are no contingent fees related to the audit cases between CPAs and the Company.	If any or no	Compliant
14	There is no financing or guarantee between CPAs and the Company.	If any or no	Compliant
15	Members of the audit service team are or were not the Company's Directors, supervisors, managerial officers, or persons with duties that have material effects on the audit at present or in the most recent two years.	If any or no	Compliant
16	Non-audit services provided by CPAs are not directly affecting the material items in the audit.	If any or no	Compliant
17	CPAs have not promoted or acted as an agent for the stocks or other securities issued by the Company.	If any or no	Compliant
18	CPAs shall not represent the Company in defense of legal cases or other disputes with third parties.	If any or no	Compliant
19	None of the CPAs is a relative of the Company's Directors, supervisors, managerial officers, or persons with duties that have material effects on the audit case.	If any or no	Compliant
20	None of the practicing CPAs who are released from their duties within one year are the Company's Directors, supervisors, managerial officers, or persons with duties that have material effects on the audit	If any or no	Compliant

Item	Substantial indicator	Measurement criteria	Satisfactory
	case.		
21	CPAs shall not accept valuable gifts or special discounts from the Company, Directors, supervisors, managerial officers, or major shareholders.	If any or no	Compliant
22	The Company has not threatened to initiate litigation.	If any or no	Compliant
23	There are no contingent fees related to the audit cases between CPAs and the Company.	If any or no	Compliant

(Note 2)

Unscored/unimproved indicator for the 9th Corporate Governance Evaluation	Improvements completed/improvements yet to be completed
Does the Company report the remuneration paid to directors at the shareholders' meeting, including the remuneration policy, details and amounts of unconsolidated remunerations?	The Company disclosed the details and amounts of directors' unconsolidated remuneration in the 2023 annual report.
Has the Company uploaded its meeting handbook and supplementary data of the meeting in English 30 days prior to the annual shareholders' meeting?	The Company did so in 2023.
Has the Company uploaded its annual report in English seven days prior to the annual shareholders' meeting?	The Company did so in 2023.
Are the Chairman and the President or equivalents (chief managerial officers) the same person, spouses, or relatives within the first degree of kinship?	The Company improved in 2023.
Has the Company established the succession plan of Board members and significant management and disclosed the implementation status on its website or in the annual report?	Under planning
Has the Company established risk management policies and procedures that were approved by the Board, disclosed the scope of risk management, the organizational structure, and its implementation and reported to the Board at least once a year?	The Company's risk management related operations are not yet perfect and are under planning.
Has the Company established its information safety risk management structure, formulated information safety policies and substantial management plans, and disclosed them on its website or in the annual report?	Disclosed in the 2023 annual report.
Has the Company established an intellectual property management plan that is connected to the business objectives and disclosed the implementation status on its website or in the annual report, and reported to the Board at least once a year?	Operations related to the intellectual property management of the Company are not comprehensive and are under planning.
Has the annual financial statements disclosed in English been uploaded to MOPS seven days prior to the annual shareholders' meeting?	The Company did so in 2023.
Has the Company disclosed its interim financial statements in English within two months from the declaration deadline for the interim financial statements in Chinese?	The Company did so in 2023.
Has the Company voluntarily published the Q4 financial forecast report, and have relevant operations not been corrected by the competent authority or marked as deficiencies by the TWSE or TPEX?	The Company has no plan for voluntarily publishing the Q4 financial forecast report.
Has the annual report of the Company disclosed the substantial and accurate dividend policy?	The disclosure of the dividend policy of the Company has not reached the scoring standards and is being improved.

Unscored/unimproved indicator for the 9th Corporate Governance Evaluation	Improvements completed/improvements yet to be completed
Has the annual report of the Company disclosed the unconsolidated remuneration of Directors and supervisors?	The Company disclosed the unconsolidated remuneration of directors in the 2023 annual report.
Has the Company established its English website that includes information related to finance, business, and corporate governance?	The Company has established an English website.
Has the annual report of the Company disclosed the unconsolidated remuneration of the President and Vice Presidents?	The Company has no plan to voluntarily disclose the unconsolidated remuneration of the President and Vice Presidents.
Has the Company established a dedicated (part-time) department to promote sustainable development and conduct risk assessments on environmental, social and corporate governance issues related to its operations in accordance with the materiality principle and formulated relevant risk management policies and strategies, and disclosed them on its website?	The Company has established a sustainable development team to coordinate ESG-related operations according to the plan.
Does the Company regularly disclose the concrete promotion plans and implementation results of environmental, social, and governance (ESG) on its website, annual report or sustainability report?	
Has the Company prepared its Sustainability Report in accordance with the GRI Standards created by GRI and uploaded it to the MOPS and its website prior to September?	
Has the Sustainability Report prepared by the Company been certified by a third party?	
Has the Company upload the English version of the sustainability report to the MOPS and its website?	
Has the Company disclosed the annual GHG emissions, water consumption, and total weight of wastes for the past two years?	
Has the Company established policies for greenhouse gas reduction, water use or other waste management, including reduction targets, promotion measures and the status of achievement?	
Does the Company disclose information about corporate governance, strategies, risk management, indicators and goals for climate-related risks and opportunities according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD)?	

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

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members:

26 March 2024

Criteria		Professional qualifications and experience	Independence status	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Identity	Name			
Independent Director (convener)	Chang, Wen-Tien	See Information on Directors and Independent Directors (II) on page 11	See Information on Directors and Independent Directors (II) on page 11	-
Independent Director	Tseng, Tien-Yun			-
Independent Director	Chen, Chih-Hung			-

2. Duties of the Remuneration Committee:

- (1) Regularly examine the “Remuneration Committee Charter” and propose amendment recommendations.
- (2) Establish and regularly establish the annual and long-term performance targets and policies, systems, standards, and structures for the remuneration of the Company’s Directors and managerial officers.
- (3) Regularly evaluate the achievement of performance targets of the Company’s Directors and managerial officers and establish the content and amount of their unconsolidated remuneration.

3. Attendance of Members at Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee.
- (2) The term of office of the current members: from August 6, 2021 to July 4, 2024. In the most recent year (2023), the Remuneration Committee held 5 meetings (A). Below are the qualifications of all members and the members attending these meetings:

Title	Name	Number of meetings attended (sit in on) in person B	Number of meetings attended by proxy	Attendance (presence) rate (%) [B/A]	Remarks
Convener	Chang, Wen-Tien	5	0	100.00%	Re-appointed on 6 August 2021.
Member	Tseng, Tien-Yun	5	0	100.00%	Re-appointed on 6 August 2021.
Member	Chen, Chih-Hung	5	0	100.00%	Re-appointed on 6 August 2021.
Other mentionable items:					
I. If the board of directors declines to adopt or modifies a recommendation of the					

remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

Session	Meeting date	Resolution
5th Term The 5th meeting	2023/01/13	<ol style="list-style-type: none"> 1. Approved the proposal for the performance appraisal indicators and appraisal results of the Company's Directors and managerial officers in 2022. 2. Approval for the Company's 2022 year-end bonuses and 2021 remuneration standards and amounts to be paid. 3. Approved the proposal for settling the old pension annuity for managerial officers. 4. Approved the proposal for amending the standard monthly salary structure for the Company's managerial officers. 5. Approved the proposal for amending the standards for travel expenses incurred by the Company's Directors for attending Board meetings.
5th Term The 6th meeting	2023/02/24	<ol style="list-style-type: none"> 1. Approved the proposal for the appropriation of the remuneration of employees and Directors for 2022.
5th Term The 7th meeting	2023/05/12	<ol style="list-style-type: none"> 1. Approved the proposal for the appointment of the Company's Chief Auditor.
5th Term The 8th meeting	2023/08/11	<ol style="list-style-type: none"> 1. Approved the group annuity insurance talent retention program.
5th Term The 9th meeting	2023/09/08	<ol style="list-style-type: none"> 1. Approved the proposal for payment of pension to CEO, Yu, Ching-Sung, in accordance with the Regulations Governing the Retirement of Senior Officers. 2. Approved the proposal for amending the Company's Structure of Monthly Pay to Managerial Officers. 3. Approved the proposal for the remuneration of the Company's Chairman who concurrently serves as the Chief Strategy Officer. 4. Approved the proposal for the remuneration of the Company's President and CEO. 5. Approved the proposal for adjusting the Company's Structure of Monthly Pay to Managerial Officers.

4. Information on the members of the Nomination Committee and its operations:

(1) Qualification requirements for the appointment of members of the Nomination Committee and their duties:

The Committee is composed of at least three Directors elected by the Board, and more than half of the members shall be Independent Directors; their tenure equivalent to that of the Board who was appointed; their duties are as follows:

1. Establish the standards for know-how, technologies, experiences, gender, diversified backgrounds, and independence required by Board members and the senior management, and based on which, seek, review, and nominate Director and senior management candidates.
2. Build and develop the organizational structures of the Board and the committees, carry out performance evaluations of the Board, committees, Directors, and senior management, and evaluate the independence of Independent Directors.
3. Establish and regularly examine the continuing education plan of Directors and succession plans of Directors and the senior management.
4. Amend the Corporate Governance Best Practice Principles of the Company.

(2) Professional Qualifications and Independence Analysis of the Nomination Committee and its operation:

1. The Nomination Committee consists of 4 members.
2. The term of office of current members: from July 5, 2021 to July 4, 2024. In the most recent year (2023), the Nomination Committee held 3 meetings (A). Below are the qualifications and experience of all members, members attending these meetings and matters discussed:

Title	Name	Professional qualifications and experience	Number of meetings attended in person (B)	Number of meetings Attended by proxy	Attendance rate (B/A)	Remarks
Convener	Chang, Wen-Tien	Master's degree from the Institute of Business Administration, Chinese Culture University. He held positions in Bank of Communications, Bowa Bank, and other financial companies; his expertise covers finance and accounting, law, and business management, and he has extensive practical experience in fields of M&A, startup investment, finance and securities, and corporate governance, which will improve the quality of corporate governance of the Board and the monitoring functions of the Audit Committee. Current Independent Director; none of the circumstances stated in subparagraphs of Article 30 of the Company has occurred.	3	0	100%	

Member	Tseng, Tien-Yun	Master's degree from the Graduate Institute of Technology Law, National Chung Hsing, with professional qualification for accountants. Current partner of Dazhe CPA's Firm and the arbitrator of the Chinese Arbitration Association, Taipei. He has over 25 years of experience as an accountant; his expertise covers finance and accounting, law, and business management; his expertise will improve the quality of corporate governance of the Board and the monitoring functions of the Audit Committee. Current Independent Director; none of the circumstances stated in subparagraphs of Article 30 of the Company has occurred.	3	0	100%	
Member	Chen, Chih-Hung	Current President of Penghu Cable TV. Co., Ltd.; he used to work at the Southeast Cement Corporation and possesses over two decades of experience in business management; his expertise improves the quality of corporate governance of the Board and the monitoring functions of the Audit Committee. Current Independent Director; none of the circumstances stated in subparagraphs of Article 30 of the Company has occurred.	3	0	100%	
Member	Yu, Ching-Sung	As a graduate from the Department of Business Administration, Tatung Institute of Technology, he used to be the Chairman and CEO of TaiSol Electronics Co., Ltd. and the Chairman of Vsell Enterprise Co., Ltd. More than 30 years of experience in business management in electronic technology-related industries. His expertise covers commerce, business planning for technology-related industries, marketing, and business management.	1	0	33%	(Note 1)
Member	Liang, Chun-Hsin	As a graduate from the Department of Economics of Tunghai University, he used to be the President of SINBON Electronics Co., Ltd., and has more than 25 years of experience	1	0	33%	(Note 3)

		in management of electronic technology. His expertise covers corporate governance, commerce, marketing, and business management for industrial technologies.				
Member	Representative of Long-Thin Enterprise Co., Ltd.: Peng, Peng-Huang	Master of Business Administration from Soochow University, current Chairman of the Company, Vice Chairman and President of Singatron Enterprise Co., Ltd., Chairman of Handan Communications Technology Co., Ltd., and Founder and Chairman of T.Y. Management Hsinchu Consulting Co., Ltd. More than 30 years of experience in business management in electronic technology-related industries. His expertise covers business planning, marketing, and business management in technology-related industries.	2	0	67%	(Note 2)

Note 1: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 2: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting.

Note 3: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 112, thereby naturally leading to his dismissal from the position of director according to the law.

Other mentionable items:

Resolutions of the nomination committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

Date/session	Proposals	Content of recommendations or opposing matters of the Nomination	Resolutions of the Nomination Committee and the Company's response to the opinions of the Nomination Committee
2023/01/13 The 5nd meeting of the 2th Board	1. Proposal for appraising the performance of 2022 Board of Directors (including functional committees) and managerial officers	None	Approved as proposed
2023/08/29 2nd Term 1st extraordinary meeting	1. Proposal for adding members to the Nomination Committee 2. Proposal for canceling the position of Chief Procurement Officer	None	Approved as proposed
2023/09/08 The 6th meeting of the 2nd Term	1. Proposal for nomination of the Company's Chairman to concurrently serve as the Chief Strategy Officer	None	Approved as proposed

		2. Proposal for nomination of the Company's President to concurrently serve as Group CEO and promotion		
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(V) Corporate Sustainability and Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”:

Promotion item	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	V		The Company has established a sustainable development team, with the President as the chairman and the R&D supervisor as the director general. The team and the managers with different functions work together to review and formulate mid- and long-term sustainable development plans.	No material difference
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulated relevant risk management policies and strategies?	V		As a corporate citizen, the Company has established multiple regulations for environmental, social, and corporate management to serve as the basis for decision-making of the management and implementation by employees, and examines and improves the regulations with the time at all times for optimization.	No material difference
III. Environmental issues				
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) The Company has joined and established its EICC Code of Conduct and includes appropriate management for work environments.	No material difference
(II) Is the Company committed	V		(II) The Company's Dongguan,	No material

Promotion item	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Description	
to improving energy efficiency and to the use of renewable materials with low environmental impact?			Suzhou and Siyang plants have established their environmental management systems in accordance with ISO 14001 and have continued to pass third-party certifications. The Company actively uses renewable supplies to improve the efficiency of resources.	difference
(III) Has the Company evaluated the potential risks and opportunities of climate change to the Company at present and in the future and taken relevant countermeasures?	V		(III) The Company continues to focus on issues related to climate change and implements practices related to energy-saving and carbon dioxide reduction, and GHG reduction step by step. The examples are as follows: 1. The Company has installed LED lighting in its offices to comply with the energy-saving and carbon dioxide reduction policy. 2. The Company adopts printing companies and papers certified by an SGS inspection company for relevant reference and date for the Company's shareholders' meeting to comply with the GHG reduction policy.	No material difference
(IV) Has the Company made statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and		V	(IV) The Company has not yet been able to provide comprehensive data on greenhouse gas emissions, water consumption, and total weight of waste; however, it has formulated	Under planning

Promotion item	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Description	
formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?			various environmental protection measures for compliance . In 2023, greenhouse gas inventory operations were conducted on a trial basis in the demonstration plant.	
IV. Social issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations as well as the International Bill of Human Rights?	V		(I) The Company complies with relevant domestic labor regulations, respects basic labor human rights principles recognized internationally, and has established relevant management systems for the protection of employees' legal rights, employment policy, and non-discriminatory treatment.	No material difference
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other benefits) and appropriately reflected the business performance or results in employees' remuneration?	V		(II) The Company has established its working rules, which stipulate the rights, obligations, and reward and punishment requirements for employees. It has also stated the policy of remuneration of employees in the Article of Incorporation.	No material difference
(III) Does the Company provide employees with a safe and healthy working environment and regularly organize safety and health education for employees?	V		(III) To provide safe and healthy working environments, employees may regularly participate in health inspections and safety lectures.	No material difference
(IV) Has the Company	V		(IV) The Company encourages all	No material

Promotion item	Implementation		Description	The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
<p>established an effective career development training program for employees?</p> <p>(V) Has the Company complied with relevant regulations and international standards with regard to customer health and safety, customer privacy, marketing, and labeling of products and services, and established relevant policies to protect the interests of consumers or customers and formulated complaint procedures?</p>	V		<p>employees to actively participate in external lectures and seminars and arranges external/internal educational training in due course to improve their career abilities.</p> <p>(V) The Company has established a "stakeholder section" on its website, and there are dedicated personnel handling relevant matters. We also have customer complaint-handling operations in place to establish a customer-oriented quality system and evaluate customers' satisfaction with our products and services based on subjective methods and SOPs.</p> <p>The Company actively promotes compliance with laws and regulations related to lead-free or ROHS of the EU to ensure the provision of optimized services and products to customers.</p>	<p>difference</p> <p>No material difference</p>
<p>(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? What is the status of their implementation?</p>	V		<p>(VI) The Company strictly implements evaluations for suppliers that it intends to work with, including different records of the suppliers in the past.</p> <p>Contracts between the Company and suppliers strictly establish various conditions for observation; the Company may terminate or cancel the cooperating relationship based</p>	No material difference

Promotion item	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Description	
			on the content of the contracts once any violation of relevant terms by suppliers is discovered.	
V. Has the Company referred to international reporting standards or guidelines in its preparation of the sustainability report and other reports which disclose the Company's non-financial information? Has the Company obtained the assurance or certification of a certifying institution for the reports above?		V	At present, the Company is unable to provide comprehensive information to complete the preparation of an ESG Report that is certified by a certifying institution.	Under planning
<p>VI. If the Company has established its own Sustainable Development Best Practice Principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any differences from the Principles in the Company’s operations: In December 2014, the Board approved the adoption of the Sustainable Development Best Practice Principles; subsequently, the Board approved the amendments to the Principles in August 2021 and November 2022. The Company examines the implementation regularly in accordance with the Principles to make improvements and established its Sustainable Development Group in 2023.</p>				
<p>VII. Other important information to facilitate a better understanding of the Company’s promotion of sustainable development:</p> <ol style="list-style-type: none"> 1. Environmental protection: The Company actively promotes compliance with laws and regulations related to lead-free or ROHS, fully complies with environmental protection requirements, and improves self-awareness of environmental protection. 2. Community participation, social contributions, social services, and social welfare: The Company has established scholarships and grants under its Employee Welfare Committee to provide substantial encouragement for our employees’ children who are excellent in character and learning. 3. Consumers’ interest: Through a comprehensive quality management system, the Company carries out stringent quality management for different parts of the procedures to ensure the provision of optimized services and products to customers. 4. Human rights: For our labor-capital relations, laborers and the Company possess equivalent status. The Company respects the performance of employees at work and treats them with 				

Promotion item	Implementation		Description	The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
<p>integrity; therefore, there has been no labor-capital dispute, fully exhibiting the attention that the Company attaches to human rights issues.</p> <p>5. Safety and health: The Company provides a safe employment environment for employees and regularly accepts labor safety and health education, training for disaster prevention, and guidance for work safety to avoid the occurrence of occupational disasters and protect the life safety of employees. The Company organizes safety and health educational training to improve employees' knowledge related to safety and health.</p>				

(VI) Ethical Corporate Management and Deviations from “The Corporate Governance Best-Practice Principles” for TWSE/TPEX Listed Companies:

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the Company have an ethical corporate management policy approved by its Board, and rules and publicly available documents addressing its policy and measures of ethical corporate management, and commitment regarding active implementation of such policy from the Board and the senior management?	V		(I) The Company has established its “Procedures for Ethical Corporate Management and Guidelines for Conduct,” which was implemented after being approved at the Board meeting.	No material difference
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	V		(II) The Company implements risk evaluations and control appropriately according to the practices, and the scope and content are not restricted. If a dedicated department determines that any operating activities have a higher level of risk of unethical conduct, prevention and arrangements may be made according to relevant regulations.	No material difference
(III) Has the Company clearly specified operating procedures, guidelines for conduct, and a	V		(III) The “Procedures for Ethical Corporate Management and	No material difference

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?			Guidelines for Conduct” established by the Company have stated the violation standards and punishments; relevant arrangements shall be made according to relevant regulations for any violation.	
II. Implementation of ethical corporate management				
(I) Does the Company assess the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?	V		(I) When entering into contracts with distributors, suppliers, customers, or other counterparties with business transactions, the Company gains comprehensive information about the ethical corporate management status of the counterparties and includes compliance with ethical corporate operation in the term of contracts.	No material difference
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?	V		(II) The Company has designated the Secretariat of the Board’s Office as the dedicated department for operations related to the amendment, implementation, interpretation, and consultation services and reporting content registration and file-building of the	No material difference

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
(III) Has the Company established policies to prevent conflict of interests provide appropriate communication and complaint channels, and implement such policies properly?	V		<p>“Procedures for Ethical Corporate Management and Guidelines for Conduct” and the monitoring of the implementation, and it shall report once a year to the Board.</p> <p>(III) The “Procedures for Ethical Corporate Management and Guidelines for Conduct” established by the Company have stated the standards of conflicts of interest and handling methods; relevant arrangements shall be made according to relevant regulations for any violation.</p>	No material difference
(IV) Has the Company established effective accounting and internal control systems in place for the implementation of ethical corporate management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?	V		<p>(IV) The internal control system of the Company has established relevant control methods for different operations; the audit department shall formulate appropriate audit plans each year based on the level of risk and implement the audit operations.</p>	No material difference
(V) Does the Company provide internal and external educational training in ethical corporate	V		<p>(V) The Company promotes the principles of ethical corporate operations to</p>	No material difference

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
management on a regular basis?			Directors, managerial officers, employees, and new employees and regularly organizes educational training (including online training) to engage in business activities in a fair, ethical, reliable, and transparent manner.	
<p>III. Implementation of the Company's whistleblowing system</p> <p>(I) Does the Company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and designate responsible individuals to handle the complaints received?</p> <p>(II) Has the Company established its standard operating procedures for investigating the complaints received, subsequent measures to be adopted, and the related confidentiality system after the investigation?</p>	V		<p>(I) The "Procedures for Ethical Corporate Management and Guidelines for Conduct" established by the Company and its website have stipulated the arrangements for whistleblowing, rewards and punishment, and dedicated personnel; arrangements shall be made according to relevant regulations for any violation.</p> <p>(II) With the whistleblowing mailbox and direct line set up by the Company, the Company may establish a whistleblowing case once a whistleblower provides the listed information to carry out relevant investigations immediately. Relevant</p>	<p>No material difference</p> <p>No material difference</p>

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
(III) Has the Company adopted proper measures to protect whistleblowers from inappropriate disposals due to whistleblowing?	V		(III) The Company has disclosed its regulations for whistleblowing on its website and set up a whistleblowing mailbox and direct line for dedicated personnel to handle relevant matters. The Company will keep the identity of whistleblowers and the whistleblowing content fully confidential to protect the whistleblowers from being mistreated due to whistleblowing.	No material difference
IV. Enhance information disclosure Has the Company disclosed the content and implementation results of its Ethical Corporate Management Best Practice Principles on its website and MOPS?	V		The Company has disclosed the content of the Procedures for Ethical Corporate Management and Guidelines for Conduct and the status of relevant educational training on its website.	No material difference
V. If the Company has established its own Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences from the Principles in the Company's operations: The Company has established its Procedures for Ethical Corporate Management and Guidelines for Conduct and designated the Secretariat of the Board's Office as the part-time department for promotion. In addition to advocating the principles of ethical corporate management to directors, managerial officers, employees, and new recruits from time to time, and regularly organizing annual education and training (including online) to engage in business activities in a fair, honest, trustworthy, and transparent manner; All internal employees may raise complaints at any time.				

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Description	
<p>After relevant information is collected, compiled, and evaluated, the Management Department shall handle after reporting the information to the Board. However, so far, there has been no violation against ethical corporate management.</p> <p>The implementation status of the Company’s “Procedures for Ethical Corporate Management and Guidelines for Conduct” has no difference from the content specified.</p>				
<p>VI. Other important information to facilitate a better understanding of the Company’s implementation of ethical corporate management (i.e., the examination and modification to the Ethical Corporate Management Best Practice Principles established by the Company, and other circumstances): See below for the Company's implementation status of ethical corporate management:</p> <p>(I) Intellectual property protection: To create and protect the environment of technological innovation, technological advances, and continual growth, the Company emphasizes that the establishment of business relations shall be based on absolute respect for the intellectual property rights, confidential information, and business secrets of the Company, customers, and other relevant personnel.</p> <p>(II) Information disclosure: Under the supervision of the Board, the Company’s managerial officers ensure the financial and accounting information declared to the competent authority of securities or disclosed to other external parties by the Company is complete, fair, accurate, and timely, and the Company has adopted measures to ensure the compliance with the said requirements.</p> <p>(III) Any amendment to the specifications of ethical practices specifications shall be reviewed and agreed upon by the Board to continue to ensure the high standards of ethical practices of the Company through the professional judgment of Independent Directors of the Board.</p> <p>(IV) Implementation of specifications of ethical practices: The Company ensures the implementation of specifications of ethical practices through the following methods:</p> <ol style="list-style-type: none"> 1. Self-examination of the organization and employees: Through the annual internal control self-evaluation of the Company, the internal departments of the Company and subsidiaries are required to carry out self-evaluations regarding whether employees in the departments have sufficient awareness of specifications of ethical practices to measure and reinforce the internal control functions of practicing ethics. Furthermore, specifications of ethical practices require all employees to actively report any conflict of interest at all times; the duties as directors and the work nature of partial employees require them to regularly report conflicts of interest or matters with suspected conflicts of interest each year for the management to review. 2. Internal audit: To achieve the accuracy, reliability, and timeliness of our financial, management, and operating information, and the objectives of the compliance of 				

Evaluation item	Implementation		Description	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
<p>employees' behaviors with relevant policies, standards, procedures, and regulations, our auditors perform audits according to the annual audit plan approved by the Board and report the audit results and subsequent improvement plans to the Board and the management to realize the effects of audits.</p> <p>3. Educational training and promotion: To allow employees to maintain their awareness of specifications of ethical practices at all times, apart from publishing policies and documents related to occupational ethics on the intranet, the Company also promotes the core values and compliance systems of the Company to employees through educational courses, posters, promotional essays, and diverse methods.</p> <p>4. Apart from the internal implementation, the Company has fully adopted EICC, based on which, carries out relevant audits of suppliers and other business partners to duly understand whether there is any unethical or unjust behavior. Through audits on the Company by customers, the Company conveys its standards of ethical practices to customers and makes exchanges about relevant topics.</p> <p>5. Whistleblowing channels and protection of whistleblowers: The Company provides channels for employees and external parties to report inappropriate practicing conducts related to finance, law, and ethics. Furthermore, to support the open and transparent culture of ethical practices, we encourage employees and external parties to report any suspected illegal conduct via relevant whistleblowing systems. The Company maintains a confidential and stringent attitude regarding the reports received and the subsequent investigations, and strictly prohibits the implementation of reprisal in any form against persons who reported with good intentions or who assisted in the investigations.</p> <p>6. Punishment for conducts violating specifications of ethical practices: For any suspected conduct violating ethical practices, the Company maintains impartial for rewards and punishments and adopts a sober attitude to treat all cases verified; the Company imposes severe punitive measures on those who have committed violations, including the termination of employment or business relationships, and the adoption of legal actions.</p>				

(VII) If the Company has formulated its Corporate Governance Best Practice Principles and related rules, it shall disclose the inquiry methods: The Corporate Governance Best Practice Principles and relevant rules established by the Company are disclosed on its website.

(VIII) Other important information to facilitate a better understanding of the Company's implementation of corporate governance shall also be disclosed: None.

- (IX) Implementation of the internal control system
1. Statement of Internal Control

TaiSol Electronics Co., Ltd. Statement of Internal Control System

Date: March 1, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-assessment:

- I. The Company is fully aware that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Company's Board and managerial officers, and the Company has established such a system. The system 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 reporting, and compliance with applicable laws and regulations.
- II. Certain limitations are inherent in all internal control systems. Regardless of the comprehensive design, an effective internal control system may only provide reasonable assurance regarding the achievement of the three intended objectives above; 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 (the "Regulations"). The said criteria adopted for the internal control system under the "Regulations" are divided 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, see 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 31 December 2023, the internal control system (including the supervision and management of its subsidiaries), including 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. The 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 if there is material

information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors on March 1, 2024, and all seven directors attending the meeting agreed with this Statement.

TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang

President: Liang, Chun-Hsin

2. For those who appointed CPAs to review the internal control system, the CPAs' review report shall be disclosed: None.

(X) If the results of the punishments imposed on the Company and its internal personnel according to the law or the punishments imposed on its internal personnel by the Company for the violation of the internal control system may have material effects on shareholders' interest or securities' prices, the content of punishment, major deficiency, and improvement shall be specified: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings:

Item	elected	Material resolution
Shareholders' meeting	2023/05/30	Proposal for the 2022 Business Report and Financial Statements Implementation: Approved as a resolution.
		Proposal for distribution of 2022 earnings Implementation: Approved as a resolution, and cash dividends in the amount of NT\$174,916,282 was distributed on July 31, 2023 based on the resolution of the shareholders' meeting.
		Proposal for Amending the Rules of Procedure for Shareholder Meetings. Implementation: Approved as a resolution.
		Proposal for the release of non-competition restrictions on the Director Implementation: Approved as a resolution.
Board of Directors	2023/01/13	Approved the proposal for the 2023 annual budget
		Approved the proposal for 2023 CPA independence review and annual certification fees
		Approved the General Principles of Pre-approved Non-assurance Service Policies
		Approved the proposal for 2022 Year-end Bonuses and 2021 Employee Remuneration
		Approved the proposal for settling the old pension annuity for managerial officers
		Approved the proposal for amending the duties and authority of the Group's Procurement Department
		Approved the proposal for the renewal of short-term financing with a bank
		Approved the proposal for the provision of endorsement and guarantee by the Company to SiYang TaiSol and Suzhou TaiSol
		Approved the proposal for amending the Company's Structure of Monthly Pay to Managerial Officers
		Approved the proposal for amending the standards for the travel expenses incurred by the Company's Directors for attending Board meetings
	2023/02/24	Approved the Proposal for the evaluation of the effectiveness of the internal control system and the

Item	elected	Material resolution
Board of Directors		Statement of Internal Control System in 2022
		Approved the proposal for the 2022 unconsolidated financial statements and the consolidated financial statements
		Approved the proposal for the 2022 business report and distribution of earnings
		Approved the proposal for the appropriation of remuneration of employees and Directors for 2022
		Approved the proposal for amending the Rules of Procedure for Board Meetings
		Approved the Proposal for amending the Rules of Procedure for Shareholder Meetings
		Approved the proposal for the release of non-competition restrictions on the Director
		Approved the proposal for the matters related to the acceptance of shareholders' rights to proposals for the annual shareholders' meeting
		Approved the proposal for the convening date, venue, and other relevant matters of the 2023 annual shareholders' meeting
		2023/05/12
	Approved the proposal for the appointment and remuneration of the Chief Auditor	
	Approved the proposal for whether outstanding accounts receivable with a significant amount past the normal loan period for over three months of the Company as of 2023 Q1 is in the nature of loans	
	Approved the proposal for the Pre-approved Non-assurance Service and the of general principles for the policy of non-assurance services with advance approval of the Company	
	Approved the proposal for lending to SiYang TaiSol Electronics Co., Ltd. by subsidiary DongGuan TaiSol Electronics Co., Ltd.	
	2023/08/11	Approved the proposal for the 2023 Q2 consolidated financial statements
		Approved the Regulations Governing General Employee Retirement and Talent Retention; the insurance policy has expired on 2023/6/5; the insurance policy was transferred to the employee as agreed
	2023/8/29	Proposal for re-election of the Chairman
		Approved the appointment of additional members of the Nomination Committee
		Approved the proposal for the re-appointment of Directors and legal representatives of subsidiaries
		Approved the proposal for canceling the position of Chief Procurement Officer
	2023/9/8	Approved the proposal for amending the Company's organizational adjustments and approval authorities

Item	elected	Material resolution
		Proposal for the appointment of the Company's current Chairman, Peng, Peng-Huang, as the Chief Strategy Officer of TaiSol Group
		Approved the appointment of the President of the Company, Liang, Chun-Hsin, as the CEO of TaiSol Group and his promotion
		Approved the proposal for payment of pension to CEO, Yu, Ching-Sung, in accordance with the Regulations Governing the Retirement of Senior Officers
		Approved the proposal for amending the Company's Structure of Monthly Pay to Managerial Officers
		Approved the proposal for the remuneration of the Company's Chairman who concurrently serves as the Chief Strategy Officer
		Approved the proposal for the remuneration of the Company's President and CEO
		Approved the proposal for adjusting the Company's Structure of Monthly Pay to Managerial Officers.
		Approved the proposal for the release of non-competition restrictions on the Director
		Approved the proposal for the release of non-competition restrictions on the managerial officer
		2023/10/30
	Approved the proposal for the 2024 audit plan	
	Approved the proposal for lending to Suzhou TaiSol Electronics Co., Ltd. by subsidiary DongGuan TaiSol Electronics Co., Ltd.	
	Approved the proposal for Adjustment of Endorsement and Guarantee limits to Subsidiaries SiYang TaiSol Electronics Co., Ltd. and Suzhou TaiSol Electronics Co., Ltd.	
	Approved the proposal for amending the Group's organizational adjustments and approval authorities	
	2024/01/12	Approved the proposal for the 2024 annual budget
	Approved the proposal for 2024 CPA independence review and annual certification fees	
	Approved the proposal for the renewal of short-term financing with a bank	
	Approved the proposal for lending by SiYang TaiSol to Suzhou TaiSol	
	Approved the proposal for amending the Procedures for the Acquisition or Disposal of Assets	
Approved the Standards for 2023 Year-end Bonus and 2022 Employee Remuneration Payment and Amount to be Disbursed		
Approved the proposal for amending the Group's organizational chart and authority		
Approved the proposal for re-election of the Company's directors (including independent directors)		

Item	elected	Material resolution
		Approved the proposal for the convening date, venue, and other relevant matters of the 2023 annual shareholders' meeting
		Approved the proposal for the matters related to the acceptance of proposals from more than 1% of all shareholders
		Approved the proposal for the matters related to the acceptance of proposals from more than 1% of all shareholder directors (including independent directors)
		Approved the proposal for the list of candidates for election of directors in 2024 (including independent directors)
		Approved the Proposal for Enhancement of the Governance of the Company's Management
	2024/03/01	Approved the Proposal for the evaluation of the effectiveness of the internal control system and the Statement of Internal Control System in 2023
		Approved the proposal for the 2023 unconsolidated financial statements and the consolidated financial statements
		Approved the proposal for the 2023 business report and distribution of earnings
		Approved the proposal for the appropriation of remuneration of employees and Directors for 2023
		Approved the proposal for the distribution of earnings of subsidiary DongGuan TaiSol Electronics Co., Ltd.
		Approved the proposal for closure of subsidiary TaiSol Electronics Japan Co., Ltd.
		Approved the proposal for the release of non-competition restrictions on some new Directors
		Approved the proposal for Adjusting and amending the Group's organizational chart and authority

(XII) During the most recent year and up to the publication date of the annual report, where a Director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board, and the said dissenting opinion with records or written statements, disclose the principal content thereof:

1. On March 1, 2024, the board of directors discussed the Proposal (II) for the 2023 unconsolidated financial statements and consolidated financial statements. Independent director Tseng, Tian-yun expressed reservations while other directors agreed to approve it as proposed.
2. On March 1, 2024, the board of directors discussed the Proposal (VII) for the release of non-competition restrictions on new directors. Independent director Chang Wen-Tien, Fang Yen-Ling, Chen Chih-Hung and Tseng, Tien-Yun and director Lin Chan-Lieh proposed to reserve the release of non-competition restrictions on Peng Peng-Huang, Kan Hsin-Nan and Yang Cheng-Gang, three representatives of Singatron and put it off until the next board of directors after the shareholders' meeting. Directors Peng Peng-Huang and Hsieh Chun-Shan agreed to approve it as proposed.

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

Summary table of the resignation and dismissal of the Company's persons concerned
26 March 2024

Title	Name	On-boarding date	Resignation date	Reason for resignation or dismissal
Chairman and CEO	Yu, Ching-Sung	2000/01/01	2023/08/31	On August 24, 2023, he transferred more than half of the shares at the time of election, so he was relieved of his duties as director and chairman in accordance with the law. On August 31, 2023 he retired.

Note: "The Company's persons concerned" refers to the Chairman, President, chief accountant, Chief Financial Officer, chief auditor, chief of corporate governance, and chief of research and development.

V. Information Regarding the Company's Audit Fee:

(I) The amount of the audit fees and non-audit fees paid to CPAs and CPA's firm, as well as the content of non-audit services, shall be disclosed:

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees (Note)	Total	Remarks
KPMG	Derek Chen	2023.01.01~2023.12.	3,310	550	3,860	
	Jason Yin	31				

Note: Non-audit service fees: Tax certification pricing report of NT\$300 thousand, and master file of the Transfer NT\$250 thousand.

1. If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change is Reduced from the Audit Fee of the Previous Year, the Amounts of the Audit Fees Before and After such Change and the Reason of such Change Should Be Disclosed: None.
2. If the Audit Fee Is Reduced by More than 10% from Last Year, the Amount, Ratio, and Reason for the Reduction of the Audit Fee Should Be Disclosed: None.

VI. Information on replacement of CPAs: None.

VII. If the chairman, President, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

VIII. Transfer of equity and changes in equity pledges of Directors, supervisors, managers, and shareholders with a shareholding of 10% and above in the most recent year and as of 29 February 2024:

(I) Changes in shareholdings of directors, managerial officers, and major shareholders holding more than 10% of the shares:

Unit: share

Title (Note 1)	Name	2023		As of February 29 of the current year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman/major shareholder	Yu, Ching-Sung (Note 2)	(12,188,000)	-	-	-
Chairman/Chief Strategy Officer/Director Representative	Peng, Peng-Huang (Note 3)	806,000	-	323,000	-
Major shareholder	Singatron Enterprise Co., Ltd.		10,367,000		
Director	Lin, Chan-Lieh	(28,000)	-	-	-
Director/President and CEO	Liang, Chun-Hsin (Note 4)	(18,000)	-	-	-
Director	Hsieh, Chun-Shan	(112,000)	-	-	-
Director	Long-Thin Enterprise Co., Ltd.	(30,000)	-	(35,000)	-
Director Representative/Vice President	Yu, Po-Hsin (Note 5)	(40,000)	-	-	-
Independent Director	Chang, Wen-Tien	-	-	-	-
Independent Director	Tseng, Tien-Yun	-	-	-	-
Independent Director	Chen, Chih-Hung	-	-	-	-
Independent Director	Fang, Yen-Ling	-	-	-	-
Vice President	Lin, Meng-Yi (Note 6)	(9,000)	-	-	-
Executive Vice President	Liu, Ke-Ping	-	-	-	-
Vice President	Yu, Jun-Yi	(62,875)	-	-	-
Vice President	Liu, Zhi-Ming	(681)	-	-	-
Chief Financial Officer	Wu, Mei-Ling	-	-	-	-
Senior Assistant Vice President	Lin, Jin-Xiang	(177)	-	-	-
Senior Assistant Vice President	Guo, Zheng-Hong	-	-	-	-
Assistant Vice President	Lu, Wen-Chi	-	-	-	-
Assistant Vice President	Wu, Wen-Han (Note 7)	8,000	-	-	-
Assistant Vice President	Liu, Ming-Tien	-	-	-	-
Assistant Vice President	Hsu, Bo-Chun (Note 8)	-	-	-	-
Assistant Vice President	Liu, Yong-Ming	-	-	-	-

Title (Note 1)	Name	2023		As of February 29 of the current year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chief auditor	Yang, Hsiu-Shan	-	-	-	-

Note 1: Shareholders with a shareholding of 10% and above of the Company shall be marked as major shareholders and be listed separately.

Note 2: Chairman Yu Ching-sung transferred his shares exceeding half of those held at the time of appointment on August 24, 2023, thereby naturally leading to his dismissal from the positions of director and chairman according to the law.

Note 3: Long-Thin Enterprise Co., Ltd. appointed Peng Peng-huang as its new representative on August 28, 2023, and on August 29, 2023, he was elected as the chairman of the board by the remaining directors in a board meeting. Additionally, on September 8, 2023, he assumed the additional role of Chief Strategy Officer..

Note 4: Director Liang, Chun-Hsin transferred his shares exceeding half of those held at the time of appointment on May 5, 112, thereby naturally leading to his dismissal from the position of director according to the law.

Note 5: Long-Thin Enterprise Co., Ltd. changed its representative on August 28, 2023, with the former representative Yu Po-Hsin dismissed, and resigned from the company on September 7, 2023.

Note 6: Vice President Lin, Meng-Yi resigned on December 31, 2023.

Note 7: Assistant Vice President Wu, Wen-Han resigned on November 30, 2023.

Note 8: Assistant Vice President Hsu, Bo-Chun resigned on December 26, 2023.

(II) Information on counterparties of the transfer of equity of Directors, managerial officers, and shareholders with a shareholding of 10% and above who are related parties:

None.

(III) Information on equity pledges: None of the counterparties of any equity pledge is a related party.

IX. Relationship among the Top Ten Shareholders who are related parties, spouses, or relatives within the second degree of kinship:

Relationships of shareholders with top ten shareholdings who are related parties, spouses, or relatives within the second degree of kinship are as follows:

March 26, 2024 unit: share

Name (Note 1)	Shares held by the shareholder		Shares held by spouse and minors		Total shares held in the name of others		If shareholders with top ten shareholdings are related parties, spouses, or relatives within the second degree of kinship, the title or name and relationship. (Note 3)		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship	
Singatron Enterprise Co., Ltd	10,367,000	11.79					Peng, Peng-Huang	Legal Representative Director	
Legal Representative: Kan, Hsin-Nan	-	-	-	-	-	-			
Long-Thin Enterprise Co., Ltd.	1,949,000	2.22							
Legal Representative: Yeh, Li-Juan	438,431	0.50	876,046	1.00			Yu, Ching-Sung	Spouse	
HSBC Bank (Taiwan) Commercial Bank Corporation entrusted with custody of Yacadi Emerging Markets	1,121,000	1.28							
Peng, Peng-Huang	1,057,000	1.20	4,000	0.00	-	-	Singatron Enterprise Co., Ltd	Legal Representative Director	
Hsieh, Chun-Shan	888,276	1.01			-	-			
Yu, Ching-Sung	876,046	1.00	438,431	0.50	1,949,000	2.22	Long-Thin Enterprise Co., Ltd.	Spouse of the legal representative	
Yeh, Yu-Chang	647,000	0.74							
HSBC Bank (Taiwan) Commercial Bank Corporation entrusted with custody of Morgan Stanley Bank	546,000	0.62							
Chang, Hsueh-Shun	500,000	0.57	-	-	-	-			
Treasury Stock Account of TaiSol Electronics Co., Ltd.	450,000	0.51							

Note 1: The top ten shareholders shall all be set out; for corporate shareholders, the title of the corporate shareholder and the name of the representative shall be set out separately.

Note 2: The calculation of shareholding refers to the shareholdings of the shareholder themselves, as well as those of their spouse, related minors, or those in the name of other persons.

Note 3: Regarding the shareholders (including corporation and natural persons) set out above, please disclose their relationships according to the requirements of the Regulations Governing the Preparation of financial statements by Securities Issuers.

- X. The number of shares held by the Company, its directors, managerial officers, and the companies directly or indirectly controlled by the Company in the same reinvestment business, and the consolidated shareholding ratio:

The total number of shares and the consolidated shareholding held in any single investee by the Company, its Directors, managerial officers, or any companies controlled either directly or indirectly by the Company:

Unit: thousand shares; %

Investee (Note)	Investments of the Company		Investment of Directors, managerial officers, or any companies controlled either directly or indirectly by the Company		Consolidated investments	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
TaiSol Electronics (Hong Kong) Co., Ltd.	31,056	100%	-	-	31,056	100%
World Window Electronics (H.K.) Limited	64,210	100%	-	-	64,210	100%
Taisol Electronics Japan Co., Ltd.	0.1	100%	-	-	0.1	100%
SiYang TaiSol Electronics Co., Ltd.	-	100%	-	-	-	100%
Vietnam TaiSol Electronics Company Limited	-	100%	-	-	-	100%

Note: Long-term investments accounted for using the equity method.

Four. Capital Overview

I. Capital and shares

(I) Source of capital

1. Type of Stock

Unit: share

Share type	Authorized capital stock			Remarks
	Issued shares	unissued shares	Total	
Registered ordinary shares	87,908,141	12,091,859	100,000,000	The Company's stocks were approved for listing for trading on 13 December 2013

2. Source of capital

MM/YYYY	Issuance price (NT\$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares:	Amount (NT\$)	Number of shares:	Amount (NT\$)	Source of capital	Capital increased by assets other than cash	Others
September 1994	1,000	6,000	6,000,000	6,000	6,000,000	Founding capital	—	—
August 1995	1,000	10,000	10,000,000	10,000	10,000,000	Capital increase	—	—
August 1998	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase	—	Note 2
March 1999	10	9,100,000	91,000,000	9,100,000	91,000,000	Capital increase of NT\$29,399,800	Money claim (Note 1) NT\$21,600,200	Note 3
July 1999	10	12,400,000	124,000,000	12,400,000	124,000,000	Capital increase NT\$10,766,390	Money claim (Note 1) NT\$22,233,610	Note 4
February 2000	10	17,360,000	173,600,000	13,640,000	136,400,000	Capital increase	—	Note 5
June 2000	15	19,999,000	199,990,000	18,640,000	186,400,000	Capital increase	—	Note 6
August 2001	15	30,000,000	300,000,000	22,640,000	226,400,000	Capital increase	—	Note 7
June 2002	20	30,000,000	300,000,000	29,640,000	296,400,000	Capital increase	—	Note 8
June 2003	-	49,000,000	490,000,000	34,919,625	349,196,250	Capital increase from earnings and capital increase from employees' bonuses	—	Note 9
July 2004	20	49,000,000	490,000,000	38,919,625	389,196,250	Capital increase	—	Note 10
October 2004	-	49,000,000	490,000,000	43,429,196	434,291,960	Capital increase from earnings and capital increase from employees' bonuses of NT\$37,311,780 and capital increase from the capital reserve of NT\$7,783,930	—	Note 11
August 2007	-	100,000,000	1,000,000,000	49,373,568	493,735,680	Capital increase from earnings and capital increase from employees' bonuses of NT\$46,414,960 and capital increase from the capital reserve of NT\$13,028,760	—	Note 12
August 2009	8	100,000,000	1,000,000,000	59,373,568	593,735,680	Capital increase	—	Note 13
April 2013	15	100,000,000	1,000,000,000	62,000,000	620,000,000	Capital increase	—	Note 14
November 2013	20	100,000,000	1,000,000,000	69,750,000	697,500,000	Capital increase	—	Note 15
May 2015	37.3	100,000,000	1,000,000,000	69,790,214	697,902,140	Conversion of corporate bonds into shares	—	Note 16
July 2015						Issuance of employee stock options		Note 17

MM/YYYY	Issuance price (NT\$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares:	Amount (NT\$)	Number of shares:	Amount (NT\$)	Source of capital	Capital increased by assets other than cash	Others
January 2016		100,000,000	1,000,000,000	69,612,214	696,122,140	Cancellation of treasury shares	—	Note 18
October 2017	12.23	100,000,000	1,000,000,000	69,776,214	697,762,140	Issuance of new shares for options	—	Note 19
January 2018	12.23	100,000,000	1,000,000,000	69,792,214	697,922,140	Issuance of new shares for options	—	Note 20
March 2018	29.70	100,000,000	1,000,000,000	69,835,985	698,359,850	Conversion of corporate bonds into shares		Note 21
June 2018	29.70	100,000,000	1,000,000,000	69,835,985	698,359,850	Conversion of corporate bonds into shares		Note 22
September 2018	18	100,000,000	1,000,000,000	86,502,985	865,029,850	Capital increase		Note 23
November 2018	11.82	100,000,000	1,000,000,000	86,447,985	864,479,850	Issuance of new shares for options Cancellation of treasury shares		Note 24
January 2019	11.82	100,000,000	1,000,000,000	86,481,985	864,819,850	Issuance of new shares for options		Note 25
January 2020	11.58	100,000,000	1,000,000,000	86,557,985	865,579,850	Issuance of new shares for options		Note 26
January 2020	74.80	100,000,000	1,000,000,000	87,197,007	871,970,070	Conversion of corporate bonds into shares		Note 26
May 2020	11.58	100,000,000	1,000,000,000	87,213,007	872,130,070	Issuance of new shares for options		Note 27
May 2020	74.80	100,000,000	1,000,000,000	87,258,459	872,584,590	Conversion of corporate bonds into shares		Note 27
August 2020	74.80	100,000,000	1,000,000,000	87,765,141	877,651,410	Conversion of corporate bonds into shares		Note 28
November 2020	11.31	100,000,000	1,000,000,000	87,801,141	878,011,410	Issuance of new shares for options		Note 29
January 2021	11.31	100,000,000	1,000,000,000	87,833,141	878,331,410	Issuance of new shares for options		Note 30
May 2021	11.31	100,000,000	1,000,000,000	87,877,141	878,771,410	Issuance of new shares for options		Note 31
November 2021	10.93	100,000,000	1,000,000,000	87,908,141	879,081,410	Issuance of new shares for options		Note 32

Remarks:

SN	Approval date	Approval No.	Remarks
Note 1			Capital increased by money claims in an equivalent amount.
Note 2	1998.09.09	1998 Jian-San-Jia-Zi No. 225665	
Note 3	1999.05.04	1999 Jian-San-Jia-Zi No. 163417	
Note 4	1999.08.10	Jing-(088) -Shang - Zi No. 088129255	
Note 5	2000.04.06	Jing-(089) -Shang No. 110058	
Note 6	2000.07.20	Jing-(089) -Shang No. 124351	
Note 7	2001.09.14	Jing-(090) -Shang No. 09001359310	
Note 8	2002.07.01	Jing- Shou-Shang-Zi No . 09101239070	
Note 9	2003.07.24	Jing-Shou-Zhong-Zi No. 09232411880	
Note 10	2004.07.20	Fu-Jian-Shang-Zi No. 09316062600	
Note 11	2004.10.20	Fu-Jian-Shang-Zi No. 09321039310	
Note 12	2007.08.13	Fu-Jian-Shang-Zi No. 09688140500	
Note 13	2009.08.10	Jin-Guan-Zheng-Fa-Zi No. 0980039798	
Note 14	2013.04.03	Jin-Guan-Zheng-Fa-Zi No. 1020010165	
Note 15	2013.11.08	Jin-Guan-Zheng-Fa-Zi No. 1020045064	

Note 16	2014.12.11	Jin-Guan-Zheng-Fa-Zi No. 1030049250	Approved the issuance of secured convertible bonds for NT\$300 million.
Note 17	2015.07.22	Jin-Guan-Zheng-Fa-Zi No. 1040027805	Approved the issuance of employee stock options
Note 18	2015.12.02	Jin-Guan-Zheng-Jiao-Zi No. 1040049810	
Note 19	2017.10.17	Jing- Shou-Shang-Zi No . 10601144280	
Note 20	2018.01.16	Jing- Shou-Shang-Zi No . 10701001870	
Note 21	2018.03.23	Jing- Shou-Shang-Zi No . 10701023360	
Note 22	2018.06.29	Jing- Shou-Shang-Zi No . 10701071610	
Note 23	2018.09.14	Jing- Shou-Shang-Zi No . 10701112030	
Note 24	2018.11.07	Jing- Shou-Shang-Zi No . 10701023360	
Note 25	2019.01.16	Jing- Shou-Shang-Zi No . 10801005610	
Note 26	2020.03.04	Jing- Shou-Shang-Zi No . 10901020270	
Note 27	2020.05.29	Jing- Shou-Shang-Zi No . 10901085670	
Note 28	2020.08.20	Jing- Shou-Shang-Zi No . 10901159700	
Note 29	2020.12.01	Jing- Shou-Shang-Zi No . 10901221400	
Note 30	2021.03.16	Jing- Shou-Shang-Zi No . 11001036760	
Note 31	2021.06.30	Jing- Shou-Shang-Zi No . 11001098270	
Note 32	2021.12.02	Jing- Shou-Shang-Zi No . 11001213800	

(2) Shareholder structure

March 26, 2024

Shareholder structure Number	Government agencies	Financial institutions	Other corporations	Individual	Foreign institution and nationals	Total
Number of persons	0	1	240	46,189	87	46,517
Increase (decrease)	0	130,000	14,534,693	67,247,454	5,995,994	87,908,141
Shareholding	0.00%	0.15%	16.53%	76.50%	6.82%	100.00%

Note: A company having its primary listing on TWSE (TPEx) or a company listing on the emerging stock exchange shall disclose the shareholding of investors from Mainland China; investors from Mainland China refer to citizens, corporations, groups, other institutions in the Mainland area, or the companies which they have invested in a third-party region stated in Article 3 of the Measures Governing Investment Permit to the People of Mainland Area.

(III) Equity dispersion:

March 26, 2024

Shareholding tier	Number of shareholders	Number of shares held	Shareholding (%)
1 to 999	29,229	344,203	0.39
1,000 to 5,000	15,070	27,694,704	31.50
5,001 to 10,000	1,352	11,000,446	12.51
10,001 to 15,000	297	3,896,237	4.43
15,001 to 20,000	207	3,924,675	4.47
20,001 to 30,000	120	3,126,061	3.56
30,001 to 40,000	72	2,578,171	2.93
40,001 to 50,000	35	1,666,000	1.90
50,001 to 100,000	68	4,854,310	5.52
100,001 to 200,000	40	5,670,921	6.45
200,001 to 400,000	15	3,882,660	4.42
400,001 to 600,000	5	2,364,431	2.69
600,001 to 800,000	1	647,000	0.74
800,001 to 1,000,000	2	1,764,322	2.01
For those over 1,000,001 shares, please separate the tiers based on the actual circumstances	4	14,494,000	16.48
Total	46,517	87,908,141	100.00

(IV) List of major shareholders:

March 26, 2024

Capital share Name of major shareholder	Number of shares held	Shareholding (%)
Singatron Enterprise Co., Ltd Legal Representative: Kan, Hsin-Nan	10,367,000	11.79
Long-Thin Enterprise Co., Ltd. Legal representative: Yeh, Li-Juan	1,949,000	2.22
HSBC Bank (Taiwan) Commercial Bank Corporation entrusted with custody of Yacadi Emerging Markets	1,121,000	1.28
Peng, Peng-Huang	1,057,000	1.20
Hsieh, Chun-Shan	888,276	1.01
Yu, Ching-Sung	876,046	1.00
Yeh, Yu-Chang	647,000	0.74
HSBC Bank (Taiwan) Commercial Bank Corporation entrusted with custody of Morgan Stanley Bank	546,000	0.62
Chang, Hsueh-Shun	500,000	0.57
Treasury Stock Account of TaiSol Electronics Co., Ltd..	450,000	0.51

(V) Market price, net value, earnings and dividend per share, and relevant data for the most recent two years

Unit: NT\$; thousand shares

Item		Year		2022	2023	As of March 26,2024 (Note 8)
Market price Per share (Note 1)	Maximum			62.70	78.20	80.50
	Minimum			29.65	30.90	60.00
	Average			42.18	51.44	65.31
Net value per share (Note 2)	Before distribution			21.07	21.57	-
	After distribution			19.08	Distribution not resolved	-
Earnings per share	Weighted average number of shares			87,708	87,458	-
	Earnings per share (Note 3)	Before distribution		3.05	2.78	-
		After distribution		3.05	2.78	-
Market price Dividend per share	Cash dividend			NT\$2.00/share	NT\$2.00/share	-
	Stock grants	Stock grant from earnings		-	-	-
		Stock grant from capital reserve		-	-	-
	Cumulative unpaid dividend (Note 4)			-	-	-
Analysis of return on investment	Price-to-earnings ratio (Note 5)			13.83	18.50	-
	Price-to-dividend ratio (Note 6)			21.09	Distribution not resolved	-
	Cash dividend yield (Note 7)			4.74%	Distribution not resolved	-

* If there is any stock grant from earnings or capital reserve, please disclose the information on market price and cash dividend adjusted retrospectively based on the number of shares distributed.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net value per share based on the number of outstanding shares at the end of the year and set out the amount of distribution based on the resolution made by the Board at the shareholders' meeting in the following year.

Note 3: If retrospective adjustments are required because of the issuance of stock grants, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price-to-dividend ratio = average closing price per share for the year/cash dividends per share.

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

Note 8: Net value per share and earnings per share are based on the data audited (reviewed) by CPAs from the publication date of the annual report up to the latest quarter. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) Dividend Policy and Implementation Status

1. Dividend policy

The dividend policy of the Company considers the future capital requirements and long-term financial planning of the Company and satisfies the requirements for cash inflows of shareholders. If the Company records profits after the final account, it shall compensate prior losses and pay taxes, and then appropriate 10% of the remaining balance as the statutory surplus reserve; however, if the amount of statutory surplus reserve has reached the total capital of the Company, the appropriation shall be exempted. In addition, a special surplus reserve shall be appropriated based on the business requirements of the Company and legal requirements. If there are remaining earnings, they shall be combined with undistributed earnings at the beginning of the period, and the Board shall prepare the proposal for earning distribution and submit it to the shareholders' meeting for the resolution of distribution.

Regarding the distribution in the preceding paragraph, the shareholders' meeting may resolve to retain the entire or partial earnings as undistributed earnings for distribution in subsequent years.

The distribution of shareholders' bonuses may be made by way of cash dividend or stock dividend, and the distribution ratio of the cash dividend shall be no less than 20%, in principle; however, the ratio of cash dividend or stock dividend for the earning distribution may be adjusted through the resolution by shareholders' meeting based on the actual profits and capital status of the year.

2. Implementation status - status of dividend distribution discussed at the shareholders' meeting:

As approved at the Board meeting on 1 March 2024 the Company proposed to distribute dividends as follows:

(1) The net profit after tax of the Company in 2023 was NT\$243,293,746; after the deduction of the 10% legal surplus reserve of NT\$24,329,375 according to the law and adding the item of reduction for interest reversal - special surplus reserve (exchangeable differences from the translation of financial statements of foreign operations) of NT\$24,479,725 and undistributed earnings at the beginning of the period of NT\$269,554,433, and the distributable earnings for the year was NT\$464,039,079.

(2) The amounts of NT\$174,916,282 out of the 2023 earnings are appropriated for distribution as cash dividends to shareholders, respectively. The dividend will be calculated based on the numbers of shares held by shareholders set out in the shareholders' register on the dividend base date. The proposed cash dividends to be distributed to shareholders is NT\$2 per share. The distribution of cash dividends is calculated to dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 will be booked as the other income of the company.

(3) After the annual shareholders' meeting has approved the proposal for earning

- distribution as a resolution, the Board is authorized to otherwise set the base date for dividend distribution and make arrangements for the distribution of cash dividends.
- (4) Subsequently, if any amendment is required due to changes in the dividend yield resulting from the effects of the changes in the Company's share capital on the volume of the number of issued shares, the Company intends to require the shareholders' meeting to authorize the Board to handle it at its full discretion.
3. Descriptions shall be provided if it is expected that there will be material changes in the dividend policy: None.
- (VII) Effects of the intended stock grants on the operating performance and earnings per share of the Company for the year: Not applicable.
- (VIII) Remuneration of employees and Directors:
1. Percentage or scope of remuneration of employees and Directors stipulated in the Articles of Incorporation:

Article 20 of the Articles of Incorporation of the Company stipulates that if the Company records any profit for the year, it shall make appropriations according to the following principles; however, if the Company has accumulated losses, it shall preserve the amount for compensation.

 - (I) No more than 5% as the remuneration of Directors and supervisors.
 - (II) No more than 15% but not less than 3% as the remuneration of employees.

The counterparty for the distribution of remuneration of employees in stock or cash in the preceding paragraph may include employees in subordinated companies who fulfill the conditions established by the Board.
 2. Basis for estimation of the amount of remuneration of employees and remuneration of Directors during the period, basis for the calculation of the number of shares for remuneration of employees distributed in stock, and the accounting treatment if the distribution amount is different from the estimated amount:
 - (1) Basis for estimation of the amount of remuneration of employees and remuneration of Directors during the period: It is estimated at a certain percentage within the percentage scope stated in the Articles based on the profit status of the year.
 - (2) Calculation of the number of shares for stock bonuses: Not applicable.
 - (3) Differences between the actual distribution amount and the estimated amount are accounted for as profit or loss in the following year.
 3. Distribution of remuneration of employees approved by the Board:
 - (1) The amount of remuneration of employees and remuneration of Directors distributed in cash or stocks. If there are differences with the estimated amount in the year of expenses recognition, the differences, reason, and handling status shall be disclosed: The proposal for the proposal for the appropriation of the remuneration of employees and Directors of for 2023 Company was approved at the Board meeting on 1 March 2024, and the intended remuneration of employees in cash and remuneration of Directors for distribution were NT\$10,768,065 and NT\$8,897,261, respectively. The difference between the amount of cash remuneration to employees and directors and

the estimated amount for 2023 is NT\$750,000. The difference is mainly because the calculation of directors' remuneration is based on the actual number of performance indicators. The difference is recognized in profit or loss in 2024.

- (2) The amount of employee remuneration distributed in stocks and its ratio to the net profit after tax in the parent company only or unconsolidated financial statements and the total amount of employee remuneration: Not applicable.

4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and price of shares), and any discrepancy between it and the recognized remuneration to employees, directors, and supervisors, and the reason for the discrepancy and handling status:

- (1) Distribution of remuneration of employees and remuneration of Directors and supervisors from 2022 earnings:

Unit: NT\$

Item	Actual distribution	February 24, 2023 Approved as a resolution by the Board	Differences	Description of reasons for differences
Remuneration of employees	11,189,309	11,189,309	-	-
Director's remuneration	10,300,000	10,300,000	-	-

- (2) If there are differences with the remunerations of employees, Directors, and supervisors recognized, the differences, reason, and handling status shall be described: No difference.

(IX) Shares repurchased by the Company: None.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock options and restricted stock awards: None.

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

VII. Financing Plans and Implementation: As of the quarter prior to the publication date of the annual report, there was no issuance of securities completed or completed in the most recent three years, but the effects of the plan are not fully exerted.

V. Operational Overview

I. Business Activities

(I) Business Scope

1. Main areas of business operations

The company's product range encompasses the research and development, manufacturing, processing, and sales of thermal components, heat dissipation modules, connectors, other electronic components, card readers, and NFC modules. These products are applied in various fields such as electric vehicles, network communications, cloud computing, industrial applications, and consumer products. The thermal module products mainly include heat dissipation modules, thermal conductive components, key heat dissipation components, and chassis products. Other electronic component products comprise various types of card connectors including SD cards below version 7.0, Micro SD cards below version 7.1, Micro SIM cards, Nano SIM cards, smart chip cards, NFC card readers/modules, and various connectors such as HDMI, FPC, etc. Additionally, we offer composite card connectors..

2. Revenue distribution

Below are the sales of the Company's different products as a percentage of revenue in 2023:

Unit: NT\$000'

Item	Operating revenue	(%) of Total Sales
Thermal modules	3,109,813	81.58
Other electronic components	701,962	18.42
Total	3,811,775	100.00

3. Current product and service items of the Company

Main products	Use description
Thermal modules	The products are thermal modules that process and assemble cooling fin, aluminum or copper base, fan, heat pipe, and other thermal elements with the provision of solutions for VCs, water-cooling radiators, and roll-bond radiators; the products are primarily used in servers, data center and cloud calculation, high-end projectors, 5G communication and network equipment, new energy EV, and rail traffic transportation systems, IGBT reinforced home appliances, and other high-end and industrial application products, including PCs, AIO, laptops, and tablets, mobiles phones, mobile devices, and other consumer electronic products.
Other electronic components	The Company engages in the R&D, manufacturing, and sales of various card holder connectors, I/O transmission connectors, USB connectors, memory card & SIM card slot holders, and card reader modules; the products are primarily used in computers, network information and communication equipment and consumer electronic industries and applicable to TVs, laptops, PCs, AIOs, multimedia

Main products	Use description
	displays, STBs, home monitors, vehicle-mounted devices, drones, and smartphones.

4. New products development

- A. EVAC (enhanced volume air cooling), a thermal module for high-watt, multi-node servers
- B. Liquid cooling thermal system for direct-to-node (DTN)
- C. Liquid immersion cooling system
- D. Development of loop heat pipe
- E. Loop thermosyphon
- F. Direct touch heat pipe (DTH) high-performance CPU radiator
- G. Radiator for the connecting 3D VC between the cavity of heat pipes and VCs
- H. Heat pipes and VCs with thinner thickness and reinforced rigidity and hardness for high-end slim and light devices
- I. On-board computer, central control, entertainment information, motor and battery system of electric vehicles and thermal products for LED vehicle lights
- J. Thermal technologies for AAU and RU gNB, CU, DU, Edge, CEP, and other communication equipment for 5G communication
- K. SD above 8.0/Micro SD above 8.0/Micro SIM/Nano SIM card holders and various insert/withdrawal card holders
- L. USB 3.1-C ~ USB 4-C I/O connectors

(II) Industry overview

1. Industry status and development

A. Thermal Industry

With the breakthrough of Artificial Intelligence (AI) technology, digital transformation, and the continuous development of cloud computing, human beings have an increasing demand for storage, transmission, and real-time processing of huge data. The computing efficiency of a data center is the key to supporting these needs, and a good thermal system is an important guarantee for ensuring the efficient operation of a data center. With the expansion of the scale of data centers, the problem of energy consumption has become increasingly prominent, so energy conservation has become an important issue. In order to reduce the energy consumption of data centers, governments and enterprises around the world actively promote related energy-saving technologies and policies. The improvement of thermal technology is one of the key factors for energy conservation. Therefore, the thermal industry has become an important driving force in the development of Taiwan's industry.

Along with the global trend of energy conservation and carbon reduction,, governments worldwide are responding to the net zero trend and actively promoting legislation and policy support, which also stimulates the acceleration of EV and V2X industry chains. The requirements for car bodies are safety and stability. In the future, in response to advances in self-driving technology and development of relevant systems of

different levels, there are complicated and higher-level requirements for the manufacture and development of heat conductive technologies and materials, opening up other opportunities of growth for thermal companies in Taiwan to set foot into the auto field.

Despite the short-term impact of inflation, interest rate hikes, geopolitical uncertainties, and PC inventory correction, in the medium and long term, Taiwan's thermal industry has clear growth momentum, in addition to AI, cloud servers, and electric vehicles, which have attracted much attention, related research and investment competition heat up, 5G infrastructure, Internet of Things, industrial control and other technologies are becoming more mature and integrated, which is bound to develop more extensive applications and business opportunities.

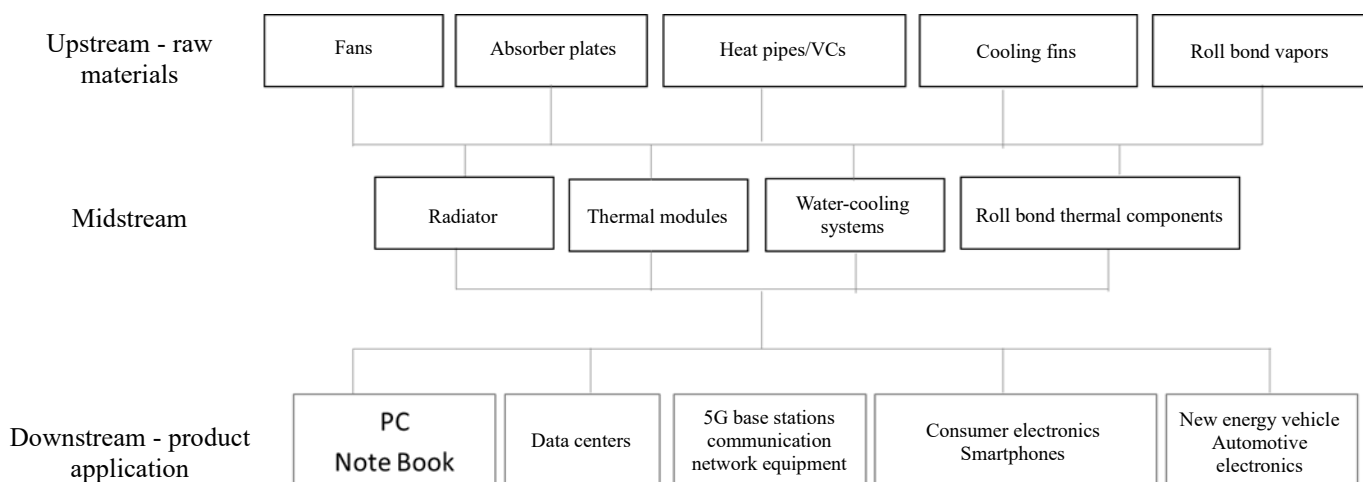
B. Other electronic components

Customers in Taiwan's connector industry are mostly concentrated in the computer and communication industries. In non-3C industries, including automobiles, military aerospace, transportation, medical industries and other industries, the market share is relatively low. In order to penetrate into the supply chain system. However, as the trend of low-price products affects the profits of manufacturers, domestic manufacturers have also accelerated their development in non-3C fields. Currently, Taiwanese manufacturers have penetrated into high value-added fields such as AI, 5G, electric vehicles, cloud, smart homes, Internet of Things, and Industry 4.0. In the medium and long term, the overall industry still has development prospects and growth potential.

2. Connectivity between the upstream, midstream, and downstream of the industry

A. Thermal industry

At present, the main connector products of the Company are heat pipes, VCs, thermal modules, and thermosyphon radiator parts, classified as the electronic part and component industry. The corresponding upstream components include fans, aluminum/copper heat-absorbing base plates, heat pipes/vapor chambers, and aluminum inflation plates, etc. The midstream components are thermal modules that combine radiators and fans, semi-solid die-casting Thermosyphon thermal components, and Liquid Cold plate/water-cooling system thermal solutions. Downstream product applications include PC/NB, servers and data centers, consumer electronics, 5G base stations and network equipment, as well as electric Automotive and auto electronics industries. See below for the correlation between the upstream, midstream and downstream industries:



(1) Supply of upstream major raw materials

Heat pipes, VCs, and thermosyphon required by the production of thermal modules of the Company are majorly self-developed and produced. Raw materials purchased from external parties that are required will be supplied by suppliers with long-term cooperation and healthy relationships with us; therefore, the source of supply and prices of major raw materials are stable.

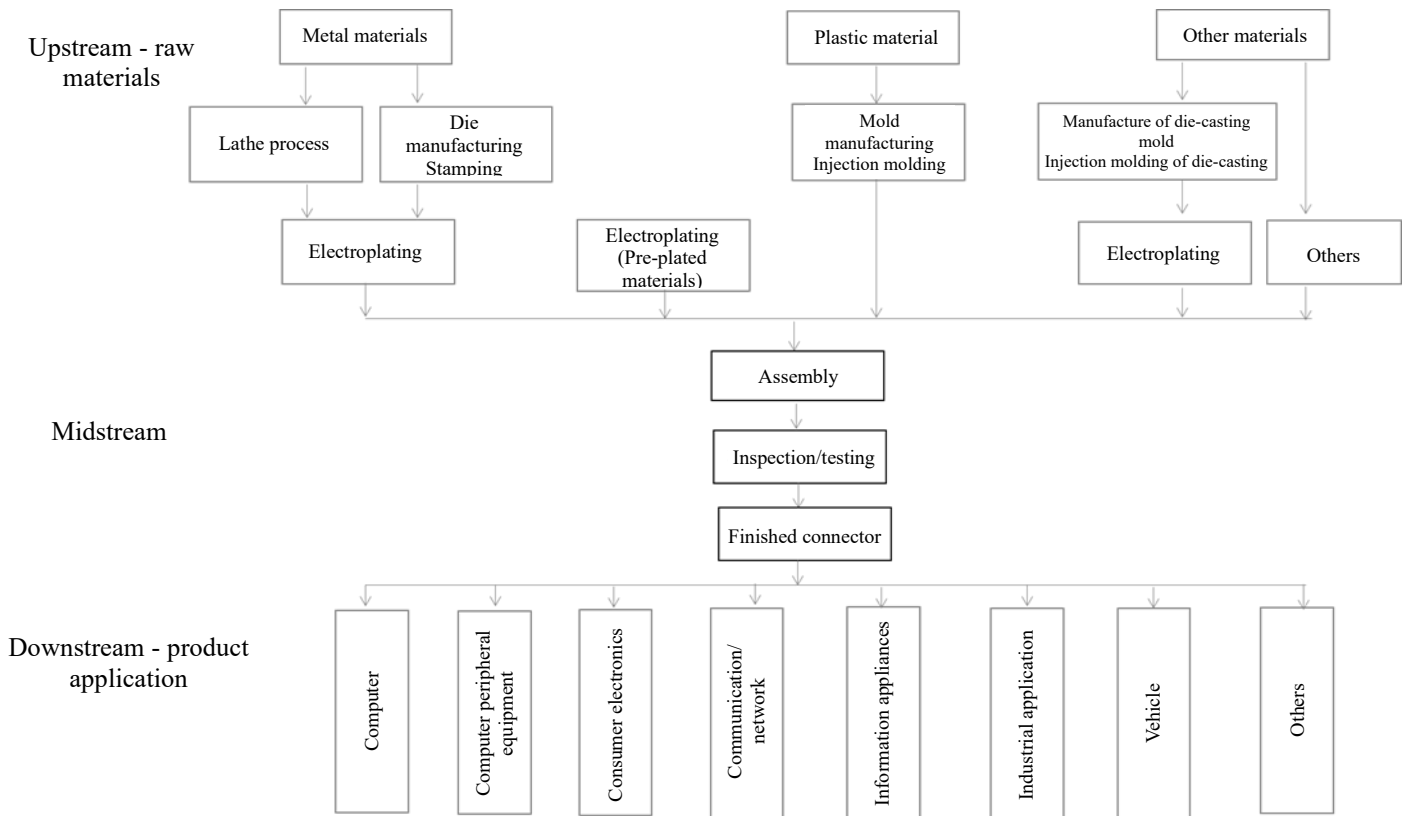
(2) Downstream product application fields

When “slim and light,” “high performance,” and “multi-function” become the key indicators for new electronic technology products, it shows that “radiating” has become the crucial consideration for product performance, reliability, and useful life; meanwhile, it is estimated to drive the downstream application fields of greater growth in the scale of the thermal module/part and component market, such as server, 5G base station and online communication equipment, 5G smartphone, auto electronic, and other product applications.

Given the reduced size of chips and electronic parts and components, the watt density has been rapidly increasing. Moreover, the trend of chip designs is the integration of multiple chips into a single chip. Under the trend of increase in frequency, transmission speed, and size reduction of products, the operating complexity and element heating power will be significantly increased, and such changes impose more stringent specifications and requirements for the thermal management technologies of electronic equipment. In the past, the cooling design of consumer electronic products mainly used the heat conduction method of copper and aluminum materials to dissipate heat directly, or cooperated with a thermal interface material (TIM) or a cooling system to form a cooling system, to carry away the heat generated by the electronic components. As the power density of chips continues to increase, heat pipes, vapor chamber (VC) and thermosyphon cooling components have become the mainstream trend to solve the "heat problem" and are gradually

widely used in CPUs, GPUs and ASICs. Heat dissipation for high-power components. As the world enters the 5G era and artificial intelligence (AI) applications, emerging applications such as high-performance computing (HPC) servers, AI servers, Internet of Things, Internet of Vehicles, smart manufacturing, and smart cities are booming, "cooling" will continue to expand and grow in response to product updates.

B. Other electronic components industry chain



The Company's other electronic components are mainly based on various card socket connectors and I/O transmission connectors, and its main application fields include computer peripherals, network information communications, consumer electronics, and smart appliances. Meanwhile, in response to the development trends of individual markets and electronic products, the Company has expanded the application scope to vehicle-mounted devices, instruments and equipment, military, aerospace, medicine, industry, high-speed telecommunication, and other products. With the upsurge of 5G and AI, connector companies have also included the niche products of cloud, IoT, EV, smart family, and other high added-value fields; it is estimated to bring about the cross-industry diverse applications that form new business opportunities and momentum in the market, allowing the production value of other electronic components to continue to grow.

3. Development trends and competition of products

A. Thermal modules

The development of cooling technologies and products started with the natural convection cooling of the earliest personal computers; then, the air-cooling heat sinks which were mainly made of aluminum and supplemented by forced cooling fans were developed; however, with the rapid evolution of CPUs, the heat generated by As the operating clock rate increases, the corresponding thermal solutions also need to be continuously upgraded, including copper heat sinks, heat pipes, vapor chambers, thermal modules, water-cooling plates, and heat exchangers. With the popularization of the commercial operation of 5G worldwide, the designed introduction of new 5G technologies (i.e., mm-wave communication and AiM) and the use in base stations, end equipment element, online transmission system hardware, and the installation and development of 5G communication network platform, products of the new era require thermal elements and designed introduction to achieve the optimum transmission performance and satisfy the demand for high reliability and costs at the same time under the increasing trend of frequency and speed. With the large-scale commercial use of 5G technologies and the application of AI IoT, a new wave of enormous demand and business opportunities for thermal products will be driven. Given our investments in the electronic industry in the early days, the Company is equipped with R&D and design experiences recognized by major international companies, and the customized heat management solutions that we provide for electronic products of different generations also grow with time with the advances in chip specifications. Today's 5G new technology application equipment includes 5G base stations, servers and data centers, cloud network equipment, CPE customer front-end devices, and mobile phones, computers, e-sports and other terminal devices, and even the Internet of Things, Internet of Vehicles, smart cities, smart factories and other application scenarios, the Company has developed various thermal modules such as high-power thermal modules combining heat pipes and vapor chambers, 3DVC thermal modules, liquid cooling systems, cooling chip modules, and blown plate thermosiphon cooling boxes. Components and thermal management solutions. In addition, for heat-dissipation components, we further verify new materials and introduce new processes and technologies to strengthen the product structure and cooling effect to effectively meet the needs of today's small, light, high thermal design power consumption and high-speed processing performance of today's electronic products.

As the technical threshold for the design of thermal modules is relatively higher, the Company possesses solid R&D innovation and technology capacity, owns multiple thermal patents, supplies high-performance calculation server platforms of NVIDIA/AMD/Intel CPU and GPU, and is consistent with the thermal solutions on the cloud data central standard platform of OCP. Due to outstanding technologies and manufacturing strength, thermal companies in Taiwan hold a material role in the global industry chain. Based on different requirements, the Company provides comprehensive thermal modules and thermal solutions and integrates self-owned plants for production adjustment to ensure the quality of products and delivery on time. The Company adheres to the positioning of a highly customized service supplier. We not only grasped crucial technological and manufacturing advantages but also took the preemptive opportunity to launch a full

production line in the 5G market; we became the optimal choice for cooperation for major large-scale companies at home and abroad and gained adoption and recognition from multiple international brands, representing the highly competitive strength maintains by the Company.

B. Other electronic components

Other electronic components refer to connecting elements and auxiliary accessories used for electronic signals and power in general. Connectors are the bridge between all signals; the quality not only affects the reliability of current and signal transmission but also influences the operating quality of the whole electronic machine. The Company primarily supplies various card readers, I/O transmission connectors, and tray accessories; their market applications include computers and peripherals, consumer electronic products, and online communication equipment. However, 3C electronics have short cycles and are replaced rapidly; in the future, small size, sensitivity and reliability, wireless transmission, intellectualization, and functional integrations will become the development trends. In addition, the EU passed a law to unify the interface of consumer electronics recently, and measurements are being adopted to initiate the specification conversion to use Type-C (with high charging efficiency and data transmission bandwidth) as the interface. The Company has invested in the self-owned design of Type-C and commended automated production in the early stage, and has shipped to large-scale companies of laptops, power bank, earphones, and connecting wire brands. In addition, we will focus on expanding the high value-added industrial computer, monitor, medical, drone and auto markets to increase market share. In recent years, although the connector industry has faced competition from the rise of Chinese factories, the Company, with its more than 30 years of experience in the connector industry and its production layout in China, closely follows the standards of the association, continues to adjust design, improve precision processing, and maintain product quality and stability to meet customer needs.

(III) Research and Development

1. Technical level of the scope of business

Under the effects of globalization, the Company cooperates with domestic and foreign customers to understand the market demand with a target of becoming the leading company within the industry. The Company has established its own core value at an early stage, upgraded to ODM or JDM development step by step due to its professional OEM team, and accumulated considerable technical experience to satisfy the diversifying application fields. The Company carries out element connection design and the complicated part and component assembly and integration by way of projects, proposes solutions or technical supports to keep abreast of the real-time development of downstream application markets and provides rapid development and flexible response capacity of products. Meanwhile, we make use of individualized services to provide customized products of special specifications, are able to jointly develop new products by allying with customers, and provide diverse products and technical services to serve as the foundation for expanding our global operations and long-term development.

2. R&D overview

As the power density of electronic products increases at multiple times, the application of heat sinks has reached the limit of effectiveness. As a result, new cooling components such as heat pipes, vapor chambers, 3D VC and blown plate thermosiphon have been developed. There are also water-cooling plates, liquid cooling systems, die-casting boxes, and cooling designs combined with cooling chips. With the most real-time R&D efficiency, in line with the development schedules of Intel, AMD, NVIDIA and other major chip manufacturers, the air-cooling and liquid-cooling thermal solutions of the new generation processor platform are launched. In addition, the Company also continue to provide customized thermal solution support for the Open Computing Project (OCP) standard platform used in cloud data centers. In terms of other electronic components, due to the trend of slim and light 3C devices, notebooks reduce the number of I/O ports and memory card slots, and the design structure is also developing towards low-profile, small pitch, high-pin, high-frequency and high-speed applications. This led to the development of the latest SD 8.0 memory card connector and USB4.0 Type-C connector, as well as the drawer-type Micro/Nano SIM card holder with card tray using the metal injection molding (MIM) process. The Company has been operating in the industry for years, possesses a professional R&D team with in-depth capacities, and has accumulated multiple R&D achievements and product/technology patents. The Company works closely with the upstream and downstream of the industry, is familiar with industrial development, production technologies, and market trends, and continues to launch products that align with the market demand, standing out from the competition.

3. R&D expenses invested in the most recent year and up to the publication date of the annual report

Unit: NT\$000'

Year	R&D expenses	Net revenue	R&D expenses as a percentage of net revenue
2023	136,704	3,811,775	3.59%

Source: Financial statements audited or reviewed by CPAs.

4. Technologies or products successfully developed

Year	R&D achievements
2018	Card reader
	Card-reader device with clip structure
	Loop heat pipe with separate vapor channel and liquid channel
2019	A type of water-proof connector
	Loop heat pipe with partial capillary materials at the condensation section
	Loop heat pipe with liquid elastic tube
	Fixture for fin radiator
	Thermal device used when there is no forced convection
	A type of connector suction structure
	A type of connector compatible with USB Connector
2020	Card-reader with the function to detect the category of memory cards
	Electric connector contact
	Electric connector contact, SD card, and electronic product
2021	Electronic card tray
	Combination of electronic card and thermal modules
	An Electronic card tray
2022	SD 7.0 /MSD 7.1 / SD 8.0
	Electric connector structure
	Tray structure used in electronic cards
2023	Connector with a detecting structure
	An Electric connector structure
2024	Connector with a limiting structure

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

1. Short-term development

- A. We will cooperate with strategic customers to deploy the high-end immersion cooling market and high-end graphics card thermal solutions.
- B. With an active focus on new-generation applications, we have been following the marketing strategy dominated by electric vehicles and high-end servers, to expand the product lines and global layout, also increase the market shares.
- C. We will expand the product lines of other electronic components and make use of the existing AVL advantages to increase revenue from EMS customers.
- D. In line with the BU-centered management strategy, the Company will uniformly control production and sales, quickly respond to customer needs and deepen the cooperation with key customers.
- E. We propose various production indicators, and regularly track and review them; further control and reduce costs to improve market competitiveness.

F. We plan strategic partners to further expand product lines to meet the needs of our customers.

2. Long-term development

- A. Focus on core technologies, establish a forward-looking and sustainable layout, launch the best design, manufacturing and solutions ahead of competitors, develop towards high-end, high value-added products, and create longer-term competitive advantages.
- B. Improve our operating efficiency, enhance the closed horizontal and vertical integration of business departments within the Group, share market and technological information, and integrate relevant parts and components and products through cross-plant resource integration and centralized procurement to fully exert the effects of economies of scale and improve the production efficiency and upstream and downstream engagement.
- C. We will continue to develop new technologies and new industry products and apply for patents on key technologies to meet the diverse needs of customers and expand business capacity.
- D. Adhering to the business philosophy of professional technologies, high quality, and ethics and implementing the service spirit of customer satisfaction, the Company will combine the forces of the Group to optimize the management system, reinforce the financial structure and corporate nature, actively cultivate talents, and seek corporate growth and joint prosperity and co-existence with the environment and society. Meanwhile, focus on our corporate governance and duly fulfill our corporate social responsibility, building a favorable corporate image.

II. Market and sales overview

(I) Market analysis

(1) Sales region of major products

The company's main business activities are divided into two categories: thermal solutions and other electronic components products. The main sales regions for the past two years are as follows::

Unit: NT\$000'

Sales region \ Year		2022		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Foreign sales	Europe	26,997	0.59	51,216	1.34
	Asia	4,230,817	92.62	3,565,909	93.55
	America	157,385	3.44	121,650	3.19
Domestic sales		153,119	3.35	73,000	1.92
Total		4,568,318	100.00	3,811,775	100.00

(2) Market share

In the past, the thermal industry focused on consumer electronics, and PC, NB, smartphone, and other product lines have matured; facing the increasing competitive

pressure from China, auto and server markets have become the field of competition between thermal companies. Compared with PCs and smart phones, the server supply chain is still dominated by Taiwanese manufacturers, accounting for as high as 90%. The proportion of cooling in these supply chains continues to expand. Electric vehicles and self-driving cars have broken the traditional fixed supply system of carmakers and have also brought new opportunities for auto cooling.

The Company continues to make arrangements for servers. With the improvement in the calculation capacity of server processors, the radiating demand surged, and together with the evident growth momentum of servers, the level of dependence on thermal companies will only increase. For auto radiating, given the years of relationships with our customers, with the shipping volume of EVs in China increases, the auto radiating demand will rise, and the increase in revenue of relevant auto products that is driven by the focus on the thermal system of the central control is beneficial for the continual growth of our performance.

(3) Future market supply and demand and potential

The pandemic accelerated the digital transformation, rapid changes in industries, and the diverse applications of technological products, which further expedited the restructuring and adjustment of the supply chain ecology of industries; diverse supply channels were built to spread risks and distributed production, and regional manufacturing systems were developed so as to further reinforce the operating model of digital platforms. Meanwhile, such circumstances also facilitate industrial upgrades with a focus on high-added value application fields, participation in emerging industries, and establishing international cooperative R&D systems, and further create new opportunities for market segregation and industry transformation.

Taiwanese manufacturers have high market shares in the thermal and connector industries. Due to the rapid advance of AI, 5G, cloud, Internet of Things, industrial control, and electric vehicles continue to develop, which represents the demand for high-speed computing, wireless, and remote products to drive product performance upgrades, resulting in a variety of thermal solutions, which at the same time drove the significant growth of thermal components, the Company has been deeply engaged in the development of thermal technology and product applications for a long time. In addition to securing a large share of orders in the 3C industry, we have also expanded our product line to include servers, data centers, and 5G bases Taiwan, communication and CPE, electric vehicle power system, IoT/Internet of Vehicles devices, medical, and industrial. Based on the global technology development trend, the Company continues to develop and provide a new generation of compatible cooling devices. and niche products, and increase the scale of production, thereby expanding market share and improving profitability.

(4) Competition niche

A. Professional R&D and design teams that develop crucial technologies with market insights

The Company possesses over 20 years of practices based on its in-depth R&D capacity and has developed over a thousand thermal module solutions; it has long

been pursuing technological innovation and new material development to improve the added value of products. The Company has been operating in the industry for years; it works closely with the upstream and downstream of the supply chain, is familiar with industrial development, production technologies, and market trends, and grasps the crucial technologies for thermal elements to launch new generation product solutions in time. It has built irreplaceable customer satisfaction, stably maintains its highly competitive advantage, holds a leading position in the market share, and records performance growth.

- B. Provide diversified products and own long-term stable cooperative relationships with international customers
- C. The Company has been focusing on the field of electronic product parts and components and thermal modules for years and possesses comprehensive thermal management product lines and production experiences for PC, handheld devices, servers, cloud calculation, wireless communication equipment, high-performance calculation, and emerging applications. As customers deeply recognize our product quality and technologies, our sales targets are primarily major companies that are internationally renowned; the Company possesses a favorable cooperative understanding and a high level of trust with them to set a favorable foundation for the business expansion of the Company, and such relationships are also beneficial for new product development and securing new customers.
- D. Self-developed crucial element technologies and highly vertically integrated manufacturing capacity

With the rapid development of 5G, e-commerce, cloud, and AI computing, the demand for servers, data centers, and communication equipment has also surged simultaneously. Emerging applications such as high-performance NB, e-sports, IoT devices, and AI The thermal conductive component can be assembled into a thermal module to improve the cooling performance. The Company independently develops and produces major thermal elements, including the heat pipes, VCs, and roll-bond chambers, grasps crucial technologies to respond to the upstream and downstream vertical integration of thermal modules, continues to invest in procedure and yield improvement, and joins hands with raw material and part suppliers to achieve resource integration, cost reduction, and maintenance of the high-quality.

- E. Flexible adjustment to operations via the global division of labor model
- The headquarters of the Company has built a cross-region resource-sharing platform to effectively integrate market information and R&D cases and provide real-time solutions for products required by customers. It established a new manufacturing center in Taiwan and allocated the production of different production lines based on the manufacturing advantages of different places. It has accumulated multiple and sufficient cooperative supply chains to gain cost competitiveness and flexibly adjust its production operations. The Company makes arrangements for its global sales and service joint network with flexible development venues to provide real-time technologies to customers.

(5) Favorable and unfavorable factors for the development prospect and solutions

A. Favorable factors

- (1) The wave of AI development and the demands for radiating brought by high performance and high energy consumption

In light of the popular discussions about the combination of AI with different fields of applications, relevant investments increased significantly, and the digital transformation demand of enterprises will increase in the long run; due to the continual development of EV and automotive, IoT, industrial control and other technologies, high performance and high energy consumption CPU and GPU drive the demand for equipment and elements, and the demand for thermal solutions will also be increasing; the thermal industry will maintain a trend of strong growth in the following years.

- (2) Continue to develop innovative technologies and diverse products based on its solid R&D and design capacity

The application of the Company's products includes computers and 3C products, servers, high-performance calculation, communication and network equipment, auto electronics, AIoT applications, medicine and industry, and other extensive product items. It possesses extensive experience and solid capacity in terms of design and R&D, technology and crafts, and development schedule management. The Company utilizes the latest computer modulation technologies, with the complementation of various functional testing instruments, to strive for R&D innovation regarding procedures, quality improvement, and products. With over a thousand important patent items approved at home and abroad, we obtained recognition from multiple domestic and foreign major well-known international companies, showing the R&D capacity of the Company and the recognition of excellent product quality by customers.

- (3) Radiating function has become the key to new technology development

From PC to NB, servers, and other high-performance calculations, new electronic applications have been emerging. In the face of 4G and 5G, cloud and data center construction, AIoT terminal commercial devices, autonomous driving, electric vehicles and other new-generation industrial trends, electronic products are moving towards high performance and multi-functionality, and more IC must be embedded under limited space requirements. The calorific value and power consumption of components and modules are also increasing rapidly. Heat dissipation has become the most important consideration for product performance, reliability and even service life. Good cooling performance ensures the stability of hardware equipment operation and high-speed data transmission. In view of the trend of high-profile electronic products, the design and manufacturing capabilities of heat pipes, vapor chamber 3D VC, water-cooling plates, liquid cooling systems, and thermal conductive components of inflation plates are more important. Therefore, the demand for cooling will continue to rise, and then This will help the stable growth and development of the Company's products and businesses.

- (4) Professional division of labor with the integration of R&D capacity and production capacity to exert the overall synergies

To advance the professional fields and operating efficiency of business departments and production areas within the Group, the headquarters takes the lead in reinforcing the integration of resources of the Group and strategic partners, effectively implementing the vertical integration of relevant upstream and downstream part and component supply chain to improve its overall competitive strength, and expands horizontally to relevant products and services to seek new markets and new opportunities. In addition, in response to the effects of the US-China trade war, the Company has newly established a manufacturing center in Taoyuan, Taiwan, for the dispersion of risks. We have continued to integrate the upstream, midstream, and downstream resources across regions to carry out resource adjustment and allocation of production bases to achieve economies of scale. We utilized our excellent price negotiation ability, flexibility, and self-procurement to control our costs, fully exerting the overall operating synergies to secure customer satisfaction and the leading position in the market.

B. Unfavorable factors and countermeasures

(1) Price competition initiated by new companies that intensified the market competition

Electronic products have been developed for a long time, and the procedures of electronic connectors and radiators are relatively mature; therefore, there are many competitors. Furthermore, under the effects of price competition initiated by the merging Chinese companies, the differences in quality resulted in intense market competition.

Countermeasures: Keep abreast of industry trends and preemptive market opportunities, accelerate the exploration of new customers and the development of diverse product lines, and continue to develop and launch new products with high added value. Adopt effective production management, actively improve production technologies and procedures, complemented by planned production and introduction of automated equipment, to reduce production costs, develop substitute technologies or low-price materials. Analyze the changes in gross profits of product lines to adjust and allocate production bases and ratios.

(2) Procurement and inventory management are required to be reinforced due to the volatility in prices of raw metal materials

Facing the unstable political development in the copper-producing countries, acceleration of lockdown release in China, and other factors, the international copper price may further fluctuate, and thermal companies are concerned about the stability of supply.

Countermeasures: The Company has raw material suppliers of long-term cooperation and maintains strategic partner relationships to introduce a list of prioritized suppliers to secure the price negotiation spaces. Meanwhile, the Company actively integrates the production scheduling of various production lines within the Group, adopts concentrated procurement and planned production, lengthens the material preparation cycle of suppliers, and improves the procurement volume to achieve optimized procurement efficiency. Moreover, we negotiated with customers for the reasonable pricing of products moderately in the hope of creating joint prosperity and securing our market share.

(3) Risk of international currency fluctuation affects our overall profits

The Company's markets are dominated by domestic sales in China and the overseas regions of international leading companies. Most of the customers are denominated in USD and RMB. Given the difficulty in controlling the variables of international currency risk and intensified fluctuations in exchange rates, our revenue and profit will be affected.

Countermeasures: The Company has its finance department responsible for collect information related to fluctuations in exchange rates, keep abreast of the changes and trends of currencies at all times, and updates the current value of currencies instantly to serve as the sales department's reference for selling price adjustment, for the benefit of reflecting costs and avoiding losses; the Company may engage in forward exchange to avoid risks when necessary.

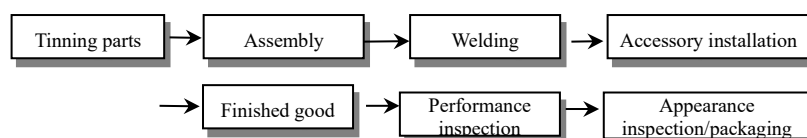
(II) Production Procedures of Main Products

1. Major Products and Their Main Uses

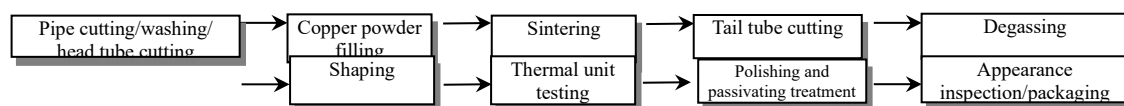
Main products	Use description
Thermal modules	<p>Mainly used in personal computers, industrial computers, workstations, servers, storage equipment, data centers, computer peripherals, LED related products, wired/wireless communication and network equipment, new energy electric vehicles, in-vehicle and auto electronics, transportation and IGBT related industrial application products; consumer products such as projectors, game consoles, smart phones, tablet computers, drones, smart wearable devices, etc.</p> <p>The product category of the Company covers:</p> <ol style="list-style-type: none"> 1. Radiator (heat sink + fan) 2. Thermal modules (heat sink + heat pipe) 3. Heat pipe 4. Vapor chamber 5. Cole plate & liquid cooling system 6. Roll-bond chamber + semi-solid die-casting piece (thermosyphon-assisted enclosure)
Other electronic components	<p>The Company's connectors can be used in the computer, network information communication, and consumer electronics industries, such as TVs, notebook computers, tablet computers, printers, set-top boxes, smart phones, home monitors, vehicle-mounted devices, drones, and 5G Smart Hub (mobile sharing device) and other products.</p> <p>The product category of the Company covers:</p> <ol style="list-style-type: none"> 1. Memory card-reader and SIM card reader 2. USB2.0, USB3.0, USB Type-C, USB Cable, HDMI, FPC and other connectors 3. Card reader Module 4. Memory card adaptor

2. Major Products and Their Production Processes

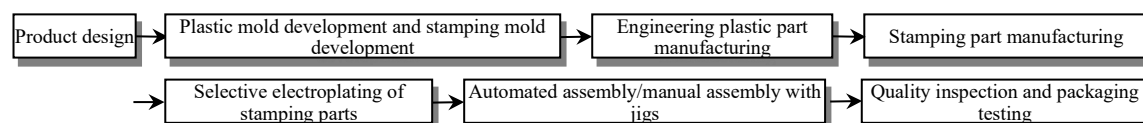
A. Thermal module assembly



B. Manufacturing of heat pipes



C. Manufacture of other electronic components



(III) Supply of major raw materials

Main products	Major raw material	Major supplier	Supply status
Thermal modules	Fans, cooling fins, clips, and copper tubes	Domestic and foreign suppliers	Favorable
Other electronic components	PIN, COVER, hardware, plastic parts, PCB, IC	Domestic and foreign suppliers	Favorable

(IV) Name of customers accounting for 10% of the total purchase (sales) amount or above in any of the most recent two years, and purchase (sales) amount and ratio

1. Major Suppliers and Clients

Unit: NT\$000'; %

Item	2022				2023			
	Title	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Title	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer
1	Company A	896,161	19.62	Non-related party	Company A	744,243	19.52	Non-related party
2	Company B	553,806	12.12	Non-related party	Company B	497,543	13.05	Non-related party
3	Company C	489,770	10.72	Non-related party	Company C	469,613	12.32	Non-related party
	Others (Note)	2,628,581	57.54		Others (Note)	2,100,376	55.11	
	Net sales	4,568,318	100.00		Net sales	3,811,775	100.00	

Note: When the sales to a single customer during the year fail to reach 10% of the sales amount of the Company or above, the customer is included in others.

The Company's products are widely used in computer systems and peripherals, and consumer electronic information products. In recent years, the Company's products have also been extended to servers/data centers, the communications industry, and auto products. However, due to the Sino-US trade war, inflation, global economic slowdown and other factors, the end-user demand decreased and orders decreased. The overall sales amount in 2023 decreased by 16.56% compared with the previous year. With our technology R&D capacity accumulated over the years, the Company has been actively exploring diverse applications and selecting products with growth potentials and stable profits; together with our long-term relationships with customers, the Company will continue its growth momentum and obtain orders from renowned large-scale companies and jointly develop new products.

2. Major suppliers

Unit: NT\$000'; %

Item	2022				2023			
	Title	Amount	As a percentage of the annual net	Relationship with the issuer	Title	Amount	As a percentage of the annual net	Relationship with the issuer
1	Company A	536,390	19.97	Non-related party	Company A	537,679	22.45	Non-related party
	Others (Note)	2,149,514	80.03	Non-related party	Others (Note)	1,857,654	77.55	Non-related party
	Net purchases	2,685,904	100.00		Net purchases	2,395,333	100.00	

Note: When the purchase from a single supplier during the year failed to reach 10% of the purchase amount of the Company or above, the customer is included in others.

The company's main products include thermal components, heat dissipation modules, other electronic components, card readers, and NFC modules. The main raw materials cover terminals, plastic particles, iron casings, copper and aluminum alloys, metal parts, fans and other types of materials. Supply mainly refers to the molds developed and designed to meet the product specifications and manufacture. In order to ensure product quality, the molds are jointly developed through long-term cooperation contractors, and the raw materials required for production are contracted to the third party. In addition, there are multiple suppliers for a single raw material, and the sources of goods are dispersed. Therefore, it is not yet likely to cause supply interruption or shortage. Therefore, the Company has maintained stable supply status of purchases in the last two years, and the change should be reasonable.

(V) Production in the Last Two Years

Unit: NT\$000'; thousand pcs

Production volume and value	Year	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value	
Total	-	57,016	2,205,278	-	41,986	1,750,124	

Source: Provided by the Company.

Note: Heavy machinery and equipment are primarily used to produce heat pipes and plastic parts (finished goods). As the procedures for each product have slight differences, and the backend assembly work is mostly outsourced for processing, manual assembly, or by semi-automated equipment, and other flexible manufacturing; therefore, the general production capacity cannot be specified.

(VI) Sales volume and value in the last two years

Unit: NT\$000'; thousand pcs

Sales volume and value	Year	2022				2023			
		Domestic sales		Foreign sales		Domestic sales		Foreign sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Major product									
Thermal modules		358	139,002	40,744	3,513,095	82	55,019	30,981	3,054,794
Other electronic components		928	14,117	65,594	902,104	778	17,981	46,590	683,981
Total		1,286	153,119	106,338	4,415,199	860	73,000	77,571	3,738,775

III. Employees Status

Unit: person; year

Year		2022	2023	As of February 29, 2024
Number of employees	General employees	573	507	504
	Direct employees	801	787	547
	Total	1,374	1,294	1,051
Average age		35.24	36.07	36.73
Average years of service		4.65	5.54	5.57
Distribution of educational background	PhD	0.07%	0.07%	0.09%
	Master	1.67%	1.55%	1.81%
	Junior College	22.49%	21.10%	26.45%
	Senior High School	28.02%	34.62%	30.45%
	Below high school	47.75%	42.66%	41.20%

IV. Information on environmental protection expenditure

- (I) According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or for pollution drainage, or to pay anti-pollution fees, or organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: None.
- (II) Set out the investment in the major anti-pollution facilities, the use purpose of such facilities, and the possible effects to be produced: None.
- (III) Describing the process undertaken by the Company on environmental pollution improvement for the most recent two years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.
- (IV) Describe losses (including compensation) that occurred to the Company due to environmental pollution and the total punishments imposed in the most recent two years and up to the publication date of the annual report and disclose the future countermeasures (including improvement measures) and potential expenditures (including the estimated amount of losses, punishments, and compensation that may occur for not adopting countermeasures; if the amount cannot be reasonably estimated, please describe the fact for the inability to make reasonable estimates): None.
- (V) Describe the losses that occurred to the Company due to environmental pollution and the total punishments imposed in the most recent two years and up to the publication date of the annual report and disclose the future countermeasures and potential expenditures: None.

V. Labor Relations

- (I) Set out the benefits measures, continuing education, training, and retirement systems of employees and their implementation, and the labor-capital agreements and measures for protecting employees' interests:

◆ Employee welfare

The company values its employees and strives to create a happy workplace, fostering a relationship of mutual trust and prosperity between labor and management. In order to comprehensively care for the rights and interests of employees, the company established the Employee Welfare Committee on May 1, 1999, to improve the company's welfare system and ensure the well-being of every colleague. Currently implemented employee welfare measures include::

1. Friendly workplace

- (1) Flexible working hours for employees to arrange their schedule and care for their family and leisure life.
- (2) Taxis contracted with the Company to transport employees who get off work at night.
- (3) Health inspections more favorable than laws and regulations to spare no effort in protecting the health of our employees and their family members.
- (4) Contracted professional medical personnel providing on-site health services.
- (5) Providing freshly ground coffee and tea bags around the clock, allowing colleagues to experience the comforting warmth of home.

2. Insurance protection

- (1) According to the law, we provide labor insurance, employment insurance, labor

occupational hazard insurance, and national health insurance..

- (2) Group Insurance for Corporations.
- (3) Business Travel Insurance (for business trips, dispatched personnel, and occupational hazard insurance for employees).
3. Leave system
 - (1) Provide a leave system more favorable than laws and regulations.
 - (2) Provide family care leave and nursery leave without pay to ensure employees' family care needs
4. Warm benefits
 - (1) Bonuses for year-end, three material Chinese festivals, and birthday
 - (2) Patent bonuses, seniority bonuses, maternity, marriage, bereavement, celebration subsidies, hospitalization money and retirement bonus
 - (3) Provide various featured gifts for special festivals to allow employees to enjoy warm festivals with their family members.
 - (4) The occasional surprise gifts create little moments of joy in workplace life.
 - (5) A variety of activities (such as year-end banquets, sports competitions, employee trips, meal vouchers, seasonal or special holiday events, afternoon tea, and departmental gatherings).
5. Diversified subsidies
 - (1) Travel subsidies.
 - (2) Educational training subsidies.
 - (3) Sales personnel are entitled to a parking space (fee) subsidies, fixed-amount mobile charges subsidies, vehicle allowance, and fuel charges subsidies.

◆ Workplace environment

The Company implements care for employees with respect to employee safety, environmental health, and occupational health to provide a worry-free and healthy workplace to all employees.

1. Employee safety

- (1) The Company has established its “Workplace Health and Safety Rules,” “Rules for Occupational Safety and Health Management,” “Occupational Safety and Health Management Plan,” “Automatic Inspection Plan,” and other regulations and implements them accordingly.
- (2) The Company implements building public safety inspections every two years to ensure the safety of buildings.
- (3) The Company carries out fire safety equipment inspection and maintenance or relevant declarations each year to ensure fire safety.
- (4) The Company organizes fire safety exercises or relevant educational training at least once a year to improve the workplace disaster prevention response abilities.
- (5) Offices have access control, CCTV, and security systems, and there are securities performing patrol inspections to fully protect employees’ safety.

2. Environmental health

- (1) The Company regularly performs patrol inspections for water dispensers each month, changes filter every three months and carries out tank cleaning and maintenance to protect the hygiene of employees’ drinking water.

- (2) The Company employs dedicated cleaning staff for the sanitization and cleaning of office environments; professional institutions are engaged to perform carpet and A/C cleaning and maintenance each year to keep a healthy and comfortable environment.

3. Occupational health

- (1) The senior management has executed the “Written Declaration for the Prevention of Workplace Illegal Infringement” to openly announce our zero-tolerance toward workplace illegal infringements.
- (2) The Company has established, and will follow, the Prevention Plan for Ergonomic Hazards, Prevention Plan for Diseases Arising from Abnormal Word Load, Prevention Plan for Illegal Infringement When Executing Duties, Workplace Maternal Health Protection Plan, Workplace Sexual Harassment Prevention Measures.
- (3) The Company contracts with professional medical practitioners to provide on-site health services and promotes “occupational disease prevention,” “health improvement,” and relevant operations based on the four major plans of labor health protection.
- (4) The Company implements new employee physique inspections according to the law and regularly organizes employees’ health inspections that are more favorable than laws and regulations to comprehensively care for employees’ health through the follow-up management system of the on-site health services.
- (5) The Company provides ergonomic chairs for all employees, allowing employees to work comfortably, which effectively minimizes ergonomic hazards.

◆ Employees’ remuneration policy

1. Salary adjustment system

The Company carries out salary adjustments based on the operating status and employees’ performances each year, with reference to external macroeconomic development, salaries within the industry, and other factors, to retain employees and encourage them to exhibit their greatest potential through constant learning, co-exist and enjoy joint prosperity with the Company.

2. Salary and reward system

According to the requirements under Article 20 of the Articles of Incorporation, “if there is any profit for the year, the Company shall appropriate 3% as remuneration of employees.” For the distribution standards, apart from measuring the level of contributions to the profits of the Company of different business departments, salaries are also adjusted with reference to the performance evaluation and seniority of employees so as to provide incentives to all employees to jointly create a favorable operating performance, share in the operating achievements, and achieve mutual benefits and labor-capital harmony.

◆ Retirement system

1. Retirement pension appropriation

The Company appropriates 6% as labor retirement pension to employees' individual accounts each month based on the requirements in the "Monthly Contribution Classification of Labor Pension" in accordance with the Labor Pension Act.

2. Qualification for retirement pension

If an employee of TaiSol fulfills any of the following requirements, it may apply for retirement, or a compulsory retirement may be performed:

(1) Self-applied retirement

- i. An employee who has provided services for the Company for 15 years or above and has reached the age of 55.
- ii. An employee who has provided services for the Company for 25 years.
- iii. An employee who has provided services for the Company for 10 years or above and has reached the age of 60.

(2) Compulsory retirement

- i. An employee who has reached the age of 65.
- ii. An employee who is not capable of work due to physical or mental disabilities.

◆ Talent cultivation

We are convinced that "employees" are crucial assets of the Company; continual talent cultivation is a material strategy to improve employees' skills and service quality. Therefore, we have established relevant educational training methods and organized different categories of training to constantly improve employees' know-how and management skills in accordance with the short-term, mid-term, and long-term development plans.

◆ Labor-capital agreement

All labor-capital measures of the Company are subject to the requirements of relevant laws and regulations, and the Company provides multiple channels for employees to reflect their opinions to improve labor-capital harmony; by doing so, the Company can understand the opinions of employees regarding the management system, leadership of directors, welfare system, and working environments. Furthermore, the establishment or amendment to material labor-capital systems shall be fully negotiated between both parties before being implemented; therefore, we have a harmonious labor-capital relationship.

◆ Labor-capital agreements and measures to maintain employees' interest

The Company regularly convenes labor-capital meetings according to the requirements under Article 83 of the Labor Standard Act. Measures related to labor-capital relations are fully negotiated and communicated between both parties; therefore, there is no dispute.

- (II) Any losses suffered the in the most recent fiscal year and up to the annual report date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None.

VI. Information and Communication Security Management

(I) Description of the framework for managing information and communication security risks, information and communication security policies, specific management plans, and resources allocated for implementing information and communication security management:

1. Information and Communication Security Risk Management Framework

To strengthen information and communication security protection and management mechanisms, the company has appointed a security supervisor and a security personnel responsible for governing information security policies and supervising the operation of security management. They regularly review information security development plans and assess information security risks.

2. Information and Communication Security Policies

(1) When conducting various operations, employees must comply with various laws issued by the competent authorities and relevant regulations of the company.

(2) Implementing security management, based on the Plan-Do-Check-Act (PDCA) management cycle mechanism, to review information security work.

(3) All employees are obligated to protect the company's confidential and sensitive information, and unauthorized access, use, disclosure, or disclosure of such information to unrelated colleagues, vendors, and other clients is prohibited.

(4) All employees should remain vigilant at all times regarding any violations of information security policies and procedures, and report them promptly according to the procedures.

(5) The company should develop business continuity plans based on business needs and regularly test and drill them to maintain their applicability.

(6) Significant changes to information equipment (including software and hardware) in various units of the company should be evaluated with the assistance of the information unit for technical and specification compliance.

3. Specific Management Plans

Category	Specific Management Measures
Authorization Management	<ul style="list-style-type: none"> ■ Management and audit of user account permissions ■ Periodic inventory of user account permissions
System and Data Access Control	<ul style="list-style-type: none"> ■ Internal and external access control measures ■ Control measures for data leakage channels ■ Analysis of operational behavior traces
External Threats	<ul style="list-style-type: none"> ■ Vulnerability detection and update measures for host computers ■ Virus protection and malicious program detection
System Availability	<ul style="list-style-type: none"> ■ Monitoring and notification mechanism for system network availability status

Category	Specific Management Measures
	<ul style="list-style-type: none"> <li data-bbox="727 228 1193 300">■ Contingency measures for service interruption <li data-bbox="727 309 1193 425">■ Data backup and redundancy measures, local disaster recovery mechanisms <li data-bbox="727 434 1193 461">■ Regular disaster recovery drills

4. Resources Allocated for Information and Communication Security Management

- (1) Network Equipment: Firewalls, email antivirus, spam filtering, web behavior analysis, network-managed switches, etc.
- (2) Software Systems: Endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
- (3) Telecommunication Services: Multi-line backup, cloud backup services, intrusion prevention services, etc.
- (4) Human Resources Allocation: Daily system status checks, regular backups and off-site storage of backup media, information security awareness education programs, annual system disaster recovery drills, internal audits of information cycles, accountant audits, etc.
- (5) Information Security Personnel: Information security supervisors and personnel responsible for designing security architecture, security operations and monitoring, security incident response and investigation, security policy review and revision, and assessment of information security risks.

(II) List any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impacts therefrom, and countermeasures; if the amount cannot be reasonably estimated, please describe the fact for the inability to make reasonable estimates: None.

VII. Important contracts

At present, apart from the financing contracts with banks that we transact with, there is no supply/sales contract, technical cooperation contract, engineering contract, or any material contract that may affect investors' interest. Below are the main contents of important contracts:

Agreement	Counterparty	Period	Major content	Restrictive term
Plant lease	DongGuan Guangtai Electronics Co., Ltd.	2024.01.16 - 2026.01.15	1. A term of two years 2. The lessor shall propose the written renewal three months before the expiry of the leasing period	None
Right of use assets	Village Committee	2023.10.01-2024.09.30	1. A term of one year 2. After the contract comes into effect, if either party terminates the contract without cause, they shall pay the other party a one-time penalty.	None
Commission contract	Company A4	The contract became effective on December 19, 2014; the contract continues to remain effective unless a party proposes a written termination 30 days in advance	1. Payment collection method: T/T 2. Price calculation method: Establish according to the contract	Confidentiality term
Commission contract	Company A5	2023.01.01-2024.12.31	1. Payment collection method: T/T 2. Price calculation method: Establish according to the contract	Confidentiality term
Agency contract	Company A6	2023.09.01-2024.08.31 The validity period is one year, and both parties agree to automatically renew for another year, with the option to renegotiate upon expiration.	1. Payment collection method: T/T 2. Price calculation method: Establish according to the contract	Confidentiality term
Procurement contract	Company A7	The contract became effective on December 3, 2019, the date of execution, with a valid period of three years; the contract will automatically be extended for three years upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 180 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the market development	Confidentiality term
Procurement contract	Company D2	The contract became effective on November 4, 2019, the date of execution, with a valid period of two years; the contract will automatically be extended for one year upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 120 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the market development	Confidentiality term
Procurement contract	Company D3	The contract became effective on 23 May 2023, the date of execution, with a valid period of two years; the contract will automatically be extended for one year upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 120 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the	Confidentiality term

Agreement	Counterparty	Period	Major content	Restrictive term
			market development	
Procurement contract	Company D4	The contract became effective on October 28,2022, the date of execution, with a valid period of two years; the contract will automatically be extended for one year upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 120 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the market development	Confidentiality term
Procurement contract	Company D6	The contract became effective on 14 February 2022, the date of execution, with a valid period of two years; the contract will automatically be extended for one year upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 120 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the market development	Confidentiality term
Procurement contract	Company D7	The contract became effective on 14 February 2022, the date of execution, with a valid period of two years; the contract will automatically be extended for one year upon the expiry, unless a party proposes a written termination three months before the termination date	1. Payment method: Settled by month of 120 days; after the acceptance, the payment shall be made according to the payment method agreed upon by both parties 2. Price calculation method: Both parties shall negotiate and set the price based on the market development	Confidentiality term

Six. Financial Information

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Condensed balance sheet and statement of comprehensive income

(1) Condensed balance sheet (consolidated)

Unit: NT\$000'

Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		3,460,085	3,560,517	3,286,973	2,893,060	3,255,441
Property, plant and equipment (Note 2)		537,354	608,069	501,640	468,122	435,001
Right-of-use assets		181,112	121,899	98,755	61,511	27,099
Intangible assets		5,214	3,468	2,164	1,517	1,231
Other assets (Note 2)		148,564	94,709	146,420	131,256	117,004
Total assets		4,332,329	4,388,662	4,035,952	3,555,466	3,835,776
Current liabilities	Before distribution	2,206,581	2,304,953	2,165,070	1,575,229	1,799,239
	After distribution	2,389,695	2,463,053	2,296,932	1,750,145	Undistributed
Non-current liabilities		520,261	396,542	161,585	128,010	140,412
Total liabilities	Before distribution	2,726,842	2,701,495	2,326,655	1,703,239	1,939,651
	After distribution	2,909,956	2,859,595	2,458,517	1,878,155	Undistributed
Equity attributable to owner of the parent company		1,605,487	1,687,167	1,709,297	1,852,227	1,896,125
Share capital		872,090	878,283	879,081	879,081	879,081
Capital reserve		310,396	345,042	348,765	348,899	348,899
Retained earnings	Before distribution	497,066	537,716	567,065	702,680	771,058
	After distribution	313,952	379,616	435,203	527,764	Undistributed
Other equity		(74,065)	(73,874)	(85,614)	(61,180)	(85,660)
Treasury shares		-	-	-	(17,253)	(17,253)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,605,487	1,687,167	1,709,297	1,852,227	1,896,125
	After distribution	1,422,373	1,529,067	1,577,435	1,677,311	Undistributed

* If the Company has prepared its unconsolidated financial statements, it shall otherwise prepare the condensed individual balance sheet and statement of comprehensive income for the most recent five years.

Note 1: Please specify the years without CPA audits and certification.

Note 2: If the Company performs the revaluation of assets, the performing date and the revaluation appreciation amount shall be specified.

Note 3: As of the publication date of the annual report, if there is any latest financial data audited and certified or reviewed by CPAs of companies listed or with stocks listed on TWSE/TPEx for trading, such data shall also be disclosed.

Note 4: Please fill in the figures above referred to as after distribution based on the resolution made at the annual shareholders meeting in the following year.

Note 5: If the competent authority notifies the Company to correct or re-prepare the financial data, please set out the corrected or re-prepared figure and specify the circumstances and reasons.

Condensed balance sheet (parent company only)

Unit: NT\$000'

Year Item		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,470,022	1,813,940	1,787,067	1,536,358	1,653,288
Long-term investments by equity method		1,356,412	1,446,340	1,339,800	1,250,680	1,337,473
Property, plant and equipment (Note 2)		151,589	152,328	151,324	149,515	152,293
Right-of-use assets		4,081	5,602	6,551	4,725	3,076
Intangible assets		4,161	2,804	1,803	1,196	1,120
Other assets (Note 2)		62,350	45,023	62,571	84,799	74,646
Total assets		3,048,615	3,466,037	3,349,116	3,027,273	3,221,896
Current liabilities	Before distribution	1,032,169	1,447,588	1,512,277	1,050,238	1,156,985
	After distribution	1,215,283	1,605,688	1,644,139	1,225,154	Undistributed
Non-current liabilities		410,959	331,282	127,542	124,808	168,786
Total liabilities	Before distribution	1,443,128	1,778,870	1,639,819	1,175,046	1,325,771
	After distribution	1,626,242	1,936,970	1,771,681	1,349,962	Undistributed
Share capital		872,090	878,283	879,081	879,081	879,081
Capital reserve		310,396	345,042	348,765	348,899	348,899
Retained earnings	Before distribution	497,066	537,716	567,065	702,680	771,058
	After distribution	313,952	379,616	435,203	527,764	Undistributed
Other equity		(74,065)	(73,874)	(85,614)	(61,180)	(85,660)
Treasury shares		-	-	-	(17,253)	(17,253)
Total equity	Before distribution	1,605,487	1,687,167	1,709,297	1,852,227	1,896,125
	After distribution	1,422,373	1,529,067	1,577,435	1,677,311	Undistributed

* If the Company has prepared its unconsolidated financial statements, it shall otherwise prepare the condensed individual balance sheet and statement of comprehensive income for the most recent five years.

Note 1: Please specify the years without CPA audits and certification.

Note 2: If the Company performs the revaluation of assets, the performing date and the revaluation appreciation amount shall be specified.

Note 3: As of the publication date of the annual report, if there is any latest financial data audited and certified or reviewed by CPAs of companies listed or with stocks listed on TWSE/TPEX for trading, such data shall also be disclosed.

Note 4: Please fill in the figures above referred to as after distribution based on the resolution made at the annual shareholders meeting in the following year.

Note 5: If the competent authority notifies the Company to correct or re-prepare the financial data, please set out the corrected or re-prepared figure and specify the circumstances and reasons.

(2) Condensed statement of comprehensive income (consolidated)

Unit: NT\$000'

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	4,669,367	5,257,058	4,978,281	4,568,318	3,811,775
Gross profit	1,097,765	1,063,082	883,375	872,984	787,451
Operating gain or loss	442,613	366,532	282,812	275,680	266,531
Non-operating income and expenses	(24,816)	(41,401)	(26,977)	90,375	52,429
Net profit before tax	417,797	325,131	255,835	366,055	318,960
Net income of the entity continuing as a going concern for the year	292,582	225,236	187,449	267,477	243,294
Losses from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	292,582	225,236	187,449	267,477	243,294
Other comprehensive income for the period (net after tax)	(30,633)	(1,281)	(11,740)	23,179	(24,480)
Total comprehensive income for the period	261,949	223,955	175,709	290,656	218,814
Net profit attributable to the owners of the parent company	292,582	225,236	187,449	267,477	243,294
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	261,949	223,955	175,709	290,656	218,814
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	3.38	2.58	2.13	3.05	2.78

* If the Company has prepared its unconsolidated financial statements, it shall otherwise prepare the condensed individual balance sheet and statement of comprehensive income for the most recent five years.

Note 1: Please specify the years without CPA audits and certification.

Note 2: As of the publication date of the annual report, if there is any latest financial data audited and certified or reviewed by CPAs of companies listed or with stocks listed on TWSE/TPEX for trading, such data shall also be disclosed.

Note 3: Losses from discontinued operation may be presented in net after deducting income tax.

Note 4: If the competent authority notifies the Company to correct or re-prepare the financial data, please set out the corrected or re-prepared figure and specify the circumstances and reasons.

Condensed Statement of Comprehensive Income (parent company only) Unit: NT\$000'

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,881,505	3,406,344	3,326,352	2,990,834	2,316,825
Gross profit	442,942	537,510	601,018	542,866	404,185
Operating gain or loss	135,823	220,606	344,115	272,085	167,990
Non-operating income and expenses	245,226	98,715	(88,298)	79,403	138,772
Net profit before tax	381,049	319,321	255,817	351,488	306,762
Net income of the entity continuing as a going concern for the year	292,582	225,236	187,449	267,477	243,294
Losses from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	292,582	225,236	187,449	267,477	243,294
Other comprehensive income for the period (net after tax)	(30,633)	(1,281)	(11,740)	23,179	(24,480)
Total comprehensive income for the period	261,949	223,955	175,709	290,656	218,814
Earnings per share	3.38	2.58	2.13	3.05	2.78

Note 1: Please specify the years without CPA audits and certification.

Note 2: As of the publication date of the annual report, if there is any latest financial data audited and certified or reviewed by CPAs of companies listed or with stocks listed on TWSE/TPEX for trading, such data shall also be disclosed.

Note 3: Losses from discontinued operation may be presented in net after deducting income tax.

Note 4: If the competent authority notifies the Company to correct or re-prepare the financial data, please set out the corrected or re-prepared figure and specify the circumstances and reasons.

(II) Auditors' Opinions for the most recent five years

Year	CPA's firm	CPAs	Opinion
2019	KPMG	CPAs Isabel Lee and Jason Yin	Unqualified opinion
2020	KPMG	CPAs Isabel Lee and Jason Yin	Unqualified opinion
2021	KPMG	CPAs Derek Chen and Jason Yin	Unqualified opinion
2022	KPMG	CPAs Derek Chen and Jason Yin	Unqualified opinion
2023	KPMG	CPAs Derek Chen and Jason Yin	Unqualified opinion

II. Financial analysis for the most recent five years

(I) Financial analysis (consolidated)

Year (Note 1) Item of analysis (Note 3)		Financial analysis for the most recent five years					
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	62.94	61.56	57.65	47.90	50.57	
	Ratio of long-term capital to property, plant and equipment	395.60	342.68	372.95	423.02	468.17	
Solvency (%)	Current ratio	156.81	154.47	151.82	183.66	180.93	
	Quick ratio	127.33	124.44	116.76	151.86	156.78	
	Interest coverage ratio	25.05	21.24	23.08	42.23	197.52	
Operating performance	Receivables turnover (time)	2.47	2.49	2.38	2.46	2.33	
	Average collection days	148	147	153	148	157	
	Inventory turnover (time)	7.96	7.65	6.34	6.95	8.03	
	Payables turnover (time)	3.23	3.46	3.29	3.45	2.81	
	Average sales day	46	48	58	53	45	
	Property, plant and equipment turnover (time)	10.33	9.18	8.97	9.42	8.44	
	Total assets turnover (time)	1.19	1.21	1.18	1.20	1.03	
Profitability	Return on assets (%)	7.80	5.46	4.67	7.23	6.62	
	Return on equity (%)	19.51	13.68	11.04	15.02	12.98	
	As a percentage of paid-up capital (%)	Operating gains	51.18	41.75	32.17	31.36	30.32
		Net profit before tax	48.31	37.02	29.10	41.64	36.28
	Profit margin (%)	6.27	4.28	3.77	5.86	6.38	
	Earnings per share (NT\$) (Note 2)	3.38	2.58	2.13	3.05	2.78	
Cash flows	Cash flow ratio (%)	18.93	17.94	13.81	51.49	37.26	
	Cash flow adequacy ratio (%)	82.65	66.86	69.20	119.46	155.03	
	Cash reinvestment ratio (%)	12.54	9.39	6.14	28.25	20.18	
Leverage	Operating leverage	1.56	1.54	1.65	1.59	1.40	
	Financial leverage	1.04	1.05	1.04	1.03	1.01	

Please describe the reason for changes in financial ratios in the most recent two years. (if the changes are less than 20%, the analysis is not required).

- (1) Solvency: The increase in interest coverage ratio was mainly due to the decrease in interest expenses as compared to the same period last year.
- (2) Cash flow: The decrease in cash flow ratio and cash reinvestment ratio are mainly due to the decrease in net cash inflow from operating activities compared to the same period last year; the increase in cash flow adequacy ratio is mainly due to the increase in net cash flow from operating activities in the recent five years.

Financial analysis (parent company only)

Year (Note 1) Item of analysis (Note 2)		Financial analysis for the most recent five years					
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	47.34	51.32	48.96	38.82	41.15	
	Ratio of long-term capital to property, plant and equipment	1,330.21	1,325.07	1,213.85	1,322.30	1,355.88	
Solvency (%)	Current ratio	142.42	125.31	118.17	146.29	142.90	
	Quick ratio	118.52	104.39	101.00	129.58	127.99	
	Interest coverage ratio	60.72	48.72	53.98	84.53	2,397.58	
Operating performance	Receivables turnover (time)	2.89	3.35	2.89	2.95	2.85	
	Average collection days	126	109	126	124	128	
	Inventory turnover (time)	15.30	11.84	9.78	11.40	11.19	
	Payables turnover (time)	4.33	4.29	3.16	3.10	2.53	
	Average sales day	24	31	37	32	33	
	Property, plant and equipment turnover (time)	18.90	22.42	21.91	19.88	15.35	
	Total assets turnover (time)	1.00	1.05	0.98	0.94	0.74	
Profitability	Return on assets (%)	10.33	7.08	5.61	8.50	7.79	
	Return on equity (%)	19.51	13.68	11.04	15.02	12.98	
	As a percentage of paid-up capital (%)	Operating gains	15.71	25.13	39.14	30.95	19.11
		Net profit before tax	44.06	36.37	29.10	39.98	34.90
	Profit margin (%)	10.15	6.61	5.64	8.94	10.50	
	Earnings per share (NT\$) (Note 3)	3.38	2.58	2.13	3.05	2.78	
Cash flows	Cash flow ratio (%)	(2.69)	38.45	20.50	62.50	25.85	
	Cash flow adequacy ratio (%)	8.82	76.69	118.67	179.39	191.16	
	Cash reinvestment ratio (%)	(6.47)	24.00	8.17	26.22	5.94	
Leverage	Operating leverage	1.25	1.04	1.03	1.03	1.05	
	Financial leverage	1.05	1.03	1.01	1.02	1.00	

Please describe the reason for changes in financial ratios in the most recent two years. (if the changes are less than 20%, the analysis is not required).

- (1) Solvency: The increase in interest coverage ratio was mainly due to the decrease in interest expenses as compared to the same period last year.
- (2) Operating capacity: Property, plant, and equipment turnover rate and total asset turnover rate both decreased, mainly due to a year-on-year decrease in revenue.
- (3) Profitability: Operating profit as a percentage of paid-in capital decreased mainly due to the decrease in operating profit compared to the same period last year.
- (4) Cash flow: Both the cash flow ratio and the cash reinvestment ratio declined, mainly due to the decrease in net cash inflow from operating activities compared to the same period last year.

* If the Company has prepared its unconsolidated financial statements, it shall otherwise prepare the individual financial ratio analysis of the Company.

Note 1: Please specify the years without CPA audits and certification.

Note 2: As of the publication date of the annual report, if there is any latest financial data audited and certified or reviewed by CPAs of companies listed or with stocks listed on TWSE/TPEx for trading, such data shall also be analyzed.

Note 3: At the end of the table in the annual report, the following calculation formulas shall be presented:

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 - prepayments)/current liabilities.
- (3) Interest coverage ratio = Net profit before tax and interest expenses/interest expenses for the period.

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable arising from the operation) turnover = Net sales/balance of average receivables (including accounts receivable and notes receivable arising from the operation) of each period.
- (2) Average collection day = 365/receivables turnover.
- (3) Inventory turnover = Cost of sales/average inventory.
- (4) Payables (including accounts payable and notes payables arising from the operation) turnover = Cost of sales/balance of average payables (including accounts payable and notes payables arising from the operation) of each period.
- (5) Average sales day = 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 × (1 - tax rate)]/average total assets.
- (2) Return on equity = Profit or loss after tax/average net equity.
- (3) Profit margin = Profit or loss after tax/net sales.
- (4) Earnings per share = (Profit or loss attributable to the owner of the parent company - preferred shares dividends)/weighted average number of issued shares. (Note 4)

5. Cash flows

- (1) Cash flow ratio = Net cash flows from operating activities/current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flows 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 flows 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 revenue - variable operating costs and expenses)/operating gains (Note 6).
- (2) Financial leverage = Operating gains/(operating gains - interest expenses).

Note 4: For the calculation formula of earnings per share above, please be aware of the following matters when measuring:

- 1. The measurement shall be based on the weighted average number of ordinary shares, instead of the number of issued shares at the end of the year.
- 2. For any capital increase or treasury share transactions, the circulation period shall be considered when calculating the weighted average number of shares.
- 3. For any capital increase from earnings or capital increase from the capital reserve, a retrospective adjustment shall be made based on the ratio of the capital increase when calculating the earnings per share for the past year and the interim period, without considering the issuance period of the capital increase.
- 4. If preferred shares are non-convertible cumulative preferred shares, the dividend for the year (whether distributed or not) shall be deducted from net profit after tax, or be added to net loss after tax. If preferred shares are not cumulative, in the case of recording net profit after tax, dividends of the preferred shares shall be deducted from net profit after tax; if a loss is recorded, no adjustment is required.

Note 5: Please be aware of the following matters when measuring cash flow analysis:

- 1. Net cash flows from operating activities refer to net cash inflows from operating activities in the statement of cash flows.
- 2. Capital expenditure refers to the cash outflows from investments each year.
- 3. The increase in inventories is included when the balance at the end of the period is higher than the balance at the beginning of the period; if inventories decrease at the end of the year, it shall be calculated as 0.
- 4. Cash dividend includes cash dividend of ordinary shares and preferred shares.
- 5. Gross property, plant and equipment refers to total property, plant and equipment before deducting the accumulated depreciation.

Note 6: If the issuer divides its operating costs and expenses into the fixed group and variable group based on the nature, please be aware of the rationale and maintain consistency when involving any estimates or subjective judgments.

Note 7: If the stock of the Company has no par value or the par value is not NT\$10 per share, the calculation related to the ratio to paid-in capital shall be calculated by using the ratio attributable to owner of the parent company in the balance sheet.

III. Audit Committee's Report on the financial statements for the Most Recent Year: see Page 131.

IV. Financial statements for the most recent year: see Page 132 to Page 194.

V. Parent company only financial statements for the most recent year audited and certified by CPAs: see Page 195 to Page 253.

VI. If any financial difficulties occurred to the Company and affiliates in the most recent year and up to the date of publication of the annual report, the effects on the financial position of the Company shall be specified: None.

Seven. Review of Financial Position, Financial Performance, and Risk Management

I. Analysis of Financial Position

Unit: NT\$000'

Item	Year	2023	2022	Differences	
				Amount	%
Current assets		3,255,441	2,893,060	362,381	12.53
Property, plant and equipment		435,001	468,122	(33,121)	(7.08)
Right-of-use assets		27,099	61,511	(34,412)	(55.94)
Intangible assets		1,231	1,517	(286)	(18.85)
Other assets		117,004	131,256	(14,252)	(10.86)
Total assets		3,835,776	3,555,466	280,310	7.88
Current liabilities		1,799,239	1,575,229	224,010	14.22
Non-current liabilities		140,412	128,010	12,402	9.69
Total liabilities		1,939,651	1,703,239	236,412	13.88
Share capital		879,081	879,081	-	-
Capital reserve		348,899	348,899	-	-
Retained earnings		771,058	702,680	68,378	9.73
Other equity		(85,660)	(61,180)	(24,480)	40.01
Treasury shares		(17,253)	(17,253)	-	-
Total shareholders' equity		1,896,125	1,852,227	43,898	2.37

Note 1: Main reasons for the material changes (changes between the former and the latter period reaching 20% and the amount of change reaching NT\$10 million or above) in assets, liabilities, and shareholder's equity in the most recent two years and the effects and countermeasures in the future shall be described

Main reasons for the material changes and the effects and countermeasures in the future

1. Decrease in right-of-use assets: Primarily due to the depreciation provided by using the straight-line method during the leasing period.
2. Decrease in other equity: Mainly due to the decrease in exchange differences on translation of the financial statements of foreign operations.

II. Financial performance

Unit: NT\$000'

Item	Year		Amount increased/decreased	Percentage of change (%)
	2023	2022		
Net revenue	3,811,775	4,568,318	(756,543)	(16.56)
Operating cost	3,024,324	3,695,334	(671,010)	(18.16)
Gross profit	787,451	872,984	(85,533)	(9.80)
Operating expenses	520,920	597,304	(76,384)	(12.79)
Operating income	266,531	275,680	(9,149)	(3.32)
Non-operating income and expenses	52,429	90,375	(37,946)	(41.99)
Net profit before tax	318,960	366,055	(47,095)	(12.87)
Income tax expenses	75,666	98,578	(22,912)	(23.24)
Net income for the period	243,294	267,477	(24,183)	(9.04)
Other comprehensive income for the period	(24,480)	23,179	(47,659)	(205.61)
Total other comprehensive income for the period	218,814	290,656	(71,842)	(24.72)

(I) Analysis and description of changes (changes reaching 20% or above and the amount of change reaching NT\$10 million):

1. Decrease in non-operating income and expenses: mainly due to the decrease in foreign currency exchange gains year-on-year.
2. Decrease in income tax expenses: mainly due to the decrease in overall operating profit in the current year.
3. Decrease in other comprehensive income: Mainly due to the decrease in exchange differences on translation of financial statements of foreign operations.

(II) Estimated sales volume and its basis:

As the overall business environment becomes increasingly complex, the Company is expanding the share of its business in auto, energy storage, 5G, cloud servers, and high-speed computing (HPC). The Company offers liquid-cooling and air-cooling integrated thermal solutions to improve profitability. In 2024, with the continuation of the growth momentum, we hope to create a more adaptable and efficient team by reinforcing the competitive strength of our internal parts and providing values that exceed customers' expectations under the backdrop of the uncertain recovery of industrial circulations and share the business achievements in the future.

III. Cash flows

(I) Analysis of changes in cash flows in the most recent year

Unit: NT\$000'

Item \ Year	2023
Net cash inflows (outflows) from operating activities	670,430
Net cash inflows (outflows) from investing activities	(206,906)
Net cash inflows (outflows) from financing activities	(211,221)

Analysis and description of changes:

The net cash inflow from operating activities in 2023 was mainly from the operating profit; the net cash outflow from investment activities was NT\$162,104 thousand for time deposits with maturity over three months; the net cash outflow from financing activities, mainly cash dividends of NT\$174,916 thousand. As of December 31, 2023, the Company's cash and cash equivalents amounted to NT\$1,001,154 thousand, and the Company had financing limits available with a number of banks. Therefore, its working capital should be sufficient to cover the daily needs of future operations required.

(II) Cash flows analysis for the following year and remedial measures for cash deficit

Unit: NT\$000'

Cash balance at the beginning of the period (1)	Estimated net cash inflow from operating activities for the year (2)	Estimated net cash outflows from non-operating activities throughout the year (3)	Estimated cash balance (1)+(2)+(3)	Remedial measures for cash deficit	
				Investment plan	Wealth management plan
1,001,154	21,626	(50,944)	971,836	-	-

The cash surplus in 2024 is estimated to be sufficient to meet the Company's daily operating needs.

IV. Effect of major capital expenditures on finance and business in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for gains or losses, improvement plan, and investment plan for the following year.

The Company has set up overseas subsidiaries and service joints in the U.S., China, Japan, and Vietnam. At present, the relocation of the SiYang Plant is complete. We adjusted the organization of different plants, specified their positions and production capacity planning, integrated resources adaptability, and instantly satisfied customers' requirements. Furthermore, we actively made downward adjustments to the volume of inventories, set up an additional Procurement Section of

the Group to avoid idle inventories and locked-up capital and kept abreast of the pricing trends of supplies at all times through the centralized management of the Procurement Section so as to reduce costs, make flexible responses to internal/external risks, and reinforce our competitive strength. With Taiwanese companies decentralized their production systems and the evident relocation to Southeast Asia, India, and Mexico in recent years, in response to customers' acts, TaiSol established offices in relevant regions to expand its scope of services and concurrently explore new business opportunities.

VI. For risks, the following matters in the most recent year and up to the publication date of the annual report shall be analyzed and evaluated:

(I) Effects of changes in the interest rate and exchange rate and inflation on the Company's profit or loss and future countermeasures

Unit: NT\$000'

Item	Year
	2023
Net interest income	23,700
Exchange gains	6,224
Net revenue	3,811,775
Net interest income/Net revenue (%)	0.62%
Exchange gains/net revenue (%)	0.16%

Source: Financial statements for 2023 audited and certified by CPAs.

1. Effects of changes in interest rates on the gain or loss of the Company and future countermeasures

Bank borrowings of the Company accrue at variable interest rates; therefore, the Company is exposed to the risk of cash flow interest rate. In the future, the Company will adopt conservative actions for changes in interest rates. Apart from continuing to maintain a healthy relationship with banks that we transact with and actively striving for lower interest rates for borrowings, if there is any idle capital, time deposits or acquisition of wealth management products will be adopted for use to collect higher interest income.

2. Effects of changes in exchange rates on the gain or loss of the Company and future countermeasures

The foreign sales ratio of the Company's products accounts for over 90% of the overall revenue. Foreign sales are primarily denominated in USD and RMB as the primary denomination unit for incoming feeds is USD and RMB; therefore, partial risk of exchange risk may be eliminated between purchases and sales.

Substantial countermeasures in response to changes in exchange rates:

- A. Creditors' rights and liabilities in foreign currencies may be offset through foreign sales and the import of goods to give rise to natural hedging effects, and in turn, mitigate exchange risks.
- B. When quoting, the Sales Department shall consider the effects of exchange rates on the selling price before making the quote to ensure the level of profits of the Company's products.
- C. Collect information related to exchange rate changes daily and require banks that we transact with to provide professional consultation services to fully grasp the exchange

rate development trend. Carry out foreign currency position management based on the capital requirements of the Company; apart from making discretionary arrangements according to the recommendations of banks for material changes, the Company shall appropriately keep the initial currencies received from foreign sales to make daily payments.

D. Observe the development trend of USD and reduce positions denominated in USD and trade foreign exchange for hedging in due course to reduce the fluctuation of exchange rates on the gain or loss of the Company.

3. Effects of changes in inflation on the gain or loss of the Company and future countermeasures

There was no effect of changes in inflation on the gain or loss of the Company in recent years.

(II) Policies regarding high-risk investments, high-leverage investments, loans to others, endorsement/guarantees, and derivative transactions, main reasons for gains or losses, and countermeasures in the future

For loans to others, endorsement/guarantee, and derivative transactions, the Company has established the Procedures for Loans to Others, Procedures for Endorsement/Guarantee, Procedures for the Acquisition or Disposal of Assets,” and other relevant regulations that were approved by the shareholders’ meeting to regulate our operations. The Company has not engaged in any high-risk investment, high-leverage investment, or derivative transaction in 2023; therefore, there was no loss.

(III) Future R&D plan and R&D expenses expected to be invested

1. On thermal modules, the Company will develop EVAC (enhanced volume air cooling), liquid cooling system, heat pipe/VC integrated thermal modules, and thermosyphon/loop heat pipe thermal modules for HPC servers and data centers; for smartphones and slim electronic devices, the Company will develop ultra-thin VC and tail flat head heat pipes; for 5G communication base stations and network equipment, the Company will develop high power thermosyphon/die-casting box radiators, floating/3D VC modules, substrate radiators, optical module radiators, and water-cooling thermal systems. In addition, regarding the future development trend of new energy EVs and rail transportation, the Company also participates in the development of thermoelectric cooling chip radiators, box precision die-casting pieces, thermal elements of electric cabinets, large-scale water-cooling plates, IGBT thermal modules for inverters, and thermal solutions for LiDAR for self-driving vehicles and automotive computers.

2. On other electronic components, we are facing intensive competition within the supply chain of the industry. We will attach attention to micro, high intensity, high frequency, and high-speed transmission for products as our R&D focuses, and we primarily aim at fully automated production for product development. Apart from developing wearable products and USB-C for their peripherals and developing SD 7.0, 7.1, and 8.0 memory card series connectors and matched trays that passed the high-frequency test of the association’s requirements for the application on portable products, the Company is also actively developing latest USB4-C Gen3 connectors issued by the USB-IF that are compatible with Thunderbolt 4 in the hope of providing high-end products (i.e., commercial use, consumer NB, automotive products, and others) to increase the introduction of the requirements of such applications. Meanwhile, the Company continues to develop automated equipment and assembly wiring; the adoption

of automated production not only reduces costs but also maintains the stability of product quality and improves the yield and market competitive strength. We hope to continue taking the lead in the industry to develop and produce light, thin, and small products that satisfy the requirements of the high-end market.

3. In recent years, the Company has continuously been investing in R&D and human resources for various products. R&D expenses invested amounted to NT\$177,758 thousand in 2022 and NT\$136,704 thousand in 2023, and are expected to amount to NT\$169,433 thousand in 2024, representing a trend of increase as compared to 2023.

(IV) Effect of changes in material domestic and foreign policies and laws of significance on the finance and business of the Company and countermeasures:

1. In recent years, changes in domestic and foreign policies and laws of significance have had no material effect on the finance and business of the Company.
2. Subsequently, if there is any change in material domestic and foreign policies and laws, the Company will consult professionals related to laws and accounting and plans for countermeasures based on their recommendations to minimize the effects on the finance and business of the Company.

(V) Effect of technological changes and industrial changes on the Company's finance and business, and countermeasures:

The Company keeps abreast of changes in the market and within its industry, as well as the changes and development trends of relevant technologies at all times and learns the development of industrial technologies that have material effects on the future development and finance and business of the Company through the close relationships with our customers, allowing the R&D personnel of the Company to develop products that align with the market demand. In 2023 and up to the publication date of the annual report, there was no material change in technology or industry with the result that may have material effects on the finance and business of the Company.

(VI) Effect of changes in the corporate image on corporate crisis management and countermeasures:

The Company has long been committed to maintaining its corporate image and observing regulatory requirements. As of today, there is no circumstance that may affect our corporate image.

(VII) Expected benefits and possible risks related to mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and possible risks related to plant expansion and countermeasures: None.

(IX) Risks related to concentrated sales or purchases and countermeasures:

For purchases, the counterparties for procurements are primarily suppliers with long-term cooperation and favorable quality of supplies to ensure the stability of our product quality. At present, there is no concentrated purchase risk. For sales, with our comprehensive R&D capacity and quality and production technologies deeply recognized by customers, the counterparties for sales are primarily renowned large-scale companies at home and abroad with long-term stable cooperation. In addition, the changes in sales in the most recent two years have minor changes due to the adjustments to the Company's strategies and the changes in the organization and procurement strategies of customers. In the future, we will continue

to develop new products and new customers to spread the potential risk of concentrated purchases/sales.

- (X) Effects and risks of mass transfer or change in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company and countermeasures:

Our former Chairman/controlling shareholder, Mr. Yu Ching-sung, sold 12,188 thousand shares in August 2023, exceeding half of the shares held at the time of appointment, resulting in automatic dismissal from the positions of director and chairman according to the law. At the same time, Singatron Enterprise Co., Ltd. purchased 9,188 thousand shares of our company's stock in August 2023, holding 10.45% of the shares, making it the largest shareholder of our company. Mr. Peng Peng-huang, Vice Chairman and General Manager of Singatron Enterprise Co., Ltd., was appointed as the representative of our company's board of directors by the company's corporate director and was elected by the remaining directors as the chairman of our company's board of directors.

As both Singatron Enterprise Co., Ltd. and our company are electronic component manufacturers, there is a high degree of overlap in the client end. The product applications cover consumer products, new energy vehicles, charging piles, AI servers, etc. After the alliance of the two companies, integration can be achieved in terms of business, operations management, and other aspects, realizing collaborative synergies. The strategic advantages are as follows: firstly, maximizing the resources of both parties to jointly penetrate their respective customer supply chains; secondly, sharing smart manufacturing experiences to achieve intelligent and digital production processes, improving production line utilization rate, cost optimization, and reducing inventory levels; thirdly, through strategic integration, maximizing the synergies of resources invested by both parties, and sharing future growth benefits.

- (XI) Effects and risks of changes in ownership of the Company and countermeasures: None.

- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the Company and its Directors, supervisors, President, persons with actual responsibility for the Company, major shareholders holding a stake of greater than 10%, and subsidiaries that have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved in the dispute, and the status of the dispute as of the publication date of the annual report:

On October 23, 2017, the sub subsidiary, Suzhou TaiSol, signed a lease agreement with the plaintiff. The lease period was from April 1, 2018 to March 31, 2023. Upon the expiration of the lease, the plaintiff, as the lessor, claimed that the leased factory premises returned by Suzhou TaiSol did not meet the normal usable condition. On July 24, 2023, the plaintiff requested the compensation of RMB 4 million for the repair costs of the leased factory premises, overdue rent, and breach of contract penalties. The plaintiff also applied for the freezing of Suzhou TaiSol's bank deposits amounting to RMB 1,208 thousand (recognized as other non current assets), which has been granted by the Wujiang District People's Court in Suzhou City.

The People's Court of Wujiang District, Suzhou City has ruled on March 11, 2024, that Suzhou Taisho is required to pay the plaintiff, the lessor, a total of RMB 1,112,000 for occupation and usage fees, maintenance costs, litigation fees, and preservation fees. Both parties have agreed not to appeal further.

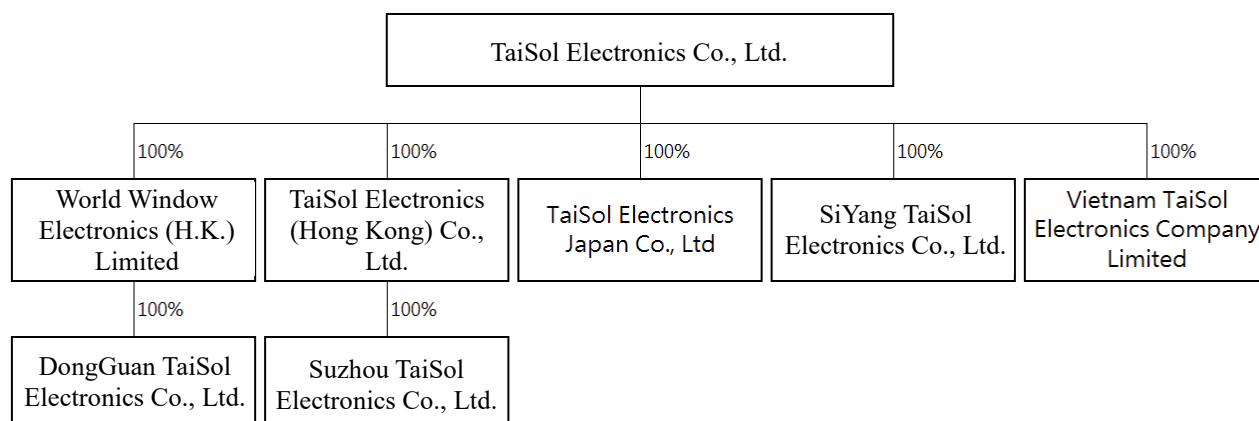
(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Eight. Special Disclosure

I. Information on affiliates:

(I) Organizational structure of affiliates



(II) Basic information on affiliates

31 December 2023; (Unit: NT\$000')

Name	Date of establishment	Address	Paid-in capital	Main business or item produced	Remarks
TaiSol Electronics (Hong Kong) Co., Ltd.	1996.05.02	Room 504, 5/F, Premier Centre, No. 20, Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong	USD\$ 4,000 (NTD\$ 122,820)	Investments in the Mainland	
World Window Electronics (H.K.) Limited	1997.12.08	Room 504, 5/F, Premier Centre, No. 20, Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong	HKD\$ 64,210 (NTD\$ 252,281)	Trading of thermal modules and electronic computer components and investment in Mainland China	
TaiSol Electronics Japan Co., Ltd	2006.12.20	6F, Minhua Building, Shinjuku-ku Yotsuya 1-18-20, Tokyo	JPY\$ 10,000 (NTD\$ 2,172)	Trading	
Suzhou TaiSol Electronics Co., Ltd. (Note 1)	2002.06.10	Lili Town Industrial Zone, Wujiang City, Suzhou Province	USD\$ 6,053 (NTD\$ 185,854)	Manufacturing, processing, and trading of radiators, heat pipe modules, and electronic computer components, as well as trading of magnesium-aluminum alloy components	Second-tier subsidiary
DongGuan TaiSol Electronics Co., Ltd. (Note 2)	2004.06.07	Dalingshang Village, Dalingshang Town, Dongguan City, Guangdong Province	HKD\$ 61,500 (NTD\$ 241,634)	Production, processing, and sale of thermal modules, electronic computer components, and auto components	Second-tier subsidiary

Name	Date of establishment	Address	Paid-in capital	Main business or item produced	Remarks
SiYang TaiSol Electronics Co., Ltd.	2018.12.13	No.88, Huaihai East Road, East District, Siyang Development Zone, Siyang County, Suqian City, Jiangsu Province	USD\$ 21,000 (NTD\$ 644,805)	Manufacturing, processing, and trading of electronic computer components, as well as trading of magnesium-aluminum alloy components	
Vietnam TaiSol Electronics Company Limited.	2021.11.15	23rd Floor, CEO Building, HH2-1, Me Tri Ha New Urban Area, Pham Hung Street, Me Tri Ward, Nam Tu Liem District, Hanoi City.	VND\$ 6,936,000 (NTD\$ 8,635)	Trading	

Note 1: The Company invests in the second-tier subsidiary via TaiSol Electronics (Hong Kong) Co., Ltd.

Note 2: The Company invests in the second-tier subsidiary via World Window Electronics (Hong Kong) Co., Ltd.

- (III) Information on the same shareholder of associates presumed to have a relationship of control or subordination: None.
- (IV) Industries covered by overall affiliates: The Company's affiliates cover industries including processing, manufacturing, and trading of thermal modules, electronic and computer parts and components, wires and cables, auto and motorcycle parts.
- (V) Information on directors, supervisors, and Presidents of affiliates:

Unit: thousand shares

Name	Title	Name or representative	Shares held	
			Number of shares	Shareholding
TaiSol Electronics (Hong Kong) Co., Ltd.	Director	Peng, Peng-Huang	-	-
World Window Electronics (H.K.) Limited	Director Director/corporate representative	Duan, Xin-Chun	-	-
		Peng, Peng-Huang	-	-
TaiSol Electronics Japan Co., Ltd	Director/representative Director	Lin, Meng-Yi	-	-
		Peng, Peng-Huang	-	-
Suzhou TaiSol Electronics Co., Ltd. (Note 1)	Director/representative Director Director Supervisor	Yu, Jun-Yi	-	-
		Liu, Zhi-Ming	-	-
		Liang, Chun-Hsin	-	-
		Wu, Mei-Ling	-	-
DongGuan TaiSol Electronics Co., Ltd. (Note 2)	Director/representative Director Director	Yu, Jun-Yi	-	-
		Liang, Chun-Hsin	-	-
		Duan, Xin-Chun	-	-
SiYang TaiSol Electronics Co., Ltd.	Director/representative Director Director Supervisor	Liu, Zhi-Ming	-	-
		Liang, Jun-Xing	-	-
		Liu, Ke-Ping	-	-
		Wu, Mei-Ling	-	-
Vietnam TaiSol Electronics Company Limited	Director/representative	Lin, Jin-Xiang	-	-

Note 1: The Company invests in the second-tier subsidiary via TaiSol Electronics (Hong Kong) Co., Ltd.

Note 2: The Company invests in the second-tier subsidiary via World Window Electronics (Hong Kong) Co., Ltd.

(VI) Business overview of affiliates

31 December 2023 (Unit: NT\$000')

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains	Profit or loss for the period (after tax)	Diluted earnings per share (after tax) (NT\$)
TaiSol Electronics (Hong Kong) Co., Ltd.	122,820	(32,515)	52	(32,567)	-	(158)	(59,839)	(1.93)
World Window Electronics (H.K.) Limited	252,281	929,173	75	929,098	-	(261)	137,436	2.14
TaiSol Electronics Japan Co., Ltd	2,172	1,997	487	1,510	1,923	136	(51)	(507.26)
Suzhou TaiSol Electronics Co., Ltd. (Note 1)	185,854	95,603	128,438	(32,835)	178,824	(60,169)	(59,686)	-
DongGuan TaiSol Electronics Co., Ltd. (Note 2)	241,634	1,842,378	925,196	917,182	2,143,814	133,028	137,275	-
SiYang TaiSol Electronics Co., Ltd.	644,805	540,077	128,288	411,789	496,866	(4,680)	(6,920)	-
Vietnam TaiSol Electronics Company Limited	8,635	7,593	346	7,247	-	(794)	(572)	-

Note 1: The Company invests in the second-tier subsidiary via TaiSol Electronics (Hong Kong) Co., Ltd.

Note 2: The Company invests in the second-tier subsidiary via World Window Electronics (Hong Kong) Co., Ltd.

- II. For the status of private placements of securities in the most recent year and as of the publication date of the annual report, the date and amount approved by the shareholders' meeting, basis and rationale for the pricing, selecting methods for special persons, and the necessary reason for private placement shall be disclosed: None.
- III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the publication date of the annual report: None.
- IV. Other matters that require additional explanation: None.

Nine. Any of the circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of the Company's securities, that have occurred in the most recent year and up to the publication date of the annual report: None.

Audit Committee's Review Report

We have reviewed the Company's financial statements and consolidated financial statements (including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows), business report, and distribution of earnings for 2023 duly prepared by the Board, in which the financial statements and consolidated financial statements have been duly audited and verified by CPAs Jason Yin and Derek Chen from KPMG, and they have issued the auditor's report, to which we have found no misstatement, and we hereby issue an audit report as presented above in accordance with the Securities and Exchange Act and the Company Act. Please proceed to verification.

The 2024 Annual Shareholders' Meeting of the Company

TaiSol Electronics Co., Ltd.

Chairperson of the Audit Committee: Fang, Yen-Ling

March 1, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of TaiSol Electronics Co., Ltd. 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TaiSol Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang

Date: March 1, 2024



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of the current period. 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.

1. Revenue recognition

Please refer to Notes 4(m), 5(b)(i), 6(m) and 6(r) to the consolidated financial statements.

Description of key audit matter:

The Group provides discounts to its customers based on their contract agreements and records them as reduction on revenue. Therefore, revenue recognition has been regarded as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Testing the manual controls relating to sales and collection, financial reporting, as well as checking and reconciling the sales system data with the general ledger entries to ensure the Group's revenue recognition policy is in compliance with the relevant standards and revenue information is properly disclosed.
- Reviewing the relevant customer sales contracts and terms, by taking into consideration the accounting treatment and disclosure of sales discounts, to ensure they are consistent with the Group's accounting policies.
- Performing a year-to-year analysis on the revenue based on product lines and revenue from top ten customers to determine to ensure there are no material misstatements.
- Selecting appropriate samples and compare them with the vouchers and relevant documents to ensure consistency.
- Selecting sales transactions from a period of time before and after the balance sheet date and verify them with the vouchers and relevant documents to assess the accuracy of the timing and amounts of revenue recognized.
- Obtaining the details of the discounts accrued by the management of the Group (refund liabilities) and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and the underlying assumptions; as well as reviewing the accuracy of the estimated discount accrued in prior years to assess whether there are material anomalies in the amounts of the accrued discounts (refund liabilities).

2. Commission estimate

Please refer to Notes 4(g) , 5(b)(ii), 6(m) to the consolidated financial statements.

Description of key audit matter:

Commission expense is one of our key audit matters. Part of the sales of the Group are made through agents, who collect commissions from the Group based on the agreements. These expenses estimated by the management, in respect of the foregoing transaction mentioned above, are accrued as operating expenses.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the terms of the sales contract of the relevant agent to ensure they are consistent with the accounting treatment.
- Performing a year-to-year analysis on the commission expense incurred from the main agents to evaluate if there are any material abnormalities.
- Obtaining the details on the commission accrued by the management and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and underlying assumptions; as well as reviewing the accuracy of the estimated commission expenses accrued in prior years to assess whether there are material anomalies in the amounts of the accrued commission.



3. Valuation of Inventory

Please refer to Notes 4(h), 5(b)(iii) and 6(e) to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. Due to factors such as rapid changes in technology or the upgrading of production technology, which may lead the products to be obsolete or no longer meet market demand, and their sales prices to fluctuate or become sluggish, resulting in a risk on the costs of inventories to exceed their net realized values.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the inventory aging reports to analyze the changes for each period.
- Assessing the reasonableness of the accounting policies of the Group, such as policies for the valuation of inventories or the provision of obsolete goods.
- Evaluating whether the inventory valuation is in conformity with the accounting policies.
- Understanding the basis for valuation of net realized value used by the management and selecting appropriate samples to assess the reasonableness of the net realized value of inventories.
- Assessing whether the disclosure of inventory is appropriate.

Other Matter

TaiSol Electronics Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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 of the current period 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 Chen, Fu-Jen and Yin, Yuan-Sheng.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022				Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets:													
1100	Cash and cash equivalents (note 6(a))	\$ 1,001,154	26	764,603	21	2170	Accounts payable	\$ 1,254,913	33	898,157	25		
1136	Current financial assets at amortized cost, net (note 6(b))	159,972	4	-	-	2209	Other payables (note 6(m))	376,053	10	400,059	11		
1150	Notes receivable, net (notes 6(c) and (r))	234,977	6	293,692	8	2230	Current tax liabilities	45,581	1	101,319	3		
1170	Accounts receivable, net (notes 6(c) and (r))	1,414,765	37	1,329,185	37	2280	Current lease liabilities (note 6(k))	5,104	-	34,806	1		
1200	Other receivables, net (note 6(d))	8,987	-	3,898	-	2399	Other current liabilities (notes 6(m) and (r))	117,588	3	140,888	4		
1220	Current tax assets	253	-	-	-		Total current liabilities	<u>1,799,239</u>	<u>47</u>	<u>1,575,229</u>	<u>44</u>		
130X	Inventories (note 6(e))	343,093	9	410,390	12		Non-Current liabilities:						
1410	Prepayments (note 6(i))	91,431	3	90,559	3	2570	Deferred tax liabilities (note 6(o))	137,274	4	110,165	3		
1470	Other current assets (notes 6(i) and 8)	809	-	733	-	2580	Non-current lease liabilities (note 6(k))	1,320	-	4,986	-		
	Total current assets	<u>3,255,441</u>	<u>85</u>	<u>2,893,060</u>	<u>81</u>	2670	Other non-current liabilities	1,818	-	12,859	1		
	Non-current assets:						Total non-current liabilities	<u>140,412</u>	<u>4</u>	<u>128,010</u>	<u>4</u>		
1600	Property, plant and equipment (notes 6(f) and 8)	435,001	11	468,122	13		Total liabilities	<u>1,939,651</u>	<u>51</u>	<u>1,703,239</u>	<u>48</u>		
1755	Right of use assets (note 6(g))	27,099	1	61,511	2		Equity attributable to owners of parent (notes 6(j) and (p)):						
1780	Intangible assets (note 6(h))	1,231	-	1,517	-	3110	Ordinary shares	879,081	23	879,081	25		
1840	Deferred tax assets (note 6(o))	73,280	2	71,347	2	3200	Capital surplus	348,899	9	348,899	10		
1990	Other non-current assets (note 9)	43,724	1	59,909	2		Retained earnings:						
	Total non-current assets	<u>580,335</u>	<u>15</u>	<u>662,406</u>	<u>19</u>	3310	Legal reserve	197,029	5	170,281	5		
						3320	Special reserve	61,180	2	85,614	2		
						3350	Unappropriated retained earnings	512,849	13	446,785	13		
								<u>771,058</u>	<u>20</u>	<u>702,680</u>	<u>20</u>		
						3410	Exchange differences on translation of foreign financial statements	(85,660)	(2)	(61,180)	(2)		
						3500	Treasury shares	(17,253)	(1)	(17,253)	(1)		
							Total equity	<u>1,896,125</u>	<u>49</u>	<u>1,852,227</u>	<u>52</u>		
Total assets		<u>\$ 3,835,776</u>	<u>100</u>	<u>3,555,466</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,835,776</u>	<u>100</u>	<u>3,555,466</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	3,811,775	100	4,568,318	100
5000	Operating costs (notes 6(e), (k) and 12)	3,024,324	79	3,695,334	81
5900	Gross profit from operations	787,451	21	872,984	19
6000	Operating expenses (notes 6(c), (k), (n), (s), 7 and 12):				
6100	Selling expenses	192,702	5	274,604	6
6200	Administrative expenses	191,439	5	144,516	3
6300	Research and development expenses	136,704	4	177,758	4
6450	Expected credit loss	75	-	426	-
		520,920	14	597,304	13
6900	Net operating income	266,531	7	275,680	6
7000	Non-operating income and expenses (notes 6(f), (j), (k), (t), 7 and 12):				
7100	Interest income	25,323	-	6,057	-
7010	Other income	39,533	1	19,158	-
7020	Other gains and losses, net	(10,804)	-	74,039	2
7050	Finance costs, net	(1,623)	-	(8,879)	-
		52,429	1	90,375	2
7900	Profit from continuing operations before tax	318,960	8	366,055	8
7950	Less: Income tax expenses (note 6(o))	75,666	2	98,578	2
	Profit	243,294	6	267,477	6
8300	Other comprehensive income (note 6(p)):				
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(24,480)	-	23,179	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(24,480)	-	23,179	-
8300	Other comprehensive income				
8500	Total comprehensive income	218,814	6	290,656	6
	Profit, attributable to:				
8610	Owners of parent	243,294	6	267,477	6
	Comprehensive income attributable to:				
8710	Owners of parent	218,814	6	290,656	6
	Earnings per share (note 6(q))				
9750	Basic earnings per share	2.78		3.05	
9850	Diluted earnings per share	2.78		3.00	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2022	\$ 879,081	348,765	151,536	73,874	341,655	567,065	(85,614)	-	1,709,297
Profit	-	-	-	-	267,477	267,477	-	-	267,477
Other comprehensive income	-	-	-	-	-	-	23,179	-	23,179
Total comprehensive income	-	-	-	-	267,477	267,477	23,179	-	290,656
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,745	-	(18,745)	-	-	-	-
Special reserve appropriated	-	-	-	11,740	(11,740)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(131,862)	(131,862)	-	-	(131,862)
Purchase of treasury share	-	-	-	-	-	-	-	(17,253)	(17,253)
Disposal of subsidiaries	-	-	-	-	-	-	1,255	-	1,255
Others	-	134	-	-	-	-	-	-	134
Balance at December 31, 2022	879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	243,294	243,294	-	-	243,294
Other comprehensive income	-	-	-	-	-	-	(24,480)	-	(24,480)
Total comprehensive income	-	-	-	-	243,294	243,294	(24,480)	-	218,814
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
Balance at December 31, 2023	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 318,960	366,055
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	110,024	166,755
Amortization expense	558	829
Expected credit loss	75	426
Interest expense	1,623	8,879
Interest income	(25,318)	(6,055)
Loss on disposal of property, plan and equipment	941	562
Loss on disposal of investments	-	1,255
Impairment loss on non-financial assets	1,054	-
Unrealized foreign exchange loss	22,584	14,250
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit	<u>111,541</u>	<u>186,888</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	54,221	(41,384)
(Increase) decrease in accounts receivable	(128,984)	514,515
(Increase) decrease in other receivables	(1,632)	9,172
Decrease in inventories	63,714	250,012
(Increase) decrease in prepayments	(2,528)	16,397
(Increase) decrease in other current assets	(82)	1,116
Decrease (increase) in other non-current assets	12,075	(617)
Total changes in operating assets	<u>(3,216)</u>	<u>749,211</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	384,557	(358,772)
Decrease in other payables	(20,440)	(56,502)
(Decrease) increase in other current liabilities	(23,802)	19,114
Decrease in other operating liabilities	(11,041)	(221)
Total changes in operating liabilities	<u>329,274</u>	<u>(396,381)</u>
Total changes in operating assets and liabilities	<u>326,058</u>	<u>352,830</u>
Total adjustments	<u>437,599</u>	<u>539,718</u>
Cash inflow generated from operations	756,559	905,773
Interest received	21,761	6,213
Interest paid	(1,623)	(6,276)
Income taxes paid	(106,267)	(94,612)
Net cash flows from operating activities	<u>670,430</u>	<u>811,098</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(162,104)	-
Acquisition of property, plant and equipment	(48,399)	(33,429)
Proceeds from disposal of property, plant and equipment	584	31
Acquisition of intangible assets	(274)	(176)
Decrease (Increase) in other non-current assets	3,287	(19,192)
Net cash flows used in investing activities	<u>(206,906)</u>	<u>(52,766)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(20,000)
Repayments of bonds	-	(213,009)
Payment of lease liabilities	(36,305)	(43,922)
Cash dividends paid	(174,916)	(131,862)
Payments to acquire treasury shares	-	(17,253)
Other financing activities	-	134
Net cash flows used in financing activities	<u>(211,221)</u>	<u>(425,912)</u>
Effect of exchange rate changes on cash and cash equivalents	(15,752)	14,032
Net increase in cash and cash equivalents	236,551	346,452
Cash and cash equivalents at beginning of period	764,603	418,151
Cash and cash equivalents at end of period	<u>\$ 1,001,154</u>	<u>764,603</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TaiSol Electronics Co., Ltd. (the “Company”) was incorporated on September 23rd, 1994 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan. The principal activities of the Company and its subsidiaries (the “Group”) are the manufacturing, the processing and trading of thermal modules, components of electronic computers, electrical wires, automobiles and motorcycles.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since December 13, 2013. Please refer to Note 14 for the Group’s operating activities and operating segments information.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the Financial assets measured at fair value through profit or loss, the consolidated financial statements have been prepared on a historical cost basis.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of the subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principle activity	Shareholding	
			December 31, 2023	December 31, 2022
The Company	World Window Electronics (H.K.) Limited (hereinafter referred to as "World Window Electronics")	Investment holding and trading	100 %	100 %
The Company	TaiSol Electronics (HONG KONG) Co., Ltd. (hereinafter referred to as "TaiSol HONG KONG")	Investment holding	100 %	100 %
The Company	TaiSol Electronics Japan Co., Ltd. (hereinafter referred to as "TaiSol Japan")	Trading	100 %	100 %
The Company	Techmaster Limited (SAMOA) (hereinafter referred to as "Techmaster")	Trading	- %	- %
The Company	SiYang TaiSol Electronics Co., Ltd. (hereinafter referred to as "SiYang TaiSol")	Manufacturing and trading	100 %	100 %
The Company	Vietnam TaiSol Electronics Company Limited (hereinafter referred to as "Vietnam TaiSol")	Trading	100 %	100 %
World Window Electronics	DongGuan TaiSol Electronics Co., Ltd. (hereinafter referred to as "DongGuan TaiSol")	Manufacturing and trading	100 %	100 %
TaiSol HONG KONG	Suzhou TaiSol Electronics Co., Ltd. (hereinafter referred to as "Suzhou TaiSol")	Manufacturing and trading	100 %	100 %

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Techmaster had applied for deregistration in November 2022, and its net worth was transferred to the Company.

There were no subsidiaries excluded from the consolidated financial statements.

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets, etc.).

The Group measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract or default has been resorted to legal action;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued is recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

The cost of inventories includes all necessary expenditures and charges incurred in bringing the inventories to the present condition and location.

Subsequent measurement of inventories is based on each inventories category, at whichever is lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business on balance sheet date, less the estimated costs of completion and selling expenses. When the cost of inventories exceed the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. In the event of an increase in the net realized value in the subsequent period, wherein the original amount has been offset, the increase shall be reversed and recognized the reversal amount as a decrease in the cost of goods sold in the current period.

(i) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

1) Buildings	3~55 years
2) Machinery and equipment	1~10 years
3) Molding equipment is used for three years or as expected	
4) Office equipment	3~6 years
5) Other equipment	2~15 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

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

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

1) Patent	3~19 years
2) Software	2~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs).

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group offers different types of discounts to its customers or on certain products according to market demand and competition. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience and consideration of the sales contract are used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services are provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are not recognized for the following exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences ;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The basic and diluted EPS attributable to shareholders of the Group are disclosed in the financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. The Group's dilutive potential common shares comprise employee remuneration and convertible bond.

(q) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements, in conformity with the Regulations and the IFRSs endorsed by the FSC, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(a) Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(i) Classification of investment property

The Group has sublet a vacated warehouse but has decided not to treat this property as investment property because it is not the Group's intention to hold it for the long term, for capital appreciation, or for rental. Accordingly, the property continues to be classified under property, plant and equipment.

(b) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(i) Accrual of sales allowance

The Group also records a refund liability for its estimated future allowances in the same period the related revenue is recorded. Refund liability for estimated sales allowances is generally made and adjusted based on historical experience and customer contracts. The adequacy of estimations is reviewed periodically. However, the adequacy of estimations may be affected by factors such as market price competition and the evolution of product technology, which could result in significant adjustments to the variable consideration. A refunded liability is recognized for expected discounts payable to customers in relation to sales made. Please refer to Notes 6(m) and 6(r) for further description of the refund liabilities.

(ii) Estimation of commission expenses

The Group estimates its commission expenses based on historical experience and contracts with the agents, wherein the expenses are recognized as current sales expenses in the respective period. Moreover, the Group regularly reviews the reasonableness of its estimates, whose adequacy may be affected by factors such as market price competition and economic conditions, which could result in significant adjustments to the variable consideration. Please refer to Note 6(m) for further description of the commission payable.

(iii) Valuation of Inventory

As inventories are stated at the lower of cost or net realizable value, the Group estimates its net realizable value of inventories for normal inventory consumption, obsolescence and unmarketable items, at the end of the reporting period, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of future demand within a specific time horizon. In addition, the rapid technological changes or the upgrading of production technology may lead to a significant change in the net realizable value of inventories. Please refer Note 6(e) for valuation of Inventory.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 618	594
Demand deposits	490,763	347,638
Time deposits	494,773	396,371
Repurchase agreement	15,000	20,000
Cash and cash equivalents in the statement of cash flows	\$ 1,001,154	764,603

(b) Current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original maturities exceeding three months	\$ 159,972	-
Interest rate range	1.16%~5.30%	-

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Group held domestic and foreign time deposits, which mature during from February 15, 2024 to March 18, 2024.

The Group financial assets measured at amortized cost were not pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable — measured at amortized cost	\$ 234,977	293,692
Accounts receivable — measured at amortized cost	1,418,531	1,333,261
Less: Loss allowance	3,766	4,076
	\$ 1,649,742	1,622,877

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions of the clients classified as category A were determined as follows:

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,343,100	-	-
1 to 30 days past due	3,623	1%	36
31 to 120 days past due	94	1%	1
	\$ 1,346,817		37

	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,341,508	-	-
1 to 30 days past due	22,211	1%	222
31 to 120 days past due	2,515	1%	25
121 to 365 days past due	1,440	1%	14
	\$ 1,367,674		261

The loss allowance provisions of the clients classified as category B were determined as follows:

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 299,165	1%	2,992
1 to 30 days past due	7,067	5%	353
31 to 120 days past due	155	5%	8
	\$ 306,387		3,353

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	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 231,310	1%	2,313
1 to 30 days past due	7,061	5%	353
31 to 120 days past due	20,590	5%	1,029
121 to 365 days past due	10	5%	1
	\$ 258,971		3,696

The loss allowance provisions of the clients classified as category C were determined as follows:

	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
121 to 365 days past due	\$ 6	10%	1
Overdue 365 days past due	302	10%	30
	\$ 308		31

The loss allowance provisions of the clients classified as category D were determined as follows:

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
More than 365 days past	\$ 304	100%	304

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 4,076	3,611
Impairment loss recognized	75	426
Amounts written off	(325)	-
Effect of changes in exchange rates	(60)	39
Balance at December 31	\$ 3,766	4,076

The Group's notes and accounts receivable were not pledged as collateral.

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(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 8,987	4,461
Less: Loss allowance	-	563
	\$ 8,987	3,898

Other receivables are impaired at the loss allowance based on 12 month expected credit losses. The loss allowance provisions and credit impairments were determined as follows:

	December 31, 2023		December 31, 2022	
	Life time Expected loss— unimpaired	Life time Expected loss — impaired	Life time Expected loss — unimpaired	Life time Expected loss — impaired
Current	\$ 8,987	-	3,898	-
More than 365 days past	-	-	-	563
Gross carrying amounts	8,987	-	3,898	563
Loss allowance	-	-	-	(563)
Amortized cost (carrying amount)	\$ 8,987	-	3,898	-

The movements in the allowance for other receivables were as follows:

	2023		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	563	563
Amounts written off	-	(563)	(563)
Balance at December 31	\$ -	-	-
	2022		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	555	555
Effect of changes in exchange rates	-	8	8
Balance at December 31	\$ -	563	563

(e) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 160,368	251,118
Work in progress	33,818	31,796
Raw materials	66,391	78,408
Merchandise	82,516	49,068
Total	\$ 343,093	410,390

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The details of the cost of sales were as follows:

	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 2,935,944	3,582,695
(Reversal) recognition of provisions for inventory valuation	(37,014)	16,849
Loss on scrap of inventory	60,325	20,739
Gain on physical inventory	(50)	(96)
Unallocated production overheads	65,119	75,147
	<u>\$ 3,024,324</u>	<u>3,695,334</u>

The Group's inventories mentioned above were not pledged as collateral.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2023	\$ 107,699	218,971	410,581	46,347	5,811	102,708	892,117
Additions	-	5,902	13,764	8,914	1,109	18,104	47,793
Disposal	-	-	(42,740)	(7,526)	(3,916)	(19,601)	(73,783)
Effect of exchange rate changes	-	(3,068)	(6,810)	(867)	(22)	(1,582)	(12,349)
Balance at December 31, 2023	<u>\$ 107,699</u>	<u>221,805</u>	<u>374,795</u>	<u>46,868</u>	<u>2,982</u>	<u>99,629</u>	<u>853,778</u>
Balance at January 1, 2022	\$ 107,699	157,934	439,057	42,241	7,656	172,485	927,072
Additions	-	-	13,073	6,855	803	6,180	26,911
Disposal	-	(465)	(44,199)	(3,321)	(2,694)	(83,075)	(133,754)
Reclassification	-	60,196	(3,889)	-	-	3,889	60,196
Effect of exchange rate changes	-	1,306	6,539	572	46	3,229	11,692
Balance at December 31, 2022	<u>\$ 107,699</u>	<u>218,971</u>	<u>410,581</u>	<u>46,347</u>	<u>5,811</u>	<u>102,708</u>	<u>892,117</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	32,859	287,216	13,332	3,788	86,800	423,995
Depreciation for the year	-	6,609	42,834	7,655	1,332	14,635	73,065
Impairment loss	-	-	-	-	-	1,054	1,054
Disposal	-	-	(42,251)	(6,490)	(3,916)	(19,601)	(72,258)
Effect of exchange rate changes	-	(341)	(4,955)	(264)	(10)	(1,509)	(7,079)
Balance at December 31, 2023	<u>\$ -</u>	<u>39,127</u>	<u>282,844</u>	<u>14,233</u>	<u>1,194</u>	<u>81,379</u>	<u>418,777</u>
Balance at January 1, 2022	\$ -	27,117	241,169	9,283	4,521	143,342	425,432
Depreciation for the year	-	6,093	87,481	7,064	1,929	22,865	125,432
Disposal	-	(465)	(43,835)	(3,121)	(2,694)	(83,046)	(133,161)
Reclassification	-	-	(1,404)	-	-	1,404	-
Effect of exchange rate changes	-	114	3,805	106	32	2,235	6,292
Balance at December 31, 2022	<u>\$ -</u>	<u>32,859</u>	<u>287,216</u>	<u>13,332</u>	<u>3,788</u>	<u>86,800</u>	<u>423,995</u>
Carrying amounts:							
Balance at December 31, 2023	<u>\$ 107,699</u>	<u>182,678</u>	<u>91,951</u>	<u>32,635</u>	<u>1,788</u>	<u>18,250</u>	<u>435,001</u>
Balance at January 1, 2022	<u>\$ 107,699</u>	<u>130,817</u>	<u>197,888</u>	<u>32,958</u>	<u>3,135</u>	<u>29,143</u>	<u>501,640</u>
Balance at December 31, 2022	<u>\$ 107,699</u>	<u>186,112</u>	<u>123,365</u>	<u>33,015</u>	<u>2,023</u>	<u>15,908</u>	<u>468,122</u>

For the year 2023, the Group's decision to merge the production line by transferring most of the production line from Suzhou Taisol to SiYang Taisol caused the Group to assess the recoverable amount. Based on the assessment in 2023, the carrying amount was determined to be \$1,054 thousand higher than its recoverable amount, and the impairment loss was recognized.

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An impairment loss is recognized in the non-operating income and expenses of the comprehensive income statement.

The estimated value in use was calculated using a pre-tax discount rate of 12.31% for the year ended December 31, 2023.

Please refer to Note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2023 and 2022.

(g) Right of use assets

The Group leases land, buildings, vehicles, and office equipments. Information about leases for which the Group as a lessee was as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 24,276	205,968	15,105	238	245,587
Additions	-	-	3,083	-	3,083
Disposal	-	(57,468)	(3,963)	-	(61,431)
Effect of exchange rate changes	(446)	(2,838)	(158)	-	(3,442)
Balance at December 31, 2023	<u>\$ 23,830</u>	<u>145,662</u>	<u>14,067</u>	<u>238</u>	<u>183,797</u>
Balance at January 1, 2022	\$ 23,923	201,048	16,462	238	241,671
Additions	-	2,758	1,875	-	4,633
Disposal	-	(683)	(3,343)	-	(4,026)
Effect of exchange rate changes	353	2,845	111	-	3,309
Balance at December 31, 2022	<u>\$ 24,276</u>	<u>205,968</u>	<u>15,105</u>	<u>238</u>	<u>245,587</u>
Depreciation:					
Balance at January 1, 2023	\$ 2,034	169,861	12,082	99	184,076
Depreciation for the period	605	32,675	3,631	48	36,959
Disposal	-	(57,468)	(3,963)	-	(61,431)
Effect of exchange rate changes	(47)	(2,711)	(148)	-	(2,906)
Balance at December 31, 2023	<u>\$ 2,592</u>	<u>142,357</u>	<u>11,602</u>	<u>147</u>	<u>156,698</u>
Balance at January 1, 2022	\$ 1,420	131,328	10,116	52	142,916
Depreciation for the period	561	36,863	3,852	47	41,323
Reclassification	34	-	-	-	34
Disposal	-	-	(1,968)	-	(1,968)
Effect of exchange rate changes	19	1,670	82	-	1,771
Balance at December 31, 2022	<u>\$ 2,034</u>	<u>169,861</u>	<u>12,082</u>	<u>99</u>	<u>184,076</u>
Carrying amounts:					
Balance at December 31, 2023	<u>\$ 21,238</u>	<u>3,305</u>	<u>2,465</u>	<u>91</u>	<u>27,099</u>
Balance at January 1, 2022	<u>\$ 22,503</u>	<u>69,720</u>	<u>6,346</u>	<u>186</u>	<u>98,755</u>
Balance at December 31, 2022	<u>\$ 22,242</u>	<u>36,107</u>	<u>3,023</u>	<u>139</u>	<u>61,511</u>

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(h) Intangible assets

	Computer software	Patents	Total
Cost:			
Balance at January 1, 2023	\$ 3,944	1,484	5,428
Acquisition	232	42	274
Disposal	(610)	(287)	(897)
Effect of exchange rate changes	(61)	-	(61)
Balance at December 31, 2023	<u>\$ 3,505</u>	<u>1,239</u>	<u>4,744</u>
Balance at January 1, 2022	\$ 3,908	2,274	6,182
Acquisition	176	-	176
Disposal	(185)	(790)	(975)
Effect of exchange rate changes	45	-	45
Balance at December 31, 2022	<u>\$ 3,944</u>	<u>1,484</u>	<u>5,428</u>
Amortization:			
Balance at January 1, 2023	\$ 3,431	480	3,911
Amortization	407	151	558
Disposal	(610)	(287)	(897)
Effect of exchange rate changes	(59)	-	(59)
Balance at December 31, 2023	<u>\$ 3,169</u>	<u>344</u>	<u>3,513</u>
Balance at January 1, 2022	\$ 3,119	899	4,018
Amortization	458	371	829
Disposal	(185)	(790)	(975)
Effect of exchange rate changes	39	-	39
Balance at December 31, 2022	<u>\$ 3,431</u>	<u>480</u>	<u>3,911</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 336</u>	<u>895</u>	<u>1,231</u>
Balance at January 1, 2022	<u>\$ 789</u>	<u>1,375</u>	<u>2,164</u>
Balance at December 31, 2022	<u>\$ 513</u>	<u>1,004</u>	<u>1,517</u>

The Group did not provide any of the aforementioned intangible assets as collateral.

(i) Prepayments and other current assets

The Group's prepayments were as follows:

	December 31, 2023	December 31, 2022
Prepaid sales tax	\$ 61,673	52,275
Other prepayments	29,628	38,250
Prepayments for purchases	130	34
	<u>\$ 91,431</u>	<u>90,559</u>

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The Group's other current assets were as follows:

	December 31, 2023	December 31, 2022
Restricted time deposits	\$ 600	600
Others	209	133
Total	\$ 809	733

(j) Bonds payable

(i) The main terms of issuing the convertible corporate bonds were as follows:

Item	The second unsecured domestic convertible corporate bonds
1) Principal amount	\$300,000 thousand dollars
2) Par value	\$100 thousand dollars
3) Issuance price	101% of nominal value
4) Duration	2019.08.20~2022.08.20
5) Maturity	3 year
6) Coupon rate	0%
7) Redemption methods	The Company may redeem its bonds in advance when one of the following conditions is met: <ul style="list-style-type: none"> 1) Within the period between three months after the issuance date and 40 days prior to maturity, if the closing price of the Company's common shares on the TWSE for a period of 30 consecutive trading days has been exceeding at least 30% of the conversion price in effect on each trading day, the Company may redeem all bonds at par value by cash. 2) If the amount outstanding of bonds is less than 10% of the principal amount within the period between the three months after the issuance date and the 40 days prior to maturity, the Company may redeem the outstanding bonds at their principal amount.
8) Bondholders with a put option	None.

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Item	The second unsecured domestic convertible corporate bonds
9) Conversion price and adjustment	<p>The conversion price was NT\$74.8 per share on the issuance date. The conversion method provides for the adjustment of the conversion price of bonds after the issuance, and it will be dealt with according to the relevant provisions.</p> <p>On June 5, 2020, the Company paid cash dividends of ordinary shares for \$2.1 per share, pursuant to a resolution of the shareholders' meeting. The base date was July 13, 2020. Since July 13, 2020, the conversion price was adjusted from \$74.8 to \$73.06.</p> <p>On July 5, 2021, the Company paid cash dividends of ordinary shares with \$1.80 per share, pursuant to a resolution of the shareholders' meeting. The base date was August 8, 2021. Since August 8, 2021, the conversion price was adjusted from \$73.06 to \$70.62.</p> <p>On May 20, 2022, the Company paid cash dividends of ordinary shares with \$1.5 per share, pursuant to a resolution of the shareholders' meeting. The base date was June 26, 2022. Since June 26, 2022, the conversion price was adjusted from \$70.62 to \$68.27.</p>
(ii)	The second unsecured domestic convertible corporate bonds issued by the Group reached maturity on August 20, 2022. According to the regulations, the Group had redeemed and suspended the trading. The Group had repaid in full at the end of August, 2022.
(iii)	The details of the second unsecured domestic convertible corporate bonds issued on August 20, 2019 were as follows:

	December 31, 2022
The original issued amount of the convertible bonds	\$ 303,000
Less: Accumulative redeemed amount	(213,009)
Accumulative converted amount	(89,991)
Corporate bonds issued balance at period-end	\$ -
Equity component – conversion options, recognized as capital surplus– stock options	\$ -
	2022
Interest expense	\$ 2,603

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- (iv) The second unsecured domestic convertible corporate bonds issued by the Group separates options and liabilities and is recognized as equity and liabilities respectively, and the details are as follows:

	Amount
Present value of the convertible bonds issued	\$ 290,644
Embedded derivative financial instruments - redemption option	(1,150)
The elements of equity issued	13,506
Total convertible corporate bonds issued	\$ 303,000

- (k) Lease liabilities

The amounts of the Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ 5,104	34,806
Non-current	\$ 1,320	4,986

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ 1,581	4,098
Income from sub-leasing right-of-use assets	\$ 6,625	5,578
Expenses relating to short-term leases	\$ 13,409	21,650
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 70	77

The leases amounts recognized in the statement of cash flows for the Group were as follows:

	2023	2022
Total cash outflow for leases	\$ 51,365	69,747

- (i) Real estate leases

The Group leases land and buildings for its office space, staff dormitories, research and development centers and factories. The leases of office space and factories typically run for a period of 2 to 5 years, and of staff dormitories for 3 to 8 years, and of R&D centers for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

- (ii) Other leases

The Group leases vehicles and other equipment, with lease terms of one to five years.

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(l) Operating lease

The Group leases out some factories. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 6,511	5,332
1-2 years	6,511	-
Total undiscounted lease payments	\$ 13,022	5,332

(m) Other payables and other current liabilities

The other payables were as follows:

	December 31, 2023	December 31, 2022
Accrued expenses	\$ 108,680	112,855
Commission payable	93,034	105,292
Salary and bonus payable	77,478	80,732
Remuneration payable to employees and directors	31,605	38,590
Payable for equipment	21,516	22,527
Other payables	43,740	40,063
	\$ 376,053	400,059

The other current liabilities were as follows:

	December 31, 2023	December 31, 2022
Refund liabilities	\$ 112,302	132,847
Temporary credits	3,351	6,478
Receipts under custody	1,574	1,546
Unearned receipts	361	17
	\$ 117,588	140,888

A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

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(n) Employee benefits

(i) Defined benefit plans

In the fourth quarter of 2021, the Group settled with the employees who were eligible for the defined benefit scheme. The Group applied to the Department of Labor, Taipei City Government in accordance with the law for payment of the employee pension and return of the remaining balance of the labor retirement reserve. The Group received the remaining balance in April 2022, and recognized liquidation gain of \$4,727 thousand in the second quarter of 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022 amounted to \$5,056 thousand and \$5,299 thousand, respectively.

Under the retirement scheme for senior managers of the Group, if the actual salary range of the month is higher than the maximum salary range of the Contribution Classification of Labor Pension (The New Fund), the pension contribution will be calculated at 6% of the monthly salary shortfall. In addition to the previous pension benefit, managers retiring may be granted a separate pension based on their level of contribution, with the approval of the remuneration committee and the chairman of the Company in the year of retirement. Under the contribution pension plan, the Group's pension costs amounted to \$5,201 thousand and \$(179) thousand for the years ended December 31, 2023 and 2022, respectively.

(o) Income taxes

(i) Income tax expenses

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 51,292	119,704
Adjustment for prior years	<u>(802)</u>	<u>4,106</u>
	<u>50,490</u>	<u>123,810</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	<u>25,176</u>	<u>(25,232)</u>
Income tax expense	<u>\$ 75,666</u>	<u>98,578</u>

There were no income tax expense recognized in equity and other comprehensive income for the years ended December 31, 2023 and 2022.

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Reconciliation of income tax expense and profit before tax for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u>\$ 318,960</u>	<u>366,055</u>
Income tax using the Company's domestic tax rate	\$ 63,792	73,211
Effect of tax rates in foreign jurisdiction	12,084	24,116
Effect of investment income	32,297	17,827
Tax incentives	(9,782)	(10,862)
Tax-exempt income	(22,677)	(22,344)
Non-deductible expense	1,424	529
Use of previously unrecognized tax losses	(27)	(4,185)
Aggregate deductible temporary differences associated with investments in subsidiaries	763	12,192
Change in provision in prior periods	(802)	4,106
Additional tax on undistributed earnings	4,512	1,255
Others	<u>(5,918)</u>	<u>2,733</u>
Income tax expense	<u>\$ 75,666</u>	<u>98,578</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ (8,243)</u>	<u>(8,243)</u>

2) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets as the Group has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 44,560</u>	<u>43,798</u>

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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	<u>Unrealized investment gains</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2023	\$ 109,943	222	110,165
Recognized in profit or loss	27,331	(222)	27,109
Balance at December 31, 2023	<u>\$ 137,274</u>	<u>-</u>	<u>137,274</u>
Balance at January 1, 2022	\$ 110,842	696	111,538
Recognized in profit or loss	(899)	(474)	(1,373)
Balance at December 31, 2022	<u>\$ 109,943</u>	<u>222</u>	<u>110,165</u>

Deferred Tax Assets:

	<u>Allowance for sales return and discounts</u>	<u>Provision for bad debts</u>	<u>Unrealized Investment loss</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2023	\$ 16,404	1,965	29,538	23,440	71,347
Recognized in profit or loss	(2,737)	(111)	10,007	(5,226)	1,933
Balance at December 31, 2023	<u>\$ 13,667</u>	<u>1,854</u>	<u>39,545</u>	<u>18,214</u>	<u>73,280</u>
Balance at January 1, 2022	\$ 12,012	1,151	18,511	15,814	47,488
Recognized in profit or loss	4,392	814	11,027	7,626	23,859
Balance at December 31, 2022	<u>\$ 16,404</u>	<u>1,965</u>	<u>29,538</u>	<u>23,440</u>	<u>71,347</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. tax authorities.

(p) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to \$1,000,000 thousand with a par value of \$10 per share. The aggregate amount of the aforesaid authorized share capital was composed of ordinary shares only, and the issued shares were 87,908 thousand shares.

(i) Capital surplus

The components of capital surplus were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Additional paid in capital	\$ 325,371	325,371
Others	23,528	23,528
	<u>\$ 348,899</u>	<u>348,899</u>

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

In accordance with the Company's articles, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by the shareholders' meeting.

In consideration of the Company's longterm operating plan, funding needs, and satisfying shareholder demand for cash flow, distribution of earnings may be retained in whole or in part as unappropriated retained earnings by resolution of the shareholders' general meeting and shall be paid in subsequent years. The distribution of dividends by shareholders may be in the form of cash dividends or share dividends, where the distribution rate of share dividends shall be not less than 20 percent, provided that the ratio of such earnings to cash dividends or share dividends shall be adjusted by resolution of the shareholders in accordance with the actual profit and fund status for the year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

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3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on May 30, 2023 and May 20, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ <u>2.0</u>	<u>174,916</u>	<u>1.5</u>	<u>131,862</u>

On March 1, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders		
Cash	\$ <u>2.00</u>	<u>174,916</u>

(iii) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, on July 1, 2022, the Board of Directors resolved to repurchase 600 thousand shares as treasury shares to motivate its employees, at a price ranging from \$30.0 to \$60.0 per share, during the repurchased period from July 1 to August 31, 2022. During the repurchased period, the Company repurchased 450 thousand shares for a total consideration of \$17,253 thousand. As of December 31, 2023, the number of shares held by the Company was 450 thousand shares.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer. In addition, the number of shares bought back shall not exceed 10% of the total number of issued shares. The total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums and realized capital surplus. The Company had complied with the relevant laws and regulations to calculate the limit of treasury shares in accordance with the application, and there were no cases of exceeding the limit.

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(iv) Other equity amounts (net of tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2023	\$ (61,180)
Exchange differences on translation of net assets of foreign operations	<u>(24,480)</u>
Balance as of December 31, 2023	<u>\$ (85,660)</u>
Balance as of January 1, 2022	\$ (85,614)
Exchange differences on translation of net assets of foreign operations	23,179
Reclassified to profit or loss on disposal of foreign operations	<u>1,255</u>
Balance as of December 31, 2022	<u>\$ (61,180)</u>

(q) Earnings per share

The basic earnings per share were calculated as follows:

	2023	2022
Basic earnings per share:		
Profit attributable to the Company	<u>\$ 243,294</u>	<u>267,477</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>87,458</u>	<u>87,708</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 2.78</u>	<u>3.05</u>
Diluted earnings per share:		
Profit attributable to the Company	\$ 243,294	267,477
Effect of dilutive potential ordinary shares		
Convertible bonds	<u>-</u>	<u>2,603</u>
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	<u>\$ 243,294</u>	<u>270,080</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,708
Effect of dilutive potential ordinary shares		
Effect of issuance of share options (in thousands of shares)	207	407
Effect of the conversion of convertible bonds (in thousands of shares)	<u>-</u>	<u>1,898</u>
Weighted average number of common shares outstanding (Diluted) (in thousands of shares)	<u>87,665</u>	<u>90,013</u>
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 2.78</u>	<u>3.00</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(r) Revenue from contracts with customers

(i) Details of revenue

		2023				
		The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:						
Asia	\$	2,143,959	8,624	1,117,387	368,939	3,638,909
America		121,650	-	-	-	121,650
Europe		51,216	-	-	-	51,216
		<u>\$ 2,316,825</u>	<u>8,624</u>	<u>1,117,387</u>	<u>368,939</u>	<u>3,811,775</u>
Merchandise:						
Thermal modules	\$	1,649,227	8,624	1,083,023	368,939	3,109,813
Other electronic components		667,598	-	34,364	-	701,962
		<u>\$ 2,316,825</u>	<u>8,624</u>	<u>1,117,387</u>	<u>368,939</u>	<u>3,811,775</u>
		2022				
		The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:						
Asia	\$	2,806,452	299,411	1,202,053	76,020	4,383,936
America		157,385	-	-	-	157,385
Europe		26,997	-	-	-	26,997
		<u>\$ 2,990,834</u>	<u>299,411</u>	<u>1,202,053</u>	<u>76,020</u>	<u>4,568,318</u>
Merchandise:						
Thermal modules	\$	2,089,667	299,411	1,186,999	76,020	3,652,097
Other electronic components		901,167	-	15,054	-	916,221
		<u>\$ 2,990,834</u>	<u>299,411</u>	<u>1,202,053</u>	<u>76,020</u>	<u>4,568,318</u>

(ii) Contract Balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 234,977	293,692	248,838
Accounts receivable	1,418,531	1,333,261	1,847,796
Less: Loss allowance	3,766	4,076	3,611
Total	<u>\$ 1,649,742</u>	<u>1,622,877</u>	<u>2,093,023</u>
Contract liabilities	<u>\$ 112,663</u>	<u>132,864</u>	<u>109,523</u>

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

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(s) Employee compensation and directors' remuneration

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation and a maximum of 5% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$10,768 thousand and \$11,189 thousand, and directors' remuneration amounting to \$9,647 thousand and \$10,300 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remunerations to employees, directors as specified in the Company's article. These remunerations were expensed under operating expenses during 2023 and 2022. Relevant information is available at the Market Observation Post System website. The difference of \$750 thousand between the amount of remuneration for employees and directors in 2023, and the estimated amount of the 2023 consolidated financial report, was mainly due to the difference in the calculation of directors' remuneration based on the actual number of performance indicators. The Company has treated this difference as changes according to accounting estimates and recognized it as gains and losses in 2024. There was no difference between the actual and the estimated amounts in 2022.

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 25,318	6,055
Other interest income	<u>5</u>	<u>2</u>
Total interest income	<u>\$ 25,323</u>	<u>6,057</u>

(ii) Other income

The Group's other income was as follows:

	<u>2023</u>	<u>2022</u>
Rental income	\$ 6,625	5,578
Others	<u>32,908</u>	<u>13,580</u>
Total other income	<u>\$ 39,533</u>	<u>19,158</u>

The unconditional government grants were recognized amounting to \$9,262 thousand and \$1,205 thousand for the years ended December 31, 2023 and 2022, respectively.

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(iii) Other gains and losses

The Group's other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Losses on disposal of property, plant and equipment	\$ (941)	(562)
Losses on disposals of investments	-	(1,255)
Gains on modification of leases	-	13
Foreign exchange gains	6,224	80,267
Impairment loss on property, plant and equipment	(1,054)	-
Miscellaneous disbursements	(15,169)	(4,805)
Others	<u>136</u>	<u>381</u>
Other gains and losses, net	<u>\$ (10,804)</u>	<u>74,039</u>

(iv) Finance costs

The Group's finance costs were as follows:

	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 1,623</u>	<u>8,879</u>

(u) Financial Instrument

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represented the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum amount exposed to credit risk amounted to \$2,845,306 thousand, and \$2,411,361 thousand, respectively.

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, the Group's ten largest customers accounted for 73% and 72%, respectively, of the Group's net revenue. There were no geographical concentration of credit risk.

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(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying amounts</u>	<u>Cash flows</u>	<u>Less than one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 1,254,913	1,254,913	1,254,913	-	-	-
Other payables	376,053	376,053	376,053	-	-	-
Lease liabilities	6,424	6,541	5,176	651	714	-
	<u>\$ 1,637,390</u>	<u>1,637,507</u>	<u>1,636,142</u>	<u>651</u>	<u>714</u>	<u>-</u>
December 31, 2022						
Non-derivative financial liabilities						
Accounts payable	\$ 898,157	898,157	898,157	-	-	-
Other payables	400,059	400,059	400,059	-	-	-
Lease liabilities	39,792	41,360	36,328	4,722	310	-
	<u>\$ 1,338,008</u>	<u>1,339,576</u>	<u>1,334,544</u>	<u>4,722</u>	<u>310</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure of foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 620	4.327	2,682	8,293	4.408	36,554
USD	67,993	30.705	2,087,715	56,112	30.710	1,723,207
JPY	19,107	0.217	4,150	14,064	0.232	3,268
HKD	39	3.929	153	45	3.938	175
<u>Financial liabilities</u>						
<u>Monetary items</u>						
CNY	2,043	4.327	8,841	1,547	4.408	6,820
USD	32,213	30.705	989,100	26,930	30.710	827,032
JPY	6,341	0.217	1,377	8,197	0.232	1,905
HKD	62	3.929	245	31	3.938	122

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.25% of the NTD against all foreign currencies as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
December 31, 2023		
CNY (0.25% of appreciation or depreciation)	\$ (12)	12
USD (0.25% of appreciation or depreciation)	2,197	(2,197)
JPY (0.25% of appreciation or depreciation)	6	(6)
	\$ 2,191	(2,191)
December 31, 2022		
CNY (0.25% of appreciation or depreciation)	\$ 59	(59)
USD (0.25% of appreciation or depreciation)	1,792	(1,792)
JPY (0.25% of appreciation or depreciation)	3	(3)
	\$ 1,854	(1,854)

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to gains of \$6,224 thousand and gains of \$80,267 thousand, respectively.

(iv) Interest rate analysis

The short-term borrowings of the Group have floating interest rates that are affected by the changes in market interest rates, resulting in the future cash flows to fluctuate. Since the Group did not use any of its credit lines, the above matter did not have any impact on the Group's future cash flows for the years ended December 31, 2023 and 2022.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(v) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	Carrying amounts	December 31, 2023			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,001,154	-	-	-	-
Notes and accounts receivable	1,649,742	-	-	-	-
Other receivables	8,987	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturities exceeding three months (recognized as current financial assets at amortized cost)	159,972	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	19,251	-	-	-	-
Restricted deposits (recognized as other non-current assets)	5,600	-	-	-	-
Total	\$ 2,845,306	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,254,913	-	-	-	-
Other payables	376,053	-	-	-	-
Lease liabilities	6,424	-	-	-	-
Total	\$ 1,637,390	-	-	-	-

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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		December 31, 2022				
		Carrying amounts	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	764,603	-	-	-	-
Notes and accounts receivable		1,622,877	-	-	-	-
Other receivables		3,898	-	-	-	-
Restricted time deposits (recognized as other current assets)		600	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)		19,383	-	-	-	-
Total		\$ 2,411,361	-	-	-	-
Financial liabilities measured at amortized cost						
Accounts payable	\$	898,157	-	-	-	-
Other payables		400,059	-	-	-	-
Lease liabilities		39,792	-	-	-	-
Total		\$ 1,338,008	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

3) There was no transfer between the fair value hierarchy levels for the years ended December 31, 2023 and 2022.

(v) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country.

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group sets a loss allowance for expected credit losses to reflect the estimated loss on accounts receivable. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there is no significant credit risk.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient working capital to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2023 and 2022, the Group had unused credit lines of \$597,050 thousand and \$735,295 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group's respective entity. The respective functional currencies of the Group's entities are primarily the NTD, and USD, JPY, HKD and CNY. The currencies used in these transactions are denominated in NTD, USD, JPY and CNY. In order to manage exchange rate risk, the Group maintains a certain limit on the net foreign currency position held by the Group.

2) Interest rate risk

The interest rate of the Group's bank loans is mainly of variable interest rates. To manage the interest rate fluctuation risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. If the interest rate has greater fluctuation in future and the Group still needs to borrow loans, the Group will adopt other financing tool for fund collection to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

(w) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(x) Investing and financing activities not affecting current cash flow:

(i) The cash paid by the Group for the purchase of property, plant and equipment is supplemented by the following information:

	2023	2022
Increase in property, plant and equipment	\$ 47,793	26,911
Add: Payable for equipment as of January 1	22,527	28,577
Less: Payable for equipment as of December 31	(21,516)	(22,527)
Effect of exchange rate changes	(405)	468
Cash paid	\$ 48,399	33,429

(ii) The cash payment from the Group's acquisition of the right of use assets is supplemented by the following cash flow information:

	2023	2022
Increase in right of use assets	\$ 3,083	4,633
Less: Increase in lease liabilities	(3,083)	(4,633)
Cash paid	\$ -	-

(iii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-Cash changes			December 31, 2023
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Lease liabilities	\$ 39,792	(36,305)	(146)	3,083	-	6,424
	January 1, 2022	Cash flows	Non-Cash changes			December 31, 2022
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Short-term borrowings	\$ 20,000	(20,000)	-	-	-	-
Lease liabilities	79,880	(43,922)	1,272	4,633	(2,071)	39,792
Bonds payable	210,406	(213,009)	-	-	2,603	-
Total liabilities from financing activities	\$ 310,286	(276,931)	1,272	4,633	532	39,792

(7) Related-party transactions

(a) Names and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the financial statements.

Name of related party	Relationship with The Group
VSELL ENTERPRISE CO., LTD. (hereinafter referred to as "VSELL")	Other related party (in May 2023, it is no longer to be a related party since the chairman of the Company has not been its principal management)
LONG-THIN ENTERPRISE CO., LTD. (hereinafter referred to as "LONG-THIN")	Director of the Company

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(b) Significant transactions with related parties

(i) Operating income

The amounts of significant sales transactions between the Group and related parties were as follows:

	2023	2022
Other related parties – VSELL	\$ 147	-

The Group has no other customers to compare with the above related party relating to sales price, and the terms for the related party are approximately 60 days. Collecting period for non-related parties is mainly 30 to 210 days.

(ii) Operating expenses

The amounts of operating expenses of the Group from related parties were as follows:

	2023	2022
Other related parties – VSELL	\$ -	37

(iii) Other income

In July 2023, the Group sold its assets under management that had reached the end of their useful life to LONG-THIN, the corporate director, for a price of \$571 thousand, recognized as other income.

(c) Key management personnel transactions

Key management personnel compensation includes:

	2023	2022
Short-term employee benefits	\$ 47,032	46,143
Post-employment benefits	5,920	5,116
Other long-term employee benefits	23	(42)
	\$ 52,975	51,217

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted time deposits (recognized as other current asset)	Custom deposits	\$ 600	600
Land and buildings (recognized as property, plant and equipment)	Long-term and short-term loans	144,756	145,094
		\$ 145,356	145,694

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(9) Commitments and contingencies:

- (a) As of December 31, 2023 and 2022, the Group had outstanding notes for guarantee of bank loans, credit limit amounting to \$639,755 thousand and \$854,363 thousand, respectively.
- (b) On October 23, 2017, the sub-subsidiary, Suzhou TaiSol, signed a lease agreement with the plaintiff. The lease period was from April 1, 2018 to March 31, 2023. Upon the expiration of the lease, the plaintiff, as the lessor, claimed that the leased factory premises returned by Suzhou TaiSol did not meet the normal usable condition. On July 24, 2023, the plaintiff requested the compensation of CNY 4 million for the repair costs of the leased factory premises, overdue rent, and breach of contract penalties. The plaintiff also applied for the freezing of Suzhou TaiSol's bank deposits amounting to CNY 1,233 thousand (recognized as other non-current assets), which has been granted by the Wujiang District People's Court in Suzhou City. This case was still in progress as of the reporting date.

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2023				2022			
	Cost of good sold	Operating expenses	Non-operating expenses	Total	Cost of good sold	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salary	287,214	204,272	-	491,486	362,147	216,840	-	578,987
Labor and health insurance	-	9,145	-	9,145	-	9,470	-	9,470
Pension	-	10,257	-	10,257	-	393	-	393
Remuneration of directors	-	10,487	-	10,487	-	11,340	-	11,340
Others	41,970	18,796	-	60,766	48,562	20,463	-	69,025
Depreciation	78,994	26,065	4,965	110,024	125,457	37,139	4,159	166,755
Amortization	-	558	-	558	-	829	-	829

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	157,100	-	-	- %	2	-	Operating capital	-		-	379,225	758,450
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	44,450	-	-	- %	2	-	Operating capital	-		-	379,225	758,450
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	133,350	129,810	26,611	5.00 %	2	-	Operating capital	-		-	379,225	758,450
2	DongGuan TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	132,660	129,810	-	- %	2	-	Operating capital	-		-	379,225	758,450

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact please fill in 1
- (2) Those necessary for short-term financing please fill in 2.

Note 2: Pursuant to the Company’s procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of the Company’s net worth, for the Company loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount lendable to any such subsidiary of the Company shall not exceed 40% of the net worth of the Company, and the individual amount shall not exceed 20% of the net worth of the Company.

Note 3: Pursuant to the subsidiary’s procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of each company’s net worth, for the subsidiary loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount and individual amount lendable to any such enterprises due to short term financing shall not exceed 40% of the net worth of each company. With a foreign subsidiary of the parent company which directly and indirectly holds 100% of the voting shares or a subsidiary loans funds to parent company are excluded from item 1. The group’s combined total loan amount is limited to the lower of less than 2,500% of the net value of the Company or 40% of the net value of the ultimate parent company. The respective loan amount is limited to the lower of 2,500% of the net value of the Company or 20 % of the net value of the ultimate parent company.

Note 4: The above transactions of loans to Suzhou TaiSol have been eliminated when the consolidated financial statements were prepared.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	SiYang TaiSol Electronics Co., Ltd.	2	568,837	48,405	30,705 (Note 3)	-	-	1.62 %	948,062	Y	N	Y
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	2	568,837	96,810	30,705 (Note 3)	-	-	1.62 %	948,062	Y	N	Y

Note 1: Pursuant to the “endorsement guarantee procedure” established by the Company, the total amount of the Company’s endorsement and guarantee does not exceed 50% of the net value of current period. Of these, the single corporate guarantee limit shall not exceed 20% of the current net value except for companies in which the Company directly and indirectly holds more than 50% of the voting shares, which shall not exceed 30% of the current net value.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:

- 1) A company with which it does business.
- 2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- 4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Suzhou TaiSol and SiYang TaiSol jointly shared the guarantee amount of NT\$30,750 thousand (US\$1 million)

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes / accounts receivable (payable)	
The Company	DongGuan TaiSol Electronics Co., Ltd.	Sub-subsiary of the Company	Purchase	1,029,368	54.51 %	O/A 75 days	-	-	(456,795)	53.75%	
The Company	Suzhou TaiSol Electronics Co., Ltd.	Sub-subsiary of the Company	Purchase	146,504	7.76 %	O/A 45 days	-	-	(12,440)	1.46%	

Note: The transactions were eliminated when the consolidated financial statements were prepared.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Actions taken		
DongGuan TaiSol Electronics Co., Ltd.	TaiSol Electronics Co., Ltd.	The ultimate parent company	456,795	2.32	-	-	184,519	-

Note 1: The subsequent information is updated up to March 1, 2024.

Note 2: The transactions were eliminated when the consolidated financial statements were prepared.

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Purchase	146,504	There are no non-related party purchase price for comparison.	3.84%
0	the Company	SiYang TaiSol Electronics Co., Ltd.	1	Purchase	69,739	There are no non-related party purchase price for comparison.	1.83%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Purchase	1,029,368	There are no non-related party purchase price for comparison.	27.00%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Payables to related parties	456,795	O/A 75 days	11.91%

Note 1: The numbers represent the following.

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: The transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: These transactions were disclosed for either the amounts are over 1% of the consolidated assets or 1% of the consolidated revenue.

Note 4: The transactions were eliminated when the consolidated financial statements were prepared.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at December 31			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage	Carrying amounts				
				TaiSol Electronics Co., Ltd.	World Window Electronics (H.K.) Limited	Hong Kong	Trading of thermal modules and components of electronics and computers and investment in Mainland China	250,119				
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	(28,468)	100 %	(59,839)	(59,476)	Subsidiary

Unit: Thousand shares

(Continued)

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at December 31			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage	Carrying amounts				
TaiSol Electronics Co., Ltd.	Taisol Electronics Japan Co., Ltd.	Japan	Trading	2,790	2,790	0.1	100 %	1,510	100 %	(51)	(51)	Subsidiary
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	8,307	8,307	-	100 %	7,247	100 %	(572)	(572)	Subsidiary

Note 1: The transactions were eliminated when the consolidated financial statements were prepared.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows during current period		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of investee	Percentage of ownership	Highest percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of December 31, 2023
					Outflow	Inflow							
Suzhou TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal solutions, modules of heat pipe and components of electronic computers, and trading of magnesium-aluminum components.	185,854 (Note 2)	2	310,120	-	-	310,120	(59,686)	100.00 %	100.00 %	(59,323)	(28,736)	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal modules, components of electronic computers and automobiles.	241,634	2	241,634	-	-	241,634	137,275	100.00 %	100.00 %	136,494	905,170	394,010
SiYang TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of components of electronic computers.	644,805	1	644,805	-	-	644,805	6,920	100.00 %	100.00 %	6,250	411,629	-

Note 1: Investment methods are classified into the following three categories.

- (1) Direct investment in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Others

Note 2: In May 2019, Suzhou TaiSol made a capital reduction of CNY30,220 thousand to cover losses and a capital reduction return of CNY15,332 thousand. Suzhou TaiSol increased its capital by USD2,053 thousand in March 2021, resulting in paid-in capital of USD6,053 thousand.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,196,559 (Note 2) (USD 31,100 and HKD61,500)	1,196,559 (Note 2) (USD 31,100 and HKD61,500)	- (Note 1)

Note 1: Since the Company meets the criteria for operational headquarters, the Company is not subject to the limitation as to the amount of investment in Mainland China.

Note 2: Amounts are denominated in New Taiwan Dollars. Foreign currency should be converted at the exchange rates of USD\$: NT\$ = 1:30.705 and HKD\$: NT\$ = 1:3.929 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, are disclosed in "Information on significant transactions".

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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
SINGATRON ENTERPRISE CO., LTD.		10,367,000	11.79 %

Note: 1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

(a) General information

In the second half of the year 2022, the transfer of part of the production line from Suzhou TaiSol to SiYang TaiSol resulted in the different reportable operating segment in the year 2023 from that disclosed in the consolidated financial statements for the year ended December 31, 2022. The adjusted information about reportable operating segment is as follows:

- (i) The Company mainly sells thermal modules and other electronic components.
- (ii) DongGuan TaiSol mainly manufactures and sells thermal modules and other electronic components.
- (iii) SiYang TaiSol mainly manufactures and sells thermal modules.

The reportable segments are the Group's strategic divisions. They offer different products for various geographic customers, and are managed separately because they require different marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

The operating segment accounting policies are similar to those described in note 4 "summary of material accounting policies". The Group assesses the performance of each reportable segments based on the profit after income tax. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

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Notes to the Consolidated Financial Statements

(b) Information about reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

	2023						Reconciliation and elimination	Total
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	-		
Revenue:								
Revenue from external customers	\$ 2,316,825	8,624	1,117,387	368,939	-	-		3,811,775
Intersegment revenues	-	170,200	1,026,427	127,927	1,923	(1,326,477)		-
Total revenue	<u>\$ 2,316,825</u>	<u>178,824</u>	<u>2,143,814</u>	<u>496,866</u>	<u>1,923</u>	<u>(1,326,477)</u>		<u>3,811,775</u>
Reportable segment profit or loss	<u>\$ 160,489</u>	<u>(59,323)</u>	<u>136,494</u>	<u>6,250</u>	<u>(616)</u>	<u>-</u>		<u>243,294</u>
	2022						Reconciliation and elimination	Total
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	-		
Revenue:								
Revenue from external customers	\$ 2,990,834	299,411	1,202,053	76,020	-	-		4,568,318
Intersegment revenues	-	500,897	1,188,199	248,348	1,865	(1,939,309)		-
Total revenue	<u>\$ 2,990,834</u>	<u>800,308</u>	<u>2,390,252</u>	<u>324,368</u>	<u>1,865</u>	<u>(1,939,309)</u>		<u>4,568,318</u>
Reportable segment profit or loss	<u>\$ 253,913</u>	<u>(54,159)</u>	<u>134,698</u>	<u>(66,154)</u>	<u>(821)</u>	<u>-</u>		<u>267,477</u>

The information of segment assets and liabilities is not disclosed, because the Group's chief operating decision maker does not rely on it.

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$1,326,477 thousand and \$1,939,309 thousand for the years 2023 and 2022, respectively.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographic information	2023	2022
Revenue from external customers:		
America	\$ 121,650	157,385
Asia	3,638,909	4,383,936
Europe	<u>51,216</u>	<u>26,997</u>
	<u>\$ 3,811,775</u>	<u>4,568,318</u>

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Non-current assets		
Taiwan	\$ 157,855	168,888
China	348,777	421,275
Others	<u>423</u>	<u>896</u>
	<u>\$ 507,055</u>	<u>591,059</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments, investments accounted for using equity method, deferred tax assets, and pension fund assets.

(d) Major customers

For the years 2023 and 2022, the major customers who constituted 10% or more of net revenues were as follows:

	<u>2023</u>	<u>2022</u>
Customer A	<u>\$ 744,243</u>	<u>896,161</u>
Customer B	<u>\$ 497,543</u>	<u>553,806</u>
Customer C	<u>\$ 469,613</u>	<u>489,770</u>



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Independent Auditors' Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

Opinion

We have audited the financial statements of TaiSol Electronics Co., Ltd. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Notes 4(m), 5(a), 6(l) and 6(q) to the parent company only financial statements.

Description of key audit matter:

The Company provides discounts to its customers based on their contract agreements and records them as reduction on revenue. Therefore, revenue recognition has been regarded as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Testing the manual controls relating to sales and collection, financial reporting, as well as checking and reconciling the sales system data with the general ledger entries to ensure the Company's revenue recognition policy is in compliance with the relevant standards and revenue information is properly disclosed.
- Reviewing the relevant customer sales contracts and terms, by taking into consideration the accounting treatment and disclosure of sales discounts, to ensure they are consistent with the Company's accounting policies.
- Performing a year-to-year analysis on the revenue based on product lines and revenue from top ten customers to determine to ensure there are no material misstatements.
- Selecting appropriate samples and compare them with the vouchers and relevant documents to ensure consistency.
- Selecting sales transactions from a period of time before and after the balance sheet date and verify them with the vouchers and relevant documents to assess the accuracy of the timing and amounts of revenue recognized.
- Obtaining the details of the discounts accrued by the management of the Company (refund liabilities) and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and the underlying assumptions; as well as reviewing the accuracy of the estimated discount accrued in prior years to assess whether there are material anomalies in the amounts of the accrued discounts (refund liabilities).

2. Commission estimate

Please refer to Notes 4(f) , 5(b), 6(l) to the parent company only financial statements.

Description of key audit matter:

Commission expense is one of our key audit matters. Part of the sales of the Company are made through agents, who collect commissions from the Company based on the agreements. These expenses estimated by the management, in respect of the foregoing transaction mentioned above, are accrued as operating expenses.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the terms of the sales contract of the relevant agent to ensure they are consistent with the accounting treatment.
- Performing a year-to-year analysis on the commission expense incurred from the main agents to evaluate if there are any material abnormalities.
- Obtaining the details on the commission accrued by the management and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and underlying assumptions; as well as reviewing the accuracy of the estimated commission expenses accrued in prior years to assess whether there are material anomalies in the amounts of the accrued commission.



3. Valuation of Inventory

Please refer to Notes 4(g), 5(c) and 6(e) to the parent company only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. Due to factors such as rapid changes in technology or the upgrading of production technology, which may lead the products to be obsolete or no longer meet market demand, and their sales prices to fluctuate or become sluggish, resulting in a risk on the costs of inventories to exceed their net realized values.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the inventory aging reports to analyze the changes for each period.
- Assessing the reasonableness of the accounting policies of the Company, such as policies for the valuation of inventories or the provision of obsolete goods.
- Evaluating whether the inventory valuation is in conformity with the accounting policies.
- Understanding the basis for valuation of net realized value used by the management of the Company and selecting appropriate samples to assess the reasonableness of the net realized value of inventories.
- Assessing whether the disclosure of inventory 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.



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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 Chen, Fu-Jen and Yin, Yuan-Sheng.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
TAISOL ELECTRONICS CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:								Liabilities and Equity			
1100	Cash and cash equivalents (note 6(a))	\$ 626,065	20	543,973	18	2170	Accounts payable	372,403	12	213,919	7
1136	Current financial assets at amortized cost (note 6(b))	30,827	1	-	-	2180	Accounts payable to related parties (note 7)	477,411	15	446,680	15
1150	Notes receivable, net (notes 6(c) and (q))	16	-	-	-	2200	Other payables (note 6(l))	190,596	6	206,920	7
1170	Accounts receivable, net (notes 6(c) and (q))	817,228	25	810,833	27	2220	Other payables to related parties (note 7)	7,874	-	7,882	-
1200	Other receivables, net (note 6(d))	5,004	-	2,055	-	2230	Current tax liabilities	34,536	1	86,563	3
1210	Other receivables due from related parties, net (notes 6(d) and 7)	582	-	3,409	-	2280	Current lease liabilities (note 6(k))	1,888	-	2,974	-
1220	Current tax assets	253	-	-	-	2300	Other current liabilities (notes 6(l) and (q))	72,277	2	85,300	3
130X	Inventories (note 6(e))	169,660	5	172,250	6		Total current liabilities	1,156,985	36	1,050,238	35
1410	Prepayments	2,844	-	3,246	-		Non-Current liabilities:				
1470	Other current assets (note 8)	809	-	592	-	2570	Deferred tax liabilities (note 6(n))	137,274	4	110,165	4
	Total current assets	1,653,288	51	1,536,358	51	2580	Non-current lease liabilities (note 6(k))	1,227	-	1,785	-
	Non-current assets:					2650	Credit balance of investments accounted for using equity method (note 6(f))	28,468	1	-	-
1550	Investments accounted for using equity method, net (note 6(f))	1,337,473	42	1,250,680	41	2670	Other non-current liabilities	1,817	-	12,858	-
1600	Property, plant and equipment (notes 6(g) and 8)	152,293	5	149,515	5		Total non-current liabilities	168,786	5	124,808	4
1755	Right of use assets (note 6(h))	3,076	-	4,725	-		Total liabilities	1,325,771	41	1,175,046	39
1780	Intangible assets (note 6(i))	1,120	-	1,196	-		Equity attributable to owners of parent (notes 6(j) and (o)):				
1840	Deferred tax assets (note 6(n))	73,280	2	71,347	2	3110	Ordinary share	879,081	27	879,081	29
1990	Other non-current assets	1,366	-	13,452	1	3200	Capital surplus	348,899	11	348,899	11
	Total non-current assets	1,568,608	49	1,490,915	49		Retained earnings:				
						3310	Legal reserve	197,029	6	170,281	6
						3320	Special reserve	61,180	2	85,614	3
						3350	Unappropriated retained earnings	512,849	16	446,785	15
								771,058	24	702,680	24
						3410	Exchange differences on translation of foreign financial statements	(85,660)	(2)	(61,180)	(2)
						3500	Treasury shares	(17,253)	(1)	(17,253)	(1)
							Total equity	1,896,125	59	1,852,227	61
	Total assets	\$ 3,221,896	100	3,027,273	100		Total liabilities and equity	\$ 3,221,896	100	3,027,273	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAISOL ELECTRONICS CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 2,316,825	100	2,990,834	100
5000	Operating costs (notes 6(e), 7 and 12)	1,912,640	83	2,447,968	82
5900	Gross profit from operations	404,185	17	542,866	18
6000	Operating expenses (notes 6(c), (k), (m), (r), 7 and 12):				
6100	Selling expenses	106,140	4	156,579	5
6200	Administrative expenses	88,792	4	60,104	2
6300	Research and development expenses	41,763	2	54,059	2
6450	Expected credit (gain) loss	(500)	-	39	-
		236,195	10	270,781	9
6900	Net operating income	167,990	7	272,085	9
7000	Non-operating income and expenses (notes 6(j), (k), (s) and 7):				
7100	Interest income	16,831	1	3,550	-
7010	Other income	39,005	1	27,042	1
7020	Other gains and losses, net	259	-	39,455	1
7050	Finance costs, net	(128)	-	(4,208)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	82,805	4	13,564	1
		138,772	6	79,403	3
	Profit from continuing operations before tax	306,762	13	351,488	12
7950	Less: Income tax expenses (note 6(n))	63,468	3	84,011	3
	Profit	243,294	10	267,477	9
8300	Other comprehensive income (note 6(o)):				
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(24,480)	(1)	23,179	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income	(24,480)	(1)	23,179	1
8500	Total comprehensive income	\$ 218,814	9	290,656	10
	Earnings per share (note 6(p))				
9750	Basic earnings per share	\$ 2.78		3.05	
9850	Diluted earnings per share	\$ 2.78		3.00	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAISOL ELECTRONICS CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2022	\$ 879,081	348,765	151,536	73,874	341,655	567,065	(85,614)	-	1,709,297
Profit	-	-	-	-	267,477	267,477	-	-	267,477
Other comprehensive income	-	-	-	-	-	-	23,179	-	23,179
Total comprehensive income	-	-	-	-	267,477	267,477	23,179	-	290,656
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,745	-	(18,745)	-	-	-	-
Special reserve appropriated	-	-	-	11,740	(11,740)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(131,862)	(131,862)	-	-	(131,862)
Purchase of treasury share	-	-	-	-	-	-	-	(17,253)	(17,253)
Disposal of subsidiaries	-	-	-	-	-	-	1,255	-	1,255
Others	-	134	-	-	-	-	-	-	134
Balance at December 31, 2022	879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	243,294	243,294	-	-	243,294
Other comprehensive income	-	-	-	-	-	-	(24,480)	-	(24,480)
Total comprehensive income	-	-	-	-	243,294	243,294	(24,480)	-	218,814
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
Balance at December 31, 2023	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125

See accompanying notes to parent company only financial statements.

TAISOL ELECTRONICS CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 306,762	351,488
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	8,708	7,758
Amortization expense	350	607
Expected credit (gain) loss	(500)	39
Interest expense	128	4,208
Interest income	(16,826)	(3,548)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(82,805)	(13,564)
Loss on disposal of investments	-	1,255
Unrealized foreign exchange loss	4,952	12,334
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit (loss)	<u>(85,993)</u>	<u>9,076</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(16)	-
(Increase) decrease in accounts receivable	(37,790)	393,689
(Increase) decrease in other receivables	(1,767)	3,078
Decrease in other receivables due from related parties	2,820	20,872
Decrease in inventories	2,590	84,892
Decrease (increase) in prepayments	402	(694)
(Increase) decrease in other current assets	(217)	1,247
Decrease (increase) in other non-current assets	<u>12,075</u>	<u>(617)</u>
Total changes in operating assets	<u>(21,903)</u>	<u>502,467</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	169,997	(91,786)
Increase (decrease) in accounts payable to related parties	48,009	(164,448)
Decrease in other payable	(17,350)	(1,192)
Increase (decrease) in other payable to related parties	78	(12,068)
(Decrease) increase in other current liabilities	(14,388)	17,909
Decrease in other operating liabilities	<u>(11,041)</u>	<u>(220)</u>
Total changes in operating liabilities	<u>175,305</u>	<u>(251,805)</u>
Total changes in operating assets and liabilities	<u>153,402</u>	<u>250,662</u>
Total adjustments	<u>67,409</u>	<u>259,738</u>
Cash inflow generated from operations	374,171	611,226
Interest received	15,610	3,799
Dividends received	-	134,149
Interest paid	(128)	(1,605)
Income taxes paid	<u>(90,572)</u>	<u>(91,133)</u>
Net cash flows from operating activities	<u>299,081</u>	<u>656,436</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(30,827)	-
Acquisition of investments accounted for using equity method	-	(8,307)
Proceeds from disposal of investments accounted for using equity method	-	6
Acquisition of property, plant and equipment	(7,718)	(2,801)
Decrease in other receivables due from related parties	-	95,064
Acquisition of intangible assets	(274)	-
Decrease in other non-current assets	<u>-</u>	<u>2,238</u>
Net cash flows (used in) from investing activities	<u>(38,819)</u>	<u>86,200</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(20,000)
Repayments of bonds	-	(213,009)
Payment of lease liabilities	(3,254)	(3,104)
Cash dividends paid	(174,916)	(131,862)
Payments to acquire treasury shares	-	(17,253)
Other financing activities	<u>-</u>	<u>134</u>
Net cash flows used in financing activities	<u>(178,170)</u>	<u>(385,094)</u>
Net increase in cash and cash equivalents	82,092	357,542
Cash and cash equivalents at beginning of period	<u>543,973</u>	<u>186,431</u>
Cash and cash equivalents at end of period	<u>\$ 626,065</u>	<u>543,973</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAISOL ELECTRONICS CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TaiSol Electronics Co., Ltd. (the “Company”) was incorporated on September 23rd, 1994 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan. The principal activities of the Company are the manufacturing, the processing and trading of thermal modules, components of electronic computers, electrical wires and cables, automobile and motorcycles.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since December 13, 2013.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 1, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the Financial assets measured at fair value through profit or loss, the parent company only financial statements have been prepared on a historical cost basis.

- (ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

- (c) Foreign currencies

- (i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

TAISOL ELECTRONICS CO., LTD.
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Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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(e) Cash and cash equivalents

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

(f) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designates a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets, etc.).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (“ECL”), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECL are discounted at the effective interest rate of the financial asset.

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At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract or default has been resorted to legal action;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Company enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

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(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued is recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

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

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6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

The cost of inventories includes all necessary expenditures and charges incurred in bringing the inventories to the present condition and location.

Subsequent measurement of inventories is based on each inventories category, at whichever is lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business on balance sheet date, less the estimated costs of completion and selling expenses. When the cost of inventories exceed the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. In the event of an increase in the net realized value in the subsequent period, within the original amount has been offset, the increase shall be reversed and recognized the reversal amount as a decrease in the cost of goods sold in the current period.

(h) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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(i) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

1) Buildings	3~55 years
2) Machinery and equipment	3~5 years
3) Molding equipment is used for three years or as expected	
4) Office equipment	3~5 years
5) Other equipment	2~3 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Notes to the Financial Statements

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

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

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

1) Patent	3~19 years
2) Software	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs).

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company offers different types of discounts to its customers or on products according to market demand and competition. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience and consideration of the sales contract are used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

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2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify; the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services are provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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(ii) Defined benefit plans

The Company's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

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Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are not recognized for the following exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. The Company's dilutive potential common shares comprise employee remuneration and convertible bond.

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(q) Operating segment

Segment information is disclosed in consolidated financial statement; therefore, no further information is disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements, in conformity with the Regulations, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The parent company only financial statements do not compromise accounting policy that involves material judgment and any information that results in significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Accrual of sales allowance

The Company also records a refund liability for its estimated future allowances in the same period the related revenue is recorded. Refund liability for estimated sales allowances is generally made and adjusted based on historical experience and customer contracts. The adequacy of estimations is reviewed periodically. However, the adequacy of estimations may be affected by factors such as market price competition and the evolution of product technology, which could result in significant adjustments to the variable consideration. A refunded liability is recognized for expected discounts payable to customers in relation to sales made. Please refer to Notes 6(l) and 6(q) for further description of the refund liabilities.

(b) Estimation of commission expenses

The Company estimates its commission expenses based on historical experience and contracts with the agents, wherein the expenses are recognized as current sales expenses in the respective period. Moreover, the Company regularly reviews the reasonableness of its estimates, whose adequacy may be affected by factors such as market price competition and economic conditions, which could result in significant adjustments to the variable consideration. Please refer to Note 6(l) for further description of the commission payable.

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(c) Valuation of Inventory

As inventories are stated at the lower of cost or net realizable value, the Company estimates its net realizable value of inventories for normal inventory consumption, obsolescence and unmarketable items, at the end of the reporting period, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of future demand within a specific time horizon. In addition, the rapid technological changes or the upgrading of production technology may lead to a significant change in the net realizable value of inventories. Please refer Note 6(e) for valuation of Inventory.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 123	102
Demand deposits	153,015	187,719
Time deposits	457,927	336,152
Repurchase agreement	15,000	20,000
Cash and cash equivalents in the statement of cash flows	<u>\$ 626,065</u>	<u>543,973</u>

(b) Current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original maturity of more than three months	<u>\$ 30,827</u>	<u>-</u>
Interest rate range	<u>1.16%</u>	<u>-</u>

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Company held domestic time deposits, which matures on February 26, 2024.

The Company's financial assets measured at amortized cost were not pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable — measured at amortized cost	\$ 16	-
Accounts receivable — measured at amortized cost	817,728	811,833
Less: Loss allowance	500	1,000
	<u>\$ 817,244</u>	<u>810,833</u>

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The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions of the clients classified as category A were determined as follows:

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 771,462	-	-
1 to 30 days past due	3,623	1%	36
31 to 120 days past due	21	1%	-
	\$ 775,106		36
	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 730,836	-	-
1 to 30 days past due	20,039	1%	200
31 to 120 days past due	1,501	1%	15
	\$ 752,376		215

The loss allowance provisions of the clients classified as category B were determined as follows:

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 41,936	1%	419
1 to 30 days past due	683	5%	34
31 to 120 days past due	19	5%	1
	\$ 42,638		454

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 56,973	1%	570
1 to 30 days past due	1,818	5%	91
31 to 120 days past due	656	5%	33
121 to 365 days past due	10	5%	1
	\$ 59,457		695

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 1,000	961
Impairment losses (reversed) recognized	(500)	39
Balance at December 31	\$ 500	1,000

The Company's notes and accounts receivable were not pledged as collateral.

(d) Other receivables (including related parties)

	December 31, 2023	December 31, 2022
Other receivables – advance money to associates	\$ 582	3,409
Others	5,004	2,055
	\$ 5,586	5,464

Other receivables are impaired at the loss allowance based on 12 month expected credit losses. The loss allowance provisions and credit impairments were determined as follows:

	December 31, 2023		December 31, 2022	
	Life time Expected loss — unimpaired	Life time Expected loss— impaired	Life time Expected loss— unimpaired	Life time Expected loss— impaired
Current	\$ 5,586	-	5,464	-
More than 365 days past	-	-	-	-
Gross carrying amounts	5,586	-	5,464	-
Loss allowance	-	-	-	-
Amortized cost (carrying amount)	\$ 5,586	-	5,464	-

There was no movement in allowance for other receivables for the years ended December 31, 2023 and 2022.

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Notes to the Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 67,811	101,543
Work in progress	3,730	6,675
Raw materials	14,701	15,510
Merchandise	83,418	48,522
Total	\$ 169,660	172,250

The details of the cost of sales were as follows:

	2023	2022
Cost of goods sold	\$ 1,913,015	2,445,363
(Reversal) recognition of provisions for inventory valuation	(500)	2,600
Loss on scrap of inventory	125	5
	\$ 1,912,640	2,447,968

The Company's inventories mentioned above were not pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 1,309,005	1,250,680
Add: reclassified to credit balance of investments accounted for using equity method	28,468	-
	\$ 1,337,473	1,250,680

Please refer to the consolidated financial statements for the year ended December 31, 2023.

The Company's investments accounted for using the equity method were not pledged as collateral.

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Notes to the Financial Statements

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2023	\$ 107,699	56,554	3,312	1,295	3,985	80	172,925
Additions	-	720	138	323	896	6,150	8,227
Disposal	-	-	(393)	(1,295)	(2,969)	(80)	(4,737)
Balance at December 31, 2023	<u>\$ 107,699</u>	<u>57,274</u>	<u>3,057</u>	<u>323</u>	<u>1,912</u>	<u>6,150</u>	<u>176,415</u>
Balance at January 1, 2022	\$ 107,699	57,019	1,985	2,010	4,749	1,164	174,626
Additions	-	-	2,271	69	507	-	2,847
Disposal	-	(465)	(944)	(784)	(1,271)	(1,084)	(4,548)
Balance at December 31, 2022	<u>\$ 107,699</u>	<u>56,554</u>	<u>3,312</u>	<u>1,295</u>	<u>3,985</u>	<u>80</u>	<u>172,925</u>
Depreciation:							
Balance at January 1, 2023	\$ -	19,159	1,289	346	2,600	16	23,410
Depreciation for the year	-	1,058	1,072	949	1,110	1,260	5,449
Disposal	-	-	(393)	(1,295)	(2,969)	(80)	(4,737)
Balance at December 31, 2023	<u>\$ -</u>	<u>20,217</u>	<u>1,968</u>	<u>-</u>	<u>741</u>	<u>1,196</u>	<u>24,122</u>
Balance at January 1, 2022	\$ -	18,450	1,081	668	2,490	613	23,302
Depreciation for the year	-	1,174	1,152	462	1,381	487	4,656
Disposal	-	(465)	(944)	(784)	(1,271)	(1,084)	(4,548)
Balance at December 31, 2022	<u>\$ -</u>	<u>19,159</u>	<u>1,289</u>	<u>346</u>	<u>2,600</u>	<u>16</u>	<u>23,410</u>
Carrying amounts:							
Balance at December 31, 2023	<u>\$ 107,699</u>	<u>37,057</u>	<u>1,089</u>	<u>323</u>	<u>1,171</u>	<u>4,954</u>	<u>152,293</u>
Balance at January 1, 2022	<u>\$ 107,699</u>	<u>38,569</u>	<u>904</u>	<u>1,342</u>	<u>2,259</u>	<u>551</u>	<u>151,324</u>
Balance at December 31, 2022	<u>\$ 107,699</u>	<u>37,395</u>	<u>2,023</u>	<u>949</u>	<u>1,385</u>	<u>64</u>	<u>149,515</u>

Please refer to Note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2023 and 2022.

(h) Right of use assets

The Company leases buildings, vehicles, and office equipments. Information about leases for which the Company as a lessee was as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 5,832	6,050	238	12,120
Additions	-	1,610	-	1,610
Disposal	-	(1,946)	-	(1,946)
Balance at December 31, 2023	<u>\$ 5,832</u>	<u>5,714</u>	<u>238</u>	<u>11,784</u>
Balance at January 1, 2022	\$ 3,946	8,628	238	12,812
Additions	1,886	528	-	2,414
Disposal	-	(3,106)	-	(3,106)
Balance at December 31, 2022	<u>\$ 5,832</u>	<u>6,050</u>	<u>238</u>	<u>12,120</u>

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2023	\$ 3,556	3,740	99	7,395
Depreciation for the year	1,300	1,911	48	3,259
Disposal	-	(1,946)	-	(1,946)
Balance at December 31, 2023	<u>\$ 4,856</u>	<u>3,705</u>	<u>147</u>	<u>8,708</u>
Balance at January 1, 2022	\$ 2,295	3,914	52	6,261
Depreciation for the year	1,261	1,794	47	3,102
Disposal	-	(1,968)	-	(1,968)
Balance at December 31, 2022	<u>\$ 3,556</u>	<u>3,740</u>	<u>99</u>	<u>7,395</u>
Carrying amounts:				
Balance at December 31, 2023	<u>\$ 976</u>	<u>2,009</u>	<u>91</u>	<u>3,076</u>
Balance at January 1, 2022	<u>\$ 1,651</u>	<u>4,714</u>	<u>186</u>	<u>6,551</u>
Balance at December 31, 2022	<u>\$ 2,276</u>	<u>2,310</u>	<u>139</u>	<u>4,725</u>

(i) Intangible assets

	<u>Computer software</u>	<u>Patents</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 610	1,484	2,094
Acquisition	232	42	274
Disposal	(610)	(287)	(897)
Balance at December 31, 2023	<u>\$ 232</u>	<u>1,239</u>	<u>1,471</u>
Balance at January 1, 2022	\$ 795	2,274	3,069
Disposal	(185)	(790)	(975)
Balance at December 31, 2022	<u>\$ 610</u>	<u>1,484</u>	<u>2,094</u>
Amortization:			
Balance at January 1, 2023	\$ 418	480	898
Amortization	199	151	350
Disposal	(610)	(287)	(897)
Balance at December 31, 2023	<u>\$ 7</u>	<u>344</u>	<u>351</u>
Balance at January 1, 2022	\$ 367	899	1,266
Amortization	236	371	607
Disposal	(185)	(790)	(975)
Balance at December 31, 2022	<u>\$ 418</u>	<u>480</u>	<u>898</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 225</u>	<u>895</u>	<u>1,120</u>
Balance at January 1, 2022	<u>\$ 428</u>	<u>1,375</u>	<u>1,803</u>
Balance at December 31, 2022	<u>\$ 192</u>	<u>1,004</u>	<u>1,196</u>

The Company did not provide any of the aforementioned intangible assets as collateral.

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Notes to the Financial Statements

(j) Bonds payable

(i) The main terms of issuing the convertible corporate bonds were as follows:

Item	The second unsecured domestic convertible corporate bonds
1) Principal amount	\$300,000 thousand dollars
2) Par value	\$100 thousand dollars
3) Issuance price	101% of nominal value
4) Duration	2019.08.20~2022.08.20
5) Maturity	3 year
6) Coupon rate	0%
7) Redemption methods	The Company may redeem its bonds in advance when one of the following conditions is met: <ul style="list-style-type: none"> 1) Within the period between three months after the issuance date and 40 days prior to maturity, if the closing price of the Company's common shares on the TWSE for a period of 30 consecutive trading days has been exceeding at least 30% of the conversion price in effect on each trading day, the Company may redeem all bonds at par value by cash. 2) If the amount outstanding of bonds is less than 10% of the principal amount within the period between the three months after the issuance date and the 40 days prior to maturity, the Company may redeem the outstanding bonds at their principal amount.
8) Bondholders with a put option	None.

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Item	The second unsecured domestic convertible corporate bonds
9) Conversion price and adjustment	<p>The conversion price was NT\$74.8 per share on the issuance date. The conversion method provides for the adjustment of the conversion price of bonds after the issuance, and it will be dealt with according to the relevant provisions.</p> <p>On June 5, 2020, the Company paid cash dividends of ordinary shares for \$2.1 per share, pursuant to a resolution of the shareholders' meeting. The base date was July 13, 2020. Since July 13, 2020, the conversion price was adjusted from \$74.8 to \$73.06.</p> <p>On July 5, 2021, the Company paid cash dividends of ordinary shares with \$1.8 per share, pursuant to a resolution of the shareholders' meeting. The base date was August 8, 2021. Since August 8, 2021, the conversion price was adjusted from \$73.06 to \$70.62.</p> <p>On May 20, 2022, the Company paid cash dividends of ordinary shares with \$1.5 per share, pursuant to a resolution of the shareholders' meeting. The base date was June 26, 2022. Since June 26, 2022, the conversion price was adjusted from \$70.62 to \$68.27.</p>
(ii)	The second unsecured domestic convertible corporate bonds issued by the Company reached maturity on August 20, 2022. According to the regulations, the Company had redeemed and suspended the trading. The Company had repaid in full at the end of August, 2022.
(iii)	The details of the second unsecured domestic convertible corporate bonds issued on August 20, 2019 were as follows:

	December 31, 2022
The original issued amount of the convertible bonds	\$ 303,000
Less: Accumulative converted amount	(89,991)
Accumulative redeemed amount	(213,009)
Unamortized discounted corporate bonds payable	-
Expected to be redeemed within one year	-
Corporate bonds issued balance at year-end	\$ -
Equity component – conversion options, recognized as capital surplus– stock options	\$ -
	2022
Interest expense	\$ 2,603

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- (iv) The second unsecured domestic convertible corporate bonds issued by the Company separates options and liabilities and is recognized as equity and liabilities respectively, and the details are as follows:

	Amount
Present value of the convertible bonds issued	\$ 290,644
Embedded derivative financial instruments - redemption option	(1,150)
The elements of equity issued	13,506
Total convertible corporate bonds issued	\$ 303,000

- (k) Lease liabilities

The amounts of the Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ 1,888	2,974
Non-current	\$ 1,227	1,785

For the maturity analysis, please refer to Note 6(t).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ 87	59
Expenses relating to short-term leases	\$ 41	9
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ -	-

The leases amounts recognized in the statement of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	\$ 3,382	3,172

- (i) Real estate leases

The Company leases land and buildings as staff dormitories and research and development centers. The leases of R&D centers run for a period of 2 years, and of staff dormitories for 3 years.

- (ii) Other leases

The Company leases vehicles and other equipment, with lease terms of three to five years.

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Notes to the Financial Statements

(l) Other payables and other current liabilities

The other payables were as follows:

	December 31, 2023	December 31, 2022
Commission payable	\$ 70,250	71,442
Salary and bonus payable	28,411	30,316
Remuneration payable to employees and directors	31,605	38,590
Other payables	60,330	66,572
	<u>\$ 190,596</u>	<u>206,920</u>

The other current liabilities were as follows:

	December 31, 2023	December 31, 2022
Refund liabilities	\$ 68,336	82,018
Temporary credits	2,556	2,276
Unearned receipts	361	-
Receipts under custody	1,024	1,006
	<u>\$ 72,277</u>	<u>85,300</u>

(m) Employee benefits

(i) Defined benefit plans

In the fourth quarter of 2021, the Company settled with the employees who were eligible for the defined benefit scheme. The Company applied to the Department of Labor, Taipei City Government in accordance with the law for payment of the employee pension and return of the residual amount of the labor retirement reserve. The Company received the residual amount in April 2022, and recognized liquidation gain of \$4,727 thousand.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022 amounted to \$5,056 thousand and \$5,299 thousand, respectively.

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Under the retirement scheme for senior managers of the Company, If the actual salary range of the month is higher than the maximum salary range of the Contribution Classification of Labor Pension (The New Fund), the pension contribution will be calculated at 6% of the monthly salary shortfall. In addition to the previous pension benefit, managers retiring may be granted a separate pension based on their level of contribution, with the approval of the remuneration committee and the chairman of the Company in the year of retirement. Under the contribution pension plan, the Company's pension costs amounted to \$5,201 thousand and \$(179) thousand for the years ended December 31, 2023 and 2022, respectively.

(n) Income taxes

(i) Income tax expenses

The components of income tax in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 39,094	105,137
Adjustment for prior years	<u>(802)</u>	<u>4,106</u>
	<u>38,292</u>	<u>109,243</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	<u>25,176</u>	<u>(25,232)</u>
Income tax expense	<u>\$ 63,468</u>	<u>84,011</u>

There were no income tax expense recognized in equity and other comprehensive income for the years ended December 31, 2023 and 2022.

Reconciliation of income tax expense and profit before tax for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u>\$ 306,762</u>	<u>351,488</u>
Income tax using the Company's domestic tax rate	\$ 61,352	70,298
Non-deductible expenses	142	-
Aggregate deductible temporary differences associated with investments in subsidiaries	763	12,192
Change in provision in prior periods	(802)	4,106
Additional tax on undistributed earnings	4,512	1,255
Tax incentives	(2,499)	(3,597)
Others	<u>-</u>	<u>(243)</u>
Income tax expense	<u>\$ 63,468</u>	<u>84,011</u>

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Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ (8,243)	(8,243)

2) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 44,560	43,798

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	Unrealized investment gains	Others	Total
Balance at January 1, 2023	\$ 109,943	222	110,165
Recognized in profit or loss	27,331	(222)	27,109
Balance at December 31, 2023	\$ 137,274	-	137,274
Balance at January 1, 2022	\$ 110,842	696	111,538
Recognized in profit or loss	(899)	(474)	(1,373)
Balance at December 31, 2022	\$ 109,943	222	110,165

Deferred Tax Assets:

	Allowance for sales return and discounts	Provision for bad debts	Unrealized Investment loss	Others	Total
Balance at January 1, 2023	\$ 16,404	1,965	29,538	23,440	71,347
Recognized in profit or loss	(2,737)	(111)	10,007	(5,226)	1,933
Balance at December 31, 2023	\$ 13,667	1,854	39,545	18,214	73,280

(Continued)

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

	Allowance for sales return and discounts	Provision for bad debts	Unrealized Investment loss	Others	Total
Balance at January 1, 2022	\$ 12,012	1,151	18,511	15,814	47,488
Recognized in profit or loss	4,392	814	11,027	7,626	23,859
Balance at December 31, 2022	\$ 16,404	1,965	29,538	23,440	71,347

(iii) Assessment of tax

The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. tax authorities.

(o) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to \$1,000,000 thousand with a par value of \$10 per share. The aggregate amount of the aforesaid authorized share capital was composed of ordinary shares only, and the issued shares were 87,908 thousand shares.

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid in capital	\$ 325,371	325,371
Others	23,528	23,528
	\$ 348,899	348,899

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

In accordance with the Company's articles, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by the shareholders' meeting.

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In consideration of the Company's longterm operating plan, funding needs, and satisfying shareholder demand for cash flow, distribution of earnings may be retained in whole or in part as unappropriated retained earnings by resolution of the shareholders' general meeting and shall be paid in subsequent years. The distribution of dividends by shareholders may be in the form of cash dividends or share dividends, where the distribution rate of share dividends shall be not less than 20 percent, provided that the ratio of such earnings to cash dividends or share dividends shall be adjusted by resolution of the shareholders in accordance with the actual profit and fund status for the year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on May 30, 2023 and May 20, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ <u>2.00</u>	<u>174,916</u>	<u>1.50</u>	<u>131,862</u>

On March 1, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders		
Cash	\$ <u>2.00</u>	<u>174,916</u>

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(iii) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, on July 1, 2022, the Board of Directors resolved to repurchase 600 thousand shares as treasury shares to motivate its employees, at a price ranging from \$30.0 to \$60.0 per share, during the repurchased period from July 1 to August 31, 2022. During the repurchased period, the Company repurchased 450 thousand shares for a total consideration of \$17,253 thousand. As of December 31, 2023, the number of shares held by the Company was 450 thousand shares.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer. In addition, the number of shares bought back shall not exceed 10% of the total number of issued shares. The total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums and realized capital surplus. The Company had complied with the relevant laws and regulations to calculate the limit of treasury shares in accordance with the application, and there were no cases of exceeding the limit.

(iv) Other equity amounts (net of tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2023	\$ (61,180)
Exchange differences on translation of net assets of foreign operations	(24,480)
Balance as of December 31, 2023	\$ (85,660)
Balance as of January 1, 2022	\$ (85,614)
Exchange differences on translation of net assets of foreign operations	23,179
Reclassified to profit or loss on the disposal of a foreign operation	1,255
Balance as of December 31, 2022	\$ (61,180)

(p) Earnings per share

The basic earnings per share were calculated as follows:

	2023	2022
Basic earnings per share:		
Profit attributable to the Company	\$ 243,294	267,477
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,708
Basic earnings per share (in New Taiwan dollars)	\$ 2.78	3.05

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>	
Diluted earnings per share:			
Profit attributable to the Company	\$ 243,294	267,477	
Effect of dilutive potential ordinary shares			
Convertible bonds	<u>-</u>	<u>2,603</u>	
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	<u>\$ 243,294</u>	<u>270,080</u>	
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,708	
Effect of dilutive potential ordinary shares			
Effect of issuance of share options (in thousands of shares)	207	407	
Effect of the conversion of convertible bonds (in thousands of shares)	<u>-</u>	<u>1,898</u>	
Weighted average number of common shares outstanding (Diluted / in thousands of shares)	<u>87,665</u>	<u>90,013</u>	
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 2.78</u>	<u>3.00</u>	
 (q) Revenue from contracts with customers			
 (i) Details of revenue			
	<u>2023</u>	<u>2022</u>	
Primary geographical markets:			
Asia	\$ 2,143,959	2,806,452	
America	121,650	157,385	
Europe	<u>51,216</u>	<u>26,997</u>	
	<u>\$ 2,316,825</u>	<u>2,990,834</u>	
Merchandise:			
Thermal modules	\$ 1,649,227	2,089,667	
Other electronic components	<u>667,598</u>	<u>901,167</u>	
	<u>\$ 2,316,825</u>	<u>2,990,834</u>	
 (ii) Contract Balance			
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 16	-	-
Accounts receivable	817,728	811,833	1,215,390
Less: Loss allowance	<u>500</u>	<u>1,000</u>	<u>961</u>
Total	<u>\$ 817,244</u>	<u>810,833</u>	<u>1,214,429</u>
Contract liabilities	<u>\$ 68,697</u>	<u>82,018</u>	<u>60,060</u>

(Continued)

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

(r) Employee compensation and directors' remuneration

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation and a maximum of 5% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$10,768 thousand and \$11,189 thousand, and directors' remuneration amounting to \$9,647 thousand and \$10,300 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remunerations to employees and directors as specified in the Company's article. These remunerations were expensed under operating expenses during 2023 and 2022. Relevant information is available at the Market Observation Post System website. The difference of \$750 thousand between the amount of remuneration for employees and directors in 2023 and the estimated amount of the 2023 financial report was mainly due to the difference in the calculation of directors' remuneration based on the actual number of performance indicators. The Company has treated this difference as changes according to accounting estimates and recognized it as gains and losses in 2024. There was no difference between the actual and the estimated amounts in 2022.

(s) Non-operating income and expenses

(i) Interest income

The Company's interest income was as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 16,826	2,915
Interest income from related parties	-	633
Other interest income	<u>5</u>	<u>2</u>
Total interest income	<u>\$ 16,831</u>	<u>3,550</u>

(ii) Other income

The Company's other income was as follows:

	<u>2023</u>	<u>2022</u>
Service income	\$ 33,663	26,894
Others	<u>5,342</u>	<u>148</u>
Total other income	<u>\$ 39,005</u>	<u>27,042</u>

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(iii) Other gains and losses

The Company's other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Losses on disposals of investments	\$ -	(1,255)
Gains on modification of leases	-	13
Foreign exchange gains	3,560	40,316
Miscellaneous disbursements	(3,438)	-
Others	<u>137</u>	<u>381</u>
Other gains and losses, net	<u>\$ 259</u>	<u>39,455</u>

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 128</u>	<u>4,208</u>

(t) Financial Instrument

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represented the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum amount exposed to credit risk amounted to \$1,481,688 thousand, and \$1,362,248 thousand, respectively.

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, the Company's ten largest customers accounted for 86% and 82%, respectively, of the Company's net revenue. There were no geographical concentration of credit risk.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying amounts</u>	<u>Cash flows</u>	<u>Less than one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Accounts payable (including related parties)	\$ 849,814	849,814	849,814	-	-	-
Other payables (including related parties)	198,470	198,470	198,470	-	-	-
Lease liabilities	<u>3,115</u>	<u>3,201</u>	<u>1,932</u>	<u>555</u>	<u>714</u>	<u>-</u>
	<u>\$ 1,051,399</u>	<u>1,051,485</u>	<u>1,050,216</u>	<u>555</u>	<u>714</u>	<u>-</u>

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

	<u>Carrying amounts</u>	<u>Cash flows</u>	<u>Less than one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2022						
Non-derivative financial liabilities						
Accounts payable (including related parties)	\$ 660,599	660,599	660,599	-	-	-
Other payables (including related parties)	214,802	214,802	214,802	-	-	-
Lease liabilities	<u>4,759</u>	<u>4,829</u>	<u>3,027</u>	<u>1,589</u>	<u>213</u>	<u>-</u>
	<u>\$ 880,160</u>	<u>880,230</u>	<u>878,428</u>	<u>1,589</u>	<u>213</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure of foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 620	4.327	2,682	8,293	4.408	36,554
USD	44,320	30.705	1,360,845	40,580	30.710	1,246,218
JPY	19,107	0.217	4,150	14,064	0.232	3,268
HKD	38	3.929	151	45	3.938	175
<u>Financial liabilities</u>						
<u>Monetary items</u>						
CNY	\$ 2,043	4.327	8,841	1,547	4.408	6,820
USD	31,646	30.705	971,683	25,731	30.710	790,202
JPY	6,341	0.217	1,377	8,197	0.232	1,905
HKD	49	3.929	193	19	3.938	76

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Notes to the Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.25% of the NTD against all foreign currencies as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
December 31, 2023		
CNY (0.25% of appreciation or depreciation)	\$ (12)	12
USD (0.25% of appreciation or depreciation)	778	(778)
JPY (0.25% of appreciation or depreciation)	6	(6)
	\$ 772	(772)
December 31, 2022		
CNY (0.25% of appreciation or depreciation)	\$ 59	(59)
USD (0.25% of appreciation or depreciation)	912	(912)
JPY (0.25% of appreciation or depreciation)	3	(3)
	\$ 974	(974)

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to gains of \$3,560 thousand and gains of \$40,316 thousand, respectively.

(iv) Interest rate analysis

The short-term borrowings of the Company have floating interest rates that are affected by the changes in market interest rates, resulting in the future cash flows to fluctuate. Since the Company did not use any of its credit lines, the above matter did not have any impact on the Company's future cash flows for the years ended December 31, 2023 and 2022.

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(v) Fair value

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 626,065	-	-	-	-
Notes and accounts receivable	817,244	-	-	-	-
Other receivables (including related parties)	5,586	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturity more than three months(recognized as current financial assets at amortized cost)	30,827	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	1,366	-	-	-	-
Total	<u>\$ 1,481,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 849,814	-	-	-	-
Other payables (including related parties)	198,470	-	-	-	-
Lease liabilities	3,115	-	-	-	-
Total	<u>\$ 1,051,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2022				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 543,973	-	-	-	-
Accounts receivable	810,833	-	-	-	-
Other receivables (including related parties)	5,464	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	1,378	-	-	-	-
Total	<u>\$ 1,362,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 660,599	-	-	-	-
Other payables (including related parties)	214,802	-	-	-	-
Lease liabilities	4,759	-	-	-	-
Total	<u>\$ 880,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

The Company held the financial assets at fair value through profit or loss is subjected to standard terms and conditions. The fair value of financial assets traded on the active market is determined by reference to market quotation.

3) There was no transfer between the fair value hierarchy levels for the years ended December 31, 2023 and 2022.

(u) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

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(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company's risk management policies are established to identify and analyze the risks being faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country.

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company sets a loss allowance for expected credit losses to reflect the estimated loss on accounts receivable. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there is no significant credit risk.

TAISOL ELECTRONICS CO., LTD.
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(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient working capital to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As of December 31, 2023 and 2022, the Company had unused credit lines of \$566,345 thousand and \$643,165 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Foreign currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company's respective entity. The respective functional currencies of the Company's entities are primarily the NTD, and USD, JPY, HKD and CNY. The currencies used in these transactions are denominated in NTD, USD, JPY and CNY. In order to manage exchange rate risk, the Company maintains a certain limit on the net foreign currency position held by the Company.

2) Interest rate risk

The interest rate of the Company's bank loans is mainly of variable interest rates. To manage the interest rate fluctuation risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. If the interest rate has greater fluctuation in future and the Company still needs to borrow loans, the Company will adopt other financing tool for fund collection to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

(v) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

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(w) Investing and financing activities not affecting current cash flow

- (i) the cash paid by the Company for the purchase of property, plant and equipment is supplemented by the following information:

	2023	2022
Increase in property, plant and equipment	\$ 8,227	2,847
Add: Payable for equipment as of January 1	378	332
Less: Payable for equipment as of December 31	(887)	(378)
Cash paid	\$ 7,718	2,801

- (ii) The cash payment from the Company's acquisition of the right of use assets is supplemented by the following cash flow information:

	2023	2022
Increase in right of use assets	\$ 1,610	2,414
Less: Increase in lease liabilities	(1,610)	(2,414)
Cash paid	\$ -	-

- (iii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-Cash changes		December 31, 2023
			Right-of-use assets increases	Others	
Lease liabilities	\$ 4,759	(3,254)	1,610	-	3,115

	January 1, 2022	Cash flows	Non-Cash changes		December 31, 2022
			Right-of-use assets increases	Others	
Short-term borrowings	\$ 20,000	(20,000)	-	-	-
Lease liabilities	6,600	(3,104)	2,414	(1,151)	4,759
Bonds payable	210,406	(213,009)	-	2,603	-
Total liabilities from financing activities	\$ 237,006	(236,113)	2,414	1,452	4,759

(7) Related-party transactions

- (a) Names and relationship with related parties

The following are the entities that have had transactions with the Company during the periods covered in the financial statements.

Name of related party	Relationship with The Company
Techmaster Limited (SAMOA) (hereinafter referred to as "Techmaster")	Subsidiary of the Company
Taisol Electronics Japan Co., Ltd (hereinafter referred to as "TaiSol Japan")	Subsidiary of the Company

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<u>Name of related party</u>	<u>Relationship with The Company</u>
Suzhou TaiSol Electronics Co., Ltd.,(hereinafter referred to as "Suzhou TaiSol")	Sub-subsidiary of the Company
DongGuan TaiSol Electronics Co., Ltd.(hereinafter referred to as "DongGuan TaiSol")	Sub-subsidiary of the Company
SiYang TaiSol Electronics Co., Ltd. (hereinafter referred to as "SiYang TaiSol")	Subsidiary of the Company
VSELL ENTERPRISE CO., LTD. (hereinafter referred to as "VSELL")	Other related parties (it is no longer to be a related party since the chairman of the Company has not been its principal management in May 2023)
LONG-THIN ENTERPRISE (hereinafter referred to as "LONG-THING")	Director of the Company

(b) Significant transactions with related parties

(i) Sale revenue

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2023</u>	<u>2022</u>
Other related parties - VSELL	<u>\$ 147</u>	<u>-</u>

The Company has no other customers to compare with the above related party relating to sales price, and the terms for the related party are approximately 60 days. Collecting period for non-related parties is mainly 30 to 210 days.

(ii) Purchases

The amounts of significant purchase by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary - Techmaster	\$ -	(109)
Sub-subsidiary - Suzhou TaiSol	146,504	449,935
Sub-subsidiary - DongGuan TaiSol	1,029,368	1,169,267
Subsidiary - SiYang TaiSol	<u>69,739</u>	<u>19,845</u>
	<u>\$ 1,245,611</u>	<u>1,638,938</u>

The products that the Company has purchased from the related parties have not been imported from other vendors. There are no non-related party purchase price for comparison. The payment period for the related parties is 45 to 90 days, while the payment period for the other vendors is about 30 to 150 days.

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(iii) Receivables from related parties

The details of the Company's receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables – related parties	Subsidiaries – SiYang TaiSol	\$ -	163
Other receivables – related parties	Sub-subsidiary – DongGuan TaiSol	405	3,152
Other receivables – related parties	Sub-subsidiary – Suzhou TaiSol	177	94
		<u>\$ 582</u>	<u>3,409</u>

Other receivable due from related parties include the advance money.

The interest income from Suzhou TaiSol for the years ended December 31, 2023 and 2022, amounted to \$0 thousand and \$633 thousand, respectively.

(iv) Payables to related parties

The details of the Company's payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable – related parties	Subsidiary – SiYang TaiSol	\$ 8,176	6,421
Accounts payable – related parties	Sub-subsidiary – DongGuan TaiSol	456,795	430,528
Accounts payable – related parties	Sub-subsidiary – Suzhou TaiSol	12,440	9,731
Other payable to related parties	Subsidiary – SiYang TaiSol	196	-
Other payables to related parties	Sub-subsidiary – DongGuan TaiSol	77	1,047
Other payables to related parties	Sub-subsidiary – Suzhou TaiSol	7,125	5,827
Other payables to related parties	Subsidiaries – TaiSol Japan	476	1,008
		<u>\$ 485,285</u>	<u>454,562</u>

Other payables are advances payables.

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(v) Operating expenses

The amounts of operating expenses of the Company from related parties were as follows:

	2023	2022
Other related parties - VSELL	\$ -	37

(vi) Commission and marketing expenses

The commission and marketing expenses from subsidiary, TaiSol Japan, amounted to \$1,928 thousand and \$1,972 thousand for the years ended December 31, 2023 and 2022, respectively.

(vii) Service income

For the years 2023 and 2022, the management services income received by the Company from its sub-subsidiary, Suzhou TaiSol was \$0 thousand and \$7,171 thousand, respectively; Management services income received from sub-subsidiary, DongGuan TaiSol, amounted to \$22,442 thousand and \$19,723 thousand, respectively; Management services income received from subsidiary, SiYang TaiSol, amounted to \$11,221 thousand and \$0 thousand, respectively.

(viii) Other income

In July 2023, the Company sold its assets under management that had reached the end of their useful life to LONG THIN, the corporate director, for a price of \$571 thousand, recognized as other income.

(ix) Guarantees

The credit limits of the guarantees the Company had provided to the bank for related parties were as follows:

	December 31, 2023		
	Highest balance of financing to other parties	Ending balance (note)	Current balance of actual usage amount
Subsidiaries – SiYang TaiSol	\$ 48,405	30,705	-
Sub-subsidiary – Suzhou TaiSol	96,810	30,705	-
	December 31, 2022		
	Highest balance of financing to other parties	Ending balance (note)	Current balance of actual usage amount
Subsidiaries – SiYang TaiSol	\$ 48,323	46,065	-
Sub-subsidiary – Suzhou TaiSol	96,645	92,130	-

Note : The credit limit was approved by the Board of Director.

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(c) Key management personnel transactions

Key management personnel compensation includes:

	2023	2022
Short-term employee benefits	\$ 43,419	41,553
Post-employment benefits	5,920	5,116
Other long-term employee benefits	23	(42)
	\$ 49,362	46,627

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted time deposits (recognized as other current asset)	Custom deposits	\$ 600	600
Land and buildings (recognized as property, plant and equipment)	Long-term and short-term loans	144,756	145,094
		\$ 145,356	145,694

(9) Commitments and contingencies:

- (a) As of December 31, 2023 and 2022, the Company had outstanding notes for guarantee of bank loans, credit limit and act as the guarantee for its subsidiary amounting to \$639,755 thousand and \$854,363 thousand, respectively.
- (b) On October 23, 2017, the sub-subsiidiary, Suzhou TaiSol, signed a lease agreement with the plaintiff. The lease period was from April 1, 2018 to March 31, 2023. Upon the expiration of the lease, the plaintiff, as the lessor, claimed that the leased factory premises returned by Suzhou TaiSol did not meet the normal usable condition. On July 24, 2023, the plaintiff requested the compensation of CNY 4 million for the repair costs of the leased factory premises, overdue rent, and breach of contract penalties. The plaintiff also applied for the freezing of Suzhou TaiSol's bank deposits amounting to CNY 1,233 thousand (recognized as other non-current assets), which has been granted by the Wujiang District People's Court in Suzhou City. This case was still in progress as of the reporting date.

(10) Losses due to major disasters :None.

(11) Subsequent Events :None.

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2023			2022		
		Cost of good sold	Operating expenses	Total	Cost of good sold	Operating expenses	Total
Employee benefits							
Salary		-	102,833	102,833	-	91,153	91,153
Labor and health insurance		-	9,145	9,145	-	9,470	9,470
Pension		-	10,257	10,257	-	393	393
Remuneration of directors		-	10,487	10,487	-	11,340	11,340
Others		-	4,343	4,343	-	3,985	3,985
Depreciation		1,013	7,695	8,708	464	7,294	7,758
Amortization		-	350	350	-	607	607

The additional information about number of employees and employee benefit expenses for the years ended December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>103</u>	<u>111</u>
Number of Directors who are not employed	<u>6</u>	<u>6</u>
The average employee benefits	<u>\$ 1,305</u>	<u>1,000</u>
The average salary	<u>\$ 1,060</u>	<u>868</u>
Adjustment of average salary	<u>22.12 %</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The Company's remuneration policy (including directors, executives and employees) is as follows:

- (a) The transportation allowance and remuneration of the Directors are regularly paid by the Company for handling management matters. These are paid regardless if the Company has retained earnings and the remuneration standard shall be authorized to the Remuneration Committee and the Board for approval.
- (b) The remuneration of Directors is governed by the provisions of the articles of incorporation. If the Company has a profit for the year, it should provide not more than 5% for remuneration of Directors and authorize the Remuneration Committee and the Board to approve based on the performance evaluation of the Board. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
- (c) Policy and system of compensation for executives and employees
 - (i) Policy:
 - 1) Ensure that the company's remuneration distribution is in accordance with the relevant laws and is sufficient to attract talented people.

TAISOL ELECTRONICS CO., LTD.

Notes to the Financial Statements

- 2) Salary standard is based on the market conditions, the company's operating conditions and organizational structure. It will be adjusted as appropriate, depending on salary dynamics on markets, changes in the macroeconomy and industry, in addition of government regulations.
 - 3) Employees' salaries and remuneration are based on their academic experience, professional knowledge and skills, professional seniority and personal performance, instead of their age, gender, race, religion, political position, marital status, etc.
 - 4) The performance assessment and remuneration of managers, taking into account of usual standard payments of peers, in addition to the the working time spent, the responsibilities undertaken, the achievement of individual goals, performance in other positions, remuneration paid by the company to the same position in recent years, achievement of the company's short-term and long-term business objectives, financial condition of the company, etc.to evaluate the reasonableness of relationship among personal performance, the Company's operation performance and future risks.
 - 5) Managers shall not be induced to engage in acts that exceed the risk appetite of the Company in pursuit of remuneration.
 - 6) The proportion of bonuses or awards to managers for their short-term performance and the timing of partial variable compensation should be determined based on the industrial characteristics and the business nature of the Company.
- (ii) System:
- 1) Basic fixed pay: The market value of duties and core competencies is based on a fixed salary system, mainly based on past seniority and contributions and the weights of current responsibilities. Year-end bonuses or performance bonuses are submitted to the Remuneration Committee on the basis of the performance assessments.
 - 2) The percentage or extent of the remuneration of employees as set out in the articles of incorporation: If the Company has a profit in the year, it shall make provision not exceeding 15% but not less than 3% for the remuneration of its employees. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
 - 3) Long-term incentives: The long-term retention of a manager is generally by the issuance of stock option or restricted stock.
 - 4) Welfare: Living security and convenience, such as vehicle, allowance for communication, group insurance, regular physical examination, etc.

TAISOL ELECTRONICS CO., LTD.

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	157,100	-	-	- %	2	-	Operating capital	-		-	379,225	758,450
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	44,450	-	-	- %	2	-	Operating capital	-		-	379,225	758,450
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	133,350	129,810	26,611	5.00 %	2	-	Operating capital	-		-	379,225	758,450
2	DongGuan TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	132,660	129,810	-	- %	2	-	Operating capital	-		-	379,225	758,450

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact please fill in 1
- (2) Those necessary for short-term financing please fill in 2.

Note 2: Pursuant to the Company's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of the Company's net worth, for the Company loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount lendable to any such subsidiary of the Company shall not exceed 40% of the net worth of the Company, and the individual amount shall not exceed 20% of the net worth of the Company.

Note 3: Pursuant to the subsidiary's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of each company's net worth, for the subsidiary loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount and individual amount lendable to any such enterprises due to short term financing shall not exceed 40% of the net worth of each company. With a foreign subsidiary of the parent company which directly and indirectly holds 100% of the voting shares or a subsidiary loans funds to parent company are excluded from item 1. The group's combined total loan amount is limited to the lower of less than 2,500% of the net value of the Company or 40% of the net value of the ultimate parent company. The respective loan amount is limited to the lower of 2,500% of the net value of the Company or 20 % of the net value of the ultimate parent company.

Note 4: The above transactions of loans to Suzhou TaiSol have been eliminated when the consolidated financial statements were prepared.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	SiYang TaiSol Electronics Co., Ltd.	2	568,837	48,405	30,705 (Note 3)	-	-	1.62 %	948,062	Y	N	Y
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	2	568,837	96,810	30,705 (Note 3)	-	-	1.62 %	948,062	Y	N	Y

Note 1: Pursuant to the “endorsement guarantee procedure” established by the Company, the total amount of the Company's endorsement and guarantee does not exceed 50% of the net value of current period. Of these, the single corporate guarantee limit shall not exceed 20% of the current net value except for companies in which the Company directly and indirectly holds more than 50% of the voting shares, which shall not exceed 30% of the current net value.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:

- 1) A company with which it does business.
- 2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- 4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Suzhou TaiSol and SiYang TaiSol jointly shared the guarantee amount of NTD\$30,705 thousand (US\$1 million).

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes / accounts receivable (payable)	
The Company	DongGuan TaiSol Electronics Co., Ltd.	Sub-subsiary of the Company	Purchase	1,029,368	54.51 %	O/A 75 days	-		(456,795)	53.75%	
The Company	Suzhou TaiSol Electronics Co., Ltd.	Sub-subsiary of the Company	Purchase	146,504	7.76 %	O/A 45 days	-		(12,440)	1.46%	

Note: The transactions were eliminated when the consolidated financial statements were prepared.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Actions taken		
DongGuan TaiSol Electronics Co., Ltd.	TaiSol Electronics Co., Ltd.	The ultimate parent company	456,795	2.32	-	-	184,519	-

Note 1: The subsequent information is updated up to March 1, 2024.

Note 2: The transactions were eliminated when the consolidated financial statements were prepared.

- (ix) Trading in derivative instruments: None.

- (b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at December 31			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage	Carrying amounts			
TaiSol Electronics Co., Ltd.	World Window Electronics (H.K.) Limited	Hong Kong	Trading of thermal modules and components of electronics and computers and investment in Mainland China	250,119	250,119	64,210	100 %	917,087	137,436	136,654	Subsidiary
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	(28,468)	(59,839)	(59,476)	Subsidiary
TaiSol Electronics Co., Ltd.	Taisol Electronics Japan Co., Ltd.	Japan	Trading	2,790	2,790	0.1	100 %	1,510	(51)	(51)	Subsidiary
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	8,307	8,307	-	100 %	7,247	(572)	(572)	Subsidiary

Unit: Thousand shares

Note 1: The transactions were eliminated when the consolidated financial statements were prepared.

- (c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows during current period		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of investee	Percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Suzhou TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal solutions, modules of heat pipe and components of electronic computers, and trading of magnesium-aluminum components.	185,854 (Note 2)	2	310,120	-	-	310,120	(59,686)	100.00 %	(59,323)	(28,736)	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal modules, components of electronic computers and automobiles.	241,634	2	241,634	-	-	241,634	137,275	100.00 %	136,494	905,170	394,010
SiYang TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of components of electronic computers.	644,805	1	644,805	-	-	644,805	6,920	100.00 %	6,250	411,629	-

Unit: thousand dollars

Note 1: Investment methods are classified into the following three categories.

- (1) Direct investment in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Others

Note 2: In May 2019, Suzhou TaiSol made a capital reduction of CNY30,220 thousand to cover losses and a capital reduction return of CNY15,332 thousand. Suzhou TaiSol increased its capital by USD2,053 thousand in March 2021, resulting in paid-in capital of USD6,053 thousand.

(Continued)

TAISOL ELECTRONICS CO., LTD.
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,196,559 (Note 2) (USD 31,100 and HKD61,500)	1,196,559 (Note 2) (USD 31,100 and HKD61,500)	- (Note 1)

Note 1: Since the Company meets the criteria for operational headquarters, the Company is not subject to the limitation as to the amount of investment in Mainland China.

Note 2: Amounts are denominated in New Taiwan Dollars. Foreign currency should be converted at the exchange rates of USD\$: NT\$ = 1:30.705 and HKD\$: NT\$ = 1:3.929 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
SINGATRON ENTERPRISE CO.,LTD		10,367,000	11.79 %

Note:1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang