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*sanlien*

2023

ANNUAL REPORT

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Notice to readers: This is translation of the 2023 annual report of Sanlien Technology Corp. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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**II. Address and telephone number of the Company:**

Name	Address	Tel. No.
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North Taiwan	3F, No. 190, Sec. 2, Zhongxing Rd., Xindian Dist., New Taipei City	(02)8665-9813
Hsinchu	No. 12, Renzheng Rd., Hukou Township, Hsinchu County	(03)658-6292
Central Taiwan	1F, No. 12, Lane 6, Gongyequ 1st Rd., Xitun Dist., Taichung City	(04)2359-3552
South Taiwan	No. 17, Bengong 6th Rd., Gangshan Dist., Kaohsiung City	(07)622-9700
TAF (Taiwan Accreditation Foundation) National Level-2 Calibration Laboratory	3F, No. 190, Sec. 2, Zhongxing Rd., Xindian Dist., New Taipei City	(02)8665-9813

**III. Stock Transfer Agency:**

Agency: Transfer Agency Department, CTBC Bank Co., Ltd.

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Website: <https://www.ctcbank.com>

Tel. No.: (02)6636-5566

**IV. Name of External Auditor of the Latest Annual Financial Report:**

Name of CPA: Gregory Kuo, CPA and Tsai Yi-Tai, CPA

Name of CPA Firm: PwC Taiwan

Website at <http://www.pwc.tw>

Address: No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Tel. No.: (02)2729-6666

**V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.****VI. Company website:**

<http://www.sanlien.com>

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## One. A Message to Shareholders

In the face of a challenging business environment, and with the efforts of all colleagues, the Company's consolidated net operating revenue in 2023 amounted to NT\$3,702,071 thousand, representing a decrease of 3.2% from NT\$3,823,400 thousand in 2022. Additionally, the rising stock prices of our short-term investment targets and an increase in the valuation of market multipliers for long-term investments contributed to a net non-operating income of NT\$241,280 thousand, marking a significant increase of 76.1% from 2022. Net income for the current period was NT\$422,512 thousand, showing an increase of approximately 13.6% from NT\$372,015 thousand in 2022, with basic earnings per share of NT\$6.52.

### I. 2023 Business Results

#### (I) Business plan implementation results

Unit: NT\$ thousand

Item	2023	2022	Increase (decrease) in amount	Increase (decrease) %
Operating revenue	3,702,071	3,823,400	(121,329)	(3.2)
Gross profit	551,291	650,284	(98,993)	(15.2)
Gross profit margin (%)	15.0	17.0	(2.0)	(11.8)
Operating expenses	306,306	327,043	(20,737)	(6.3)
Operating income	244,985	323,241	(78,256)	(24.2)
Non-operating revenue (expense)	241,280	136,976	104,304	76.1
Net profit before tax	486,265	460,217	26,048	5.7
Current net income	422,512	372,015	50,497	13.6
Net income attributable to owners of the parent	271,466	175,259	96,207	54.9
Basic EPS	NT\$6.52	NT\$4.22	NT\$2.30	54.5

(II) Budget implementation status: Not applicable, as the Company didn't disclose its financial forecast in 2023.

(III) Analysis on financial revenue & expense and profitability

Item		2023	2022
Financial structure	Liability to asset ratio (%)	46.4	50.1
	Ratio of long-term capital to property, plant and equipment (%)	280.9	267.1
Solvency	Current ratio (%)	128.8	138.3
	Quick ratio (%)	80.5	81.4
	Interest coverage ratio	2,597.3	4,549.6
Profitability	ROA (%)	8.8	8.4
	ROE (%)	16.3	15.4
	Net operating profit to paid-in capital ratio (%)	58.9	77.7
	Net profit before tax to paid-in capital ratio (%)	116.9	110.6
	Net profit margin (%)	11.4	9.7
	Basic EPS (NT\$)	6.52	4.22

(IV) R&D results

1. Successfully developed the force balance accelerometer FA135.
2. Successfully developed the distributed high-speed synchronization signal datalogger DATUM EF410 for application in the bridge safety monitoring system.
3. Successfully developed the SS300 earthquake switch for application in the elevator emergency shutdowns during earthquakes.
4. Successfully developed the TILTdot tiltmeter with NB-IoT transmission function.
5. Completes the Sanlien dot cloud service, providing users with real-time monitoring of current data, historical curves and reports on the dot cloud.

II. Outline of 2024 Business Plan

**Automatic Monitoring Core Business:**

The Company aims to “help the human beings understand the nature and working environment” as its mission. In the future, the Company will continue striving to secure a safe environment for all human beings as the focus of its business development. In addition to continuing to invest the environmental monitoring, the Company will also promote the IoT real-time monitoring and smart city disaster prevention monitoring programs as its core business, in response to the Industry 4.0 and Internet trends.

The Company will proceed to transform itself based on innovative thoughts and through continuous improvement, and use its best effort to provide the omnibearing environmental monitoring and sensing system integration services by virtue of “hardware with software”, in order to become a practitioner dedicated to constructing smart cities and helping national disaster prevention programs. Adopt the following strategies to achieve the goals:

1. Continue to internalize the core technology and practice the consolidated effects through the management by department, based on the professional division of labor by "Technology Department";

2. Continue to invest in smart manufacturing equipment and plan for the complete automation of production for pipes and tubes at the Kaohsiung Plant, advancing towards the goal of a dark factory.
3. Expand the application of the existing products to different fields and develop and manufacture our own products, with the goal of its operation contributing NT\$1 to EPS in the next two years.
4. Enhance the visibility of our brand through the production of marketing videos, exhibitions at home and abroad, adjustments to the structure of the Chinese and English official websites, and optimization of webpage contents.
5. Continue to develop the earthquake testing instrument and peripheral application systems, and develop earthquake early warning and disaster prevention and relief markets.
6. The ESG Committee continues to implement corporate social responsibility, enhance corporate governance systems, and promote environmental sustainability practices. In 2023, the third phase of solar energy equipment was installed at the Kaohsiung Plant. This new installation is anticipated to commence power generation in the second quarter of 2024, providing green energy to our Southern Office.
7. The subsidiary RIFT SYSTEMS INC. promotes seismometers, meteorological equipment, and bridge inspection to the U.S.

#### **Electronic materials operations:**

At present, some products are still in the final stage of inventory adjustment, and it is expected that the semiconductor industry will not rebound significantly until the second half of 2024. Looking ahead to 2024, with the rapid increase in demand for artificial intelligence (AI) and high-performance computing (HPC), combined with the gradual recovery of demand for smart phones, personal computers, automobiles, and other terminals, it is expected that the semiconductor sales market will once again grow, ushering in a new wave of expansion.

The Company has entered the advanced process semiconductor market with success following a number of years of active deployment. In view of the trend of wafer foundry customers' continuous fab expansion, the Company not only maintained its existing production capacity but also commenced planning for the expansion of additional production lines since 2022, in response to the robust demand for advanced manufacturing processes from customers. At the same time, the Company also completed the setup of a new cleanroom for high-purity product testing in 2023. Additionally, the new production line will start production in 2024, which is expected to drive a wave of revenue growth in the future.

### III. The Company's future development strategy, and the effect of external competition, legal environment, and overall business environment.

#### (I) Future development strategy

The Company aims to “help the human beings understand the nature and working environment” as its mission and also strives to become the top 1 brand for environmental monitoring, micro-vibration sensing technology and system integration services. In the recent years, various disasters have occurred constantly all over the world. Therefore, multiple urban construction projects have included the disaster prevention system with IoT functions and land monitoring system as the major work items. The Company utilizes the informatization technology to establish the IoT comprehensively, optimize the environmental monitoring system's performance, and combine the earthquake detection, automated monitoring and structural health checkup with the AIoT technology integration system products to develop seismographs and vibration measurement products successfully, in order to provide the global customers with solutions in line with the international

vibration standards and norms. In the future, the Company will continue to promote the product carbon footprint verification and reduction management system.

Looking forward to the future, the Company will insist on “focus on its core profession, forward-looking investment, rolling planning-based management and continuous transformation” as its basic policy to accelerate upgrading of R&D, strengthen the production and marketing layout, develop its business domain and pursue stable growth.

(II) The effect of external competition, legal environment, and overall business environment

The economic growth for 2024 will still be affected by uncertainties such as the sluggish economy in China, the slowdown of the US economy, interest rate cuts implemented by central banks worldwide, escalating geopolitical risks, the intensifying US-China technology rivalry, extreme climate events, and the development of artificial intelligence. Overall, it is expected that exports and capital investment will return to positive growth in 2024. The Company's management will focus on collection terms from customers, regular tracking of collection status, inventory depletion, and cost down to control the Company's cash flow. In addition, the Company's management team will keep paying attention to material impacts brought by the delivery issues from suppliers, foreign exchange rates, information security management, and the countermeasures thereof.

All of the Company's operations strictly comply with the existing laws and regulations applicable domestically and in foreign countries where the Company makes investments. The management team will keep observing any changes in policies and laws that might affect the Company's business and finance. All of these practices pose positive effects to the Company's business. The Company will keep upholding its management philosophy, “Witness Technology and Write History for Industry.” The Company has involved in multiple monitoring engineering projects about infrastructure domestically (e.g. high-speed rail, MRT, reservoir and bridge, et al.). Meanwhile, the Company will use the best to lay more solid foundation for automation in the railcar testing industry. Automation Business Dept. will develop new technologies and apply them to develop its business domain (e.g. earthquake early warning device and structural health diagnosis system, etc.), in order to generate stable profit.

Finally, I would like to extend my sincere appreciation to all shareholders, investors and employees for their supports, and also hope that all of you may continue to give encouragement and advice. We will keep growing stably and successfully and share with you our business achievements. Wish all of you

health and success!

Chairman Lin Ta-Chun

General Manager Lin Chia-Ching

Accounting Manager Huang I-Chen

## Two. Company Profile

I. Date of Establishment: February 20, 1967

II. Company History:

1967~1971

- The Company was established on February 20, 1967.
- Engaged in manufacturing and constructing electrical equipment for factories and automatic control panels.
- Introduce civil engineering monitoring instrumentation and undertake safety monitoring system of reservoirs and dams domestically.

1972~1981

- Establishment of the switchboard factories.
- Undertake high voltage substation equipment and power equipment engineering project.
- Introduce the automobile engine analysis table and production technology from a foreign country and invested in Trisco to proceed with the production.
- Tseng-Wen Power Plant hydro-generator installation engineering project (Mitsubishi Electric Turnkey served as the director of the construction work office).
- Establishment of Gee Lien Resource Development Corp. (1980)

1982~1991

- Undertake safety monitoring system engineering for domestic construction projects: Taipei Feitsui Reservoir (1982), Underground Railway Project (1983), Minghu Power Station (1986), and CPC LNG storage tank (1986).
- Introduce the first semiconductor wafer etching equipment domestically (1991) — Electronic Research and Service Organization in the Industry Technology Research Institute (8 inches), and TSMC (6 inches).
- Promote computer-aided design CAD and computer-aided production CAM (1991).

1992~2001

- Undertake the civil engineering safety monitoring system for the highest building domestically, namely 85 Sky Tower in Kaohsiung (1994).
- Undertake the very first cap beam crack reinforcement project safety monitoring system of MRT - Muzha Line (1995).
- Received the 4th National Award of Enterprise from Small and Medium Enterprise Administration, MOEA (1995).
- Received certification from CNLA Linear Calibration Laboratory (1996, changed to TAF Linear Calibration Laboratory in 2005).
- Received certification from CNLA Electrical Capacity Calibration Laboratory (1999, changed to TAF Electrical Capacity Calibration Laboratory in 2006).
- Received ISO9002 QA certification (1997).
- Undertake the first-ever vessel traffic management system for Formosa Plastic Corporation - Formosa Plastics Corp's (FPC) sixth naphtha cracker complex, Mailiao Harbor (1997).
- Undertake the first-ever, large-scale civil engineering safety automatic alarm signboard in Taiwan- The Fuxing N. Road Tunnel project crossing beneath Songshan Airport (1997).
- Invest in Kemitek Industrial Corp. to launch into the electronic materials supply industry (1997).
- Complete the supplementary procedures for public offering under the approval letter No. (86) Tai-Cai-Zheng (1) No. 53093 dated July 3, 1997.
- Establish Xindian Logistic Center and Sanlien Industrial Classroom (1998).
- Kemitek Industrial Corp. passed ISO14001 certification (1999).
- Introduce the first 12-inch semiconductor etching equipment domestically - TSMC Fab 6 and UMC Fab 12A in Taiwan Science Park (2000).
- Establish SANTEK Technology, Inc. in Hong Kong to boost the Company's market in

- China (2000).
- Pass the review of securities listings under the approval letter (89) Zheng-Gui-Shang-Zi No. 45736 on December 7, 2000 and Securities and Future Bureau's approval letter (89) Tai-Cai-Zheng No. 103343 on December 26, 2000 (2000).
- Kemitek Industrial Corp. received 1st Industrial Elite Award from MOEA (2000).
- Listed on TPEx on May 3, 2001 (2001).
- Establish brand offices in Southern China and Eastern China (2001).
- Complete the development of GPS vehicle management system (2001).

#### 2002~2011

- Establish Sanlien Educational Foundation (2002).
- Received ISO9001 QA certification (2002).
- Invest in ZHUHAI TRiTEK ELECTRONIC CO., LTD. via Sanlien B.V.I. (2002).
- Promote the rail industry testing instruments and equipment, and establish the first-ever static testing platform for light rail transit bogie in Taiwan (2002).
- Kemitek Industrial Corp. developer solution received the certificate from TSMC Ship to Stock (2002).
- Sanlien B.V.I. jointed ventured with NISHIMURA CHEMITECH CO., LTD., TAMA Chemicals CO. and Hermes-Epitek Corp. to establish Singapore Agnos Chemicals in order to develop the semiconductor and chemical consumables for TFT-LCD locally (2003).
- As a sole proprietorship, SANTEK Technology, Inc. invested in the establishment of Timlien Trading (Shanghai) Co., Ltd. primarily engaged in the business lines including hardware & electrical appliances, electronic products, electronic components, sensors, instruments, electric tools, electromechanical equipment, mechanical equipment and accessories, wholesale, import/export and commission agency of geotechnical construction safety equipment and materials (excluding auction) for provision of related alternate services(2004).
- Invest in MinMaxTech Samoa via Sanlien B.V.I. (2005).
- Kemitek Industrial Corp. passed ISO14001 certification (2005).
- Establish KaiCheng Construction (2006).
- Kemitek Industrial Corp. received the ISO/IEC 17025:2005 chemical laboratory certification (2007).
- Kemitek Industrial Corp. received OHSAS 18001:1999 occupational safety and health management system certification (2007).
- Establish brand offices in Northern China and Central China via SANTEK Technology, Inc. in Hong Kong (2008).
- Honored as an A+ TPEx-listed company in the "6<sup>th</sup>~9<sup>th</sup> Information Disclosure System Evaluation for TWSE/TPEx-Listed Companies" (2008~2012).
- Establish TAF Vibration Calibration Laboratory (2011).
- Granted the right to act as the agent of UK-based GURALP seismographs (2011).
- Complete the implementation of the Company's mobile office Push Mail and implementation of the mobile final approval via smart device(2011).
- Due to the reorganization, Sanlien B.V.I. completed the liquidation and wind-up. Instead, SANTEK Technology, Inc. invested in ZHUHAI TRiTEK ELECTRONIC CO., LTD. via MinMaxTech Samoa (2011).

#### 2012~2021

- Received "A+" ratings from the 10th to 12th Information Disclosure Evaluations for TWSE and TPEx listed companies. (2013 ~ 2015)
- Obtained the TAF Vibration (2012) and Strength (2013) Laboratory Certifications.
- Won the Manager's Monthly CSR Award - First Prize in Workplace Environment and Talent Development (2012).
- Won the TTQS Training Quality Bronze Medal from the Workforce Development Agency, Ministry of Labor, Executive Yuan (2013).
- Won the "Taiwan Integrity Builder" excellent brand certification (2013).
- Established the Kaohsiung Benzhou R&D Center (2013).

- Established Hong Kong AWM LIMITED through a joint venture between Hong Kong Santek Company Limited and RUN PARTICIPATIONSS.A. (2013).
- Won the "Architecture Golden Lion Award" and the "National Golden Award for Architecture - Design and Planning Category - First Prize" (2014).
- Won the "Taiwan Integrity Builder" Excellent Brand Certification (2014)
- Kemitek won the Merck (AZ) Supplier Award (2014, 2016).
- Kemitek won the Inotera Memories, Inc. No. 1 Chemicals Category Supplier Award (2014).
- Established Shenzhen AWM LIMITED through Hong Kong AWM LIMITED (2014).
- Ranked Among the Top 20 Companies by the 1st Corporate Governance Ranking (2015).
- Won Silver Medal from the TTQS Talent Quality Management System (2015).
- Completed the early warning system construction for 85 campuses in New Taipei City, thereby expanding the earthquake early warning market (2015).
- Enable the WEB version of the Cloud engineering monitoring software (2015).
- Successfully developed and applied CCTV water level identification and alarm system, and enabled real-time data collection and transmission system function (2015).
- Strategic Investment Easy Entry Co., Ltd. (2015).
- Won the National Talent Development Award (2016).
- Won the 29th Taiwan Continuous Improvement Award by the Industrial Development Bureau, Ministry of Economic Affairs (2016).
- Combined length and vibration laboratory into the TAF 0307 instrument calibration laboratory (2016).
- Received certification for the first domestic TAF large force calibration laboratory of over 200t (2016).
- Obtained and completed the Singapore high-precision 1000t large force laboratory equipment construction project (2016).
- Obtained and completed the construction of land subsidence monitoring equipment for Formosa Ha Tinh Steel (2016).
- Completed the early earthquake monitoring and warning network system with up to 610 stations throughout Taiwan (2016).
- Donated the "Composite Earthquake Early Warning System" to Tainan City and built 20 earthquake-proof campuses to give back to society (2016).
- Won the 1st and 2nd Disaster Prevention Technology Application Quality Awards (2016, 2017).
- Won the 20th Rising Star Award from the MOEA (2017).
- Won the 2nd and 4th Taiwan i Sport Certification (2017, 2019) and won the outstanding enterprise trophy through the "Enterprise Employment Sports Instructor Subsidy Program" (2019).
- Ranked among the top 6%~20% TPEx-listed companies by the 3rd~7th Corporate Governance Ranking. (2017 ~ 2021)
- Passed the ISO9001: 2015 Quality Management System (2017).
- Incorporated VMS for engineering vibration monitoring and developed the vibration monitoring market (2017).
- Jointly acquired 100% equity of "SIAP + Micros" with OSMOS to provide globally integrated monitoring solution services (2018).
- Proprietary vibration products have successfully entered the international market and are sold to the Philippines, New Zealand, Mexico, Greece, South Korea, Singapore, Indonesia, India, etc. (2018).
- TAF vibration laboratory added vertical vibration correction equipment to provide more comprehensive vibration calibration services (2018).
- Established the Building Materials Department and promoted the SHM Structure Health Measurement System (2018).

- Kemitek won the D&B TOP 1000 Elite SME Award (2019).
- Won the Disaster Prevention Product Certification Mark (2020).
- Won the Learning Highlight Enterprise "Academic Performance Award" from the Small and Medium Enterprise Administration, MOEA (2021).

#### 2022

- Ranked among the top 6%~20% TPEX-listed companies by the 8th Corporate Governance Ranking.
- Received the 7th Taiwan i Sports certification from the Sports Administration.
- Established subsidiary DFOST, which engages in the development and sales of optical fiber sensor monitors.

#### 2023

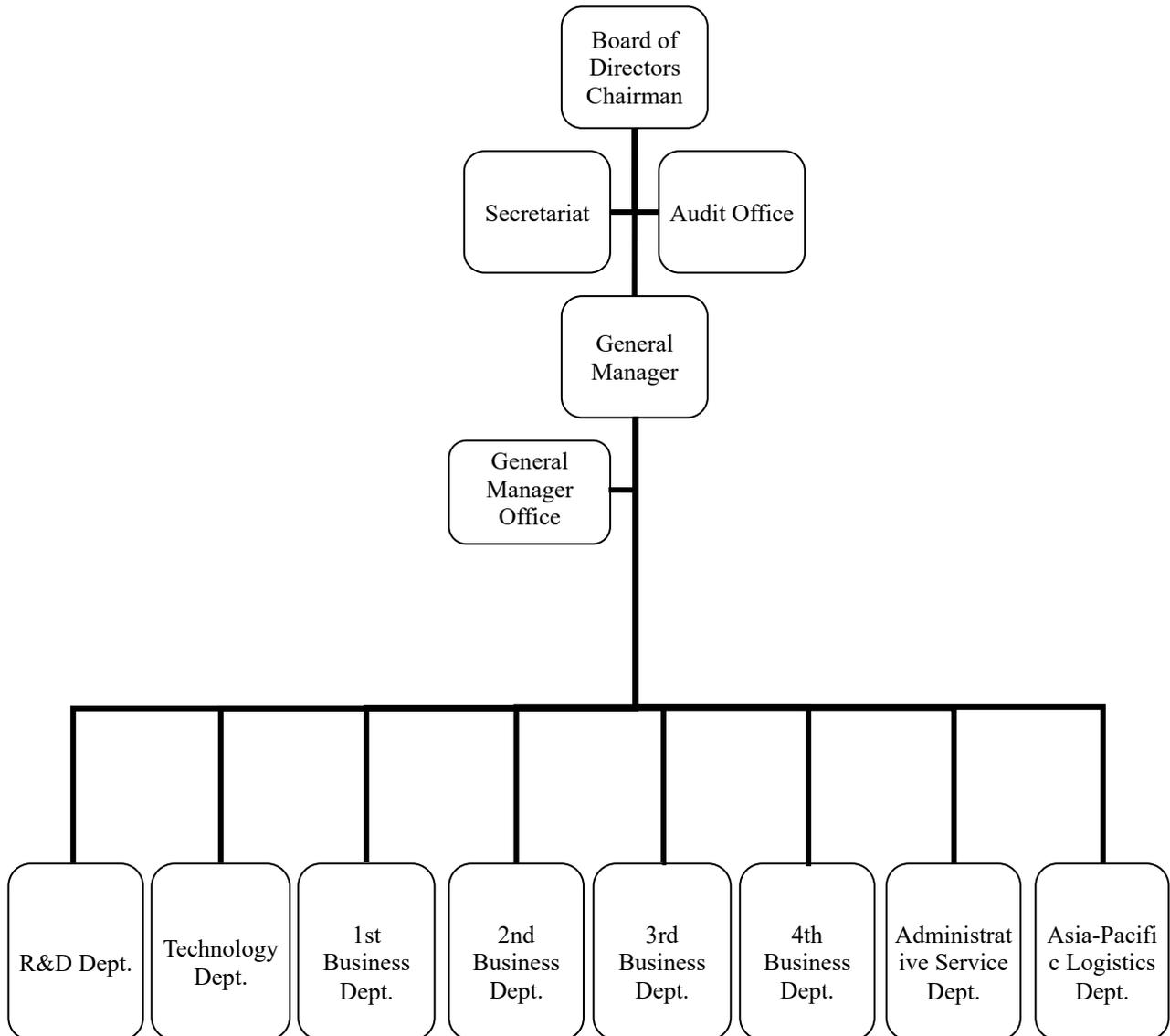
- Ranked among the top 6%~20% TPEX-listed companies by the 9th Corporate Governance Ranking.
- Established subsidiary Rift Holdings Inc. and sub-subsidiary Rift Systems Inc. in the United States. The main business is sales of equipment (sensors), electrical materials, etc.

### Three. Corporate Governance Report

#### I. Organizational System

##### (I) Organizational Structure

Organization effective from January 1, 2024



## (II) Business operations by major departments

Department	Operations
General Manager Office	Determination and planning of management systems, analysis on operating results, overall planning about public relations, and control over investees, and development and evaluation of various new investment opportunities.
Audit Office	Audit on and suggestions for improvement of the Company's business overview. Determination of and audit, followup and improvement on the annual internal audit plan.
Secretariat	Communication for and processing of Board of Directors' meeting and shareholders' meeting affairs.
Administrative Service Dept.	<ol style="list-style-type: none"> <li>1. Determination, planning, announcement and execution of personnel systems, management of and appraisal on personnel information, education &amp; training and payment of salary, and employees' insurance.</li> <li>2. Management of incoming and outgoing goods and raw materials &amp; supplies. Procurement, management and disposal of assets, office equipment and appliances.</li> <li>3. Financial allocation, cost analysis, accounting, and preparation of financial reports.</li> </ol>
Asia-Pacific Logistics Dept.	Overseas subsidiaries' business / financial operations management, and new subsidiaries' preparation management.
R&D Dept.	<ol style="list-style-type: none"> <li>1. R&amp;D and commercialization of new products or technology.</li> <li>2. Product planning and application, marketing strategies, competitive industry and environment analysis.</li> <li>3. Office automation system, automated software system construction and integration, and customized software development.</li> </ol>
Technology Dept.	<ol style="list-style-type: none"> <li>1. Production of geotechnical products and various departments' technical support and assistance.</li> <li>2. TAF laboratory calibration business, length, electricity and vibration weights and measures calibration services.</li> </ol>
1st Business Dept.	<ol style="list-style-type: none"> <li>1. Plant and equipment automation and control</li> <li>2. Vibration and earthquake monitoring.</li> <li>3. Professional technology for IC and LED packaging process equipment installation, adjustment, maintenance and repair, and remodeling of used machines, etc.</li> <li>4. Professional technology for adjustment, maintenance and care of semiconductor wafer cleaning equipment.</li> <li>5. Geotechnical product sales and import &amp; export.</li> </ol>
2nd Business Dept.	Plane material automated and semi-automated processing production and testing equipment.
3rd Business Dept.	Development of various physical sensors and measuring instrument control systems, PCB industry testing instruments, track and bridge industry testing instruments and equipment, optoelectronic and imaging systems, power quality monitoring systems, special purpose sensors for industry, and structural health diagnosis.
4th Business Dept.	<ol style="list-style-type: none"> <li>1. Public works, geotechnical engineering and urban civil engineering construction safety monitoring</li> <li>2. Tunnel/bridge/dam/landslide real-time automated warning system.</li> <li>3. Natural disaster pre-warning and post-hoc analysis.</li> <li>4. Old structural and bridge enforcement and monitoring</li> <li>5. Pile test: load test and completeness test</li> <li>6. Plant and equipment automation and control</li> <li>7. Vibration and earthquake monitoring</li> </ol>

II. Information on Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Supervisors of All the Company's Divisions and Branch Units

(I) Directors (including independent directors)

Information on directors (including independent directors) (I)

Job Title	Nationality or place of domicile	Name	Gender/age	Date elected (appointed)	Term of office	Date first elected	Shares held at the time of appointment (Note 1)		Number of shares currently held (Note 1)		Shares held by representative, spouse and underage children		Shares held in the names of others		Major experience (academic degree)	Concurrent positions in the Company and other companies	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors		
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job Title	Name	Relationship
Chairman	the ROC	Rui Hua Investment Co., Ltd. Representative: Lin Ta-Chun	33 years	May 24, 2023	3 years	June 9, 2011	2,690,264	6.47%	2,714,264	6.52%	810,000	1.95%	0	0%	(Note 4)	(Note 5)	None	None	None
Director	the ROC	Sanlien Educational Foundation Representative: Chen, Chiu-Ying	22 years	May 24, 2023	3 years	June 9, 2011	293,366	0.71%	323,366	0.78%	0	0.00%	0	0%	(Note 6)	(Note 7)	None	None	None
Director	the ROC	Multiple Investment Corp. Representative: Chen Shu-Hua (Note 2)	33 years	May 24, 2023	3 years	June 20, 1992	3,230,779	7.76%	3,230,779	7.76%	786,495	1.89%	0	0%	(Note 8)	(Note 9)	None	None	None
Director	the ROC	Chuang Chu-Wei	Female, 61 years old	May 24, 2023	3 years	May 24, 2023	817,000	1.96%	817,000	1.96%	0	0.0%	0	0%	(Note 10)	(Note 11)	None	None	None
Independent Director	the ROC	Ke Yen-Huei	Male, 64 years old	May 24, 2023	3 years	June 15, 2017	0	0%	0	0%	0	0.0%	0	0%	(Note 12)	(Note 13)	None	None	None
Independent Director	the ROC	Lin Ching-Rong (Note 3)	Female, 58 years old	May 24, 2023	3 years	June 1, 2001	57,484	0.14%	57,484	0.14%	0	0.0%	0	0%	(Note 14)	(Note 15)	None	None	None
Independent Director	the ROC	Liao Shian-Yao	Male, 35 years old	May 24, 2023	3 years	May 24, 2023	0	0%	0	0%	0	0.0%	0	0%	(Note 16)	(Note 17)	None	None	None

Note 1: The total number of shares issued on May 24, 2023: 41,608,815 shares.

Total shares issued on March 31, 2024: 41,608,815 shares.

Note 2: Multiple Investment Corp., one of the Company's directors, ceased to act as the Company's director from June 14, 2001 to June 28, 2002.

Note 3: Lin Ching-Rong, one of the Company's independent directors, ceased to act as the Company's director from June 15, 2017 to May 23, 2023.

Note 4: University of California (Davis); Project Manager of Sanlien Technology Corp.

Note 5: Chairman of Rui Hua Investment Co., Ltd., Chairman of Gee Lien Resource Development Corp., Juristic-Person Representative Director of Pacific Cycles Inc., Chairman of DFOST Corp., Chairman of Rift Holdings Inc.

Note 6: Ph.D., Institute of Physical Education, National Sport University, Professor and Dean of Academic Affairs, Asia Eastern University of Science and Technology.

Note 7: Professor of Academic Affairs, Asia Eastern University of Science and Technology; Director, Sanlien Educational Foundation; Secretary General, Chinese Taipei Ski Association.

Note 8: Master of Business Administration, University of Texas at Arlington, USA; sales manager, Trisco Technology Corporation.

Note 9: Supervisor, Multiple Investment Corp.; Supervisor, Jie Shi Lin Investment Co., Ltd.; Assistant Vice President and Juristic-Person Representative Supervisor, Trisco Technology Corp.

- Note 10: The 34th EMBA, National Chengchi University; General Manager, Chaxitex Co., Ltd.
- Note 11: Chariman of CHANITEX Foundation; Independent Director, Litemax Electronics Inc.; Director, Dyaco International Inc.; Director, Eiso Enterprise Co., Ltd.; Director, ASIA NEO Tech Industrial Co., Ltd.
- Note 12: Master of Accounting, Soochow University; EMBA, National Chengchi University; Vice General Manager, TEKOM Technology Co., LTD.; Managing Director, Jifu Investment Development Co., Ltd.; Senior Special Assistant of Chairman, Radiant Opto-Electronics Corporation; Audit Assistant Manager, Klynveld Peat Marwick Goerdeler CPA Firm; Assistant Professor, Institute of Finance, NYCU; Adjunct Lecturer, Department of Accounting, Soochow University; NTU EMBA for Executive, Forces and Trends; International Business Administration Program, Taiwan External Trade Development Council.
- Note 13: Remuneration Committee Member and Audit Committee Member, Sanlien Technology Corp.; Special Assistant of Chairman, CLINICO INC.; Director, CHANITEX Foundation; Director, CC&C TECHNOLOGIES, INC.; Independent Director, Level Biotechnology Inc.; Independent Director, G.M.I. Technology Inc.
- Note 14: Ph.D. of natural resource-forestry, UW-Madison; Mistress of the Department of Tourism and Director of the School of Tourism at Mingchuan University.
- Note 15: Remuneration Committee Member and Audit Committee Member, Sanlien Technology Corp.; Professor of Department of Business Administration, School of Management, Mingchuan University.
- Note 16: Master of Construction Engineering and Management Group, Department of Civil Engineering, National Taiwan University; Senior Special Assistant of Chairman, Futsu Construction Co., Ltd.
- Note 17: Remuneration Committee Member and Audit Committee Member, Sanlien Technology Corp.; Director, Futsu Construction Co., Ltd.; Director, AN DA Construction Co., Ltd.; Director, Hotel Royal-Nikko Taipei Co., Ltd.

**Table 1: Major Shareholders of Juristic Person Shareholders**

March 31, 2024

Name of Juristic-Person Shareholder	Major Shareholder of Juristic-Person Shareholder
Multiple Investment Corp.	Jie Shi Lin Investment Co. Ltd. (22.0%), Trisco Technology Corporation (18.0%), Lin Ting-Hsiang (11.5%), Lin Ting-Fung (9.5%), Rui Hua Investment Co., Ltd. (5.0%), Lin Ta-Wei (4.6%), Lin Ta-Cheng (4.6%), Lin Ta-Chun (4.5%), Lin Ta-Hsun (4.5%), Lin Huan-Ju (4.2%)
Sanlien Educational Foundation	Multiple Investment Corp. (40.0%), Trisco Technology Corporation (20.0%), Sanlien Technology Corp. (20.0%), Lin Jung-Chu (Deceased) (10.0%), Lin Ting-Fung (10.0%)
Rui Hua Investment Co., Ltd.	Huang Yi-Chun (39.9%), Lin Ta-Chun (31.8%), Lin Ta-Hsun (14.0%), Lucent Source., Ltd. (11.0%), Lin Ting-Fung (3.3%)

**Table 2: Major Shareholders of Major Shareholders in Table 1 Who are Juristic Persons**

March 31, 2024

Name of Major Shareholder	Major Shareholder of Juristic Person
Jie Shi Lin Investment Co., Ltd.	Lin Ta-Cheng (25.0%), Lin Ta-Wei (22.92%), Lin Ting-Hsiang (18.75%), Lin Huan-Ju (18.75%), Chen Shu-Hua (14.58%)
Trisco Technology Corporation	Sanlien Technology Corp. (22.5%), Multiple Investment Corp. (13.7%), Mega Bank (9.2%), Lin Ting-Hsiang (5.6%), Jie Shi Lin Investment Co., Ltd. (5.3%), San Long Assets Management Co., Ltd. (4.1%), Cheng Li-Hsiung (3.9%), Lin Ting-Fung (3.4%), Lin Pi-Yung (2.7%), Lin Li-Hsueh (2.7%)
Rui Hua Investment Co., Ltd.	Huang Yi-Chun (39.9%), Lin Ta-Chun (31.8%), Lin Ta-Hsun (14.0%), Lucent Source., Ltd. (11.0%), Lin Ting-Fung (3.3%)
Multiple Investment Corp.	Jie Shi Lin Investment Co. Ltd. (22.0%), Trisco Technology Corporation (18.0%), Lin Ting-Hsiang (11.5%), Lin Ting-Fung (9.5%), Rui Hua Investment Co., Ltd. (5.0%), Lin Ta-Wei (4.6%), Lin Ta-Cheng (4.6%), Lin Ta-Chun (4.5%), Lin Ta-Hsun (4.5%), Lin Huan-Ju (4.2%)
Lucent Source., Ltd.	Huang Yi-Chun (54.7%), Lin Ta-Hsun (23.9%), Lin Ta-Chun (10.2%), Lin Ting-Fung (6.3%), Huang Wen-zi(3.5%), Huang Ju-xiu(1.4%)

**Information on directors (including independent directors) (II)**

**I. Information on directors and independence of independent directors:**

March 31, 2024

Qualifications Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the independent director concurrently serves as an independent director
Chairman: Lin Ta-Chun	Knowledge of the industry and international market perspective; No the circumstances referred to in Article 30 of the Company Act are met.	N/A	None
Director: Chen Chin-Ying	Ability to conduct management administration and crisis management.; No the circumstances referred to in Article 30 of the Company Act are met.	N/A	None
Director: Chuang Chu-Wei	Knowledge of the industry and international market perspective; No the circumstances referred to in Article 30 of the Company Act are met.	N/A	1
Director: Chen Shu-Hua	Ability to make operational judgments and conduct management administration; No the circumstances referred to in Article 30 of the Company Act are met.	N/A	None

Qualifications Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the independent director concurrently serves as an independent director
Independent Director: Ke Yen-Huei	Master of Accounting, Soochow University. Used to be Assistant Professor-level Technical Expert, Adjunct Lecturer, Department of Accounting, Soochow University. Specializing in financial accounting and corporate sustainability. No the circumstances referred to in Article 30 of the Company Act are met.	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; they do not hold the Company's shares, but 66,740 shares (0.16%) are held in the name of their spouses or relatives within a 2nd degree of kinship (or proxy shareholder); they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	2
Independent Director: Lin Ching-Rong	Academic expertise related to the environment areas of company's business, and management experience in university colleges; No the circumstances referred to in Article 30 of the Company Act are met.	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; they do not hold the Company's shares, but 57,484 shares (0.14%) are held in the name of their spouses or relatives within a 2nd degree of kinship (or proxy shareholder); they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	None
Independent Director: Liao Shian-Yao	Organization leadership, strategic management and Industry relevant experience; No the circumstances referred to in Article 30 of the Company Act are met.	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; none of the Company's shares is held in the name of them or their spouses or relatives within a 2nd degree of kinship; they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	None

Note 1: Professional qualification and experience: Please specify the individual directors'/supervisor's professional qualification and experience. In the case of an Audit Committee member specialized in accounting or finance, please specify his/her educational background and work experience in accounting or finance, and whether he/she meets the circumstances referred to in Article 30 of the Company Act.

Note 2: Compliance of independence: Please specify the independent directors' compliance of independence, including but not limited to, whether they or their spouses or relatives within a 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within a 2nd degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

## II. Diversity and Independence of Board of Directors:

### (I) Diversity of the Board of Directors:

The Company has adopted the "Corporate Governance Best Practice Principles." Article 20 thereof expressly states the Board members' diversity policy. The existing Board members have different professional backgrounds, skills and experience covering sales, computer, electronic engineering, electrical engineering, civil engineering, finance & accounting and management that satisfy the Company's Board member diversity policy with respect to gender, age, professionalism, knowledge, skills and experience. Among the Company's 7 Board members, consisting of 3 independent directors and 4 directors, Chen Chin-Ying and Chen Shu-Hua are specialized in leadership, business judgment, business administration and crisis management, Lin Ta-Chun and Chuang Chu-Wei possess the industrial knowledge and international market prospective, Independent Director Ke Yen-Hui is specialized in finance and accounting, and Lin Ching-Rong and Liao Shian-Yao are specialized in environmental sustainability and business administration. No directors are also employees of the Company, independent directors account for 43%, and more than half of independent directors hold the term of office less than 3 years. 2 directors at the age less than 40 years old, 1 director at the age of 51~60 years old, and 4 directors at the age more than 60 years old. The Company values the gender equality in the composition of the Board members, 3 more female directors were added in the 2023 re-election and Female directors account for 43%.

### (II) Independence of the Board of Directors:

The Company's Board of Directors consists of 7 directors, including 3 independent directors, accounting for more than one-thirds of the whole directors. None of the directors (including independent directors) meets the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.

(II) Information On General Manager, Vice General Manager, Assistant Vice Presidents, and Supervisors of All the Company's Divisions and Branch Units

March 31, 2024; Unit: Shares

Job Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and underage children		Shares held in the names of others		Major experience (academic degree)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remark
					Quantity of shares	%	Quantity of shares	%	Quantity of shares	%			Job Title	Name	Relationship	
General manager, Information Security officer	the ROC	Lin Chia-Ching	Male	January 17, 2023	95,764	0.23%	0	0.00%	0	0.00%	(Note 1)	(Note 2)	None	None	None	
				November 13, 2023												
Vice President	the ROC	Kao Chu-Min	Male	July 1, 2011	15,160	0.04%	0	0.00%	0	0.00%	(Note 3)	(Note 4)	None	None	None	(Note 4)
Assistant Vice President, 3rd Business Dept.	the ROC	Peng Chih-Hui	Male	September 1, 2022	33,297	0.08%	0	0.00%	0	0.00%	(Note 5)	None	None	None	None	
Vice President, Chief Corporate Governance Office, Financial Manager	the ROC	Chen Hsiu-Hui	Female	March 1, 2024	35,332	0.08%	0	0.00%	0	0.00%	(Note 6)	None	None	None	None	
				August 12, 2022												
2nd Business Dept., Assistant Vice President	the ROC	Chen Huang-Chi	Male	January 1, 2014	27,468	0.07%	0	0.00%	0	0.00%	(Note 7)	None	None	None	None	
Accounting Manager	the ROC	Huang Yi-Chen	Female	July 1, 2011	24,711	0.06%	0	0.00%	0	0.00%	(Note 8)	None	None	None	None	
Chief Internal Auditor	the ROC	Shih Wen-Ling	Female	October 1, 2017	65,153	0.16%	0	0.00%	0	0.00%	(Note 9)	Supervisor of Gee Lien Resource Development Corp.	None	None	None	

Note 1: Department of Electrical Engineering, Lunghwa University of Science and Technology; R&D Engineer, Director of Information Management Office and R&D Section Director, Trisco Technology Corporation; Assistant Manager, Management Dept. Manager, Administrative Service Division Director, CIO of General Manager Office, Director of Industrial Machinery and Equipment Division and Vice President, Sanlien Technology Corp.

Note 2: Representative of Juristic-Person of SANTEK Technology, Inc.; Legal Representative of Timlien Trading (Shanghai) Co., Ltd.; Vice CEO of Sanlien Educational Foundation; Representative of Juristic-Person Director of Kemitek Industrial Corp.; Representative of Juristic-Person Director of Zhinan Star Venture Capital Investment Co., Ltd.; Representative of Juristic-Person Director of DFOST Corp.

Note 3: MBA, Chung Yuan Christian University; Vice general manager, Sanlien Technology Corp.; Legal Representative of AWM Limited; Representative of Juristic-Person Director of Kemitek Industrial Corp.; Representative of Juristic-Person Supervisor of WinWay Tech. Co., Ltd.; Representative of Juristic-Person Director of Zhinan Star Venture Capital Investment Co., Ltd.

Note 4: Retired on August 31, 2023; currently serves as investment director of Sanlien Technology Corp.; Representative of Juristic-Person Supervisor of Yang Lian Technology Corp.; Representative of Juristic-Person Director of DFOST Corp.

Note 5: Department of Computer Science, NYCU; Project Manager, WiMart; Chief Engineer, Industrial Machinery and Equipment Division & Director, Automated Business Division, Sanlien Technology Corp.

Note 6: Department of International Trade, Chungyu University of Film and Arts; Special Assistant of General Manager Office, Spokesman, Resource Logistics Dept., Assistant Vice President, CFO and Vice President, Sanlien Technology Corp.

Note 7: Department of Electronic Engineering, Hwa Hsia University of Technology; Manager and Assistant Vice President, BI Business Unit, Sanlien Technology Corp.

Note 8: Department of Accounting, Soochow University; Section Chief of Financial Office, Assistant Manager of Financial Accounting Office, and Manager of Financial Accounting Office, Sanlien Technology Corp.

Note 9: Department of International Business Administration, Chinese Culture University; Section Chief of Procurement Office and Manager of Audit Office, Sanlien Technology Corp.; International Certified Internal Auditor License No. 105994.

III. Compensation paid to Directors, Supervisors, General Manager and Vice General Manager in the most recent year  
(1) Compensation paid to directors (including independent directors)

Unit: NT\$ thousand

Job Title	Name	Compensation to Directors				Total amount of A, B, C, D, and as a percentage of net profit after tax (Note 8)				Remuneration for concurrently serving as employee				Summation of A, B, C, D, E, F, and G, and as a % of net profit after tax (Note 8)		Remuneration from investees other than subsidiaries or parent company (Note 11)				
		Return (A) (Note 2)		Retirement Pension (B)		Remuneration to director (C) (Note 3)		Professional practice fees (D) (Note 4)		Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement Pension (F)		Employee remuneration (G) (Note 6)			The Company	All companies in the financial statements (Note 7)		
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)					
Chairman	Lin Ta-Chun	2,161	2,161	466	466	0	0	3,320	3,320	0	0	0	0	0	0	5,947	5,947	2.19%	2.19%	140
Director	Rui Hua Investment Co., Ltd.	267	267	0	0	2,705	2,705	0	0	0	0	0	0	0	0	2,972	2,972	1.09%	1.09%	222
Director Representative	Chen Shu-Hua	0	0	0	0	0	0	15	15	0	0	0	0	0	0	15	15	0.01%	0.01%	475
Director	Multiple Investment Corp.	267	267	0	0	901	901	0	0	0	0	0	0	0	0	1,168	1,168	0.43%	0.43%	0
Director Representative	Chen Chin-Ying	0	0	0	0	0	0	15	15	0	0	0	0	0	0	15	15	0.01%	0.01%	0
Director	Sanlien Educational Foundation	267	267	0	0	1,803	1,803	0	0	0	0	0	0	0	0	2,070	2,070	0.76%	0.76%	212
Director	Chuang Chu-Wei	161	161	0	0	526	526	15	15	0	0	0	0	0	0	702	702	0.26%	0.26%	0
Independent Director	Ke Yen-Huei	600	600	0	0	901	901	35	35	0	0	0	0	0	0	1,536	1,536	0.57%	0.57%	0
Independent Director	Lin Ching-Rong	350	350	0	0	526	526	15	15	0	0	0	0	0	0	891	891	0.33%	0.33%	0
Independent Director	Liao Shian-Yao	350	350	0	0	526	526	15	15	0	0	0	0	0	0	891	891	0.33%	0.33%	0
Director Representative	Lin Ting-Hsiang	0	0	0	0	0	0	20	20	0	0	0	0	0	0	20	20	0.01%	0.01%	2,299
Director Representative	Kao Chu-Min	0	0	0	0	0	0	20	20	0	0	0	0	0	0	20	20	0.01%	0.01%	0
Director	Hsieh Ming-Yuan	106	106	0	0	376	376	20	20	0	0	0	0	0	0	502	502	0.18%	0.18%	0
Independent Director	Lin Chin-Yuan	250	250	0	0	376	376	20	20	0	0	0	0	0	0	646	646	0.24%	0.24%	0
Independent Director	Li Ming-Kuei	250	250	0	0	376	376	20	20	0	0	0	0	0	0	646	646	0.24%	0.24%	0

1. Please state the policies, systems, standards and structure of compensation to independent directors, and the relations between the compensation and the job responsibility, risk and engagement hours borne by the independent directors: The compensation paid to independent directors consists of monthly salary at fixed amount, remuneration to directors, and transportation allowance. According to the Articles of Incorporation, The

Company shall set aside no more than 5% of the annual earnings as the remuneration to directors and independent directors, and decide the points or amount deserved by each director subject to his/her engagement in the Company's operations and contribution value. The distribution criteria shall be adopted by the Remuneration Committee separately.

2. Compensation received by directors for providing service to any company included in the Financial Statements (e.g. consultancy service without the title of an employee in the parent company/all companies included in the financial statements/investees) in the most recent year except those disclosed in the above table: None.

**Note 1:** Directors' names shall be identified by one (juristic-person shareholders shall be identified by the name and representative individually). The general directors and independent directors shall be identified one by one. Any director who serves as the General Manager or Vice General Manager concurrently shall be disclosed in this table and the following Table (III).

**Note 2:** The remuneration to directors in the most recent year (including director's salary, duty allowance, pension, severance pay, bonus and reward, et al.).

**Note 3:** The amount of directors' remuneration that the Board of Directors has approved as part of the latest earnings appropriation.

**Note 4:** The professional practice fees for services rendered in the most recent year (including transportation allowances, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and other subsidies. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Unit: NT\$ thousand

Job Title	Name	Nature	Rental (cost)	Costs of petrol
Chairman	Lin Ta-Chun	Car - cost	953	32

**Note 5:** Any salaries, duty allowances, pension, severance pay, bonuses, rewards, transportation allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits that the director received in the most recent year for assuming the role of the Company's employee concurrently (including General Manager, Vice General Manager, manager or other employee). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and other subsidies. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock options, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Unit: NT\$ thousand

Job Title	Name	Nature	Rental (cost)	Costs of petrol
Vice General Manager	Kao Chu-Min	Car - cost	285	22

**Note 6:** If the directors who acted as employees concurrently (including General Manager, Vice General Manager, other managers, and employees) received employee remuneration (including stocks and cash) in the most recent year, please disclose the employee remuneration approved by the Board of Directors prior to the motion for earnings distribution submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

**Note 7:** Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's directors.

**Note 8:** The aggregate of the compensation to directors by the Company, and the names of such directors, should be disclosed in the relevant space of the table.

**Note 9:** Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each director, which shall include the director's name disclosed in the relevant space of the table.

**Note 10:** The net profit after tax refers to that shown in the most recent parent company only or separate report.

**Note 11:** a. This field represents all forms of compensation the Company's directors have received from the Company's invested businesses other than subsidiaries, or from the parent company. (If none, please specify "None").  
b. For directors who receive compensation from invested businesses other than subsidiaries, or from the parent company, amounts received from these invested businesses shall be added to column J of the Compensation Scale Table, in which case, column I will be renamed "the parent company and all invested businesses."  
c. The compensation refers to any remuneration or return (including compensations received as an employee, director and supervisor) and professional practice fees which the Company's directors received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or in the parent company.

\*The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purposes.

(II) Compensation to supervisors: N/A.

(III) Compensation to General Manager and Vice General Manager

Job Title	Name	Salaries (A) (Note 2)		Retirement Pension (B)		Bonuses and special allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)			Total amount of A, B, C and D as a percentage of net profit after tax (%) (Note 8)		Remuneration from investees other than subsidiaries (Note 9)			
		All companies in the financial statements (Note 5)		All companies in the financial statements (Note 5)		All companies in the financial statements (Note 5)		The Company		The Company		All companies in the financial statements (Note 5)		The Company		
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	
General Manager	Lin Chia-Ching	1,470	1,470	88	88	1,860	1,860	45	0	45	0	3,463	3,463	1.28%	1.28%	675
Vice General Manager	Kao Chu-Min	731	873	44	44	782	979	0	0	0	0	1,557	1,896	0.57%	0.70%	0

\* Disclosure is mandatory for persons who hold positions equivalent to a General Manager or Vice General Manager (e.g. group president, CEO, general manager etc.).

### Compensation Scale Table

Breakdown of compensation to General Manager and Vice General Manager	Name of General Manager and Vice General Manager	
	The Company (Note 6)	Parent company and all investees in the financial statements (Note 7)
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Kao Chu-Min	Kao Chu-Min
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Lin Chia-Ching	Lin Chia-Ching
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total		

Note 1: The names of General Manager and Vice General Manager are presented separately, whereas the amount of benefits and allowances is presented in aggregate sums. Any director who serves as the General Manager or Vice General Manager concurrently shall be disclosed in this table and said Table (I).

Note 2: The salary, duty allowance and pension to General Manager and Vice General Manager in the most recent year.

Note 3: Any bonuses, rewards, transportation allowance, special allowances, various subsidies, accommodation, corporate vehicle, other in-kind benefits, and other remuneration. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates calculated based on actual or fair value, costs of petrol and other subsidies. Where personal drivers were assigned, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock options, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

		Unit: NT\$ thousand	
Job Title	Name	Nature	Rental (cost)
General Manager	Lin Chia-Ching	Rented or	2,075
Vice General Manager	Kao Chu-Min	allocated car	25
			22

Note 4: Please disclose the employee remuneration paid to General Manager and Vice General Manager approved by the Board of Directors in the most recent year (including stocks and cash). If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's general manager and vice general manager.

Note 6: The aggregate of the compensation to General Manager and Vice General Manager by the Company, and the names of such General Manager and Vice General Manager, should be disclosed in the relevant space of the table.

Note 7: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each general manager and vice general manager of the Company, which shall include the general manager's and vice general manager's names disclosed in the relevant space of the table.

Note 8: The net profit after tax refers to that shown in the most recent parent company only or separate report.

Note 9: a. This field represents all forms of compensation the Company's general manager and vice general manager have received from the Company's invested businesses other than subsidiaries, or from the parent company. (If none, please specify "None").

b. For the Company's general manager and vice general manager who receive compensation from invested businesses other than subsidiaries, or from the parent company, amounts received from these invested businesses shall be added to column E of the Compensation Scale Table, in which case, column E will be renamed "the parent company and all invested businesses."

c. The compensation refers to any remuneration or return (including compensations received as an employee, director and supervisor) and professional practice fees which the Company's General Manager and Vice General Manager received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or in parent company.

\* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purposes.

## (IV) Names of managers entitled to employee remuneration and amount entitled:

December 31, 2023; Unit: NTS

	Job Title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total	As percentage of net profit after tax (%)
Manager	General Manager	Lin Chia-Ching	0	1,186,440 (Note)	1,186,440	0.44%
	Assistant Vice President	Peng Chi-Hui				
	Assistant Vice President/CFO	Chen Hsiu-Hui				
	Assistant Vice President	Chen Huang-Chi				
	Accounting Manager	Huang Yi-Chen				
	Chief Internal Auditor	Shih Wen-Ling				

(Note) The distributed amount in 2023 is simply an estimated figure (estimated based on the ratio in 2022).

Note 1: The Company shall disclose individual names and job titles, but may opt to disclose the allocation of earnings under aggregate disclosure method.

Note 2: Please disclose the employee remuneration paid to managers approved by the Board of Directors in the most recent year (including stocks and cash). If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year. The net profit after tax refers to that for the most recent year. Where the Company has adopted IFRs, it shall refer to that shown in the most recent parent company only or separate report.

Note 3: The applicable definition of managers refers to the following, per the letter of Securities and Futures Bureau under Tai-Cai-Zheng-3-Zi No. 0920001301 dated March 27, 2003:

(1) General manager and equivalents; (2) Vice general manager and equivalents; (3) Assistant vice president and equivalents; (4) Financial managers; (5) Accounting managers; (6) Any other persons empowered to manage affairs and enter signature on behalf of the company.

Note 4: If any director, general manager or vice general manager receives the employee remuneration (including stock and cash), please also complete this table, in addition to Table 1-2.

(V) The compensation paid by the Company and all companies included in the consolidated financial statements to the directors, supervisors, general manager and vice general manager in the most recent two years, the analysis of the percentage of total compensation to net profit after tax in the parent company only financial reports or separate financial reports, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operating performance and future risk.

1. The policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operating performance and future risk.

(1) Directors and supervisors: The compensation package paid by the Company to directors in 2023 consists of the return, remuneration and transportation allowance to the directors. No supervisors have been appointed since the independent directors were elected at the shareholders' meeting on June 15, 2017. For the ratio of remuneration distributed to directors and independent directors, according to Article 18 of the Articles of Incorporation, no more than 5% of the earnings gained in the current year shall be distributed as the remuneration to directors. Meanwhile, the Company's Remuneration Committee will consider the directors' contribution to the Company's performance, assess and propose the salary and remuneration periodically, and submit the proposal to the Board of Directors for approval.

(2) General Manager and Vice General Manager: The compensation package paid to General Manager and Vice General Manager consists of the salary, bonus and employee remuneration. The Company's Remuneration Committee is responsible for determining the compensation to the Company's General Manager and Vice General Manager, in consideration of the level of their engagement in the Company's operations and contribution value, job rank, personal seniority, academic background & experience, potential contribution to the Company, and also the pay level among the peers. Relevant performance evaluation and reasonableness of remuneration have been reviewed and approved by Remuneration Committee and Board of Directors. Meanwhile, the compensation system will be reviewed in a timely manner subject to the overview of business and related laws and regulations, in order to help the Company seek the balance between ESG and risk control.

(3) The variable remuneration to directors (including independent directors) and managers is subject to financial indicators (earnings before tax and EPS before tax) and non-financial indicators (engagement in the Company's operation and contribution value), and the payment of salary and remuneration also takes in account the special contribution from other projects.

2. Analysis of the compensation paid to the directors, general manager and vice general manager in the most recent two years

Unit: NT\$ thousand

	Total Compensation				As percentage of net profit after tax			
	2023		2022		2023		2022	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Compensation to Directors	18,041	18,041	14,494	14,494	6.66%	6.66%	8.28%	8.28%
Compensation to General Manager and Vice General Manager	5,020	5,360	11,431	14,761	1.85%	1.98%	6.53%	8.43%

IV. Corporate Governance Status

(I) Operations of Board of Directors

(1) Information about operations of Board of Directors

The Board held 7 (A) meetings in 2023. The attendance of directors is summarized as follows:

Job Title	Name (Note 1)	Count of actual presence (in attendance) B	Count of presence by proxy	Actual presence (in attendance) rate (%) 【B/A】 (Note 2)	Remark Re-elected on May 24, 2023
Chairman	Rui Hua Investment Co., Ltd. Representative: Lin Ta-Chun	7	0	100.0%	Re-elected
Director	Multiple Investment Corp. Representative: Chen Shu-Hua	3	0	100.0%	Newly elected
Director	Sanlien Educational Foundation Representative: Chen Chin-Ying	3	0	100.0%	Newly elected
Director	Chuang Chu-Wei	3	0	100.0%	Newly elected
Independent Director	Ke Yen-Huei	7	0	100.0%	Re-elected
Independent Director	Lin Chin-Rong	3	0	100.0%	Newly elected
Independent Director	Liao Shian-Yao	3	0	100.0%	Newly elected
Director	Multiple Investment Corp.: Lin Ting-Hsiang	4	0	100.0%	Former term
Director	Sanlien Educational Foundation Representative: Kao Chu-Min	4	0	100.0%	Former term
Director	Hsieh Ming-Yuan	4	0	100.0%	Former term
Independent Director	Lin Chin-Yuan	4	0	100.0%	Former term
Independent Director	Li Ming-Kuei	4	0	100.0%	Former term

Other disclosures to be noted:

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

(I) Any conditions referred to in Article 14-3 of the Securities and Exchange Act met by the Company were passed per resolution by the Board of Directors, and independent directors have no opinion.

(II) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

1. Name of the director: Chairman, Lin Ta-Chun (Rui Hua Investment Co., Ltd.) and Director Kao Chu-Min (Sanlien Educational Foundation)

Motion: 1st meeting of the Board of Directors in 2023 (January 17)- Proposal for payment of bonus to the Chairman and managers in 2022.

Reasons of the recusal for conflict of interest, and participation in voting: Chairman, Lin Ta-Chun,

	and Director Kao Chu-Min recused themselves from discussion and voting as the stakeholders to the proposal.
2.	Name of the director: Director Kao Chu-Min (Sanlien Educational Foundation) Motion: 1st meeting of the Board of Directors in 2023 (January 17)- Proposal for Companys donation to Sanlien Educational Fundation in 2023. Reasons of the recusal for conflict of interest, and participation in voting: Director Kao Chu-Min recused himself from discussion and voting as the stakeholders to the proposal.
3.	Name of the director: Chairman, Lin Ta-Chun (Rui Hua Investment Co., Ltd.) Motion: 2nd meeting of the Board of Directors in 2023 (February 24)- Proposal for remuneration adjustment to the Chairman and general manager. Reasons of the recusal for conflict of interest, and participation in voting: Chairman, Lin Ta-Chun recused himself from discussion and voting as the stakeholders to the proposal.
III.	The evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation shall be disclosed in the status of evaluation conducted by the Board of Directors in Table (2).
IV.	Enhancement of the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, the improvement of information transparency, etc.) and the respective progress reports: Enhancement of the functionality of the Board of Directors: 1. In order to practice the corporate governance and improve the information transparency effectively, the Company discloses the full information about its operation and finance in the annual report and on the Company's website and MOPS, and also disclose the individual director's name and remuneration in the annual report and the complete Board meeting minute on the Company's website voluntarily. 2. In 2022, the Board of Directors approved the amendments to "Corporate Governance Best Practice Principles," "Sustainable Development Best Practice Principles," and "Rules of Procedure for Shareholders Meetings." 3. The directors attend various corporate governance courses to enhance the functionality of the Board of Directors. Respective progress reports: 1. Participated in 9th Corporate Governance Evaluation 2022 and honored one of Top 6~20% TPEX-listed companies in 2023. 2. The appraisal on performance of the Board of Directors was completed in 2023, and the appraisal result was reported to the Board of Directors and also disclosed on the Company's website. Meanwhile, the ethical corporate management promotion taskforce submitted the promotion work report 2023. 3. All directors have satisfied the continuing education hours for new or reelected directors, totaling 74 hours/26 persons in 2023.

Note 1: The name and representative of the juristic-person shareholder of any director who is a juristic person, if any, shall be disclosed.

Note 2: (1) Before the end of the year, if a director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Board of Directors meeting was convened (times) and his/her actual presence (times) during his/her term of office.

(2) If a re-election of directors had taken place prior to the close of the financial year, old and new directors are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence rate (%) will be calculated based on how often the Board of Directors meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

(2) Status of evaluation conducted by the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Method	Contents of evaluation
Once per year	The performance evaluation on	Performance evaluation on the Board of	Performance evaluation conducted in the	(1) Performance evaluation on the Board of Directors: Engagement in the Company's

	the Board of Directors was conducted from January 1, 2023 to December 31, 2023.	Directors, individual Board members and functional committees (Remuneration Committee and Audit Committee)	form of the Board of Directors' self-evaluation, Board member's self-evaluation and peer evaluation	<p>operation, Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls, etc.</p> <p>(2) Performance evaluation on individual Board members: Alignment with the goals and mission of the Company, knowledge of directors' duties, engagement in the Company's operations, management of internal relationship and communication, professionalism and continuing education of directors, and internal controls, etc.</p> <p>(3) Performance evaluation functional committees: Engagement in the Company's operation, knowledge of the functional committee's duties, the functional committee's decision-making quality, composition and election of members of the functional committee, and internal controls, etc.</p>
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(II) Operation of the Audit Committee

The Audit Committee held 4 (A) meetings in 2023. The attendance of independent directors is summarized as follows:

Job Title	Name (Note 1)	Count of actual presence (in attendance) B	Count of presence by proxy	Actual presence (in attendance) rate (%) 【 B / A 】 (Notes 1 and 2)	Remark Elected on May 24, 2023
Independent Director	Ke Yen-Huei	4	0	100.0 %	Reelected
Independent Director	Lin Chin-Rong	2	0	100.0 %	Newly elected
Independent Director	Liao Shian-Yao	2	0	100.0 %	Newly elected
Independent Director	Lin Chin-Yuan	2	0	100.0 %	Former term
Independent Director	Li Ming-Kuei	2	0	100.0 %	Former term

For the professional qualification and experience of the Audit Committee members, please refer to Attachment 1. Information On Directors (Independent Directors) (II) on Page 13-14 for details.

Other disclosures to be noted:

I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motions, independent directors' dissenting opinions, qualified opinions or important suggestions, Audit Committee meeting resolution, and how the Company has

responded to the Audit Committee's opinions:

- (I) Conditions described in Article 14-5 of the Securities and Exchange Act.
- (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors:
  - 1. Highlights of annual work of the Audit Committee in 2023:
    - (1) Adoption of or amendments to the internal control system and internal audit operations.
    - (2) Amendments to the Company's related regulations: Rules of Procedure for Board of Directors Meetings
    - (3) Review on annual financial reports, and semi-annual and quarterly financial reports
    - (4) Appointment of the Information Security Officer and Information Security personnel.
    - (5) Independence and competence evaluation of CPAs
    - (6) Annual earnings distribution
    - (7) Renewal of an addition to the facilities granted by banks
    - (8) Annual internal audit plan
    - (9) Legal compliance
  - 2. Voting: A total of 4 Audit Committee meetings were held in 2023. Any conditions referred to in Article 14-5 of the Securities and Exchange Act met by the Company were approved by a majority of the Audit Committee members, and submitted to the Board of Directors for resolution.
- II. For independent directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None
- III. Communication between independent directors and chief internal auditor/external auditors: The internal audit report for the previous month will be provided to each independent director for review by the end of each month. The chief internal auditor will attend the Audit Committee meeting regularly and also explain the internal audit report at the Board of Directors meeting. External auditors will also attend the meeting to explain the audit on financial statements or audit results.

Note 1: Before the end of the year, if an independent director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 2: If a re-election of independent directors had taken place prior to the close of the financial year, old and new independent directors are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence rate (%) will be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

Note 3: The Company's Audit Committee and Remuneration Committee both consists of all independent directors

(III) Status of corporate governance, and deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof:

Evaluation criteria	Status (Note)		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
I. Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies"?	V		The Company has adopted the "Corporate Governance Best Practice Principles" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies. The Principles were approved by the Board of Directors on March 25, 2016 and posted on the Company's website. Meanwhile, the Company also amended the Principles per FSC's letter under Jin-Guan-Zheng-Fa-Zi No. 1100373495 dated December 6, 2021, and had the amended Principles resolved by the Board of Directors on January 25, 2022 and posted on the Company's website.
II. The Company's equity structure and shareholders' equity			
(I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	V		(I) None.
(II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	V		(II) None.
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	V		(III) None.
(IV) Does the Company adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market?	V		(IV) None.

Evaluation criteria	Status (Note)		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?</p>	V		(I) None.

Evaluation criteria	Status (Note)		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?	V	V	(II) In consideration of the Company's scale and business needs, there is no need for the Company to establish any other functional committees separately.
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board's performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?	V	(III) The Company had the amendments to "Regulations Governing Performance Evaluation on the Board of Directors" passed by the Board of Directors on November 13, 2020. The Company conducts the evaluation once per year. The performance evaluation results 2023 were reported to the Remuneration Committee on January 30, 2024 as reference in determining remuneration for individual directors, and their nomination for additional office term, and reported to the Board of Directors on January 30, 2024. The evaluation results 2022 and 2023 were also posted on the Company's website.	(III) None.
(IV) Does the Company have the independence of the external auditors evaluated regularly?	V	(IV) To be in line with the internal organizational adjustment of PwC Taiwan, with effect from the audit of the financial statements for Q1, 2023, the certified public accountants would be changed from CPA Tsai Yi-Tai and CPA Thomas Lee to CPA Gregory Kuo and CPA Tsai Yi-Tai. The Audit Committee periodically evaluates the independence and competence of the CPAs on an annual basis. In addition to requiring the CPAs to provide "Independence Declaration" and "Audit Quality Indicators (AQIs)", the Audit Committee also evaluate the independence and competence of the CPAs according to the AQIs. The critical indicators include whether the CPAs and audit personnel have sufficient audit experience and accept	(IV) None.
		Summary  Yen-Hui is specialized in finance and accounting, and Independent Director Lin Ching-Rong and Liao Shian-Yao are specialized in environmental sustainability and business administration. No directors are also employees of the Company, independent directors account for 43%, and more than half of independent directors hold the term of office less than 3 years. 2 directors at the age less than 40 years old, 1 director at the age of 51~60 years old, and 4 directors at the age more than 60 years old. The Company values the gender equality in the composition of the Board members, 3 more female directors were added in the 2023 re-election and Female directors account for 43%.  (II) The Company has set up the Remuneration Committee and Audit Committee pursuant to laws, and have no other functional committees set up.	

Evaluation criteria	Status (Note)		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
			<p>sufficient educational training; whether the accounting firm has the appropriate capability to control the audit quality; whether the accounting firm and CPAs maintain independence of mind and in appearance in the work of auditing; deficiencies of the accounting firm and CPAs found by the supervisory authority when carrying out the supervision, etc. The evaluation result of the most recent year has been discussed by the Audit Committee on March 15, 2024, and the evaluation result of the independence and competence of the attestation CPAs has been reported to the Board meeting held on the same date.</p>
<p>IV. Does the TWSE/TPEX-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of the Board meeting and shareholders' meeting minutes, etc.)?</p>	V		<p>The Company had the amendments to "Corporate Governance Best Practice Principles" passed by the Board of Directors on January 25, 2022. According to the Principles, the Company appointed the personnel dedicated to shareholders services to serve as the corporate governance officers. Meanwhile, on March 25, 2020, the Board of Directors passed the amendments to the "Rules of Procedure for Board of Directors Meetings." On May 13, 2019, the Board of Directors resolved to appoint the CFO to serve as the Chief Corporate Governance Officer concurrently, who has engaged in the management work in finance and shareholders service and served as the spokesman for more than two decades. The Chief Corporate Governance Officer is responsible for supervising the shareholders service unit's corporate governance practices, including completion of the company registration and registration of changes, organization of the Board of Directors meetings and shareholders' meetings pursuant to laws, assistance to the Company in legal compliance of the Board of Directors and shareholders' meetings, preparation of the Board of Directors meeting and shareholders' meeting minutes, provision to independent directors the information needed by them to perform their duties, discussion and research on the latest laws and regulations related to the Company's management to help directors and independent directors with legal compliance, and settlement of matters related to investors relations, and announcement of the qualifications, scope of duty, focus of execution work and continuing education on the Company's website. The Chief Corporate Governance Officer shall help take charge of the requirements from directors, and satisfy the directors' requirements within 5 days in order to help directors perform their job duties effectively and timely.</p>

Evaluation criteria	Status (Note)		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
V. Does the Company provide proper communication channels and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		None.
VI. Does the Company engage a shareholders service agency to handle shareholders' meeting affairs?	V		None.
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information? (II) Does the Company have adopted other information disclosure methods (e.g., establishing an English website, designating dedicated persons for collecting and disclosing information of the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V V V	V	(I) None. (II) None. (III) For the time being, it is impossible for the company to publish and report them before said-noted time limit.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	V		None.



Evaluation criteria	Status (Note)		Summary		Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof	
	Yes	No				
			Chiu-Wei	9, 2023	management thinking	
		Director	Chuang Chiu-Wei	November 9, 2023	Promoting Sustainable Development through Risk Management -Best Practice Principles on Risk Management for TWSE/TPEX Listed Companies	3H
		Director	Chuang Chiu-Wei	March 1, 2024	Director and Supervisor Responsibilities in Corporate M&A and Hostile M&A Attack and Defense	3H
		Director	Chuang Chiu-Wei	March 26, 2024	How to integrate with international carbon trading to promote corporate innovation opportunities	3H
		Director	Chen Chin-Ying	May 31, 2023	Global circular economy trends, and its challenges and opportunities	3H
		Director	Chen Chin-Ying	July 4, 2023	The latest corporate mergers and acquisitions law and corporate governance practice cases	3H
		Director	Chen Chin-Ying	July 28, 2023	The offense and defense of non-consensual mergers and acquisitions and the liability of company leaders	3H
		Director	Chen Chin-Ying	August 22, 2023	Internal corporate investigation— advance deployment to avoid new risks brought by the ESG wave	3H
		Director	Chen Shu-Hua	May 31, 2023	Global circular economy trends, and its challenges and opportunities	3H
		Director	Chen Shu-Hua	August 16, 2023	Identifying company shortcomings or operating crises from financial statements	3H
		Director	Chen Shu-Hua	October 18, 2023	An introduction to the procedural disputes between the board of directors and shareholders' meetings in the context of competition for management rights from recent cases	3H

Evaluation criteria	Status (Note)		Summary						Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Director	Chen Shu-Hua	October 24, 2023	Analysis of legal norms and practical cases of insider trading	3H		
			Director	Chen Shu-Hua	March 26, 2024	Legal Matters Board Directors Should Know About Ethical Corporate Management Best Practice Principles	3H		
			Independent Director	Lin Ching-Rong	June 30, 2023	Global Future Risks and Opportunities for Sustainable Transformation	3H		
			Independent Director	Lin Ching-Rong	July 18, 2023	Practice of "Sustainability Report" under Corporate Governance 3.0 Policy	3H		
			Independent Director	Lin Ching-Rong	January 12, 2024	Corporate Carbon Management following the Promulgation of the Climate Change Act	3H		
			Independent Director	Lin Ching-Rong	January 19, 2024	Senior managers' compensation and ESG performance system design	3H		
			Independent Director	Ke Yen-Huei	March 3, 2023	Interpretations of annual report key information and responsibility: Directors and supervisors' perspective	3H		
			Independent Director	Ke Yen-Huei	August 22, 2023	Digitalization & Sustainability: The Twin Transition	3H		
			Independent Director	Ke Yen-Huei	September 12, 2023	Corporate Growth Strategy and Open Innovation	3H		
			Independent Director	Liao Shian-Yao	December 11, 2023	Measuring and managing the impact of sustainable development goals	2H		
			Independent Director	Liao Shian-Yao	December 16, 2023	Legal responsibilities and case analysis related to the company's "competition for management rights"	3H		
			Independent Director	Liao Shian-Yao	December 18, 2023	International Financial Reporting Standards (IFRS) S1 and S2	2H		
			Independent Director	Liao Shian-Yao	December 20, 2023	Low-carbon transformation path planning-carbon rights and carbon pricing	3H		
			Independent Director	Liao Shian-Yao	December 22, 2023	Financial Friendly Service Guidelines	2H		

Evaluation criteria	Status (Note)		Summary	Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof										
	Yes	No												
			<table border="1"> <thead> <tr> <th>Independent Director</th> <th>Liao Shian-Yao</th> <th>December 25, 2023</th> <th>Introduction to natural carbon sinks</th> <th>2H</th> </tr> </thead> <tbody> <tr> <th>Independent Director</th> <th>Li Ming-Kuei</th> <th>February 21, 2023</th> <th>The disclosure of material information of a company and the responsibilities of directors and supervisors.</th> <th>3H</th> </tr> </tbody> </table> <p>(VII) Implementation of risk management policies and risk measurements: N/A, as only applicable to the securities industry.</p> <p>(VIII) Implementation of customer policy: N/A, as only applicable to the securities industry.</p> <p>(IX) The Company's purchase of liability insurance for directors and supervisors, and social responsibility: The Company purchased the liability insurance for the whole directors and supervisors from March 4, 2024 to March 4, 2025, covering the liability of directors/supervisors and key managers' liability, and the Company's liability for damages. Meanwhile, the Company explained about the insured value and insurance premium at the Board of Directors meeting on March 15, 2024.</p> <p>(X) Procedures for Handling Material Inside Information: The Company has adopted the Regulations Governing Prevention of Insider Trading per resolution by the Board of Directors on August 28, 2009. Meanwhile, the Company will communicate the Regulations to directors, supervisors, managers and employees at least for once per year to prevent them from violating the Regulations or engage in any insider trading. And on November 14, 2022, the board of directors approved the revision of the management measures for preventing insider trading, including the evaluation procedures for releasing important information, the preservation of audit records, and the handling of violations.</p> <p>(XI) The Company has been honored as Level A+ in "6<sup>th</sup>~12<sup>th</sup> TWSE/TPEX-Listed Company Information Disclosure Evaluation, and one of the TPEX-listed companies ranking Top 6%~20% in 9th Corporate Governance Evaluation, and received the 2016 National Talent Development Awards.</p>	Independent Director	Liao Shian-Yao	December 25, 2023	Introduction to natural carbon sinks	2H	Independent Director	Li Ming-Kuei	February 21, 2023	The disclosure of material information of a company and the responsibilities of directors and supervisors.	3H	
Independent Director	Liao Shian-Yao	December 25, 2023	Introduction to natural carbon sinks	2H										
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			<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not applicable, if the Company is not one of the evaluated subjects.)</p> <p>The Company continues to review and discuss the improvements, and set forth various corrective action plans and measures in response to laws &amp; regulations to strengthen the corporate governance. For example, the Company adopted the amendments to "Corporate Governance Best Practice Principles" in 2022, and also set forth the unit or personnel that specializes (or is involved) in corporate governance, the continuing education hours to be satisfied by all directors/supervisors. In addition, the shareholders' meeting was held by the end of May in 2023. During the re-election, 3 female directors were added, accounting for 43% of the directors. The company's chairman and general manager or other persons of equivalent rank (top managers) are not the same person, spouse or first-degree relative to strengthen corporate governance.</p> <p>Note 1: Always provide explanations in the summary description column, regardless of whether the status is ticked "Yes" or "No."</p>											

(IV) Composition and operation of Remuneration Committee:

1. Information about the Remuneration Committee members

Identity (Note 1)	Qualifications	Professional qualification and experience (Note 2)	Independence (Note 3)	Number of other public companies in which the member concurrently serves as a remuneration committee member
	Name			
Independent Director and Convener	Ke Yen-Huei	Financial accounting and business sustainability	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; they do not hold the Company's shares, but 66,740 shares (0.16%) are held in the name of their spouses or relatives within a 2nd degree of kinship (or proxy shareholder); they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	2
Independent Director	Lin Ching-Rong	Academic expertise related to the company's business environment and management experience in university colleges	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; they hold the Company's shares 57,484 shares (0.14%), but are not held in the name of their spouses or relatives within a 2nd degree of kinship (or proxy shareholder); they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	None
Independent Director	Liao Shian-Yao	Organization leadership, strategic management and Industry relevant experience	Including but not limited to, they or their spouses or relatives within a 2nd degree of kinship do not serve as directors, supervisors or employees in the Company or any of its affiliates; they, their spouses or relatives within a 2nd degree of kinship do not hold the Company's shares; they do not serve as directors, supervisors, or employees in any entity that has certain relationship with the Company; they have not provided commercial, legal, financial, accounting or other professional services to the Company and its affiliates in the most recent two years.	None

Note 1: Please specify the related seniority, professional qualification & experience, and independence of each Remuneration Committee member in the Table. For members who are also independent directors, references have been made to Attachment 1 - Information on Directors and Supervisors (I) on page OO. Please describe the party's identity as director, or others (with additional remark for the role of convener, if any).

Note 2: Professional qualification and experience: Please specify the professional qualification and experience of the Remuneration Committee members individually.

Note 3: Compliance of independence: Please specify the Remuneration Committee members' compliance of independence, including but not limited to, whether they or their spouses or relatives within a 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within a 2nd degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

## 2. Information about operations of Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) The current members' term of office: The term of office commences from August 11, 2023 until May 23, 2026. A total of 3 (A) Remuneration Committee meetings were convened in the most recent year. Below are the members' qualifications and attendance records:

Job Title	Name	Count of actual presence (in attendance) (B)	Count of presence by proxy	Actual presence ratio (%) (B/A) (Note)	Remark Re-elected on August 11, 2023
Convener	Lin Ching-Rong	0	0	0	Newly elected
Member	Ke Yen-Huei	3	0	100%	Re-elected
Member	Liao Shian-Yao	0	0	0	Newly elected
Member	Li Ming-Kuei	3	0	100%	Former term
Member	Lin Chin-Yuan	3	0	100%	Former term

Other disclosures to be noted:

I. Should the Board rejects or modifies the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by Board meeting and results thereof, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.

II. Should any resolution(s) by the Remuneration Committee be passed but with member voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed:

1. 1st meeting of the Remuneration Committee in 2023 (January 17)

Present members: Ke Yen-Huei, Lin Chin-Yuan, Li Ming-Kuei

Motion: (1) Proposal for payment of bonus to the Company's Chairman and managers in 2022.

Voting counts: The motion was approved by all of the present members unanimously upon inquiry by the chairperson.

The Company's handling of the members' opinions: Proposed to the Board of Directors meeting and then approved by all directors present at the meeting.

Motion: (2) Proposal for amendment to regulations on the remuneration of the directors (including independent directors) and managers

Voting counts: The motion was approved by all of the present members unanimously upon inquiry by the chairperson.

The Company's handling of the members' opinions: Proposed to the Board of Directors meeting and then approved by all directors present at the meeting.

2. 2nd meeting of the Remuneration Committee in 2023 (February 24)

Present members: Ke Yen-Huei, Lin Chin-Yuan, Li Ming-Kuei

Motion: Proposal for remuneration adjustment to the Chairman and general manager.

Voting counts: The motion was approved by all of the present members unanimously upon inquiry by the chairperson.

The Company's handling of the members' opinions: Proposed to the Board of Directors meeting and then approved by all directors present at the meeting.

3. 3rd meeting of the Remuneration Committee in 2023 (March 29)

Present members: Ke Yen-Huei, Lin Chin-Yuan, Li Ming-Kuei

Motion: (1) Proposal for remuneration to employees and directors in 2022.

Voting counts: The motion was approved by all of the present members unanimously upon inquiry by the chairperson.

The Company's handling of the members' opinions: Proposed to the Board of Directors meeting and then approved by all directors present at the meeting.

Motion: (2) Proposal for amendment to regulations on the remuneration of the general directors.

Voting counts: The motion was approved by all of the present members unanimously upon inquiry by the chairperson.

The Company's handling of the members' opinions: Proposed to the Board of Directors meeting and then approved by all directors present at the meeting.

Note 1: Before the end of the year, if a Remuneration Committee member resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Remuneration Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 2: If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, old and new Remuneration Committee members are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence rate (%) will be calculated based on how often the Remuneration Committee meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

(V) Status of ESG practices, and deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof:

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
<p>I. Does the Company implement a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?</p>	V		<p>The Company has established the ESG Committee, a cross-department unit in March 2021. The Committee convener is served by the General Manager designated by the Chairman, and is responsible for supervising the Committee's operations. The Committee governs the groups including Environmental Sustainability Group, Social Relations Group and Corporate Governance Group. The groups' members consist of the management team, administrative service unit, EHS personnel, and functional organizations' representatives dedicated to ESG practices, responsible for implementing work plans, executing policies and following up the progress of various programs. The 2023 implementation focus was to perform the 2022 greenhouse gas inventory and issue an inventory list and report for each district, and perform Internal education and training on greenhouse gas data collection, calculation and inventory. It also updates the ESG project database with the latest information on net zero carbon reduction and environmental sustainability. The implementation results of annual plans are reported to the management meeting and Board meeting yearly. The Board gave the committee a positive review of its annual performance results and recommended to continue to strengthen internal education and training and compliance with regulations. The date of the last reported board meeting is November 13, 2023. The subsidiary, Kemitek Industrial Corp., established the ESG Committee in March 2021. The Committee convener is served by the General Manager. Meanwhile, the Committee governs the units dedicated to corporate governance, business &amp; financial accounting, social care, environmental sustainability, product liability and health &amp; safety. The members consist of the staff from financial, administrative, HR, manufacturing and health &amp; safety units. The convener is responsible for adopting policies and reviewing measures. The Committee chairman shall adopt the annual plan and review customers' audit data. The secretary-general helps the chairman promote relevant operations, handle internal and external communications and follow upon each group's progress. Key implementation achievements in 2023 were 1% water and electricity saving, 20% reduction of general industrial waste; implementation of employee care and community give-back: adoption of street</p>

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof	
	Yes	No		
<p>II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)</p>	V	<p>Yes</p> <p>trees in industrial parks and maintenance of surrounding environment; and acquisition of healthy workplace certification, which were reported in the annual management review meeting. Short-, intermediate-, and long-term goals and strategies were formulated: Strengthen internal promotion, education and training, and draw up concrete action plans for three major aspects: environmental protection, social responsibility, and corporate governance.</p> <p>The Company adopted the "Risk Management Policy" as approved per resolution by the Board of Directors on May 13, 2020, as the basis for management of various risks. The risk assessment boundary primarily covers the Company. Meanwhile, in consideration of the criticality to the core profession and level of impact to the major topics, the subsidiary, Kemitek Industrial Corp., was also included into the assessment. Conducted the investigation and analysis based on questionnaire to CSR stakeholders based on the materiality principle under the GRI Standards, to evaluate the ESG issues of materiality in nature, and adopted effective risk management policies and took specific actions therefor. When engaging any operations, the Company shall identify, measure, supervise and control various risks effectively, and control the potential risks to the tolerable level, in order to achieve the goals for rationalization of risks and remuneration. It is necessary to report to the Board of Directors on the risk management operations at least for once per year. The latest reporting at the Board of Directors meeting took place on November 13, 2023.</p> <p>(I) Environmental aspect: The Company will disclose it on the official website to help the understanding about the relevant operations. Focused on water consumption and GHG investigation: investigated the carbon emissions from self-made products, adopted the energy-conservation &amp; carbon-reduction and GHG reduction strategies, such as installation of the solar and green power system, construction of the office smart control and management system (including: electricity, automated air conditioner, lighting timer, indoor temperature and humidity and CO2 control system), in-factory GHG management, air pollutant emissions, waste management, water sources management, waste water treatment, and energy consumption. and any other related policies and programs. In order to deal with the</p>	<p>No</p>	<p>None.</p>



Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof															
	Yes	No																
(II) Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	V		<p>passed ISO14001 certification on May 29, 2022. The certification is effective until May 28, 2025.</p> <p>(II) The Company's offices all implement the resource classification and recycling, and promote paperless and e-process to practice the environmental protection and carbon reduction policies.</p> <p>(III) The Company appoints ESG Committee as the unit dedicated to managing climate changes, reviewing and managing the Company's climate changes, risk, opportunities and actions, and also reviewing the implementation status and discussing on the future planning. In order to deal with the risk caused by the global climate changes to the factory's operations and supply of raw materials, a large-scale reservoir with capacity of 2,486 tons have already been built at the factory premises, which can afford to supply the water to the factory for 7 days in the case of suspended water supply. Meanwhile, the Company will also hire water trucks to help relieve the pressure from insufficient water supply, if necessary. Three large-scale emergency power generators with the capacity 2,200KW were also built at the factory premises, which can afford the power supply throughout the whole factory in the case of power outage. For the time being, at least one month's safety inventory has been in place for various raw materials in order to deal with the risk over shortage of raw materials.</p> <p>(IV) The Company proposed the GHG emission management policies and targets to endeavor to mitigate the environmental impact posed by the production process, e.g. utilization of production value chain integration to improve the energy efficiency, replacement of old equipment with new one and improvement of production process to reduce waste of resources, and improvement of GHG emission to create the value of energy conservation and carbon reduction.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Intensity (Ton/NT\$ Thousand)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>4,511</td> <td>7,346</td> <td>3,426</td> <td>0.0040</td> </tr> <tr> <td>2023</td> <td>3,836</td> <td>6,450</td> <td>5,445</td> <td>0.0042</td> </tr> </tbody> </table> <p>1. GHG: Scope 1 and Scope 2 cover the information about all factories and subsidiaries. Scope 3 covers the Company's information. The type of the Company's</p>	Year	Scope 1	Scope 2	Scope 3	Intensity (Ton/NT\$ Thousand)	2022	4,511	7,346	3,426	0.0040	2023	3,836	6,450	5,445	0.0042
	Year	Scope 1		Scope 2	Scope 3	Intensity (Ton/NT\$ Thousand)												
2022	4,511	7,346	3,426	0.0040														
2023	3,836	6,450	5,445	0.0042														
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?	V		(II) None. (III) None.															
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aimed at conserving energy and reducing carbon, GHG, water, or other wastes?	V		(IV) None.															

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
			<p>GHG emission is CO2. Scope 1 refers to the direct emission of various factory premises, from the sources including petrol used by company cars, and the production process. Scope 2 refers to the indirect emission from power purchased from other sources. Scope 3 refers to other indirect emissions from the sources such as transportation of products. Due to the factory implemented multiple power-conservation policies and successive replacement of many large-scale energy-consuming machine and equipment, the power consumption per unit of production volume declined relatively. The total GHG emissions was 15,731 tons CO2e, including the indirect emissions accounting for about 41%. (The intensity of the Company's GHG emissions: calculated per unit of turnover)</p> <p>2. Water consumption: The factory's water supply source was primarily tap water, which served as the main raw materials and was used for cleaning chemical containers after being treated through the pure water equipment. The water consumption was 183,981 tons and 155,905 tons in 2023 and 2022, increasing by 28,076 tons (18%) annually, primarily due to the subsidiaries' implementation one set of pure water system, which needs to be inspected and maintained after the installation, resulting in the increase in water consumption in 2023.</p> <p>3. Waste: The Company reduced the quantity of waste by improving the production process. The disposal of hazardous waste liquid was contracted to legal service providers, and also reported to the Environmental Protection Administration. The hazardous waste liquid weighed about 75.34 tons and 76.55 tons in 2023 and 2022, decreasing by 1.2 tons (-1.6%) annually. Notwithstanding, the Company would test the stationary pollution resource installations periodically pursuant to laws and analyzed, followed up and controlled the test results. No GHG was emitted from the waste gas of the production process at the factory premises, but the chemical air pollutants arising from chemical mixing and preparation included ammonia gas and volatile organic compounds. The air pollutant data from 2022 to 2023 are held satisfying the emission standards required by laws.</p> <p>4. Energy-conservation and carbon-reduction policy: In</p>

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	
<p>IV. Social issues</p> <p>(1) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?</p>	V		<p>response to environmental protection and the government's energy-conservation and carbon-reduction policies, the Company and its subsidiaries have adopted various measures, including update on the Company's lighting in steps, replacement of the old lighting with power-saving lighting delivering the effect of energy conservation and carbon reduction, establishment of office automated monitoring system, including electricity, temperature and humidity monitoring system, automated air conditioner and lighting timer, and indoor temperature and humidity and CO2 control system. Meanwhile, the Company adopted the "Sanlien Vitality Bonus Point" rules to encourage its employees to commute by mass transportation means, in the low-carbon or carbon-free manner, in order to practice the energy conservation and carbon reduction physically. Further, the R&amp;D Center (Benzhou, Kaohsiung) constructed the third-phase solar photovoltaic system in 2023 to block direct sunlight onto the factory premises, lower the temperature indoor, save power consumed by the air conditioner, and reduce GHG emission and energy consumption. Kemitek factory also constructed additional solar photovoltaic system areas in 2018 and thereby generated the clean energy totaling 17.48 tons and 19.95 tons in 2023 and 2022, respectively. Said information has not yet been assured or verified by any related certification organization.</p> <p>(1) The Company takes into account the "International Covenant on Civil and Political Rights" and "International Covenant on Economic, Social and Cultural Rights" under the International Bill of Human Rights, to protect its employees' interest and right, respect basic labor right and avoid infringing upon labors' basic rights. The Company maintains the gender equality, respects the right to work, prohibits discrimination, child labors and forced labors, constructs a safe and friendly working environment, organizes health promotion activities, helps employees maintain the balance between physical and mental health, work and life, organizes EHS education and training and promotion of human right policy, constructs personal data and information security control mechanism, ensures the data security, reviews and evaluates the results of related</p>
			(1) None.

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	V		<p>policies and systems periodically, sets up opinion mailbox and convenes labor-management meetings periodically to provide the communication channel and ensure the interest and right of both labors and employer. The Company also complies with the related labor laws and regulations, and expressly define the rules about selection, training, employment and retention of employees in its management regulations, and publishes the same in order to protect the employees' basic interest and right. In response to the amendments to the maternity (paternity) leave, parental leave and pregnancy checkup leave referred to in the Act of Gender Equality in Employment and the other relevant requirements under the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace, the Company engages in promoting the gender equality principles.</p> <p>(II) The Company adopts reasonable remuneration policy, performs employees' performance and competence evaluation periodically each year, including CSR plan, and also establishes effective career development and training plan for employees. It also adopts the reward and punishment rules as the basis for rewarding and disciplining employees. Meanwhile, the Company also adopts the paternity leave in response to the government laws and regulations. In order to encourage employees to get married and raise children proactively, and also to reduce young couples' burden of raising children, the Company implements the "Social Welfare Allowance: Marriage Allowance/Childcare Allowance" program, hoping to improve the employees' well-being and help mitigate the low-birth society trend. In 2023, a total of 8 employees and 8 children were benefited. The Company also adopts the "Employment Promotion Allowance Implementation Program" to facilitate employment opportunities for the indigenous people and physically and mentally disabled. The Company also adopts the "Sanlien Regulations for Apprenticeship of Young Technology Talents in Workplace." In 2023, 5 students of National Taiwan University of Science and Technology had the chance to attend the apprenticeship plan and experience how an enterprise operates, so as to practicing their learning results, promote the industry-academia</p>

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>cooperation, provide the young people with a new channel to connect with the workplace earlier, and help increase the young people's employment rate. Respect internationally recognized fundamental human rights and create a diverse and inclusive workplace. There is no differential treatment and right to work due to gender, race, age, marriage, political position, religious belief, nationality, etc., and "the original native plan" and the plan for "building nests and attracting phoenixes" are being implemented successively to welcome international outstanding talents to join Sanlian. A total of 4 foreign consultants or employees are employed in the group. The Company also adopts the regulations governing "Sanlien Vitality Bonus Point" to encourage employees to participate in social charity activities or serve as volunteer workers. The Company would organize the charity activities, such as mountain cleaning, beach cleaning, and donation of blood and materials, via the Worker Welfare Committee. At the end of March, 2024 and 2023, a total of 67 persons attended the activities. The Company also values the gender equality. The Company's female employees accounted for 36%, including the female managers accounting for 35%, in 2023.</p> <p>(III) The Company sets up AED at the office premises and organizes first-aid education and training, in order to provide employees with a safe working environment. The Company also provides employees with health checkup and health &amp; safety educational promotional programs without charge each year, and also organizes the fitness to encourage employees to keep fit while working to care the employees' physical and mental health. The EHS Committee has engaged in promoting the balanced work and life project since 2016, and executed various employee care and support courses, employee pressure relief courses, family-friendly measures, and assistance measures to support specific employees, in order to construct a friendly and healthy working environment. Neither occupational accidents nor fire accidents have occurred to employees in 2023. The Company has received the Exercise Enterprise Certification from Sports Administration from 2018 to 2022 consecutively.</p> <p>(IV) The Company establishes the effective career development and training plan for employees, promotes the Sanlien Academy plan and interdisciplinary learning group project</p>
(IV) Does the Company have an effective career capacity development training program established for employees?	V		(IV) None.

Item	Status (Note 1)		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
(V) Does the Company comply with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implement consumer or customer interest protection policies and grievance procedures?	V		(V) None.
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	V		(VI) None.
V. Does the Company prepare the ESG report or any report of non-financial information based on international reporting standards or guidelines? Does said report have been assured or guaranteed by a third party certification unit?		V	Not yet. So far, no non-financial information has been disclosed on the Company's website.
VI. If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies," please describe the current practices and any deviations thereof from such principles: None.			
VII. Other information useful to the understanding of sustainable practice: The Company has been devoted to promoting high-tech development and exchange of humanities education permanently. Therefore, the Company founded "Sanlien Educational Foundation" at the beginning of 2002, hoping to promote the seminars and activities benefiting schools, communities and enterprises through discussion, exchange, and issuance of publications, together with the social people who have the common consensus on humanities and technology, so as to integrate resources and practice the lifetime learning concept. The foundation will continue to promote and participate in the charity activities in the spirit upheld by it as usual. For the Foundation's 2023 work report, please refer to Pages 61-62 of the annual report.			

Note 1: If the execution status is specified "Yes," please explain the key policies, strategies, and measures taken and the execution progress. If the execution status is specified "No," please explain deviation and cause of deviation in the field titled "Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof," and state any policy, strategy, and measure planned for the future.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Climate-related information of publicly traded and OTC companies

1. Implementation of reporting of climate-related information

Item	Status of implementation
1. Describe board and management supervision and governance of climate-related risks and opportunities.	The Company established an inter-departmental ESG Committee in March 2021 to be responsible for the implementation of climate-related work plans, policy operation and implementation, and tracking the progress of various solutions. It also conducts the annual greenhouse gas inventory of the previous year. The relevant schedule planning and annual implementation status are regularly reported to the board of directors.
2. Describe how the identified climate risks and opportunities will affect the Company's business, strategy and finances (short, intermediate and long term).	Short-term risks: The Company may encounter domestic carbon and energy-related taxes, rising electricity bills, and carbon tax overseas, resulting in an increase in operating costs. Intermediate-term risks: Foreign carbon tax, natural disasters and other extreme climate events, resulting in disruption of domestic and foreign supply chains, which affect operations, production and sales. Long-term risk: Changes in customer behaviors.
3. Describe the financial impact caused by extreme climate events and transition actions.	Extreme climate events: Based on a 4°C scenario analysis, the locations of the Company's plants should be less affected by future droughts and floods, rising average temperatures, and rising sea levels. In the event of a strong typhoon, the probability of property damage and financial impact shall be considered low. The Company also has safety stock for products made in-house, so the impact is low. Transition actions: The Company has installed solar panels. The subsequent transition plan will include the replacement of energy-consuming equipment to increase the Company's costs, but the financial impact will be low.
4. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	The interdepartmental "ESG Committee" sets the scenarios and proposes climate change-related discussion topics. The relevant units then identify and assess the degree of impact of climate risks and opportunities, financial impact, and countermeasures, and submit them to the risk management organization for review.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	N/A
6. If there is a transition plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	N/A
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	N/A
8. If climate-related goals are set, the activities, scope of greenhouse gas emissions, planning schedule, annual progress, and other information covered should be explained. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be exchanged or the quantity of renewable energy certificates (RECs) should be explained.	N/A
9. Status of greenhouse gas inventory and assurance and the reduction goals, strategy and specific action plans.	Also, fill in 2. GHG inventory and assurance in the last 2 years

2. GHG inventory and assurance in the last 2 years

(1) Greenhouse gas inventory information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>/million NT\$) and data coverage of greenhouse gases in the past two years: Please refer to Pages 42-44 of the annual report

(2) Greenhouse gas assurance information

Describe the status of assurance in the last 2 years as of the date of publication of the annual report, including the scope of assurance, body of assurance, standards of assurance and opinions of assurance: The Company has not yet made assurance of such matters.

(3) Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of reduction goals: N/A

(VII) Status of ethical management, and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof:

Item	Status (Note 1)		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
<p>I. Establishing ethical management policies and plans</p> <p>(I) Does the Company state in its regulations or external correspondence about the ethical management polices and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p>	V		<p>(I) None.</p>
<p>(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the</p>	V		<p>(II) None.</p>

Item	Status (Note 1)		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
<p>subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?</p> <p>(III) Does the Company expressly state the SOP, guidelines for conduct and reward &amp; punishment and grievance systems in the unethical conduct prevention program, implement the same precisely, and review amendments to said program?</p>	V		<p>Practice Principles” and “Procedure for Ethical Management and Guidelines of Conduct” as approved per resolution by the Board of Directors on March 25, 2016. It designates the ethical management promotion group to serve as the dedicated unit to promote ethical management and adopt related prevention measures. Legal Affairs Committee reviews various contracts with external parties, and the audit unit conducts the audit on various units’ internal control implementation in order to prevent any business activities involving unethical conduct.</p> <p>(III) The Company’s management regulations expressly provide that employees shall act “clean and honest.” The Company has also adopted the “Regulations Governing Prevention of Insider Trading”, and would also communicate its management philosophy to employees in the orientation training, weekly meetings and department meetings. Meanwhile, it adopted the “Ethical Management Best Practice Principles” and “Procedure for Ethical Management and Guidelines of Conduct” as approved per resolution by the Board of Directors on March 25, 2016, in order to expressly define the operating procedure, guidelines of conduct, punishment against violations and complaint/whistle-blowing system. The same has also been disclosed in the whistle-blowing mailbox.</p>
<p>II. Implementation of ethical management</p> <p>(I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the</p>	V		<p>(I) None.</p> <p>(II) None.</p>
	V		<p>(II) The Company adopted the amendments to “Ethical Management Best Practice Principles” as approved per</p>

Item	Status (Note 1)		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
<p>Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevent program to the Board of Directors periodically (at least for once per year)?</p> <p>(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?</p> <p>(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoint a CPA to conduct the audits?</p> <p>(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>resolution by the Board of Directors on March 25, 2020. It also designates the ethical management promotion group subordinated to the Board of Directors to serve as the dedicated (concurrent) unit to promote ethical management and report the implementation status to the Board of Directors periodically each year.</p> <p>(III) The Company's management regulations have expressly defined the policy to prevent conflict of interest. The Company also has the Audit Office/legal affairs unit state the cases involving conflict of interest.</p> <p>(IV) The Company establishes the accounting system and internal control system pursuant to laws, and implements the same precisely. The Company's financial reports will be disclosed on the MOPS and its official website after being audited and certified by the external auditors. The internal audit unit would report the internal audit operations to directors and supervisors periodically.</p> <p>(V) The Company would also communicate its management philosophy to employees in the orientation training, weekly meetings and department meetings.</p>	<p>(III) None.</p> <p>(IV) None.</p> <p>(V) None.</p>
<p>III. Implementation of the Company's whistle-blowing system</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the accused party?</p>	<p>V</p>	<p>(I) The Company's management regulations have expressly defined the reward and punishment rules. Meanwhile, the Company adopted the "Ethical Management Best Practice Principles" and "Procedure for Ethical Management and Guidelines of Conduct" as approved per resolution by the Board of Directors on March 25, 2016, in order to expressly define the operating procedure, guidelines of conduct, punishment against violations and complaint/whistle-blowing system. It also disclosed in the whistle-blowing mailbox that any complaints may be raised in writing or via email. The audit unit is also appointed to process the complaints as the dedicated unit.</p>	<p>(I) None.</p>

Item	Status (Note 1)		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	
(II) Does the Company define the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of reported cases as accepted?	V	(II) The Company adopts the reward and punishment rules and personal data management regulations, and expressly defines the standard operating procedure and non-disclosure mechanism for processing of complaints in its "Procedure for Ethical Management and Guidelines of Conduct."	(II) None.
(III) Does the Company have taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V	(III) The Company adopts the reward and punishment rules and personal data management regulations, and expressly defines the standard operating procedure and processing of complaints in its "Procedure for Ethical Management and Guidelines of Conduct." The whistle-blowers' identity and contents of the complaint would also be kept confidential. The Company promises that the whistle-blowers would not be treated inadequately as a result of the complaint.	(III) None.
IV. Enhanced information disclosure Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and MOPS?	V	The Company adopted the amendments to "Ethical Management Best Practice Principles" passed by the Board of Directors on March 25, 2020, and posted the contents thereof and implementation results on the website.	None.
V. If the Company has established sustainability policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe the current practices and any deviations thereof from such principles: None.			
VI. Other important information that is helpful in understanding the ethical corporate management operation of the Company: (e.g. the Company's review on and amendments to the ethical management best practice principles adopted by it)			
(I) The Company adopted the amendments to "Ethical Management Best Practice Principles" approved by the Board of Directors on March 25, 2020, and published them on its website as the basis for ethical management practices.			
(II) The Company adopted the "Code of Ethical Conduct" as approved per resolution by the Board of Directors on March 25, 2016, in order to guide the Company's directors and managers to act in line with the ethical standards and enable the Company's stakeholders to better understand the Company's ethical standards.			
(III) The Company also adopts the "Regulations Governing Prevention of Insider Trading," and communicates the Regulations to directors, supervisors, managers and employees at least for once per year.			
(IV) The Company has been honored as Level A+ in "6th~12th TWSE/TPEX-Listed Company Information Disclosure Evaluation.			
(V) The Company ranked top 20% among the TPEX-listed companies in 1st Corporate Governance Evaluation, and top 21~35% in the second Corporate Governance evaluation, and top 6~20% in 3rd~9th Corporate Governance Evaluation.			

Note 1: Always provide explanations in the summary description column, regardless of whether the status is ticked "Yes" or "No."

(VIII) If the Company has established corporate governance principles or other relevant guidelines, the access to such principles must be

disclosed: The “Corporate Governance Best Practice Principles,” “Ethical Management Best Practice Principles,” “Procedure for Ethical Management and Guidelines of Conduct,” “Code of Ethical Conduct,” “Corporate Social Responsibility Best Practice Principles” and whistle-blowing mailbox adopted by the Company are published in the Investors section on the Company’s website.

(IX) Other information material to the understanding of corporate governance within the Company: The Company has been honored as Level A+ in “6th~12th TWSE/TPEX-Listed Company Information Disclosure Evaluation. The Company ranked top 20% among the TPEX-listed companies in 1st Corporate Governance Evaluation, and top 21~35% in the second Corporate Governance evaluation, and top 6~20% in 3rd~9th Corporate Governance Evaluation.”

(X) Status of Internal Control System

1. Declaration for Statement of Internal Control

Sanlien Technology Corp.  
Declaration for Statement of Internal Control

Date: March 15, 2024

The following declaration was made based on the 2023 self-inspection of the Company's internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Company's Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance over the effectiveness and efficiency of business operations (including profitability, performance, security of assets etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria introduced by the Regulations consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication; and 5. Monitoring activities. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution thereof.
- V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2023, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of aforementioned goals.
- VI. The Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liability.
- VII. The Declaration was passed unanimously without objection by all 7 directors present at the Board meeting dated March 15, 2024.

Sanlien Technology Corp.

Chairman: (seal)

General Manager: (seal)

2. The external auditor's report issued by the CPA commissioned to conduct an internal control audit, if any:

No CPA was commissioned to conduct the internal control audit.

(XI) Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions from 2023 until March 31, 2024, that may significantly impact shareholders' interest or security price, and major deficiency and correction status: None.

(XII) Important resolution of the shareholders' meeting and Board of Directors meeting from 2023 until March 31, 2024

1. Important resolution of the Board of Directors meetings:

Year	Date	Important resolution
2023 1st	January 17, 2023	<ol style="list-style-type: none"> <li>1. Approved the new appointment of Company's general manager.</li> <li>2. Approved the proposal for payment of bonus to the Company's Chairman and managers in 2022.</li> <li>3. Approved the proposal for remuneration to the Company's Directors and managers.</li> <li>4. Approved the Company's donation to Sanlien Technology Foundation.</li> </ol>
2023 2nd	February 24, 2023	<ol style="list-style-type: none"> <li>1. Approved the proposal for remuneration adjustment to Chairman and general manager.</li> <li>2. Approved the period and place for the 2023 Annual General Meeting to accept the nomination of directors (including independent directors).</li> <li>3. Approved the list of directors and independent director candidates nominated by the board of directors.</li> <li>4. Approved the non-competition restrictions for new directors.</li> <li>5. Approved the proposal for the Company's 2023 Annual General Meeting.</li> </ol>
2023 3rd	March 29, 2023	<ol style="list-style-type: none"> <li>1. Approved the proposal for renewal of the Bank's facilities granted by banks.</li> <li>2. Approved the Company's 2022 payment of remuneration to employees and directors.</li> <li>3. Approved the amendment to regulations on the remuneration of the directors</li> <li>4. Approved the Company's 2022 business report, parent company only and consolidated financial statements.</li> <li>5. Approved the Company's 2022 earnings distribution plan.</li> <li>6. Approved 2022 Declaration for Statement of Internal Control.</li> <li>7. Approved the appointment of the Company's 2023 external auditors, and evaluation on independence and competence of the external auditors.</li> <li>8. Approved the pre-approval, certified accountants, their firms and firm-affiliated companies may provide non-assurance services to the company and its subsidiaries.</li> <li>9. Approved the list of director candidates nominated by shareholders for the Company's 2023 Annual General Meeting.</li> <li>10. Approved the non-competition restrictions for new directors nominated by the company's shareholders.</li> </ol>
2023 4th	May 12, 2023	1. Approved the Company's 2023 Q1 consolidated financial statements.
2023 5th	May 24, 2023	1. Approved the Chairman election.
2023 6th	August 11, 2023	<ol style="list-style-type: none"> <li>1. Approved the Company's 2023 Q2 consolidated financial statements.</li> <li>2. Approved the appointment of Company's member of Remuneration Committee.</li> <li>3. Approved the amendments to the Company's "Related party, specific company and group enterprise transaction processing operations."</li> <li>4. Approved the new addition of the quota for issuance of commercial</li> </ol>

Year	Date	Important resolution
		promissory notes guaranteed by Mega Bill Co., Ltd.
2023 7th	November 13, 2023	<ol style="list-style-type: none"> <li>1. Approved the Company's 2023 Q3 consolidated financial statements.</li> <li>2. Approved the Company's 2024 internal audit plan.</li> <li>3. Approved the Company's 1H 2023 earnings distribution plan.</li> <li>4. Approved the amendments to the Company's relevant regulations.               <ol style="list-style-type: none"> <li>(1) Information security inspection operations and internal audit.</li> <li>(2) Remuneration Committee Charter and internal audit.</li> </ol> </li> <li>5. Approved the appointment of Information Security officer and Information Security personnel.</li> <li>6. Approved the replacement of the Company's seal custodian.</li> </ol>
2024 1st	January 30, 2024	<ol style="list-style-type: none"> <li>1. Approved the proposal for 2023 remuneration to the Company's Directors and managers.</li> <li>2. Approved the Company's donation to Sanlien Technology Foundation.</li> <li>3. Approved the proposal for the Company's 2024 Annual General Meeting.</li> <li>4. Approved the new appointment of Company's vice president.</li> </ol>
2024 2nd	March 15, 2024	<ol style="list-style-type: none"> <li>1. Approved the proposal for renewal of the Bank's facilities granted by banks.</li> <li>2. Approved the Company's 2023 payment of remuneration to employees and directors.</li> <li>3. Approved the amendments to the Company's relevant regulations.               <ol style="list-style-type: none"> <li>(1) Rules of Procedure for Board of Directors Meetings</li> <li>(2) Audit Committee Charter</li> </ol> </li> <li>4. Approved the Company's 2023 business report, parent company only and consolidated financial statements.</li> <li>5. Approved the Company's 2023 earnings distribution plan.</li> <li>6. Approved issuance of new shares through capital increase from earnings.</li> <li>7. Approved 2023 Declaration for Statement of Internal Control.</li> <li>8. Approved the appointment of the Company's 2024 external auditors, and evaluation on independence and competence of the external auditors.</li> <li>9. Approved the proposal for the Company's 2024 Annual General Meeting. (Modification and new matters)</li> </ol>

2. Review on important resolutions of shareholders' meetings and execution in 2023.

Date	Important resolution and execution thereof
May 24, 2023 Annual General Meeting	<p>Acknowledgement matters:</p> <ol style="list-style-type: none"> <li>1. Acknowledged the Company's 2022 Business Report and Financial Statements.</li> <li>2. Acknowledged the Company's 2022 earnings distribution plan.</li> </ol> <p>Execution status: Chairman set June 4, 2023 as the ex-dividend in accordance with the authorization of the board of directors on March 29, 2023, and completed the allocation of cash dividends, NT\$116,504,682, on June 28, 2023.</p> <p>Election matters:</p> <ol style="list-style-type: none"> <li>1. Re-election of Directors</li> </ol> <p>Execution status: The change of registration was approved by the Taipei City Government on June 9, 2023 and the reelection result is published on the Company's website.</p> <p>Discussion matters:</p> <ol style="list-style-type: none"> <li>1. Approved the non-competition restrictions for new directors.</li> </ol> <p>Execution status: Published on the Company's website and the MOPS on May 24, 2023.</p>

(XIII) The main contents of important resolutions of the Board passed but with directors or supervisors voicing opposing opinions on the record or in writing from 2023 until March 31, 2024: None.

(XIV) Summary of resignation/dismissal of the Company's Chairman, President, accounting manager, financial manager chief internal auditor, chief corporate governance officer or chief R&D officer from 2023 until March 31, 2024:

Job Title	Name	Date of onboard	Date of discharge	Cause of resignation or discharge
General Manager	Lin Ting-Fung	July 1, 2011	January 1, 2023	Retirement
Vice General Manager	Kao Chu-Min	July 1, 2011	September 1, 2023	Retirement

V. Information about CPA's Audit Fees:

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit fees	Non-audit fees	Remark
PwC Taiwan	Gregory Kuo	2023	2,810	1,043	For the profit-seeking income tax return audit and certification, preparation of E-filing forms, and consultation of investment plan NT\$1,043 thousand.
	Tsai Yi-Tai				

- (I) If a change of CPA firm results in a lower audit fee for that year compared to the previous year: None.
- (II) If the audit fee was reduced by more than 10% from the previous year: None.

VI. Information about replacement of CPAs: In accordance with the internal organizational adjustment of PwC Taiwan, with effect from the audit of the financial statements for Q1, 2023, the certified public accountants would be changed from Tsai Yi-Tai, CPA and Thomas Lee, CPA to Gregory Kuo, CPA and Tsai Yi-Tai, CPA.

VII. Disclosure of any of the Company's Chairman, General Manager, or managers responsible for financial or accounting matters being employed by the auditor's firm or any of its affiliated company in the last year: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than ten percent from 2023 until March 31, 2024.

(I) Changes of the equity of directors, supervisor, managers and major shareholders:

Unit: Share

Job Title (Note 1)	Name	2023		January 1~March 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Representative of Rui Hua Investment Co., Ltd.: Lin Ta-Chun	4,000	0	20,000	0 (300,000)
Director	Representative of Sanlien Educational Foundation: Chen Chin-Ying	70,000	0	0	0
Director	Representative of Multiple Investment Corp.: Chen Shu-Hua	0	0	0	0
Director	Chuang Chu-Wei (Newly elected on May 24, 2023)	0	0	0	0
Independent Director	Ke Yen-Huei	0	0	0	0
Independent Director	Lin Ching-Rong (Newly elected on May 24, 2023)	0	0	0	0

Unit: Share

Job Title (Note 1)	Name	2023		January 1~March 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent Director	Liao Shian-Yao (Newly elected on May 24, 2023)	0	0	0	0
General Manager	Lin Chia-Ching (Promoted on January 17, 2023)	0	0	0	0
Vice President	Chen Hsiu-Hui (Promoted on March 8, 2024)	0	0	0	0
Assistant Vice President	Peng Chi-Hui	0	0	0	0
Assistant Vice President	Chen Huang-Chi	0	0	0	0
Accounting Manager	Huang Yi-Chen	0	0	0 (1,000)	0
Chief Internal Auditor	Shih Wen-Ling	0	0	0 (5,000)	0
Director	Hsieh Ming-Yuan (Date of dismissal: May 24, 2023)	0	0	-	-
Independent Director	Lin Chin-Yuan (Date of dismissal: May 24, 2023)	0	0	-	-
Independent Director	Li Ming-Kuei (Date of dismissal: May 24, 2023)	0	0	-	-
General Manager	Lin Ting-Fung (Date of dismissal: January 1, 2023)	0	0	-	-
Vice General Manager	Kao Chu-Min (Date of dismissal: September 1, 2023)	0 (13,000)	0	-	-

Note 1: Shareholders holding more than 1% ownership interest in the Company shall be noted as major shareholders and listed separately.

Note 2: If the counterpart of transfer or pledge of shares is a related party, it shall be specified in the following table.

### (II) Information about transfer of equity:

Name (Note 1)	Cause of transfer of equity (Note 2)	Trading date	Trading counterpart	Relationship between the trading counterpart and the Company's directors, supervisors, managers and shareholders with more than 10% shareholding	Quantity of shares	Trading price
Sanlien Educational Foundation	Endowment	February 1, 2023	Lin Ting-Fung	Within the second degree of kinship with Chainman, Lin Ta-Chun	40,000	N/A
Sanlien Educational Foundation	Endowment	June 8, 2023	Lin Ta-Chun	Representative of the juristic-person shareholder, Rui Hua Investment Co., Ltd.	20,000	N/A
Sanlien Educational Foundation	Endowment	June 8, 2023	Lin Ta-Hsun	Within the second degree of kinship with Chainman, Lin Ta-Chun	10,000	N/A

Note 1: Names of the trading counterpart and the Company's directors, supervisors, managers and shareholders with more than 10% shareholding

Note 2: Please specify acquisition or disposal.

### (III) Information about changes in the pledge of equity: N/A

IX. Disclosure of relationship among the top ten shareholders including related parties, spouses and relatives within the second degree of kinship

March 31, 2024; Unit: Shares

Name (Note 1)	Shares held on own name		Shares held by spouse and underage children		Total shares held in the names of others		If there is relationship, such as related party, spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship. (Note 3)		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Name	Relationship	
Multiple Investment Corp.	3,230,779	7.76%	0	0%	0	0%	None	None	
Representative of Multiple Investment Corp.: Chen Shu-Hua	103,559	0.25%	682,936	1.64%	0	0%	None	None	
Rui Hua Investment Co., Ltd.	2,714,264	6.52%	0	0%	0	0%	Lin Ta Chun	The shareholder is representative of Rui Hua Investment Co., Ltd.	
Representative of Rui Hua Investment Co., Ltd.: Lin Ta-Chun	810,000	1.95%	0	0%	0	0%	None	None	
Lucent Source, Ltd.	2,492,464	5.99%	0	0%	0	0%	None	None	
Representative of Lucent Source, Ltd.: Huang Wen-Tzu	0	0%	0	0%	0	0%	None	None	
Chanitex Co., Ltd.	2,079,000	5.00%	0	0%	0	0%	None	None	
Representative of Chanitex Co., Ltd.: Chen Chun-An	0	0	817,000	1.96%	0	0%	Chuang Chu-Wei	Spouse	
Dian Jiang Jia Investment Co., Ltd.	1,237,700	2.97%	0	0%	0	0%	Chen Ching-Song	The shareholder is representative of Dian Jiang Jia Investment Co., Ltd.	
Representative of Dian Jiang Jia Investment Co., Ltd.: Chen Ching-Song	970,000	2.33%	0	0%	0	0%	None	None	
Hsieh Ming-Yuan	1,000,000	2.40%	300,000	0.72%	0	0%	Hsieh Yi-Ping	Relative within the second degree of kinship	
Hsieh Yi-Ping	1,000,000	2.40%	0	0%	0	0%	Hsieh Ming-Yuan	Relative within the second degree of kinship	
Chen Ching-Song	970,000	2.33%	0	0%	0	0%	Dian Jiang Jia Investment Co., Ltd.	The shareholder is representative of Dian Jiang Jia Investment Co., Ltd.	
Chuang Chu-Wei	817,000	1.96%	0	0%	0	0%	Chen Chun-An	The shareholder is spouse of representative of Chanitex Co., Ltd.	
Lin Ta Chun	810,000	1.95%	0	0%	0	0%	Rui Hua Investment Co., Ltd.	The shareholder is representative of Rui Hua Investment Co., Ltd.	

Note 1: All top-10 shareholders shall be listed. The name of any juristic-person shareholder and the name of its representative are shown separately.

Note 2: The percentage of shares held under own name, spouse's name, underage children's names, and proxy shareholders' names are calculated separately.

Note 3: Relations among said shareholders (including juristic-person and natural-person shareholders) shall be disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- X. Number of shares held by the Company, and the Company's directors, supervisors and managers, and the entities directly or indirectly controlled by the Company in a single investee, and consolidated shareholding percentage of the above categories

December 31, 2023; Unit: Shares

Investee (Note)	Investment by the Company		Investment by directors, supervisors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investment	
	Quantity of Shares	Shareholding	Quantity of Shares	Shareholding	Quantity of Shares	Shareholding
Kemitek Industrial Corp.	25,490,748	37.24%	439,435	0.64%	25,930,183	37.88%
SANTEK Technology, Inc.	5,520,420	100.00%	0	0.00%	5,520,420	100.00%
Gee Lien Resource Development Corp.	600,000	60.00%	0	0.00%	600,000	60.00%
DFOST Corp.	2,550,000	51.00%	0	0.00%	2,550,000	51.00%
RIFT Holdings Inc.	950,000	100.00%	0	0.00%	950,000	100.00%
Siap+Micros Holdings S. r. l	-	49.00%	0	0.00%	-	49.00%
Trisco Technology Corp.	3,640,295	22.53%	2,211,104	13.68%	5,851,399	36.21%

Note: The Company's investment under equity method.

Attachment: Sanlien Educational Foundation's 2023 work report

Activity	Time	Venue	Content of Implementation/Activity Introduction	Budget account titles	Expenditure	Number of participants or beneficiaries
Promote or sponsor cultural exchange and educational events	January~December	Taipei Zhongli Hsinchu Taichung	<p><b>【Donations designated by charity projects】</b></p> <ol style="list-style-type: none"> <li>1. Family with Special Child Support and Research Center Foundation (Chung Yuan Christian University)</li> <li>2. Bo-Yo Social Welfare Foundation</li> <li>3. Taichung Municipal Taichung First Senior High School - Construction of smart blackboard teaching equipment</li> <li>4. National Taiwan University - Centennial Fund-raising project</li> <li>5. Taichung Municipal Taichung Second Senior High School - Social activities and curriculum fund</li> <li>6. National Chengchi University - Bachelor's degree in sports industry and culture</li> <li>7. Chinese Taipei Olympians Association - Development of national sports</li> </ol>	Expenditure in donation	\$1,250,000	-
Organize or sponsor seminars, trainings, and special publications for the development of high-tech and humanistic education, and combine technology and knowledge management to promote and enhance diverse technical and vocational education.	January~December	Taipei	<p>[Popular science publications for succession of technology and digital diffusion]</p> <ol style="list-style-type: none"> <li>1. Sanlien Technology Publications (Quarterly): Issues 127~130, with a total print volume of 8,000 copies. <ul style="list-style-type: none"> <li>- Issue 127 - Structural safety diagnosis development and smart disaster prevention monitoring technology</li> <li>- Issue 128 - Bridge health diagnosis and maintenance management</li> <li>- Issue 129 - Application of geodetic monitor detection technology</li> <li>- Issue 130 - World of sensors</li> </ul> </li> <li>2. Video marketing about the advancement of Sanlien technologies: 471 times (YouTube tutorials, digital sharing of e-journal)</li> <li>3. Number of views on the digital platform of Sanlien Technology: 803 times (Hyweb Technology, Airiti Library)</li> <li>4. Number of uses of the popular science e-books platform: 156 times (Hyweb Technology, Airiti Library, Yuan-Liou Digital)</li> <li>5. Hong-Ya Publication distribution (San Min): 20 copies</li> <li>6. Sanlien Technology subscriptions increased by 5 (2 paper/ physical and 3 for digital)</li> </ol>	Expenses in self-organized activities	\$669,606	9,455/person
Promote or sponsor cultural exchange and educational events	January~December	Taipei	<p>[Promotion of Arts and Literature. Social Care]</p> <ol style="list-style-type: none"> <li>1. Department of Foreign Languages and Literatures of National Taiwan University, 277 persons in 3 graduation performances</li> <li>2. Nan Art Space - The Sky of France special exhibition of Chen-Nan Chu's creations: 2,069 persons</li> <li>3. Wenshan School of Special Education charity performance - Shuiyuan Village Theater Troupe on public welfare tour for 150 persons</li> <li>4. Charity Garden Party organized by Love and Sunshine Angels for 250 people</li> </ol>	Expenses in co-organized activities	\$622,000	2,746/person
Promotion or sponsorship for the lifetime education benefiting individual, family, community and enterprise	January~December	Taipei Yilan Taichung Kaohsiung	<p><b>【Goodhealth Sports for All】</b></p> <ol style="list-style-type: none"> <li>1. Community fitness class: Shu-Ling Chang - Taipei City Gymnasium, 44 games with 823 participants</li> <li>2. Hiking and mountaineering / Chinese Taipei Alpine Association <ul style="list-style-type: none"> <li>- In January, the IVV Kaohsiung International Citizens Hiking Conference (Chinese Taipei Alpine Association) had 1,872 participants.</li> <li>- April IML Hiking Conference (Chinese Taipei Alpine Association) had 5,426 participants</li> <li>- October 2023 National Climbing Day (Sports Administration): 5,139 persons</li> <li>- November IML Hiking Conference (Chinese Taipei Alpine Association) had about 7,000 participants</li> </ul> </li> </ol> <p><b>【Technology Transfer Environmental Protection】</b></p> <ol style="list-style-type: none"> <li>1. Taiwan Climbing and Mountaineering Alliance Seed Program: 15 training categories, 29 sessions, 442 participants</li> <li>2. Plant trees to protect the earth - Protect water and forests, 120 participants Planted 1,000 trees in the Dashou River catchment area of Datong Township, Yilan County, is expected to increase the carbon sink by 3,415 kg.</li> <li>3. Taiwan Disaster Prevention Industry Association <ul style="list-style-type: none"> <li>- Disaster prevention and environmental education board game tour for 220 persons</li> <li>- Disaster prevention seminar tour - Disaster Prevention in Reality from the Perspective of Science Fiction, 160 persons</li> </ul> </li> </ol>	Expenses in co-organized activities	\$531,336	21,202/person

Activity	Time	Venue	Content of Implementation/Activity Introduction	Budget account titles	Expenditure	Number of participants or beneficiaries
Organize or sponsor seminars, trainings, and special publications for the development of high-tech and humanistic education, and combine technology and knowledge management to promote and enhance diverse technical and vocational education.	January~December	Taipei Taoyuan Hsinchu Hualien Tainan Kaohsiung	<p>【Technology Transfer Promotion of Popular Science】</p> <ol style="list-style-type: none"> <li>1. National Science and Technology Museum <ul style="list-style-type: none"> <li>- Popular science seminar, 56 persons (The geology, resources and disaster prevention of sea island - Kaohsiung; artificial satellites and their unknown secrets)</li> <li>- 3,994 persons for disaster prevention activities (6 sessions of Hello Disaster Prevention Education interactive learning experience events; 8 sessions of DIY classroom)</li> </ul> </li> <li>2. High school popular science camp - Exploring the world of biomechanics through artistic creation and programmatic experience - Hualien Girls' High School (78 students)</li> <li>3. Neihu Vocational High School - Sanlien Science and Technology Teaching Laboratory: 389 persons</li> <li>4. Neihu Vocational High School - Construction of 20 sets of automation training course facilities</li> <li>5. Popular science project of the basic application of strain gauge and software integration, 167 persons in 10 sessions.</li> <li>6. 2023 Seminar on Smart Monitoring and Maintenance Management for Disaster Prevention on Slopes: 255 persons</li> <li>7. Research and application project of SmartRock2 concrete strength tester: Donated 120 units</li> <li>8. Awards for outstanding land science teachers to go abroad for training (Meteorological Application and Development Foundation), 6 persons</li> </ol>	Expenses in co-organized activities	\$1,711,167	4,945/person

#### Four. Status of Fund Raising

##### I. Capital and Outstanding Shares

##### (1) Source of Capital Stock

##### 1. Types of stock

March 31, 2024

Types of stock	Authorized capital			Remark
	Issued shares	Unissued shares	Total	
Registered common shares	41,608,815 shares	63,391,185 shares	105,000,000 shares	Stocks traded on TPEX

##### 2. Formation of capital

Unit: Share/NT\$

Year /Month	Issue Price	Authorized Capital Stock		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital Stock	Offset by any assets other than cash	Others
February 1967	10	20,000	200,000	20,000	200,000	Venture capital	None	
July 1969	10	60,000	600,000	60,000	600,000	Capital increase NT\$400,000 by cash	None	
December 1970	10	120,000	1,200,000	120,000	1,200,000	Capital increase NT\$600,000 by cash	None	
August 1975	10	300,000	3,000,000	300,000	3,000,000	Capital increase NT\$1,800,000 by cash	None	
June 1980	10	600,000	6,000,000	600,000	6,000,000	Capital increase NT\$3,000,000 by cash	None	
May 1981	10	1,200,000	12,000,000	1,200,000	12,000,000	Capital increase NT\$6,000,000 by cash	None	
July 1986	10	1,660,000	16,600,000	1,660,000	16,600,000	Capital increase NT\$4,600,000 by cash	None	
November 1987	10	2,080,000	20,800,000	2,080,000	20,800,000	Capital increase NT\$4,200,000 by cash	None	
June 1990	10	2,980,000	29,800,000	2,980,000	29,800,000	Capital increase NT\$4,840,000 by cash Capital increase NT\$4,160,000 by capital reserve	None	
July 1991	10	3,384,000	33,840,000	3,384,000	33,840,000	Capital increase NT\$4,040,000 by cash	None	
October 1991	10	3,980,000	39,800,000	3,980,000	39,800,000	Capital increase NT\$5,960,000 by cash	None	
June 1993	10	5,200,000	52,000,000	5,200,000	52,000,000	Capital increase NT\$2,250,000 by cash Capital increase NT\$9,950,000 by capital reserve	None	
May 1996	10	12,000,000	120,000,000	8,000,000	80,000,000	Capital increase NT\$12,400,000 by cash Capital increase NT\$15,600,000 by earnings	None	
May 1996	10	15,200,000	152,000,000	15,200,000	152,000,000	Capital increase NT\$40,000,000 by cash Capital increase NT\$16,000,000 by earnings Capital increase NT\$16,000,000 by capital reserve	None	
June 1998	10	21,100,000	211,000,000	21,100,000	211,000,000	Capital increase NT\$38,000,000 by earnings Capital increase NT\$2,760,000 by employee bonus Capital increase NT\$18,240,000 by capital reserve	None	
June 1999	10	23,800,000	238,000,000	23,800,000	238,000,000	Capital increase NT\$15,825,000 by earnings Capital increase NT\$1,680,000 by employee bonus Capital increase NT\$9,495,000 by capital reserve	None	Note 1

Year /Month	Issue Price	Authorized Capital Stock		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital Stock	Offset by any assets other than cash	Others
July 2000	10	27,800,000	278,000,000	27,800,000	278,000,000	Capital increase NT\$28,560,000 by earnings Capital increase NT\$1,920,000 by employee bonus Capital increase NT\$9,520,000 by capital reserve	None	Note 2
July 2001	10	105,000,000	1,050,000,000	33,600,000	336,000,000	Capital increase NT\$55,600,000 by earnings Capital increase NT\$2,400,000 by employee bonus	None	Note 3
August 2002	10	105,000,000	1,050,000,000	37,993,000	379,930,000	Capital increase NT\$40,320,000 by earnings Capital increase NT\$3,610,000 by employee bonus	None	Note 4
August 2003	10	105,000,000	1,050,000,000	38,732,860	387,328,600	Capital increase NT\$7,398,600 by earnings	None	Note 5
March 2005	10	105,000,000	1,050,000,000	37,812,860	378,128,600	Cancellation of treasury shares NT\$9,200,000	None	Note 6
July 2005	10	105,000,000	1,050,000,000	37,687,860	376,878,600	Cancellation of treasury shares NT\$1,250,000	None	Note 7
April 2006	10	105,000,000	1,050,000,000	37,543,820	375,438,200	Cancellation of treasury shares NT\$1,440,400	None	Note 8
May 2007	10	105,000,000	1,050,000,000	36,834,820	368,348,200	Cancellation of treasury shares NT\$7,090,000	None	Note 9
August 2007	10	105,000,000	1,050,000,000	38,087,342	380,873,420	Corporate bonds conversion NT\$12,525,220	None	Note 10
December 2007	10	105,000,000	1,050,000,000	38,102,493	381,024,930	Corporate bonds conversion NT\$151,510	None	Note 11
November 2008	10	105,000,000	1,050,000,000	38,304,513	383,045,130	Corporate bonds conversion NT\$2,020,200	None	Note 12
September 2013	10	105,000,000	1,050,000,000	41,368,874	413,688,740	Capital increase NT\$30,643,610 by earnings	None	Note 13
August 2015	10	105,000,000	1,050,000,000	44,264,695	442,646,950	Capital increase NT\$28,958,210 by earnings	None	Note 14
October 2020	10	105,000,000	1,050,000,000	41,608,815	416,088,150	Capital decrease NT\$26,558,800 by cash	None	Note 15

Note 1: Approval letter (88) Tai-Cai-Zheng (1) No. 47744 of Securities and Future Bureau, Ministry of Finance dated May 21, 1999

Note 2: Approval letter (89) Tai-Cai-Zheng (1) No. 56787 of Securities and Future Bureau, Ministry of Finance dated June 30, 2000

Note 3: Approval letter (90) Tai-Cai-Zheng (1) No. 142210 of Securities and Future Bureau, Ministry of Finance dated July 2, 2001

Note 4: Approval letter (91) Tai-Cai-Zheng (1) No. 0910136793 of Securities and Future Bureau, Ministry of Finance dated July 4, 2002

Note 5: Approval letter (92) Tai-Cai-Zheng (1) No. 0920130441 of Securities and Future Bureau, Ministry of Finance dated July 8, 2003

Note 6: Approval letter Jin-Guan-Zheng-3-Zi No. 0930160121 of FSC, Executive Yuan dated January 4, 2005

Note 7: Approval letter Jin-Guan-Zheng-3-Zi No. 0940112124 of FSC, Executive Yuan dated April 8, 2005

Note 8: Approval letter (91) Tai-Cai-Zheng (3) No. 0910168570 of FSC, Executive Yuan dated December 31, 2002

Note 9: Approval letter Tai-Cai-Zheng (3) No. 0930125271 of FSC, Executive Yuan dated June 3, 2004

Note 10: Approval letter Fu-Chan-Yeh-Shang-Zi No. 09689497700 of Taipei City Government dated September 17, 2007

Note 11: Approval letter Fu-Chan-Yeh-Shang-Zi No. 09780522700 of Taipei City Government dated January 18, 2008

Note 12: Approval letter Fu-Chan-Yeh-Shang-Zi No. 09791266800 of Taipei City Government dated November 13, 2008

Note 13: Approval letter Fu-Chan-Yeh-Shang-Zi No. 10287922800 of Taipei City Government dated September 16, 2013

Note 14: Approval letter Fu-Chan-Yeh-Shang-Zi No. 10487038200 of Taipei City Government dated August 12, 2015

Note 15: Approval letter Jin-Guan-Zheng-Fa-Zi No. 1090350817 of FSC, Executive Yuan dated August 3, 2020

### 3. Information on the self-registration system: None

## (2) Shareholder Structure

March 31, 2024

Shareholder Structure	Government agencies	Financial institutions	Other juristic persons	Foreign institutions and foreigners	Individuals	Treasury shares	Total
Quantity							
Number of Shareholders	0	0	41	19	3,294	0	3,354
Shares held	0	0	14,958,493	725,022	25,925,300	0	41,608,815
Shareholding ratio	0.00%	0.00%	35.95%	1.74%	62.31%	0.00%	100.00%

## (3) Shareholding Distribution Status

## 1. Common share

Distribution of equity of common shares

March 31, 2024

Range of shares	Number of shareholders	Shares	Shareholding ratio
1 ~ 999	1,268	278,944	0.67%
1,000 ~ 5,000	1,598	2,972,920	7.14%
5,001 ~ 10,000	192	1,424,558	3.42%
10,001 ~ 15,000	69	848,640	2.04%
15,001 ~ 20,000	41	715,712	1.72%
20,001 ~ 30,000	50	1,253,553	3.01%
30,001 ~ 40,000	26	936,290	2.25%
40,001 ~ 50,000	14	631,910	1.52%
50,001 ~ 100,000	40	2,963,513	7.12%
100,001 ~ 200,000	18	2,324,439	5.59%
200,001 ~ 400,000	18	5,045,223	12.13%
400,001 ~ 600,000	6	3,005,068	7.22%
600,001 ~ 800,000	4	2,856,838	6.87%
800,001 ~ 1,000,000	5	4,597,000	11.05%
More than 1,000,001 shares	5	11,754,207	28.25%
Total	3,354	41,608,815	100.00%

2. Preferred share: No preferred shares are issued by the company.

## (4) Major shareholders

March 31, 2024

No.	Name of Major Shareholder	Shares	Shareholding ratio
1	Multiple Investment Corp.	3,230,779	7.76%
2	Rui Hua Investment Co., Ltd.	2,714,264	6.52%
3	Lucent Source., Ltd.	2,492,464	5.99%
4	CHANITEX Co, Ltd.	2,079,000	5.00%
5	Dian Jiang Jia Investment Co., Ltd.	1,237,700	2.97%
6	Hsieh Ming-Yuan	1,000,000	2.40%
7	Hsieh Yi-Ping	1,000,000	2.40%
8	Chen Jing-Song	970,000	2.33%
9	Chuang Chu-Wei	817,000	1.96%
10	Lin Ta-Chun	810,000	1.95%

## (5) Market price, net worth, earnings, dividends and related information in the most recent two years

Unit: NTS

Item		Year			
		2022	2023	Until March 31, 2024	
Market price per share	Highest	59.90	57.00	99.40	
	Lowest	41.60	47.45	53.80	
	Average	49.48	51.04	65.13	
Net worth per share	Before distribution	33.09	39.71	-	
	After distribution	30.29	37.11	-	
EPS	Weighted average shares	41,538,130 shares	41,608,815 shares	-	
	Basic EPS	Before adjustment	4.22	6.52	-
		After adjustment	4.22	6.52	-
Dividends per share	Cash dividend	3.10	2.80	-	
	Stock dividend	-	-	-	
		-	-	-	
	Accumulated unpaid dividend	-	-	-	
ROI analysis	P/E ratio (Note 1)	11.73	7.83	-	
	P/D ratio (Note 2)	15.96	18.23	-	
	Cash dividend yield (Note 3)	6.27%	5.49%	-	

Note 1: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 2: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

(6) Dividend policy and implementation thereof

1. Dividend policy

The Company's business is at the stage of business growth. In consideration of the funding needs for future important investment plans and the Company's long-term financial planning, as well as the stability of earnings and cash flows, the dividends to shareholders shall be allocated from accumulated distributable earnings, which shall be no less than 15% of the distributable earnings for the current year. The stock dividends shall be no more than 80% of the dividends distributable to shareholders.

2. Proposed dividend distribution

According to the motion for distribution of earnings 2023 passed by the Board of Directors on March 15, 2024, the Company shall set aside the legal reserve pursuant to laws, and will distribute the cash dividend at NT\$2.6 per share, stock dividend at NT\$0.5 per share, totaling NT\$128,987,319. The motion of stock dividend shall be submitted to a shareholder meeting for approval.

(7) Impact on operating performance and EPS by stock dividend distribution proposed at the shareholders meeting:

According to the official letter of Securities and Future Bureau under (89) Tai-Cai-Zheng (1)-Zi No. 00371 dated February 1, 2000, as the Company never prepared or disclosed the financial forecast 2023, it is not necessary for the Company to disclose such information.

(8) Remuneration to employees and directors

1. The percentages and ranges of remuneration to employees and directors in the Company's Articles of Incorporation:

The remuneration to employees shall be no less than 1%, while the remuneration to directors shall be no more than 5%.

2. The basis for estimating the amount of remuneration to employees and directors and for calculating the number of shares to be distributed as the remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distribution and the estimated amount, for the current period:

The discrepancy between the actual distribution approved by the Board of Directors and the estimated amount, if any, shall be considered as the change in accounting estimate and stated as the income for next year.

3. The resolution of remuneration distribution approved by the Board of Directors

The distribution of remuneration approved by the Board of Directors on March 15, 2024:

(1) The remuneration to be distributed to employees totals NT\$12,020,466, and the remuneration to directors NT\$9,015,350, both of which are indifferent from those recognized for 2023.

(2) Proposed distribution of remuneration to employees in the form of stock as a percentage to the income after tax plus remuneration to employees in the parent company only or separate financial statement for the current period: N/A.

(3) The imputed basic earnings per share after distribution of the remuneration to employees and directors are NT\$6.52.

4. The actual distribution of remuneration to employees, directors and supervisors in the previous year (including allocated shares, amount and price per share), and the accounting disclosures, treatments and explanations if a discrepancy exists:

The actual remuneration to employees was NT\$7,933,009, and that to directors NT\$5,949,757, in 2022. There is no difference from the original intended distribution decided by the Board of Directors.

(9) Repurchase of the Company's Shares: None.

- II. Corporate bond status: None.
- III. Preferred stock status: None.
- IV. Overseas depository receipt status: None.
- V. Employee stock option status: None.
- VI. Restricted employee stocks status: None.
- VII. Mergers and acquisitions status: None.
- VIII. Implementation of capital utilization plan: None.

## Five. Overview of Operation

### I. Business Activities

#### (I) Business Scope

1. The contents of business conducted by the company and its affiliates
  - (1) CB01010 Mechanical Equipment Manufacturing.
  - (2) CC01010 Manufacture of Power Generation, Transmission, and Distribution Machinery.
  - (3) CC01060 Wired Communication Mechanical Equipment Manufacturing.
  - (4) CC01080 Electronics Components Manufacturing.
  - (5) CC01110 Computer and Peripheral Equipment Manufacturing.
  - (6) CE01010 General Instrument Manufacturing.
  - (7) E501011 Tap Water Pipelines Contractors.
  - (8) E599010 Piping Engineering.
  - (9) E601010 Electric Appliance Construction.
  - (10) E603010 Cable Installation Engineering.
  - (11) E603050 Automatic Control Equipment Engineering.
  - (12) E604010 Machinery Installation.
  - (13) E605010 Computer Equipment Installation.
  - (14) E701010 Telecommunications Engineering.
  - (15) E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
  - (16) EZ05010 Instrument and Meters Installation Engineering.
  - (17) EZ07010 Drilling Engineering.
  - (18) EZ99990 Other Engineering.
  - (19) F113030 Wholesale of Precision Instruments.
  - (20) F113050 Wholesale of Computers and Clerical Machinery Equipment.
  - (21) F113070 Wholesale of Telecommunication Apparatus.
  - (22) F213030 Retail Sale of Computers and Clerical Machinery Equipment.
  - (23) F213040 Retail Sale of Precision Instruments
  - (24) F213060 Retail Sale of Telecommunication Apparatus.
  - (25) F218010 Retail Sale of Computer Software
  - (26) F219010 Retail Sale of Electronic Materials
  - (27) F401010 International Trade
  - (28) G801010 Warehousing
  - (29) H703090 Real Estate Business.
  - (30) I301010 Information Software Services.
  - (31) IF04010 Non-destructive Testing.
  - (32) IZ99990 Other Industrial and Commercial Services.
  - (33) J101050 Environmental Testing Services.
  - (34) C801010 Basic Chemical Industrial.
  - (35) C801030 Precision Chemical Material Manufacturing.
  - (36) H701010 Housing and Building Development and Rental.
  - (37) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

## 2. Primary product (service) lines

Primary business lines	Primary product	Major purpose or function
Measurement engineering	Measurement engineering safety monitoring	<ol style="list-style-type: none"> <li>1. Public constructions, geotechnical engineering and urban civil engineering construction safety monitoring</li> <li>2. Natural disaster early warning monitoring</li> <li>3. Old structural and bridge enforcement and monitoring</li> <li>4. Pile test: load test and completeness test</li> <li>5. Civil engineering monitoring instrument and material production, sale and import &amp; export</li> <li>6. Plant micro-tremor monitoring</li> </ol>
Automated equipment	Industrial automation and sensor-related equipment	<ol style="list-style-type: none"> <li>1. Proface and PATLITE products</li> <li>2. Weather sensors</li> <li>3. Plant and equipment automation and control</li> <li>4. Wireless sensor module</li> <li>5. Machine electrical control system design and development</li> <li>6. Power equipment, system and quality testing and monitoring management system</li> <li>7. Electromechanical system technical consulting, engineering and system integration services</li> </ol>
	Semiconductor equipment and material supply and technical service	<ol style="list-style-type: none"> <li>1. Semiconductor equipment and material supply</li> <li>2. Technical services including ultrasonic cleaning machine procurement, installation, commissioning, maintenance &amp; repair and education &amp; training of ultrasonic cleaning machine</li> <li>3. Semiconductor related machine remodeling services.</li> </ol>
	IC and LED packaging equipment technical services	<ol style="list-style-type: none"> <li>1. Technical services including IC, LED and Tr packaging equipment OEM die bonding machine procurement consulting, remodeling, adjustment, maintenance &amp; repair, care, and education &amp; training</li> <li>2. Used and customized equipment trading service</li> </ol>
	Provision of vibration-related solutions	Vibration and earthquake early warning monitoring equipment sale
Peripheral devices	Computer cutting machine, scanner and gas detection	<ol style="list-style-type: none"> <li>1. Plane material automated and semi-automated processing production and testing equipment.</li> <li>2. Various air-quality monitoring sensors</li> </ol>
Sensor services	Industrial sensor instrument, equipment, special sensor production and force sensor calibration services	<ol style="list-style-type: none"> <li>1. Academic R&amp;D and testing</li> <li>2. Industrial product R&amp;D and production process quality testing</li> <li>3. Automobile (motor) R&amp;D performance test</li> <li>4. Handcar relevant operation safety and maintenance testing</li> <li>5. Automated software and hardware system planning services</li> <li>6. Industrial special-purpose sensor development</li> <li>7. Electronic product process testing</li> </ol>

Primary business lines	Primary product	Major purpose or function
		8. Health management sensor manufacturing 9. Plant environment testing 10. Bridge monitoring system installation, testing service and equipment maintenance 11. Structure safety monitoring
Electronic materials	High-purity quality special-purpose materials for the semiconductor industry and optoelectronics industry	1. Semiconductor industry special-purpose chemical manufacturing and sale 2. Optoelectronics industry special-purpose chemical manufacturing and sale 3. Agency and sale of ultra-purity reagent for analysis 4. Testing and analysis services of certification labs providing special-purpose chemicals

### 3. Business proportion of primary products

Unit: NT\$ thousand

Item	Net operating revenue 2023	Business proportion
Sales revenue	3,485,830	94.2%
System integration revenue	86,291	2.3%
Engineering revenue	59,479	1.6%
Other operating revenue	70,471	1.9%
Total	3,702,071	100.0%

### 4. New products/services planned to be developed:

- (1) NB-IoT rain gauge
- (2) NB-IoT IPI datalogger
- (3) PX01 Lite computing unit
- (4) Monitoring instruments and services for old buildings

## (II) Industry Overview

### 1. Industry Overview and Development

#### A. Measurement engineering

The impact posed by COVID-19 to the global economy and construction development persisted, but the economy was recovering gradually. The continuing volatility in the commodity price and international financial market posed different impacts to the neighboring countries' finance and foreign exchange rate. Domestically, the economy has been growing remarkably. In order to take advantage of the chance to recover economy, the government has accelerated the adjustment on domestic economic structures, kept boosting various construction projects, and proactively promoted and practiced forward-looking infrastructure development program, hoping to drive domestic industrial upgrading and create the opportunity to compete with others globally, thereby upgrading the nation's competitiveness. Meanwhile, Sanlien launched its own brand geotechnics products in 2020, which adopted the latest NB-IoT wireless transmission VWdot and VWdot 4, and continued to launch WBdot in 2021. The existing equipment covers the VW and WB sensors most commonly used in the geotechnics monitoring industry. The marketing and promotion of such sensors has achieved specific results domestically and globally in 2023. Such products also drive the sales of various instruments produced by Sanlien. With the launch of TILTdot wireless tiltmeters at the end of 2023, Adot analog dataloggers, RAINdot rain gauges, VWdot16 and other related NB-IoT products are expected to be launched in 2024, which will bring greater development opportunities for the monitoring engineering business.

#### B. Automated equipment

Taiwan's industrial demand continued to rise in the post-pandemic era of 2023, despite destocking, the ongoing US-China trade war, and geopolitical consequences. In addition to a surge in semiconductor demand, the machinery and automation industry is experiencing significant growth momentum. Remarkable progress in de-stocking has been made in the second half of 2023. Overseas sales of disaster-prevention-related products were lifted due to the pandemic, and orders in most countries have resumed. The shipment of self-made products has grown, and internal production operations have been ongoing since the third quarter. For domestic demand, some technology and the traditional sectors are gradually recovering, and the number of construction projects has also increased significantly. Earthquake early warning with structured health inspection systems have increasingly become the market standard.

#### C. Peripheral devices

Housing safety is gradually gaining attention. Although the number of orders for carbon monoxide gas detectors in 2023 has been postponed, new air quality application advancements are still underway, and some air purifier manufacturers are continuing their development. The cutting equipment has made breakthroughs in applications. In addition to the original livelihood applications, new applications in temple-related have been added. The development of new applications, such as semiconductors and special processing, has also yielded good results. Car body wraps is all the rage. It wasn't always the case that only imported cars had body wraps. Domestic cars are also being wrapped now. One factor contributing to the growing prevalence of vehicle body wrapping is the evolution of the wrapping itself, which occurs concurrently with the escalation of vehicle prices. For instance, a cutting machine is only required to remove the coating for the interior of the vehicle body, the headlamps, and the windward sides. As a result, cutting machine sales were stimulated.

#### D. Sensor services

It was a challenging year for the machine tool and bicycle industries in 2023. In the face of fierce competition from Japan for machine tool products of the same quality, the domestic traders will be greatly impacted. Bicycle-related companies will not be able to destock as expected, which will affect their willingness to invest. However, strengthening flexibility and automated manufacturing capabilities, and implementing Industry 4.0 and IoT platforms to naturally form a cycle between design, production and sales are still key projects that can break through, and they are also the key to future market opportunities.

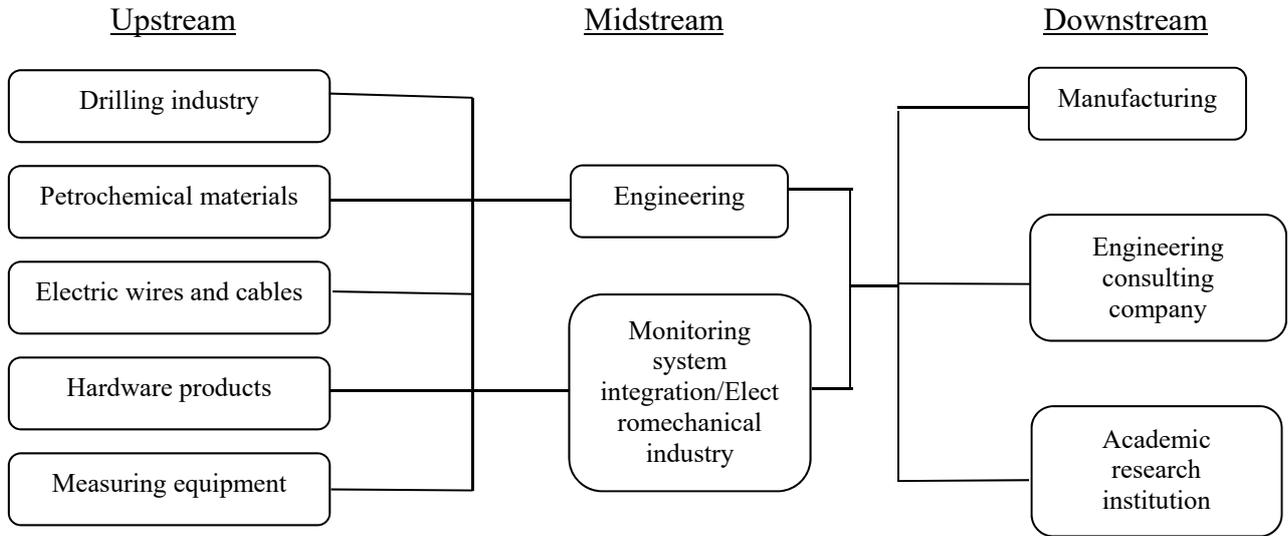
As the AI server industry matures, the demand for PCB-related testing will increase. How to meet customer testing and analysis needs in the testing of software and hardware is the focus of this year's business.

#### E. Electronic materials

Inflation in 2023 persisted at elevated levels observed in the latter part of 2022. Sluggish demand in the end market, and the supply chain's constant adjustment of inventory status, combined with the impact of the Ukraine-Russian War, the Israel-Palestine War, and the China-US trade war, have suppressed consumption, causing PCs, mobile phones, as well as shipments of other terminal electronic products shipments to drop. Gartner, a market research institution, pointed out that due to factors such as lower-than-expected demand for smartphones, PCs, and servers, coupled with excess inventory, the global semiconductor market sales fell by 11.1% to US\$533 billion in 2023. As the market for end products such as smartphones gradually stabilizes, and the demand for AI applications such as high-performance computing increases, the overall semiconductor industry is expected to rebound in 2024. Communication and AI will both experience remarkable growth in 2024, impacting the consumer market as a whole. Among them, generative AI technology will move from theory to commercial application, propelling demand not only for infrastructure-related products like cloud computing but also for end-user products like personal computers and office equipment. Furthermore, 5G commercialization is gradually complete, and many countries that have begun to plan 6G communication technology preparing to promote various innovative services such as mobile broadband in the future.

## 2. The Correlation of Upstream, Midstream, and Downstream

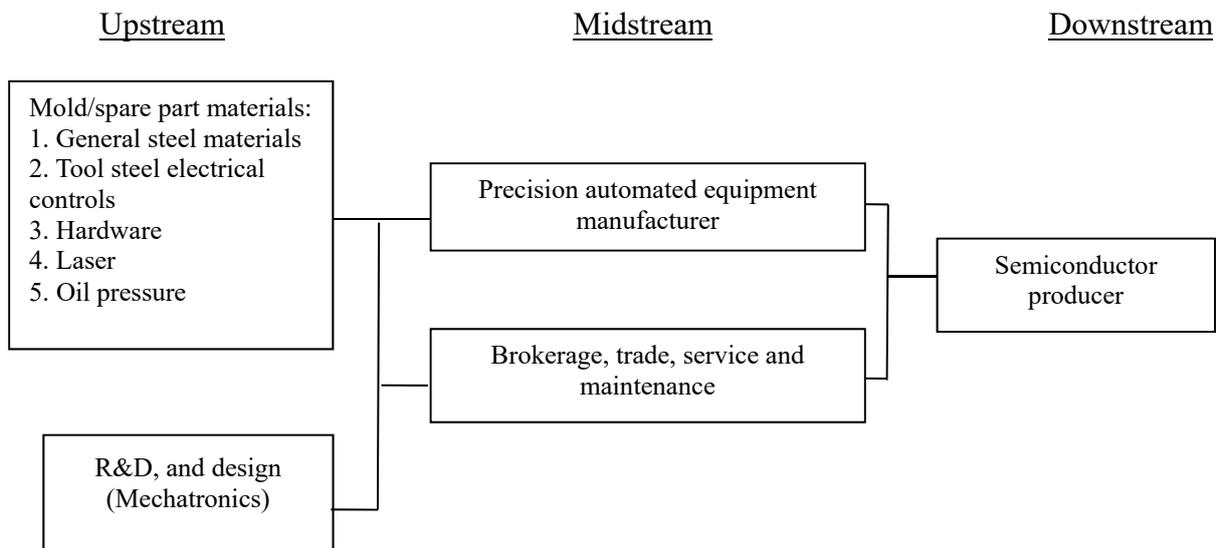
### A. Measurement engineering:



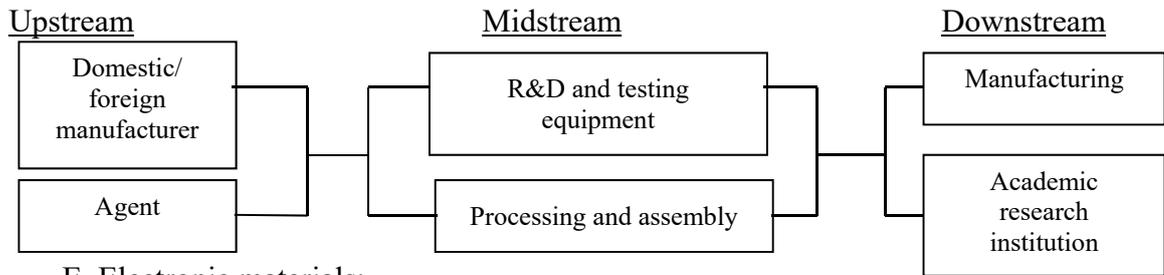
### B-1. Industrial Automated Control Equipment and C. Peripheral devices



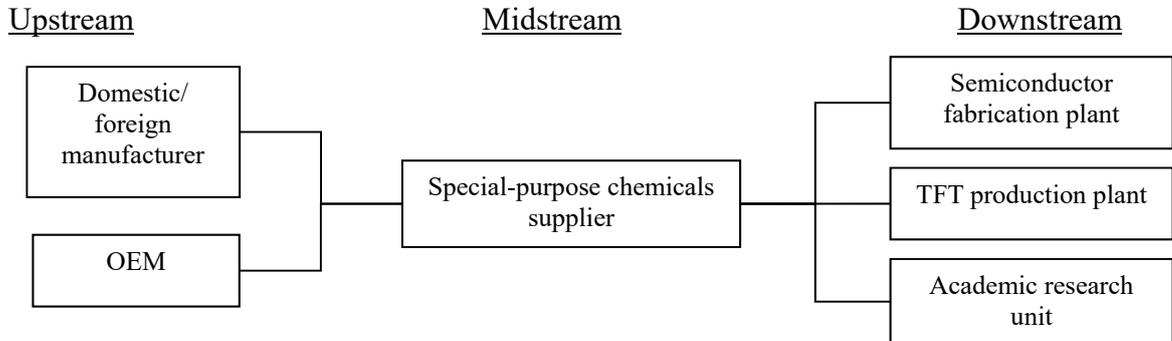
### B-2. Precision automated equipment



#### D. Sensor services:



#### E. Electronic materials:



### 3. Product development trends, and competition status:

#### A. Measurement engineering

In order to boost domestic economic development, the government has accelerated the implementation of existing engineering projects, and planned and promoted forward-looking infrastructure development program. The forward-looking infrastructure development program focuses on railway construction and water environment construction to speed up various industries' development domestically. The private construction industry is expected to drive various investment projects through the various construction projects executed by the government. As a result, the public and private construction projects would be developed altogether.

Considering that the engineering projects are developing oriented toward the large-scale and complicated projects. As a result, the ability of planning, management and integration required by execution of the projects is improved relatively. The Company invests considerable capital in R&D of products and development of real-time monitoring software, in order to provide customers with the one-stop services. Meanwhile, the Company researches and develops new instruments and improves the real-time monitoring programs, in order to enable customers to verify the latest structural status in any new construction project or service life extension project, and to eliminate any potential hazard in advance to improve the early warning timeliness. The Company adopts the project model emphasizing the design and construction integration work, focusing on the interface integration management between activities, pursuing the professional development of expertise or development of integrated engineering services to accumulate competitive strengths.

#### B. Automated equipment

The shortage of industrial products eased in the first half of the year. Together with the advanced purchase and delivery in the previous year, the problem of late deliveries no longer occurred in the second half. The delivery speed increased in the second half of the year. Except for the human-machine interfaces, the inventory of other purchased products and most of the self-made products nearly sold out.

#### C. Peripheral devices

Cutting machines are imported from Japan. Competing manufacturers have replaced OEMs or switched to Chinese brand OEMs to reduce costs, but the quality is not as good as previous standards, and in addition, Chinese brands cutting machines are coming to Taiwan for sale. It creates potential for clients with high-quality expectations to acquire customers from other Japanese brands while maintaining a distribution relationship with domestic companies, winning the possibility to swap models at a lower cost and developing new applications.

#### D. Sensor services

In the future, in response to the global Industry 4.0 and IoT development, the sensor development will be oriented toward the IC model, so that the IC sensor may be equipped with multiple sensing functions and data computing ability helping users access the data needed by them rapidly. Upon miniaturization of IC sensors, these sensors may be applied to each corner of people's life to improve living quality and make living environment more comfortable, healthy and safe. Development of new technology and integration of intelligence accumulated in the past life help create new products that change our life style. The smart phone is considered as the best representative work in the recent years. It integrates the past technologies in PC data computing, navigation system, sensor, network communication and database management. Eventually, almost each one has one smart phone. The way people get along with each other and shop is changed thoroughly. In order to make the sensor services more valuable, the sensor must be equipped with wireless data transmission and wireless receiver power supply.

#### E. Electronic materials

Special chemicals for the semi-conductor industry also play an important role in the explosive demand for semi-conductors. Currently, many foreign manufacturers have set up branches in Taiwan to produce locally or are seeking Taiwanese factories to operate as professional OEM models to serve the end customers nearby and shorten inventory time. Aligned with the worldwide trend toward energy conservation and carbon reduction, the objective is to reduce the carbon emissions produced during the cross-border transportation of chemicals while satisfying the demand of consumers for independent local supply.

In order to gain a foothold in the independent semiconductor supply chain, in addition to long-term collaboration with partners in the United States and Japan in planning assembly lines and mass production until 2030, respond to the high demand of special chemicals for advanced manufacturing processes in advance. Furthermore, partners in the U.S. and Japan have increased their expenditure of equipment. They have even established cutting-edge R&D laboratories in various fabs and purchased unique chip testing devices in order to reduce response time for the creation of sophisticated production processes and improve development competence.

### (III) Technology and R&D Status

#### 1. R&D expenses invested in the most recent year until March 31, 2024

Unit: NT\$ thousand

Item	Until March 31, 2024	2023
R&D expenses	5,331	22,006
Net operating revenue	1,047,813	3,702,071
R&D expenses to net operating revenue %	0.5%	0.6%

#### 2. R&D focus and results in 2023

- (1) Successfully developed the force balance accelerometer FA135.
- (2) Successfully developed the distributed high-speed synchronization signal datalogger DATUM EF410 for application in the bridge safety monitoring system.
- (3) Successfully developed the SS300 earthquake switch for application in the elevator emergency shutdowns during earthquakes.
- (4) Successfully developed the TILTdot tiltmeter with NB-IoT transmission function.
- (5) Completes the Sanlien dot cloud service, providing users with real-time monitoring of current data, historical curves and reports on the dot cloud.

### (IV) Long-Term/Short-Term Business Development Plan

#### 1. Short-term business development plan

- (1) Research and develop monitoring and investigation technologies for public facilities, and improve the application range of monitoring equipment.
- (2) Improve the cooperation between engineering units and academic research units to engage in the academia-industry R&D.
- (3) Integrate, plan and research & develop the monitoring equipment and system adapted to domestic/foreign environment, and practice the monitoring technology.
- (4) Continue to develop the earthquake testing instrument and peripheral application systems, and develop earthquake early warning and disaster prevention and relief markets.
- (5) Develop the cloud monitoring system and continue promoting the same to the customers in Malaysia, Vietnam, Thailand and Myanmar.
- (6) Develop the earthquake monitoring and structural health monitoring related markets
- (7) Continue to upgrade the specifications of special-purpose chemical products in response to the new-generation process.
- (8) Continue to improve the process and analysis ability to secure the stable quality required by the Company voluntarily.

## 2. Long-term business development plan

- (1) International strategic alliance, cooperative development and monitoring of related research projects, production & manufacturing, and international marketing.
- (2) Strengthen the academia-industry cooperation in various industries.
- (3) Train all-round successor talents in response to the long-term industrial development.
- (4) Continue to develop the special-purpose chemical raw materials needed by the semiconductor next generation advanced process.
- (5) Develop new partners proactively to pursue local production of more chemical materials in Taiwan, so as to expand the special-purpose chemical market services in Taiwan.

## II. Overview of Market and Production & Marketing

### (I) Market analysis

#### 1. Territories where the primary products are sold

Unit: NT\$ thousand

Territories	2023	Percentage
Domestic marketing	3,468,517	93.7%
Asia-Pacific	201,907	5.4%
Others (ASEAN and Europe, et al.)	31,647	0.9%
Total	3,702,071	100.0%

#### 2. Future demand & supply and growth in the market

##### A. Measurement engineering

Large-scale projects and service life extension projects will drive the development of measurement engineering business. Meanwhile, the real-time automated monitoring also plays a very important role. Under the reasonable slope land development management, with respect to the specific areas to be safeguarded, permanent management and monitoring plays a very important role in the homeland monitoring from now on. At present, governments worldwide are attaching great importance to the disaster prevention industry and IoT smart cities. This trend gives Sanlien's NB-IoT monitoring instrument and equipment brand a significant niche. The measurement engineering market is expected to grow stably in next few years.

##### B. Automated equipment

Following the semiconductor costs declining and the function demand increasing year by year, various monitoring equipment models will be introduced successively for innovative technologies. For a long term, high CP instruments are expected to

keep pace up with the trend. Besides, due to the maturing cloud technology, M2M and M2C (Machine to Cloud) will play a third eye to help human beings understand the machine and nature, while the vibration testing equipment cost and price will decline sharply and the business owners' willingness to invest capital in upgrading of equipment will increase accordingly.

Due to the mass production of automated equipment and increasing machine units, the demand for integration of machine is increasing. The utilization rate, operating mode and process & formula management of the machine become the key factors to manufacturing management; therefore, the demand thereof is expected to develop optimistically.

In the recent years, the Company has continued to invest capital in the structural health monitoring market, and introduce the earthquake early warning, in addition to the structural health checkup and solution, to experts and the general public through presentations and exhibitions, which are valued and recognized increasingly. The market is also expected to grow stably.

#### C. Peripheral devices

Due to special regulatory conditions, the public sector must replace old plotters each year. However, it is difficult for the only brand of Sanlien to compete due to the interface programs required for system connection. In response to diverse market demands, we will continue to develop new applications and seek new opportunities as a machine tool developer instead of just a cutting machine maker and also the roll to roll cutter will add power-saving motor switches to explore new opportunities. The development of gas detectors is aimed at assisting students and research institutes. The technology transfer after successful development is expected to bring orders from technology companies.

#### D. Sensor services

In response to the Industry 4.0 and IoT development trend, the sensor demand by various industries and people's livelihood is booming increasingly. The Company works with customers and suppliers proactively to develop the cheapest and convenient services available to users, in line with the demand for the trend products and tied in with a management system package integrating the current communication technology. Innovative products will be the key to the Company's survival in the future. High quality and streamlining are considered as the minimum product requirements. Therefore, new products keep integrating the technologies including sensor, communication and information. As a result, the products appear to be more humanized and diversified to drive customers' consumption and create more profit. In response to the monitoring trend of disaster prevention market, the Company has invested relevant software and hardware resources in the structural safety monitoring business such as buildings and bridges. In line with the development of national disaster prevention policies, the Company will gradually be paid off in the infrastructure and private enterprise sectors in the future, and the revenue increase.

#### E. Electronic materials

In 2024, it is expected that the economy of the semiconductor industry will be able to shake off the recession of 2023. Some products' inventory adjustments are now nearing completion. It seems unlikely that the economies of these industries will rebound significantly in the second half of 2024. It is currently affirmed that memory will be the first semiconductor product to recover in 2024, with high bandwidth memory (HBM) products experiencing the greatest growth potential due to artificial intelligence.

Looking ahead to 2024, with the explosive increase in demand for AI and high-performance computing (HPC), combined with the gradual recovery of demand for smart phones, personal computers, automobiles, and other terminals, it is expected that the semiconductor sales market will once again grow in 2024, ushering in a new wave of expansion.

The Company entered the advanced process semiconductor market with success following a number of years of active deployment. As foundry customers expand their factories, the Company not only maintains current production capacity but

also responds to the strong demand for advanced processes from foundry customers. Since 2022, the company has gradually planned the expansion of production lines. The cleanrooms required for testing new high-purity products were completed in 2023. The new production line will go into full production in 2024, and it is expected to drive another wave of revenue growth in the future.

### 3. Positive and negative factors for future development, and responsive measures

#### A. Measurement engineering

Positive factors:

- ◇ Integrated management technology.
- ◇ The product development is oriented toward the customer-oriented vertical and horizontal integration.
- ◇ Technical and digital applications yield higher added value.
- ◇ Vertical and horizontal strategic alliances.
- ◇ South East Asia, Europe and the USA markets.
- ◇ Introduction the IoT real-time monitoring technology and equipment.
- ◇ One-stop model for R&D and production/software/hardware.

Negative factors:

- ◇ Mature industry.
- ◇ Intensive low-price competition in the domestic market.
- ◇ M-shaped development in the construction industry.
- ◇ Low threshold for launch into the measurement industry.

Responsive measures:

In response to the owner's strict control over the engineering quality to satisfy the quality requirements, the Company will develop and introduce new technologies, new materials and new methods that conserve energy and provide comfort, expand the utilization of real-time monitoring systems and IoT wireless remote testing technology, and construct the monitoring cloud and smart cities, hoping to expand and deepen the service range to create added value for the owner. Meanwhile, the Company will promote the technology and equipment applied domestically to the territories of South East Asia, and make adjustment in a timely manner to satisfy the local norms and customs, hoping to expand the scope of application and increase the market niche.

#### B. Automated equipment

Positive factors:

- ◇ Complete solutions for monitoring systems.
- ◇ Complete achievements, including the IoT monitoring technology and reservoir safety monitoring, comprehensive environmental monitoring, et al.
- ◇ Fair organizational communication and professional training to provide planning and service of consistent quality.
- ◇ Provision of real-time local technological service consulting service to solve any problems in the application for customers in a timely manner.
- ◇ Instrument development projects and quality.
- ◇ Matured EEW technology, complete SHD solutions, and increasing expanded applications.
- ◇ Strong members and teams.
- ◇ Completed marketing resources and increased social media exposure.
- ◇ Close cooperation with the R&D team to provide the complete vertical technology integration ability.

Negative factors:

- ◇ Low repeatability of certain projects makes it difficult to control costs.
- ◇ The short supply of automated equipment poses negative impacts to operating revenue.
- ◇ Despite the own brand product lines increasing year by year, the business proportion by department still needs to be improved.

Responsive measures:

- ◇ Improve the information sharing and management to enhance the project management and cost & effect.
- ◇ Strengthen cooperation with the academic circle to improve the theoretical basis.
- ◇ Actively organized large-scale seminars and participated in various exhibitions to increase exposure and product visibility.
- ◇ Improve the regional cooperation to shorten the lead time before any product hits the market.
- ◇ Provide overseas distributors with testing and enhanced technology services to improve the business positivity.
- ◇ Upgrade the product sale to provision of solutions.
- ◇ Strengthen the control over foreign exchange rate.
- ◇ Strengthen the control over inventory of the products requiring long lead time for delivery.

#### C. Peripheral devices

Positive factors:

- ◇ Fair brand identity.
- ◇ Wide application range and knowledge.
- ◇ Complete pre-sale and after-sale services.

Negative factors:

- ◇ Prolonged procedure for customers' evaluation on procurement of machine.
- ◇ Low-price machine derives low gross profit.

Responsive measures:

- ◇ Make good use of multimedia to improve the information sharing and increase the exposure frequency.
- ◇ Integrated sale and customized value-added services.
- ◇ Lease and equipment experience without compensation.
- ◇ Solve the problem of cash flows for consumables and small-amount installment payment via e-commerce platforms.

#### D. Sensor services

Given the rapid global technical development and data processing, the sensor application technology has aroused a new industrial revolution that makes multiple life products humanized and intelligent, and also integrates the past technologies to create new life products. The current R&D testing equipment and measurement technology development needs to meet the international testing norms and satisfy the future technological development. Meanwhile, in order to respond to the future market trend, the Company introduces foreign renowned testing equipment and works with domestic suppliers to provide customers with high-tech testing equipment and measurement technology services to satisfy customers' new demand. The Company also allies with customers to develop new products jointly to create new business opportunities.

#### E. Electronic materials

Positive factors:

- ◇ As experienced in working with the leading chemical manufacturers based in Japan and the USA under the technology transfer agreement, the Company may build its good chemical OEM identity.
- ◇ High-quality and stable mass production technology.
- ◇ Analysis and testing ability improving increasingly.
- ◇ Sound quality management system.
- ◇ Fair educational training system.
- ◇ The flat organization is able to respond to the industrial changes rapidly.
- ◇ Satisfy customers' needs for advanced process quality management need.
- ◇ Expand the establishment of new production lines to satisfy the production capacity needed by independent supply of the advanced process materials.
- ◇ The US-China trade restrictions allow Taiwanese factories to increase their supply export opportunities to mainland China.
- ◇ Some specific materials must be directly exported and supplied from Taiwan to meet the clients' demands for U.S. and Japan expansions, and it is unlikely for

us to be replaced by other suppliers in the near future.

- ✧ The latest R&D products related to testing instruments are installed on-site to provide customers with the most real-time test results.

Negative factors:

- ✧ Under unfavorable market conditions, customers no longer give priority to quality, and instead speed up the evaluation of low-priced China-Made products.
- ✧ The semiconductor supply chain expansion is getting sound in China. The market is limited in Taiwan and the same trade might engage in the price war, and intensive competition.
- ✧ End users pose stricter requirements about the product specifications.
- ✧ As no localization factory premises available in Mainland China, it is impossible to meet the strong demand in Mainland China for the time being.
- ✧ The severe short of workers in the whole industries in Taiwan affects the recruitment of talents with expertise in chemistry.
- ✧ Threats to network security are growing by the day.

Responsive measures:

- ✧ Upgrade the testing ability and improve product quality to satisfy the stricter requirements needed by advanced process.
- ✧ Develop diversified products proactively.
- ✧ Implement the cloud system to manage various data to monitor any abnormality in the production and analysis data.
- ✧ Introduced production automation equipment and digital forms to reduce labor costs while improving operational efficiency and precision.
- ✧ Expand production lines for advanced production processes, participate in the development of materials for advanced production processes, and provide customers with advanced technical consultation.
- ✧ Increase the R&D room directly beneath the OEM factory to reduce the development time of advanced manufacturing processes.
- ✧ Increase employee awareness of information security, and strengthen the server information security network.

(II) For the important purpose and production process of primary products, please refer to Page 70-71 of the annual report.

(III) Supply of main raw materials

Name of Raw Material	Supplier	Status of Supply
Proface touch screen	Schneider	Fair
Sensing elements/instruments	KYOWA	Fair
Computer plotter and cutting machine	GRAPHTEC	Fair
Civil engineering sensing elements/instruments	DGSI/Worldsensing	Fair
Gas sensor	FIGARO	Fair
Automated equipment	ICPDAS	Fair
Power monitoring equipment	KINKEI	Extended delivery period
Seismograph	GURALP/GeoSIG	Fair
Astronomical and sea weather monitoring	SIAP	Fair
Raw materials for developer	MLI	Fair
Raw materials for slurry and developer	TAMA	Fair

(IV) Information about major trade creditors and trade debtors in the most recent two years

1. Trade creditors' names as well as their sales amounts and ratios that accounted for over 10% of the total amount of goods purchased in either of the past two years, and an explanation of the reason for increases or decreases in said figures.

Item	2022			2023				
	Name	Amount	Percentage of the net amount of goods purchased in a year (%)	Relationship with the issuer	Name	Amount	Percentage of the net amount of goods purchased in a year (%)	Relationship with the issuer
1	TAMA Chemicals CO., LTD.	2,043,295	66.29	Note 2	TAMA Chemicals CO., LTD.	1,472,013	59.61	Note 2
	Net purchase	3,082,345	100.00		Net purchase	2,469,267	100.00	

Explanation of the reason for increases or decreases: The revenue was decreased in response to the decline of sales.

Note 1: Names of suppliers who accounted for over 10% of the net purchase in the past two years, provided that those not allowed to be disclosed per the contract or the trading counterparts are individuals who are not related parties may be represented by a code.

Note 2: Investees evaluating Kemitek Industrial Corp. under the equity method.

2. Trade debtors' names as well as their purchase amounts and ratios that accounted for over 10% of the net sales in the past two years, and an explanation of the reason for increases or decreases in said figures.

Item	2022			2023				
	Name	Amount	Percentage of the net amount of goods sold in a year (%)	Relationship with the issuer	Name	Amount	Percentage of the net amount of goods sold in a year (%)	Relationship with the issuer
1	Customer A	1,009,556	26.4	None	Customer A	917,336	24.8	None
2	Customer B	697,923	18.3	None	Customer B	847,382	22.9	None
3	Customer B	534,499	14.0	None	Customer B	553,503	15.0	None
	Net sales	3,823,400	100.0		Net sales	3,702,071	100.0	

Explanation of the reason for increases or decreases: The increase in the demand from customers' end customer resulted in the growth of shipment.

Note 1: Names of customers accounted for over 10% of the net sales in the past two years, provided that those not allowed to be disclosed per the contract or the trading counterparts are individuals who are not related parties may be represented by a code.

## (V) Production volume/value during the most recent two years

Unit: As stated below

Production volume/value Year	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Primary product (or by department)						
Developer (including cleaning solution)	25,569 tons	11,742 tons	NT\$393,780 thousand	23,508 tons	8,746 tons	NT\$271,382 thousand
Slurry	21,409 tons	14,160 tons	NT\$2,241,499 thousand	21,843 tons	12,104 tons	NT\$2,078,364 thousand
inclinometer casing	31,300 pcs	30,107 pcs	NT\$14,741 thousand	31,300 pcs	20,221 pcs	NT\$10,997 thousand
Strain gauge	2,000 pcs	1,276 pcs	NT\$665 thousand	2,000 pcs	985 pcs	NT\$500 thousand
Water pressure gage	600 pcs	139 pcs	NT\$1,230 thousand	600 pcs	346 pcs	NT\$2,582 thousand
VW rebar stress meter	3,500 pcs	2,640 pcs	NT\$2,498 thousand	3,500 pcs	2,370 pcs	NT\$2,252 thousand
PX-01 CUBE	100 units	82 units	NT\$4,082 thousand	130 units	113 units	NT\$5,163 thousand
Total			NT\$2,658,495 thousand			NT\$2,371,240 thousand

Note 1: The production capacity refers to the quantity to be produced by the existing production equipment under normal operation, after the factors, including lockout and holidays, are taken into account.

Note 2: If production of various products is replaceable with each other, the production capacity may be consolidated into the calculation and explained in a note.

Note 3: Due to the different units and irreplaceability, no data about the total of production capacity and production volume are available.

## (VI) Sale volume/value during the most recent two years

Quantity Unit: As stated below

Value Unit: NT\$ thousand

Sale volume/value year	2022				2023			
	Domestic marketing		Export		Domestic marketing		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Primary product (or by department)								
Developer	8,926 tons	522,439	214 tons	18,590	6,268 tons	323,288	34 tons	2,495
Slurry1.	6,585 tons	697,923	-	-	5,947 tons	847,382	-	-
Slurry2.	6,226 tons	1,009,556	-	-	5,393 tons	917,336	-	-
Copper plating solution	884 tons	796,225	20 tons	1,887	975tons	848,434	17 tons	1,598
System integration revenue	-	74,138	-	-	-	86,291	-	-
Engineering revenue	-	44,501	-	-	-	59,479	-	-
Upper panel sets	6,922sets	30,201	-	-	1,550sets	7,775	-	-
Smart panel	5,030 units	79,306	-	-	3,848 units	56,720	-	-
Others	-	366,403	-	182,231	-	321,812	-	229,461
Total	-	3,620,692	-	202,708	-	3,468,517	-	233,554

III. Number of employees, average years of service, average age, and academic background distribution ratio of employees in the most recent two years and up to the date of publication of the annual report

Year		2022	2023	Until March 31, 2024
Number of employees	Manager	67	73	72
	Officer	259	264	261
	Total	326	337	333
Average age		39.8	40.6	40.6
Average year of service		9.0	9.5	9.4
Academic background distribution ratio (%)	PhD degree	0%	0%	0%
	Master degree	8%	9%	9%
	College	79%	79%	81%
	Senior high school	12%	11%	9%
	Below senior high	1%	1%	1%

IV. Information about environment protection expenditure

- (I) Describing any losses suffered by the Company in 2023 and up to March 31, 2024 due to environmental pollution (including any damages and violations of the environmental protection laws found in the environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the contents of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.
- (II) Estimated environmental protection expenses in the future: None.
- (III) RoHS information: All of the products managed by the Company comply with the RoHS requirements.

V. Labor-management relations

- (I) List the Company's employee welfare measures, continuing education, training, retirement system, and their implementation status, and labor agreements as well as the various employee rights protection measures
  - 1. Employee welfare measures
    - (1) After the new employees report on for their duty, the Company will enroll them into the labor insurance and national health insurance programs. The claims for benefits of childbirth, injury and sickness, disability, old-age pension or death, et al., if any, will be submitted by the Company to the Bureau of Labor Insurance for payment in accordance with the Labor Insurance Act and Enforcement Rules of Labor Insurance Act promulgated by the government.
    - (2) The life insurance for the Company's employees is maintained based on the employees' job ranks or functions. The insurance program consists of term life insurance, accidental injury insurance, accidental medical insurance and occupational disaster insurance, et al.
    - (3) The overseas travel insurance for the employees sent by the Company to take internship or visit clients overseas is maintained based on the job ranks. The insurance program consists of death and disability benefits in addition to medical treatment expenses, hospitalization for sickness in the overseas travel, and relief

expenses in the overseas travel.

- (4) The Company establishes the Employee Welfare Committee in accordance with the Employee Welfare Fund Act, in order to contribute the employee welfare fund to cover the employee welfare payment. The Company's Employee Welfare Committee shall be responsible for keeping and disbursing the employee welfare fund with authorization. The employee welfare fund is contributed in the following manners:
  - ① 1%~5% of the capital increase at the time of foundation or capital increase.
  - ② 0.05%~0.15% of monthly operating revenue.
  - ③ 0.5% of each employee's salary withheld on a monthly basis.
  - ④ 20% of the proceeds from sale of scraps.
- (5) Subsidies for wedding, funeral, celebration and other customs:
  - ① Applicable to the employees officially hired by the Company and under an official project of the Company only, while the subsidies shall be cut by 50% in the case of temporary workers or training students.
  - ② Where more than two employees involved in the same wedding or funeral and held satisfying the requirements, gifts or white envelope with money is alternative.
  - ③ A pair of flower baskets or wreaths.
  - ④ The Company enacts the enforcement rules governing the subsidies for weddings, childbirth and funerals separately. Please claim them in accordance with the rules, if necessary.
- (6) The Company offers the gift money for birthday, Dragon Boat Festival and Moon Festival, year-end bonus, and subsidies for the year-end party (spring party).
- (7) The Employee Welfare Committee organizes the company trips, year-end party (spring party), fellowship campaign and birthday party.
- (8) Bonus point exchange, social welfare allowance (allowance for wedding and childcare), employment promotion allowance, self-health management incentives, and job plan incentives.
- (9) The Company has been awarded the exercise enterprise certification by Sports Administration consecutively from 2018 to 2022, and received the subsidies granted by Sports Administration, Ministry of Education from 2018 to 2021, which support the Company's organization of various sports and recreational activities to improve the employees' physical fitness and care the employees' mental and physical health.

## 2. Continuing education and training system

In response to the rapid transformation of industrial technology and in order to ensure employees' talent development to achieve the Company's common goals, education and training is identified as one of the Company's HR management priorities. The Company's training policy claims "adoption of both external and internal training, and internal training as the first priority." The Company also establishes various talent training regulations and related enforcement rules to be followed by all employees, hoping to improve the employees' competency and provide them with the functions that may help them do what they are good at internally, and also improve the enterprise's competitiveness and create the overall profit externally.

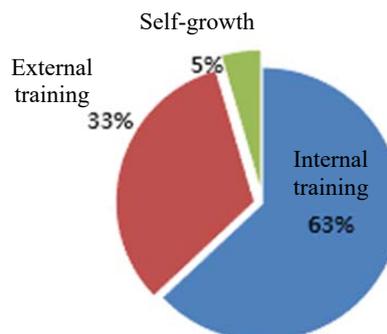
- (1) [Industry Classroom (internal training)] In order to signify the Company's professional services and technological level, assist customers to realize the products and cut after-sale service costs. In 2023, the Industry Classroom has been organized for a total of 253 sessions, attended by 9,148 trainees.

- (2) [Self-Growth] In order to encourage the employees to practice self-inspiration and self-actualization, the voluntary continuing education program is planned. In 2023, a total of 37 employees have applied for the program.
- (3) [External training] In order to improve the employees' skills and the Company's competitiveness, the Company encourages all colleagues to attend the training programs, seminars and exhibits organized by any professional institution to learn any new knowledge and improve their competency. In 2023, a total of 364 employees have attended the same.
- (4) [Sanlien E-Learning Platform] The teaching program combining multimedia serves as a carrier for the organizational learning to record and transfer various annual activities and training programs, so as to make the management model more flexible and resilient. The Platform has been implemented since 2014. In 2023, the trainees learning via the Platform have accumulated to be 328,199 persons. Despite the impact posed by Covid-19, the Company still encourages colleagues to learn and grow, and creates a learning atmosphere to help various departments upgrade their human resources to improve their competitiveness.
- (5) The Company's expenditure in employees' continuing education and training programs totaled NT\$2,800,700 in 2023. In order to deal with the changeable environment, Sanlien management team integrates the Industry Classroom and e-learning materials, in order to enable colleagues to control their self-learning and cross-industry innovative thoughts and skills from different points of view. Meanwhile, the team upholds the spirit pursuing "project-based management team, streamlining procedures and job enrichment" and combines it with the future learning development trends, namely micro-learning, mobile learning, adaptive learning and diverse learning, also linking the point redemption scheme, in order to feed the training results back to the workplace.
- (6) Each training program proportion in 2023 is stated as following:

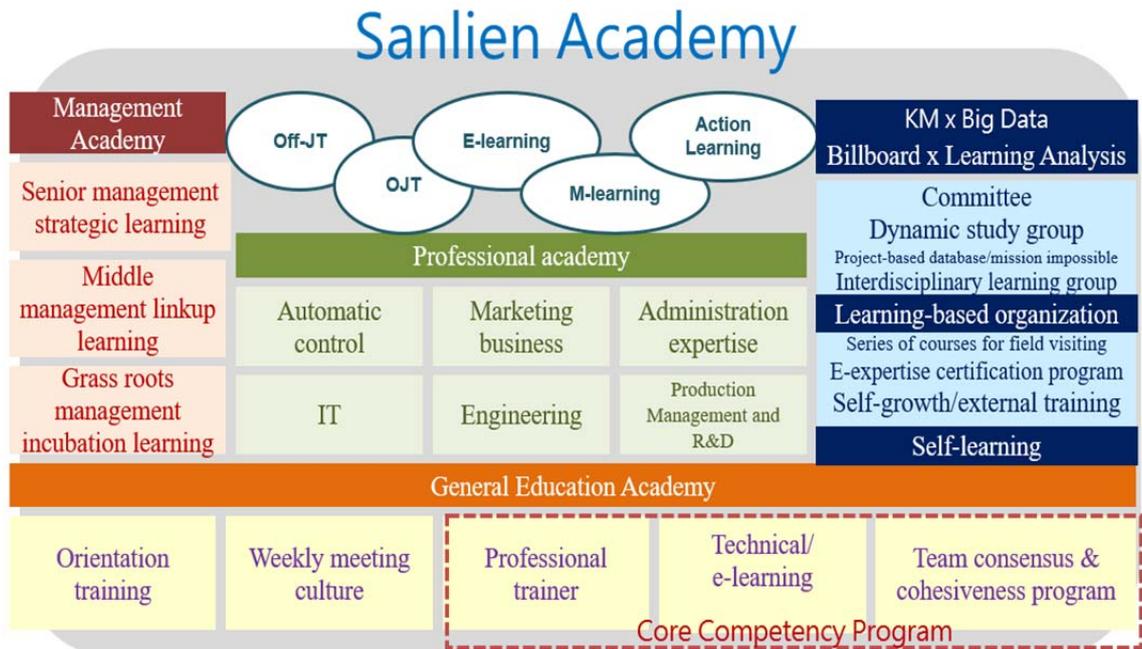
**Proportion of trainees in 2023**



**Proportion of training expenses in 2023**



(7) Framework Chart of Sanlien Academy 2023:



(8) Board of Directors and key senior management succession planning: Under the Company's succession planning, the successors must hold excellent competency and personality of supervisor, and also uphold the values and concepts consistent with the Company's. The senior management successors shall elect directors. The supervisor's successor training model consists of the management meeting (management associate conference), management function program, work rotation, EMBA credit program, personal career development plan, language learning, and overseas assignment. The planning is expected to extend for 3~5 years. Trainees are expected to integrate their abilities through the diversified channels and professional competency training programs and then exercise the abilities, so as to training their leadership and ability to make decision. Board of Directors and key senior management succession planning: For example, attending NCCU Department of Business Administration, in order to train the ability to make policies and key successors' management ability. The management have attended the continuing education programs, including Executive MBA Program of National Taiwan University of Science and Technology, in the recent years, in order to continue strengthening their expertise. Meanwhile, the management are also asked to take work rotation or serve as key managers' functionary substitutes.

3. Retirement system

The company complies with the Labor Pension Act.

- (1) For employees subject to the Labor Pension Act, pensions are paid monthly and deposited in the individual labor pension account established by the Bureau of Labor Insurance.
- (2) An employee may be forced by the Company to retire under any of the following circumstances:
  - ① Where the employee attains the age of sixty-five.
  - ② Where the employee is unable to perform his/ her duties due to physical or mental disability.

The Company may report to the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

- (3) Employee pension payment standards:

① The years of service for those subject to the Labor Pension Act:

For the years of service after July 2005, the employees may apply for the pension

fund with Bureau of Labor Insurance on a monthly basis or in a lump sum.

②The application for retirement, if any, shall be filed one month ago. The retirement may not sustain until the primary handler approves the application.

(4)Employees who comply with the pension payment standards and regulations of the Labor Standards Act (old system) have completed their retirement procedures in 2022. The current full-time employees are all under the Labor Pension Act (new system), and 6% of the total salary is withheld monthly for employee pension.

(5)Contributed pension: There is no the old system from 2023, and the amount contributed under the new system NT\$ 3,424,225 in 2023.

#### 4. Measures for preserving employees' rights and interests

In addition to upgrading the employees' competency development, the Company also ensures the workplace quality for employees, hoping to achieve mutual respect, work safety, and physical and mental health. In addition to following the Labor Standards Act, the Company also establishes its own employees reward and punishment regulations, labor safety and health principle, workplace sexual harassment prevention policy, and grievance and disciplinary regulations in order to improve the workplace environment and practice employees' safety requirements, and deepen the basic value about work ethics.

##### (1) Employees reward & punishment regulations

①Subject to the level of contribution, the reward is divided into commendation, minor merit and major merit.

②Subject to the severity of the misconduct, the punishment is divided into reprimand, minor demerit, major demerit, and termination of employment if the case is considered material.

##### (2) Working environment and employees' personal safety protection policy

①In order to take care of the whole labors' work safety, prevent any occupational disaster and protect current employees' health, the Company establishes the labor safety and health principle consisting of 14 chapters and 42 clauses, which is approved by Taipei City Labor Inspection Office, Department of Labor, Taipei City Government via the approval letter under Bei-Shih-Lao-Jian-1-Zi No. 09230521200.

②In order to prevent any disaster, or in order that, upon occurrence of any disaster, the Company may immediately mobilize personnel to relieve the disaster to mitigate the hazard caused by the disaster and restore the normal operation throughout the Company promptly, the Company establishes the emergency preparedness and response policy management procedure.

③According to the "Labor Safety and Health Principle", the Company performs the health checkup for new employees, and periodic health checkups (general health inspection and the health checkup for managers), and advise the checkup results to colleagues via physicians.

④According to the Occupational Safety and Health Education and Training Rules, an employer shall have any new employee, or current employees before they change their jobs, undergo the safety and health education and training needed by the relevant jobs, and take refresher training periodically. For the in-service labor safety and health education and training for the general workers, EHS Committee will arrange the promotional campaign at the weekly meeting for once per six months to promote the occupational safety and health related laws and practices to the whole workers. Meanwhile, it would produce the digital promotional film to provide the workers with continuing education channels.

⑤The Company establishes the Company's "Workplace" Sexual Harassment Prevention Measures, and Grievance and Disciplinary Regulations in accordance with Paragraph 1 of Article 13 of the Act of Gender Equality in Employment, and "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" promulgated by Ministry of Labor.

- ⑥The Company cooperated with the office building conducts the fire protection inspection once a year, and has the EHS Committee perform the audit on environmental safety and health in each office area (four times a year), in order to keep the workplace safe. Meanwhile, in order to maintain the air quality and environmental sanitation in the office, the Company would also clean the air-conditioning equipment, disinfect environmental and landscape office periodically, and install additional sensor faucets, soap dispensers and hand dryers successively. Meanwhile, the optimized environmental facilities, such as disinfecting alcohol, are always available to take care of all colleagues' safety and health.
- ⑦The Company retains professional trainers to teach colleagues the knowledge about first aid and prevention of disaster, and also installs AED devices to protect all colleagues' safety and health.

## 5. Labor agreements

The Company prepares the “Non-Disclosure Agreement for Employees,” “Work Instructions,” “Ethical Management Best-Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethics” as the criteria to be followed by the Company’s managers and employees:

- (1) The employees shall execute the “Non-Disclosure Agreement for Employees” primarily stating that:
  - ①Any confidential information of the Company or its affiliates, or a third party known or accessed by an employee shall not be disclosed to any person outside the Company or used for any business other than the Company’s without the Company’s prior written consent. The non-disclosure obligation shall survive expiration or termination of the employment period.
  - ②The employee shall not disclose another person’s confidential information to the Company, or use, or urge another person to use, the confidential information in the Company’s business affairs.
  - ③The employee shall comply with any laws and regulations promulgated by governments, or the clauses related to protection of intellectual property rights or data referred to in the contracts between the Company or its affiliates.
  - ④The employee agrees to transfer any rights in the ideas, inventions and design conceived by him/her personally (hereinafter referred to as the “creation”) to the Company or its designee.
- (2) The “Work Instructions” defined by the Company refers to:
  - Value Customers and Respect Co-Workers
  - Active Reform and Pursuit of Efficiency
  - Training of Talents and Deep-Rooted
  - Work Planning and Feeling of Competence
- (3) The Company establishes the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. In order to practice the enterprise culture of ethical management and robust development, and build the fair business operations, the Company establishes the “Ethical Management Best-Practice Principles.” In order to uphold the engagement in business activities based on the principles of fairness, honest, integrity and transparency, practice the ethical management policy and prevent unethical conduct proactively, the Company establishes the related procedures and guidelines of conduct to specify the instructions to the Company when performing their duties.
- (4) The Company establishes the “Code of Ethics” to guide the Company’s managers to act in line with the ethical standards. The managers shall perform their obligations honestly and in line with the professional standards, including resolution of the factual or apparent conflict of interest between them and their job duties in a fair manner.

- (II) Any loss sustained as a result of labor disputes in 2023 and up to March 31, 2024 (including the violations of Labor Standards Act found in the labor inspection result)

#### 1. Labor dispute

The Company's labor-management relations are considered fair. Since the Company was founded, the Company has never suffered any labor dispute which affects the Company's operation. Meanwhile, for the time being, there is no potential factor likely to cause any labor dispute. Therefore, the Company is expected to have few chances to suffer any losses caused by labor dispute in the future.

#### 2. Incurred losses: None.

#### 3. Losses expected to be incurred

The Company upholds the philosophy claiming that employees are the lifeline of an enterprise's management, and the enterprise shall be responsible for taking care of employees, and creating the rational management model allowing to share profit with employees. The Company is used to caring employee benefits and workloads, and applying the two-way communication channel when assigning job duties to the employees. Therefore, the management-labor relations are considered amicable throughout the Company. The Company has never suffered any labor dispute or losses derived from such dispute in the past years.

#### 4. Responsive measures

- (1) Strengthen the employee benefit policy superior than those provided under the labor laws and regulations.
- (2) Add the channels for communication and negotiation between the management and labors.
- (3) Strengthen the ethical concept between the management and labors.

### VI. Information Security Management

#### (I) Information security risk management framework

In order to strengthen the information security risk management, the Company establishes the Information Security Committee. Upon occurrence of any information security problem, such as the cyber attack, the problem shall be reported to the chief information officer immediately. The loss or theft of loss, if any, shall be reported to General manager. Upon occurrence of any information security incident, the information security personnel need to resolve it promptly and report the resolution. The information security incident shall be recorded in the weekly work report once it is resolved, as the proof or for future reference.

#### (II) Information security policy

In order to prevent computer viruses or hackers from intruding into the Company's website and database to ruin the normal data transmission, the Company establishes the computer internal control cycle - information security inspection operating procedures. All of the Company's intranet and Internet information systems require that the various server systems shall be equipped with anti-virus software and updated periodically, in order to prevent intrusion of computer virus and install the firewall system to stop hackers from ruining the computer systems' operations, thereby ensuring the confidentiality, completeness and availability of data. The Company also promotes various information security duties periodically, builds the colleagues' "concept about practicing of information security," and improves the enterprise's overall information security protection. The Company's employees are not allowed to send the confidential information related to the Company to outsiders via email without the responsible supervisor's authorization. Any important software and files shall be encrypted in transmission to prevent them from being plagiarized. Meanwhile, the Company appoints competent information personnel to check periodically whether the software used by the employees is duly authorized, and includes the information security check into the annual audit plan. The audit execution result shall be reported to the Board of Directors to provide a full picture of the compliance with rules and

completeness of the report as prepared. Meanwhile, the personnel shall verify, follow up and review the correction of any findings and defects proposed in the check. The Company also evaluates its information equipment and assets periodically, and establishes the information equipment availability and disaster recovery plan to ensure the Company's business continuity.

(III) Specific management programs, and resources invested in the information security management

The General Manager, who serves the convener of the Cyber Security Committee, and the Information Manager is in charge of the information and communication problems, divided into the cyber security policy enactment team, cyber security promotion training team, cyber security internal audit team, and cyber security incident management team. The Committee consists of 7 members with the expertise in information, HR and internal audit. At the management decision-making meeting in 2023, the Company has discussed the overall cyber security policy implementation status for five times. As a result, it was found that no cyber security incident harmful to the Committee has taken place in the current year. The Company has promoted and trained the whole employees' "email security" and "social engineering prevention" once and conducted the random check on backup files in the recovery drill for 8 times, in order to ensure the availability of recovered backup data. Meanwhile, the Company has also performed 2 social engineering drills to strengthen the employees' immediate response to and vigilance toward the information security risk.

The Company adopts the backup system with respect to the operating assets, such as servers and network equipment, in order to prevent the damage to equipment from causing any interruption in the business information. Meanwhile, with respect to the information security, such as APT, DDos, ransomware, social engineering attack and theft of data, et al., the Company has adopted the following strategies: the information personnel need to keep concerning the information security issues and participating the information security conference to verify the environmental changes. The Company improves the colleagues' awareness toward information security risk and self-protection through periodic information security promotional activities and social engineering drills, hoping to help the colleagues prevent and stop the basic information security attacks.

The cyber security management is an important issue which cannot be ignored within an enterprise. For the information asset risk analysis, the Company selects a total of 15 representative information assets within seven categories from the information asset inventory for the risk analysis to analyze the individual risk level, proposes the scope of risks over the information assets, and quantifies the importance, vulnerability and potential attacks of the information assets, and impact posed by the attacks, and eventually determines the information asset risk levels. The estimated value at risk (VaR) in the risk analysis consists of five parts, namely A~G, and the elements stated as following:

- (1) Importance of information assets: Confidentiality (A), Completeness(B), Availability (C) and Dependence (D).
- (2) Threat to information assets: Explain the source and possibility of the threat (E).
- (3) Investigation on vulnerability of the information assets: Explain the weakness and level (F).
- (4) Impact: Severity of the impact posed by the threat (G).
- (5) Estimated VaR and risk level: The VaR is determined based on the product of said four items, and then the risk level is defined based on the product value subject to the risk level criteria (represented by H). The formula is  $Value = MAX\{A \cdot B \cdot C\}$

× D × E × F × G. Estimated VaR and the risk level criteria.

Estimated VaR	0~99	100~199	200~299	300~399	400~499	500~599	600~699	700~799	More than 800
Risk level	1	2	3	4	5	6	7	8	9

The risk analysis is conducted against a total of 15 information assets, including MRP server, ERP server, network router, firewall, UPS, NAS host, program design information personnel, control room personnel, system administrator, personal computer, printer, copy machine, air conditioner in the control room, Windows software, database and anti-virus software. As a result, there is one information assets with the risk level 4, three with the risk level 3, and three with the risk level 2, and the others with the risk level 1. The estimated VaR and risk levels are quantified based on the risk level quantification criteria to range from 1 to 9, averagely divided into the low risk (1~3), middle risk (4~6) and high risk (7~9). Based on the principles for continued improvement, the following correction policies are proposed with respect to the information assets with VaR 4 or more. Please see the following table.

Suggestions and correction policies for the assets with the risk level 4 or more

Name of Asset	Category of Asset	Threat	Vulnerability	Value of Asst	Level of Threat	Level of Vulnerability	Risk level	Suggestions and correction polices
ERP server	Hardware Asset	Interruption of service	Exceeded the customized service life	2	3	3	7	Replacement of server
Email security gateway	System Asset	Virus Threat	Halt production	2	3	2	6	Renewal of antivirus for email protection

(IV) Describing any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to any material cyber security incident, an estimate of possible losses that could be suffered and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts: Any supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, which are still effective by March 31, 2024.

Nature of Contract	Contracting Parties	Term	Main Contents	Restrictive Clauses
Engineering Contract (N15A0006)	Continental Engineering Corp.	From March 16, 2015, and scheduled to be completed in December 2025.	Taipei Metropolitan Area MRT Wanda Line CQ842 Contract	Overdue fine
Engineering Contract (N17A0009)	Radium Life Tech Co., Ltd.	From June 13, 2017, and scheduled to be completed in June 2028.	Long-term real-time monitoring at the operation and maintenance stage of Fuzhou Affordable Housing Project	Overdue fine
Long-term/mid-term loan contract	Bank of Taiwan	October 2022 ~ October 2024	To enrich the working capital	None
Long-term/mid-term loan contract	First Commercial Bank	November 2023 ~ November 2025	To enrich the working capital	None
Long-term/mid-term loan contract	Far Eastern International Bank	February 2024 ~ February 2026	To enrich the working capital	None

## Six. Overview of Finance

### I. Condensed Balance Sheet and Consolidated Income Statement for the latest five years

#### (I) Condensed Balance Sheet and Consolidated Income Statement

##### 1. Condensed Balance Sheet- Consolidated

Unit: NT\$ thousand

Item	Year	Financial information for the latest 5 (Note 1)				
		2020	2021	2022	2022	2023
Current assets		1,778,907	1,971,592	2,366,760	3,012,271	2,911,187
Property, plant and equipment		984,197	932,033	943,447	1,006,761	1,017,290
Intangible assets		19,121	18,626	19,081	26,164	27,392
Other assets		689,726	829,296	875,975	822,577	1,162,186
Total assets		3,471,951	3,751,547	4,205,263	4,867,773	5,118,055
Current liabilities	Before distribution	1,234,909	1,275,484	1,728,207	2,178,646	2,260,654
	After distribution	1,435,093	1,469,893	1,989,468	2,425,395	Note 2
Non-current liabilities		77,422	183,783	71,558	260,930	112,962
Total liabilities	Before distribution	1,312,331	1,459,267	1,799,765	2,439,576	2,373,616
	After distribution	1,512,515	1,653,676	2,061,026	2,686,325	Note 2
Equity attributable to owners of the parent		1,253,418	1,338,206	1,413,018	1,376,794	1,652,080
Capital stock		442,646	416,088	416,088	416,088	416,088
Capital surplus		43,339	43,285	43,311	44,195	44,189
Retained earnings	Before distribution	608,364	617,298	714,047	748,494	933,892
	After distribution	497,702	535,199	585,060	631,989	Note 2
Other equity		178,281	284,395	252,092	168,017	257,911
Treasury shares		(19,212)	(22,860)	(12,520)	-	-
Non-controlling equity		906,202	954,074	992,480	1,051,403	1,092,359
Total equity	Before distribution	2,159,620	2,292,280	2,405,498	2,428,197	2,744,439
	After distribution	1,959,436	2,097,871	2,144,237	2,181,448	Note 2

Note 1: The above financial information has been audited and certified by the CPAs.

Note 2: By the publication date of the annual report, it has not been approved by the shareholders' meeting.

2. Condensed Consolidated Income Statement- Consolidated

Unit: NT\$ thousand

Item \ Year	Financial information for the latest 5 (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,497,934	2,753,038	3,120,815	3,823,400	3,702,071
Gross profit	430,756	461,606	545,229	650,284	551,291
Operating profit	176,872	219,077	292,591	323,241	244,985
Non-operating income and expense	170,368	103,165	139,203	136,976	241,280
Net profit before tax	347,240	322,242	431,794	460,217	486,265
Current net income from continuing operations	300,746	259,839	359,778	372,015	422,512
Loss from discontinued operations	-	-	-	-	-
Current net income	300,746	259,839	359,778	372,015	422,512
Current other comprehensive income (net after tax)	(1,341)	102,700	(29,797)	(77,284)	120,935
Current total comprehensive income	299,405	362,539	329,981	294,731	543,447
Net income attributable to owners of the parent	190,399	121,661	191,051	175,259	271,466
Net income attributable to non-controlling interests	110,347	138,178	168,727	196,756	151,046
Total comprehensive income attributable to owners of the parent	189,259	225,833	162,234	93,747	391,802
Total comprehensive income attributable to non-controlling interests	110,146	136,706	167,747	200,984	151,645
EPS (NT\$)	4.32	2.85	4.65	4.22	6.52

Note 1: The above financial information has been audited and certified by the CPAs.

### 3. Condensed Balance Sheet - Parent Company Only

Unit: NT\$ thousand

Year		Financial information for the latest 5 (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		443,126	411,369	436,738	512,179	525,729
Property, plant and equipment		182,952	180,131	178,075	176,000	174,272
Intangible assets		416	966	677	601	188
Other assets		1,131,661	1,295,560	1,390,853	1,400,278	1,698,530
Total assets		1,758,155	1,888,026	2,006,343	2,089,058	2,398,719
Current liabilities	Before distribution	438,304	375,745	534,375	467,574	654,866
	After distribution	548,966	457,844	663,362	584,079	763,049
Non-current liabilities		66,433	174,075	58,950	244,690	91,773
Total liabilities	Before distribution	504,737	549,820	593,325	712,264	746,639
	After distribution	615,399	631,919	722,312	828,769	854,822
Capital stock		442,646	416,088	416,088	416,088	416,088
Capital surplus		43,339	43,285	43,311	44,195	44,189
Retained earnings	Before distribution	608,364	617,298	714,047	748,494	933,892
	After distribution	497,702	535,199	585,060	631,989	825,709
Other equity		178,281	284,395	252,092	168,017	257,911
Treasury shares		(19,212)	(22,860)	(12,520)	-	-
Total equity	Before distribution	1,253,418	1,338,206	1,413,018	1,376,794	1,652,080
	After distribution	1,142,756	1,256,107	1,284,031	1,260,289	1,543,897

Note 1: The above financial information has been audited and certified by the CPAs.

Note 2: The amount resolved by the Board of Directors on March 15, 2024, haven't been discussed by shareholders' meeting.

4. Condensed Consolidated Income Statement - Parent Company Only

Unit: NT\$ thousand

Item \ Year	Financial information for the latest 5 (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	471,212	382,002	417,295	463,451	440,831
Gross profit	147,901	131,405	141,130	158,416	171,019
Operating profit(loss)	(4,650)	(8,694)	16,194	(16,609)	14,280
Non-operating income and expenses	197,828	139,389	184,558	201,051	265,196
Net profit before tax	193,178	130,695	200,752	184,442	279,476
Current net income from continuing operations	190,399	121,661	191,051	175,259	271,466
Loss from discontinued operations	-	-	-	-	-
Net profit	190,399	121,661	191,051	175,259	271,466
Current other comprehensive income	(1,140)	104,172	(28,817)	(81,512)	120,336
Current total comprehensive income	189,259	225,833	162,234	93,747	391,802
EPS (NT\$)	4.32	2.85	4.65	4.22	6.52

Note 1: The above financial information has been audited and certified by the CPAs.

(II) Name of CPA and the audit opinion on the consolidated company's financial statements the latest five years

Year	Name of CPA Firm	Name of CPA	Audit opinion
2019	UHY L&C Company	Chang Chun-Teh/Lin Lai-Fu	Unmodified opinion with an explanatory paragraph
2020	UHY L&C Company	Chang Chun-Teh/Lin Lai-Fu	Unmodified opinion with an explanatory paragraph
2021	PwC Taiwan	Thomas Lee/Tsai Yi-Tai	Unmodified opinion with an explanatory paragraph
2022	PwC Taiwan	Tsai Yi-Tai/Thomas Lee	Unmodified opinion with an explanatory paragraph
2023	PwC Taiwan	Gregory Kuo/ Tsai Yi-Tai	Unmodified opinion with an explanatory paragraph

## II. Financial analysis for the latest five years

### (I) Financial Analysis

#### 1. Analysis on consolidated major financial ratios

Analysis items (Note 2)		Year (Note 1)					
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability to asset ratio	37.8	38.9	42.8	50.1	46.4	
	Ratio of long-term capital to property, plant and equipment	227.3	265.7	262.6	267.1	280.9	
Solvency (%)	Current ratio	144.1	154.6	137.0	138.3	128.8	
	Quick ratio	95.9	101.3	90.8	81.4	80.5	
	Interest coverage ratio	5,482.7	5,642.5	6,840.5	4,549.6	2,597.3	
Operational ability	Receivables turnover (times)	3.8	4.1	4.0	4.1	3.9	
	Average cash collection days	97	89	91	88	93	
	Inventory turnover (times)	4.8	4.8	4.0	3.3	2.8	
	Payable turnover (times)	2.9	2.9	3.1	3.4	2.4	
	Average inventory turnover days	77	77	91	112	130	
	Property, plant and equipment (times)	2.5	2.9	3.3	3.9	3.7	
	Total assets turnover (times)	0.7	0.8	0.8	0.8	0.7	
Profitability	ROA (%)	9.1	7.3	9.2	8.4	8.8	
	ROE (%)	14.3	11.7	15.3	15.4	16.3	
	To paid-in capital ratio (%)	Operating income	40.0	52.7	70.3	77.7	58.9
		Income before tax	78.5	77.5	103.8	110.6	116.9
	Net profit margin (%)	12.0	9.4	11.5	9.7	11.4	
	EPS (NT\$) (retroactively)	4.32	2.85	4.65	4.22	6.52	
Cash flow	Cash flow ratio (%)	32.6	27.2	15.9	12.9	22.5	
	Cash flow adequacy ratio (%)	78.5	77.7	75.1	61.4	72.3	
	Cash reinvestment ratio (%)	10.5	5.9	3.3	0.6	7.8	
Leverage	Operating leverage	3.4	2.9	2.6	2.6	3.3	
	Financial leverage	1.0	1.0	1.0	1.0	1.1	

The reasons for changes in each financial ratio during the most recent two years by more than 20%:

1. Solvency: Interest expense increased significantly, resulting in lower times interest earned.
2. Operational capability: Due to the significant increase in revenue in the same period last year, the amount of purchases was higher, and the lower beginning accounts payable, the accounts payable turnover ratio was higher than that of the current period, and the average inventory turnover days were lower than that of the current period.
3. Profitability and leverage: Due to the slight decrease in revenue and operating income in the current period compared with the same period last year, the ratio of operating income to paid-in capital decreased and the operating leverage increased.
4. Cash flow: In response to revenue growth and materials shortages around the world in the same period last year, the amount of inventory increased, resulting in a decrease in net cash inflow from operating activities, and the lower cash flow ratio and cash reinvestment ratio in the current period.

Generally speaking, the consolidated company's major financial ratios are considered stable.

Note 1: The above financial information has been audited and certified by the CPAs.

Note 2: The formula about the analysis items are stated as following:

1. Financial structure

(1) Ratio of liabilities to assets= $\text{Total liabilities} / \text{Total Assets}$ .

(2) Ratio of long-term capital to property, plant and equipment= $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plant and equipment, net}$ .

2. Solvency

(1) Current ratio= $\text{Current assets} / \text{Current liabilities}$ .

(2) Quick ratio= $(\text{Current assets} - \text{Inventory} - \text{Prepaid expenses}) / \text{Current liabilities}$ .

(3) Interest coverage ratio= $\text{Income tax and income before interest expenses} / \text{Current interest expenses}$ .

3. Operational ability

(1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover =  $\text{net sales} / \text{balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation)}$ .

(2) Average cash collection days= $365 / \text{Receivables turnover}$ .

(3) Inventory turnover= $\text{Cost of goods sold} / \text{Average inventory}$ .

(4) Payables (including accounts payable and notes payable resulting from operation) turnover =  $\text{net sales} / \text{balance of average accounts payable (including accounts payable and notes payable resulting from operation)}$ .

(5) Average inventory turnover days= $365 / \text{Inventory turnover}$ .

(6) Property, plant and equipment turnover= $\text{net sales} / \text{average property, plant and equipment, net}$ .

(7) Total assets turnover= $\text{Net sales} / \text{Average total assets}$ .

4. Profitability

(1) ROA= $[\text{Profit or loss after tax} + \text{interest expenses} \times (1 - \text{tax rate})] / \text{average total assets}$ .

(2) ROE= $\text{Profit or loss after tax} / \text{Average total equity}$ .

(3) Net profit margin= $\text{Profit or loss after tax} / \text{Net sales}$ .

(4) Earnings per share= $(\text{Income attributable to owners of the parent} - \text{Preferred stock dividend}) / \text{Weighted average number of outstanding shares}$ .

5. Cash flow

(1) Cash flow ratio =  $\text{Net cash flow from operating activities} / \text{Current liabilities}$ .

(2) Net cash flow adequacy ratio= $\text{Net cash flow from operating activities during the most recent five years} / (\text{Capital expenses} + \text{Increase in inventory} + \text{Cash dividends})$  during the most recent five years.

(3) Cash reinvestment ratio= $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant and equipment} + \text{Long-term investments} + \text{Other non-current assets} + \text{working capital})$ .

6. Leverage:

(1) Operating leverage= $(\text{Net operating revenues} - \text{Variable operating costs and expenses}) / \text{Operating profit}$

(2) Financial leverage= $\text{Operating profit} / (\text{Operating profit} - \text{Interest expenses})$ .

## 2. Analysis on major financial ratios - Parent Company Only

Analysis items (Note 4)		Year (Note 1)					
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability to asset ratio	28.7	29.1	29.6	34.1	31.1	
	Ratio of long-term capital to property, plant and equipment	721.4	839.6	826.6	921.3	1,000.7	
Solvency (%)	Current ratio	101.1	109.5	81.7	109.5	80.3	
	Quick ratio	78.4	78.1	59.8	81.1	54.3	
	Interest coverage ratio	3,746.0	2,720.2	3,870.9	2,726.6	2,490.7	
Operational ability	Receivables turnover (times)	4.9	4.7	4.9	4.9	5.2	
	Average cash collection days	75	78	74	74	70	
	Inventory turnover (times)	5.1	3.2	3.1	3.4	2.4	
	Payable turnover (times)	6.0	4.9	5.6	7.4	5.1	
	Average inventory turnover days	72	114	117	109	150	
	Property, plant and equipment (times)	2.5	2.1	2.3	2.6	2.5	
	Total assets turnover (times)	0.3	0.2	0.2	0.2	0.2	
Profitability	ROA (%)	11.5	6.9	10.0	8.8	12.5	
	ROE (%)	15.8	9.4	13.9	12.6	17.9	
	To paid-in capital ratio (%)	Operating income	(1.1)	(2.1)	3.9	(4.0)	3.4
		Income before tax	43.6	31.4	48.3	44.3	67.2
	Net profit margin (%)	40.4	31.9	45.8	37.8	61.6	
	EPS (NT\$) (retroactively)	4.32	2.85	4.65	4.22	6.52	
Cash flow	Cash flow ratio (%)	33.8	20.2	23.1	30.8	21.9	
	Cash flow adequacy ratio (%)	78.8	68.5	72.2	77.9	81.0	
	Cash reinvestment ratio (%)	5.2	Note 2	2.6	0.9	1.4	
Leverage	Operating leverage	Note 3	Note 3	8.5	Note 3	11.3	
	Financial leverage	Note 3	Note 3	1.5	Note 3	5.5	

The reasons for changes in each financial ratio during the most recent two years by more than 20%:

1. Solvency: Current ratio and quick ratio decreased as long-term borrowings due within one year were reclassified to current liabilities.
2. Operational capability: In response to the sales in Q1 2024, the ending inventory of prepared materials was higher, resulting in the decrease in payable turnover and inventory turnover, and an increase in the average inventory turnover.
3. Profitability: Due to the higher evaluation amount of financial assets in the current period, the net income of the current period increased. In addition, due to the participation in government subsidies in the same period last year, the operating expenses were higher and the operating profits were lower, resulting in an increase in the ratios related to profitability in the current period.
4. Cash flow: Due to that the long-term borrowings due within one year were reclassified as current liabilities, the cash flow ratio decreased. In addition, as the amount of cash dividends paid this year was lower, the cash reinvestment ratio increased.
5. Leverage: Stable profit for the period, so the ratios related to leverage were positive.

Generally speaking, the Company's major financial ratios are considered stable.

Note 1: The above financial information has been audited and certified by the CPAs.

Note 2: The net cash flow from operating activities was excluded, as it was a negative figure.

Note 3: The operating income was excluded, as it was a negative figure.

Note 4: The formula about the analysis items is stated as following:

#### 1. Financial structure

- (1) Ratio of liabilities to assets= $\text{Total liabilities} / \text{Total Assets}$ .
- (2) Ratio of long-term capital to property, plant and equipment =  $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plant and equipment, net}$ .

#### 2. Solvency

- (1) Current ratio= $\text{Current assets} / \text{Current liabilities}$ .
- (2) Quick ratio= $(\text{Current assets} - \text{Inventory} - \text{Prepaid expenses}) / \text{Current liabilities}$ .
- (3) Interest coverage ratio= $\text{Income tax and income before interest expenses} / \text{Current interest expenses}$ .

#### 3. Operational ability

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover =  $\text{net sales} / \text{balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation)}$ .
- (2) Average cash collection days= $365 / \text{Receivables turnover}$ .
- (3) Inventory turnover= $\text{Cost of goods sold} / \text{Average inventory}$ .
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover =  $\text{net sales} / \text{balance of average accounts payable (including accounts payable and notes payable resulting from operation)}$ .
- (5) Average inventory turnover days= $365 / \text{Inventory turnover}$ .
- (6) Property, plant and equipment turnover= $\text{net sales} / \text{average property, plant and equipment, net}$ .
- (7) Total assets turnover= $\text{Net sales} / \text{Average total assets}$ .

#### 4. Profitability

- (1) ROA= $[\text{Profit or loss after tax} + \text{interest expenses} \times (1 - \text{tax rate})] / \text{average total assets}$ .
- (2) ROE= $\text{Profit or loss after tax} / \text{Average total equity}$ .
- (3) Net profit margin= $\text{Profit or loss after tax} / \text{Net sales}$ .
- (4) Earnings per share= $(\text{Income attributable to owners of the parent} - \text{Preferred stock dividend}) / \text{Weighted average number of outstanding shares}$ .

#### 5. Cash flow

- (1) Cash flow ratio =  $\text{Net cash flow from operating activities} / \text{Current liabilities}$ .
- (2) Net cash flow adequacy ratio= $\text{Net cash flow from operating activities during the most recent five years} / (\text{Capital expenses} + \text{Increase in inventory} + \text{Cash dividends})$  during the most recent five years.
- (3) Cash reinvestment ratio= $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant and equipment} + \text{Long-term investments} + \text{Other non-current assets} + \text{working capital})$ .

#### 6. Leverage:

- (1) Operating leverage= $(\text{Net operating revenues} - \text{Variable operating costs and expenses}) / \text{Operating profit}$
- (2) Financial leverage= $\text{Operating profit} / (\text{Operating profit} - \text{Interest expenses})$ .

(II) Other information material to understanding of the Company's financial position, financial performance, cash flow and changes: None.

## **Audit Committee's Review Report**

The Board of Directors prepared the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements) and proposal for distribution of earnings. Among them, the financial statements (including parent company only and consolidated financial statements) have been audited by Gregory Kuo, CPA and Tsai Yi-Tai, CPA of PwC Taiwan and an audit report with unmodified opinion with an explanatory paragraph has been issued. Said business report, financial statements and proposal for distribution of earnings have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with the Securities and Exchange Act and Company Act.

Please review it accordingly.

To:

2024 Annual General Meeting of Sanlien Technology Corp.

Convener of Audit Committee: Ke Yen-Huei

March 15 2024

#### IV. Recent consolidated financial statements

### **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Sanlien Technology Corp. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Sanlien Technology Corp. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Sanlien Technology Corp. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,  
Sanlien Technology Corp.  
By

Ta-Chun Lin, Chairman  
March 15, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000554

To the Board of Directors and Shareholders of Sanlien Technology Corp.

***Opinion***

We have audited the accompanying consolidated balance sheets of Sanlien Technology Corp. and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

***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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### **Fair value measurement of investments in unlisted stocks without active market**

##### Description

Refer to Notes 4(7) and (8) for accounting policies on unlisted stocks (accounted as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income), Note 5 for uncertainty of accounting estimates and assumptions in relation to the fair value of unlisted stocks, Notes 6(2) and (6) for details of unlisted stocks. As at December 31, 2023, the Group's investments in unlisted stocks without active market amounted to NT\$651,358 thousand.

The unlisted stocks held by the Group has no quoted price in an active market. Management estimates the fair value of unlisted stocks using a valuation method, which involves various assumptions and significant unobservable inputs, including the valuation method, identifying similar and comparable companies, price-to-book ratio and discount on liquidity. As the determination of models and parameters used in the estimation of fair value is subject to significant judgement and high uncertainty, we considered the fair value measurement of unlisted stocks as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Group's valuation procedures on the unlisted stocks.
2. Assessed whether the valuation methods used by management were reasonable.
3. Assessed the degree of comparability between the comparable companies identified by management and the investee being valued in the market approach.
4. Sampled and verified the price-to-book ratio and the input value of discount on liquidity used in the valuation method and reviewed related information and supporting documents.

#### **Cut-off of sales revenue from distribution warehouse**

##### Description

Refer to Note 4(26) for accounting policy on revenue recognition.

The sales revenue of the Group mainly arises from sales revenue from distribution warehouse, constituting 47.98% of operating revenue for the year. The sales revenue from distribution warehouse is recognised when the goods are dispatched from the warehouses (transfer of control). The Group's revenue recognition is based on inventory movement records of warehouses supported by the reports from warehouse custodians or bill of lading reports recorded on its customers' network platform. As the frequency and timing of reports provided by warehouse custodians vary and the process of revenue recognition involves manual procedures, these factors may lead to improper timing of revenue recognition. Thus, we considered the cut-off of sales revenue from distribution warehouse as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and evaluated the Group's procedures for sales revenue from distribution warehouse and internal controls over revenue recognition.
2. Assessed the internal controls over warehouse distribution (checked the terms of transaction timing of control transfer and dates of supporting documents and ascertained whether the transactions were recognised in the proper period) to confirm the accuracy of the timing of revenue recognition.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouses and ensuring the movements of inventories contained in the statements and cost of goods sold recognised in the proper period.
4. Performed physical inventory count observation with significant hub custodians and agreed the results to accounting records.

#### ***Other matter - Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT\$367,055 thousand and NT\$221,742 thousand, constituting 7.17% and 4.56% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and operating revenue amounted to NT\$4,455 thousand, constituting 0.12% of the consolidated total operating revenue for the year then ended December 31, 2023. If the recognized comprehensive income of investments accounted for under the equity

method is material, please consider disclosing the impact of total comprehensive income. For example: The comprehensive income recognized from these associates and joint ventures accounted for under the equity method amounted to NT\$54,033 thousand and NT\$51,810 thousand, constituting 9.94% and 17.58% of the consolidated total comprehensive income for the years then ended December 31, 2023 and 2022, respectively.

***Other matter - Parent company only financial reports***

We have audited and expressed an unmodified opinion with an explanatory paragraph on the parent company only financial statements of Sanlien Technology Corp. as at and for the years ended December 31, 2023 and 2022.

***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 audit committee, are responsible for overseeing the Group's financial reporting process.

***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

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

We are responsible for the direction, supervision and performance of the group 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.

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Gregory Kuo

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Tsai, Yi-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 714,333	14	\$ 656,645	14
1110	Financial assets at fair value through profit or loss - current	6(2)	131,954	3	123,371	3
1136	Financial assets at amortised cost - current	6(3) and 8	19,083	-	26,913	1
1140	Contract assets - current	6(21)	11,755	-	5,378	-
1150	Notes receivable, net	6(4)	12,964	-	16,314	-
1160	Notes receivable due from related parties	6(4) and 7	38	-	250	-
1170	Accounts receivable, net	6(4)	891,368	18	953,090	20
1180	Accounts receivable due from related parties	6(4) and 7	2,788	-	2,725	-
1197	Finance lease receivable, net	6(10)	18,929	-	-	-
1200	Other receivables		46,244	1	21,581	-
1210	Other receivables due - related parties	7	211	-	23	-
130X	Inventories	6(5)	1,038,560	20	1,188,605	24
1410	Prepayments	7	22,960	1	17,376	-
11XX	<b>Total current assets</b>		<u>2,911,187</u>	<u>57</u>	<u>3,012,271</u>	<u>62</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	156,364	3	77,437	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6) and 7	496,136	10	447,927	9
1535	Financial assets at amortised cost - non-current	6(3) and 8	21,311	-	21,138	-
1550	Investments accounted for using equity method	6(7) and 7	350,791	7	233,913	5
1600	Property, plant and equipment	6(8), 7 and 8	1,017,290	20	1,006,761	21
1755	Right-of-use assets	6(9)	22,611	-	13,968	-
1780	Intangible assets	6(11)	27,392	1	26,164	1
1840	Deferred tax assets	6(28)	16,005	-	19,407	-
1920	Guarantee deposits paid		10,179	-	6,178	-
1930	Long-term notes and accounts receivable		525	-	-	-
194D	Long-term finance lease receivable, net	6(10)	84,498	2	-	-
1960	Prepayments for investments		570	-	-	-
1980	Other non-current financial assets		-	-	1,133	-
1990	Other non-current assets		3,196	-	1,476	-
15XX	<b>Total non-current assets</b>		<u>2,206,868</u>	<u>43</u>	<u>1,855,502</u>	<u>38</u>
1XXX	<b>Total assets</b>		<u>\$ 5,118,055</u>	<u>100</u>	<u>\$ 4,867,773</u>	<u>100</u>

(Continued)

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 686,425	13	\$ 685,454	14
2110	Short-term notes and bills payable	6(12)	29,985	1	-	-
2130	Contract liabilities - current	6(21) and 7	28,166	1	34,950	1
2150	Notes payable		1,977	-	1,286	-
2170	Accounts payable		392,718	8	324,500	7
2180	Accounts payable - related parties	7	619,401	12	717,560	15
2200	Other payables	6(13)	303,545	6	312,189	6
2220	Other payables - related parties	7	18,828	-	22,014	1
2230	Current income tax liabilities		18,481	-	54,829	1
2280	Liabilities - current	7	8,067	-	5,732	-
2320	Long-term liabilities, current portion	6(14)	140,000	3	-	-
2399	Other current liabilities		13,061	-	20,132	-
21XX	<b>Total current liabilities</b>		<u>2,260,654</u>	<u>44</u>	<u>2,178,646</u>	<u>45</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	60,000	1	220,000	4
2570	Deferred tax liabilities	6(28)	31,280	1	30,366	1
2580	Lease liabilities—non-current	7	14,298	-	8,475	-
2640	Net defined benefit liability, non-current	6(15)	5,290	-	2,089	-
2645	Guarantee deposits received		2,094	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>112,962</u>	<u>2</u>	<u>260,930</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>2,373,616</u>	<u>46</u>	<u>2,439,576</u>	<u>50</u>
<b>Equity</b>						
	Share capital	6(17)				
3110	Common stock		416,088	8	416,088	8
	Capital surplus	6(18)				
3200	Capital surplus		44,189	1	44,195	1
	Retained earnings	6(19)				
3310	Legal reserve		256,888	5	240,545	5
3350	Unappropriated retained earnings		677,004	13	507,949	10
	Other equity interest	6(20)				
3400	Other equity interest		257,911	5	168,017	4
31XX	<b>Equity attributable to owners of parent</b>		<u>1,652,080</u>	<u>32</u>	<u>1,376,794</u>	<u>28</u>
36XX	<b>Non-controlling interests</b>	4(3)	<u>1,092,359</u>	<u>22</u>	<u>1,051,403</u>	<u>22</u>
3XXX	<b>Total equity</b>		<u>2,744,439</u>	<u>54</u>	<u>2,428,197</u>	<u>50</u>
	Significant contingent liabilities and unrecognised commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,118,055</u>	<u>100</u>	<u>\$ 4,867,773</u>	<u>100</u>

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

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(21) and 7	\$ 3,702,071	100	\$ 3,823,400	100
5000	Operating costs	6(5)(26)(27) and 7	( 3,150,780)	( 85)	( 3,173,116)	( 83)
5900	Gross profit from operations		<u>551,291</u>	<u>15</u>	<u>650,284</u>	<u>17</u>
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		( 160,216)	( 4)	( 158,383)	( 4)
6200	Administrative expenses		( 123,626)	( 3)	( 124,117)	( 4)
6300	Research and development expenses		( 22,006)	( 1)	( 44,164)	( 1)
6450	Expected credit loss		( 458)	-	( 379)	-
6000	Total operating expenses		( 306,306)	( 8)	( 327,043)	( 9)
6900	Operating income		<u>244,985</u>	<u>7</u>	<u>323,241</u>	<u>8</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	4,367	-	2,456	-
7010	Other income	6(23) and 7	71,099	2	104,129	3
7020	Other gains and losses	6(24)	140,950	4	( 7,061)	-
7050	Finance costs	6(25) and 7	( 19,472)	( 1)	( 10,343)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>44,336</u>	<u>1</u>	<u>47,795</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>241,280</u>	<u>6</u>	<u>136,976</u>	<u>4</u>
7900	<b>Profit before income tax</b>		486,265	13	460,217	12
7950	Income tax expense	6(28)	( 63,753)	( 1)	( 88,202)	( 2)
8200	<b>Profit for the year</b>		<u>\$ 422,512</u>	<u>12</u>	<u>\$ 372,015</u>	<u>10</u>

(Continued)

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311		\$	-	\$	1,593
8316	6(6)				
			114,227	3	( 96,279) ( 2)
8320					
			2,002	-	1,291
8349	6(28)				
			-		( 321) -
8310					
			116,229	3	( 93,716) ( 2)
<b>Other comprehensive income that will be reclassified to profit or loss</b>					
8361			5,887	-	20,540
8399	6(28)				
			( 1,181)		( 4,108) -
8360					
			4,706	-	16,432
8300		\$	120,935	3	( \$ 77,284) ( 2)
8500		\$	543,447	15	\$ 294,731
Profit attributable to:					
8610		\$	271,466	8	\$ 175,259
8620			151,046	4	196,756
		\$	422,512	12	\$ 372,015
Comprehensive income attributable to:					
8710		\$	391,802	11	\$ 93,747
8720			151,645	4	200,984
		\$	543,447	15	\$ 294,731
Earnings pre share (in dollars) 6(29)					
9750		\$		6.52	\$ 4.22
9850		\$		6.52	\$ 4.22

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

**SANJEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Total	Non-controlling interests	Total equity
		Retained earnings			Other equity interest						
		Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<b>Year ended December 31, 2022</b>											
Balance at January 1, 2022		\$ 416,088	\$ 43,311	\$ 221,101	\$ 492,946	(\$ 20,768)	\$ 272,860	(\$ 12,520)	\$ 1,413,018	\$ 992,480	\$ 2,405,498
Net income for the year		-	-	-	175,259	-	-	-	175,259	196,756	372,015
Other comprehensive income (loss)	6(20)	-	-	-	2,563	12,204	(96,279)	-	(81,512)	4,228	(77,284)
Total comprehensive income (loss)		-	-	-	177,822	12,204	(96,279)	-	93,747	200,984	294,731
Distribution of 2021 earnings	6(19)	-	-	-	(19,444)	-	-	-	-	-	-
Legal reserve		-	-	19,444	(128,987)	-	-	-	(128,987)	(132,274)	(261,261)
Cash dividends		-	-	-	-	-	-	12,520	13,400	-	13,400
Share-based payments		-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	-	-	-	-	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital surplus		-	-	-	(14,388)	-	-	-	(14,388)	(9,787)	(24,175)
Balance at December 31, 2022		\$ 416,088	\$ 44,195	\$ 240,545	\$ 507,949	(\$ 8,564)	\$ 176,581	\$ -	\$ 1,376,794	\$ 1,051,403	\$ 2,428,197
<b>Year ended December 31, 2023</b>											
Balance at January 1, 2023		\$ 416,088	\$ 44,195	\$ 240,545	\$ 507,949	(\$ 8,564)	\$ 176,581	\$ -	\$ 1,376,794	\$ 1,051,403	\$ 2,428,197
Net income for the year		-	-	-	271,466	-	-	-	271,466	151,046	422,512
Other comprehensive income (loss)	6(20)	-	-	-	(562)	4,107	116,791	-	120,336	599	120,935
Total comprehensive income		-	-	-	270,904	4,107	116,791	-	391,802	151,645	543,447
Distribution of 2022 earnings	6(19)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	16,343	(16,343)	-	-	-	-	-	-
Cash dividends		-	-	-	(116,505)	-	-	-	(116,505)	(130,244)	(246,749)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(30)	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interest		-	-	-	(5)	-	-	-	(5)	-	(5)
Non-payment of expired cash dividends from previous year transferred to capital surplus		-	-	-	-	-	-	-	-	19,555	19,555
Disposal of financial assets at fair value through other comprehensive income - equity instrument	6(20)	-	(6)	-	-	-	-	-	(6)	-	(6)
Balance at December 31, 2023		\$ 416,088	\$ 44,189	\$ 256,888	\$ 677,004	(\$ 4,457)	\$ 262,368	\$ -	\$ 1,652,080	\$ 1,092,359	\$ 2,744,439

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

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 486,265	\$ 460,217
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on inventory valuation	6(5)	8,472	2,520
Expected credit loss		458	379
Depreciation of property, plant and equipment	6(8)	105,656	107,625
Depreciation of right-of-use assets	6(9)	7,372	6,118
Amortization	6(27)	4,579	2,402
Interest income	6(22)	( 4,367 )	( 2,456 )
Dividend income	6(23)	( 26,529 )	( 63,375 )
Proceeds from disposal of property, plant and equipment	6(24)		
Net loss (gain) on financial assets at fair value through profit or loss	6(24)	( 515 )	( 938 )
Interest expense	6(25)	( 121,009 )	17,935
Share of profit of associates and joint ventures accounted for using equity method	6(7)	19,472	10,343
Share-based payments		( 44,336 )	( 47,795 )
Gain of bargain purchase	6(23)	-	919
Increase in life insurance surrender value		( 11,009 )	-
		-	( 12 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		( 6,423 )	( 60 )
Notes receivable, net		3,350	122
Notes receivable - related parties		212	( 158 )
Accounts receivable		61,278	( 101,954 )
Accounts receivable - related parties		( 67 )	3
Other receivables		( 24,541 )	( 6,005 )
Other receivables - related parties		( 188 )	2,217
Inventory		141,953	( 438,741 )
Prepayments		( 5,635 )	( 1,933 )
Long-term notes and accounts receivable		( 525 )	-
Net defined benefit asset, non-current		-	9,938
Decrease (increase) in other non-current assets		( 1,720 )	1,298
Changes in operating liabilities			
Contract liabilities - current		( 6,780 )	809
Notes payable		690	1,198
Accounts payable		68,218	155,948
Accounts payable - related parties		( 98,158 )	100,069
Other payables		7,804	25,734
Other payables - related parties		( 3,186 )	12,573
Other current liabilities		( 7,071 )	17,321
Net defined benefit liabilities		3,201	2,281
Cash inflow generated from operations		556,921	274,542
Interest received		4,245	2,391
Dividends received		61,722	86,699
Income taxes paid		( 96,450 )	( 71,430 )
Interest paid		( 18,420 )	( 9,044 )
Net cash flows from operating activities		508,018	283,158

(Continued)

**SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		(\$ 16,253 )	(\$ 73,029 )
Proceeds from disposal of financial assets at fair value through profit or loss		49,752	80,555
Acquisition of financial assets at amortised cost		-	( 7,168 )
Acquisition of financial assets at fair value through other comprehensive income		( 20,000 )	( 12,000 )
Proceeds from disposal of financial assets at amortised cost		7,657	-
Acquisition of investments accounted for under the equity method		( 11,487 )	-
Increase in prepayments for investments		( 570 )	-
Proceeds from capital reduction of investments accounted for using equity method		9,101	-
Acquisition of property, plant and equipment	6(31)	( 283,500 )	( 144,703 )
Proceeds from disposal of property, plant and equipment		1,152	3,065
Acquisition of intangible assets		( 5,746 )	( 4,406 )
Decrease in finance lease receivables		46,118	-
Decrease in other non-current financial assets		1,134	-
(Increase) decrease in guarantee deposits paid		( 4,006 )	523
Net cash flows used in investing activities		( 226,648 )	( 157,163 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in long-term borrowings	6(32)	-	80,000
Decrease in long-term borrowings	6(32)	( 20,000 )	-
Increase in short-term borrowings	6(32)	96,425	376,584
Decrease in short-term borrowings	6(32)	( 95,454 )	( 186,975 )
Payments of lease liabilities	6(32)	( 7,367 )	( 6,317 )
Increase in guarantee deposits received		2,094	-
Proceeds from sale of treasury shares		-	12,482
Non-payment of expired cash dividends from prior year		( 6 )	4
Change in non-controlling interests		( 112,465 )	( 122,474 )
Acquisition of ownership interests in subsidiaries	6(30)	-	( 35,190 )
Proceeds from disposal of ownership interests in subsidiaries	6(30)	1,771	1,215
Increase in short-term notes and bills payable	6(32)	29,985	-
Cash dividends paid	6(32)	( 116,505 )	( 128,987 )
Net cash flows used in financing activities		( 221,522 )	( 9,658 )
Effect of exchange rate changes on cash and cash equivalents		( 2,160 )	3,212
Net increase in cash and cash equivalents		57,688	119,549
Cash and cash equivalents at beginning of year		656,645	537,096
Cash and cash equivalents at end of year		\$ 714,333	\$ 656,645

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

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

Sanlien Technology Corp. (the “Company”) was established on February 20, 1967. The Company's stock has been approved for trading on the Taipei Exchange since May 3, 2001. The Company and subsidiaries (the “Group”) are primarily engaged in the design, manufacturing, sales and system syndication of factory automation machinery and environmental protection facilities; design, equipment manufacturing, installation, sales and system syndication of remote sensing, power monitoring, ocean monitoring, meteorological observation and navigation system; installation, sales and maintenance of semiconductor equipment of plant; installation and sales of civil engineering safety monitoring technology service and geotechnical engineering safety monitoring technology service, related sensor and metering instruments; manufacturing and sales of specialty chemical. Refer to Notes 4 and 14 for the Group’s primary operating activities and operating segments information.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

#### 4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit assets and liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### (3) Basis of consolidation

#### A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Ownership (%)	Description
			December 31, 2023	December 31, 2022	
Sanlien Technology Corp.	Kemitek Industrial Corp.	Manufacturing and sales of specialty chemical	37.24	37.24	Note 1
"	Santek Technology, Inc.	Installation, sales and maintenance of semiconductor equipment of plant	100.00	100.00	-
"	Gee Lien Resource Development Corp.	Geotechnical engineering safety monitoring technology service	60.00	69.20	Note 2
"	DFOST Corp.	R&D and sales of fiber optic sensor monitors	51.00	51.00	Note 3
"	Rift Holdings Inc.	Overseas holding company	100.00	-	Note 4
Santek Technology, Inc.	Timlien Trading (Shanghai) Co., Ltd.	Wholesale, import and export of electronic products, machinery and equipment	100.00	100.00	-
Rift Holdings Inc.	Rift Systems Inc.	Sales of equipment (sensors), electrical materials	90.00	-	Note 4

Note 1: The Company has control over the subsidiary.

Note 2: The Group sold its 9.2% equity interest in Gee Lien Resource Development Corp. to entities on July 20, 2023. As the Group did not lose its control over the subsidiary, the subsidiary was included in the consolidated financial statements.

Note 3: DFOST Corp. was established by the Company in July 2022.

Note 4: Rift Holdings Inc. was established by the Company and invested in a subsidiary, Rift Systems Inc. in February 2023.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$1,092,359 and \$1,051,403, respectively. The information on non-controlling interest and respective subsidiaries

is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2023		December 31, 2022		
		Amount	Ownership (%)	Amount	Ownership (%)	
Kemitek Industrial Corp.	Taiwan	<u>\$ 1,073,600</u>	62.76	<u>\$ 1,041,548</u>	62.76	-

Summarised financial information of the subsidiary:

Balance sheets

	Kemitek Industrial Corp.	
	December 31, 2023	December 31, 2022
Current assets	\$ 2,242,481	\$ 2,400,865
Non-current assets	1,052,961	954,985
Current liabilities	( 1,565,219)	( 1,682,044)
Non-current liabilities	( 19,578)	( 14,232)
Total net assets	<u>\$ 1,710,645</u>	<u>\$ 1,659,574</u>

Statements of comprehensive income

	Kemitek Industrial Corp.	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 3,180,388	\$ 3,279,415
Profit before income tax	309,050	391,980
Income tax expense	( 53,614)	( 77,010)
Profit for the year	255,436	314,970
Other comprehensive income, net of tax	965	6,547
Total comprehensive income	<u>\$ 256,401</u>	<u>\$ 321,517</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 160,910</u>	<u>\$ 205,847</u>
Dividends paid to non-controlling interest	<u>\$ 128,858</u>	<u>\$ 131,434</u>

## Statements of cash flows

	<u>Kemitek Industrial Corp.</u>	
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net cash provided by operating activities	\$ 500,840	\$ 217,962
Net cash used in investing activities	( 277,375)	( 137,955)
Net cash used in financing activities	( 186,100)	( 45,765)
Increase in cash and cash equivalents	<u>37,365</u>	<u>34,242</u>
Cash and cash equivalents, beginning of year	<u>432,631</u>	<u>398,389</u>
Cash and cash equivalents, end of year	<u>\$ 469,996</u>	<u>\$ 432,631</u>

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency and the Group's reporting currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income (loss).

## (5) Classification of current and non-current items

Some operating cycles of the Company's construction contracts are longer than one year, thus, the related assets and liabilities are divided into current and non-current based on its normal operating cycle.

For all other assets and liabilities, they are classified as current and non-current based on the following:

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost and contract assets at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Leasing arrangements (lessor) - lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
  - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.
  - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

- (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

### (13) Inventories

Inventories including merchandise, construction materials, raw materials, materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

### (14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this

associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15 ~ 61 years
Machinery and equipment	2 ~ 11 years
Transportation equipment	5 ~ 6 years
Pollution control equipment	5 years
Office equipment	3 ~ 20 years

Other equipment

3 ~ 15 years

(16) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Trademark right

Trademark right is stated at cost and which have finite useful life are amortised on a straight-line basis over the estimated useful lives of 10 years.

(18) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can

no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### D. Employees' compensation and directors remuneration

Employees' compensation and directors remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

#### (22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. The grant date is the date when the employee subscribes the shares.

#### (23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

#### (24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

A. Sales of goods

Sales of goods arise from manufacturing and sales of chemical materials and related products, and sales of automated machinery, monitoring equipment, electronic equipment and other products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

Sales of services arise from the maintenance and repair services of monitoring equipment and electronic equipment and related technical services.

Revenue from providing services is recognised in the accounting period in which the service is rendered.

C. Revenue from system integration

Revenue from system integration arise from providing system integration services for industrial sensor, equipment, power monitoring, production of special-purpose sensor and calibration service of force sensor. The Group and customers entered into a system integration revenue contract, all committed equipment and integration service has separate price. However, the Group's revenue from system integration services primarily arise from providing significant services for equipment integration and related services, whereby the control right over the equipment is transferred to customers and net revenue is recognised when there are no subsequent obligations.

D. Construction revenue

The Group's construction contract primarily provides for the installation technique of high technology production machinery (instrument) and civil engineering or provides for professional technique service for safety monitoring on main building in the construction process of private enterprise to generate income.

In building process, the Group recognised revenue over time for building contracts which were controlled by customers. Because the input costs for building were directly related with the completion degree of performance obligation, the Company assesses the completion degree based on the proportion of actual input costs to the expected total costs. The Group progressively

recognises contract assets during the construction process which is transferred to accounts receivable at the time of billing. If the collected proceeds from construction exceeded the amount of revenue recognised, the difference is recognised as contract liabilities. The purpose of retention for construction contracts which is retained by customers is to ensure that the Group fulfills all contractual obligations, and is recognised as contract assets until the construction is completed.

If the result of performance obligation cannot be reliably measured, construction revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

#### (27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

#### (28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. The Group's chief operating decision - maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

#### Critical accounting estimates and assumptions

##### Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Refer to Note 12(3) for the financial instruments fair value

information.

As of December 31, 2023, the carrying amount of unlisted stocks without active market was \$651,358.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 5,817	\$ 5,521
Demand deposits	385,021	398,573
Demand deposits with foreign currency	264,086	150,733
Checking accounts	3,428	1,530
Time deposits	55,981	100,288
	<u>\$ 714,333</u>	<u>\$ 656,645</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

### (2) Financial assets and liabilities at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 97,293	\$ 127,979
Forward foreign exchange contracts	150	2,772
	<u>97,443</u>	<u>130,751</u>
Valuation adjustment	34,511	( 7,380)
	<u>\$ 131,954</u>	<u>\$ 123,371</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ 2,318	\$ 2,318
Unlisted stocks	57,085	57,085
	<u>59,403</u>	<u>59,403</u>
Valuation adjustment	96,961	18,034
	<u>\$ 156,364</u>	<u>\$ 77,437</u>

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2023</u>	<u>2022</u>
Net gain (loss) on financial assets mandatorily measured at fair value through profit or loss	<u>\$ 121,009</u>	<u>(\$ 17,935)</u>
Dividends	<u>\$ 7,137</u>	<u>\$ 8,365</u>

- B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.  
 C. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>December 31, 2023</u>			
<u>Derivative</u>	<u>Book</u>	<u>Balance Notional</u>	<u>Contract period</u>
<u>financial instruments</u>	<u>Value</u>	<u>principal (in thousands)</u>	
Current items:			
Forward foreign exchange	<u>\$ 150</u>	<u>JPY\$ 171,150</u>	December 19, 2023 to February 7, 2024
<u>December 31, 2022</u>			
<u>Derivative</u>	<u>Book</u>	<u>Balance Notional</u>	<u>Contract period</u>
<u>financial instruments</u>	<u>Value</u>	<u>principal (in thousands)</u>	
Current items:			
Forward foreign exchange	<u>\$2,772</u>	<u>JPY\$ 250,000</u>	October 17, 2022 to February 15, 2023

The Group entered into forward foreign exchange contracts to buy Japanese Yen to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

- D. The Company recognised net (loss) gain of (\$2,622) and \$2,772 on financial assets held for trading for the year ended December 31, 2023 and 2022, respectively.

(3) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with maturity over three months	\$ 22,151	\$ 21,978
Deposits in reserve account	18,243	25,968
Earmarked repatriated funds	-	105
	<u>\$ 40,394</u>	<u>\$ 48,051</u>
Current items:	\$ 19,083	\$ 26,913
Non-current items:	21,311	21,138
	<u>\$ 40,394</u>	<u>\$ 48,051</u>

- A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was its book value.
- B. Part of the Group's offshore funds was restricted under the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and was classified as 'financial assets at amortised cost - current'.
- C. As of December 31, 2023 and 2022, the Group had time deposits and reserve accounts amounting to \$19,083 and \$26,808, respectively, which were pledged as collateral and were recognised as financial assets at amortised cost - current. As of December 31, 2023 and 2022, the Group's financial assets at amortised cost - non-current amounted to \$21,311 and \$21,138, respectively. Refer to Note 8 for details.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 892,698	\$ 954,451
Less: Allowance for uncollectible accounts	( 1,330)	( 1,361)
	<u>\$ 891,368</u>	<u>\$ 953,090</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 893,313	\$ 13,002	\$ 954,206	\$ 16,564
Up to 30 days	796	-	1,012	-
31 to 90 days	578	-	890	-
91 to 180 days	319	-	81	-
Over 180 days	480	-	987	-
	\$ 895,486	\$ 13,002	\$ 957,176	\$ 16,564

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$870,778.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was its book value.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

#### (5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering materials	\$ 373,252	(\$ 5,352)	\$ 367,900
Raw materials	463,128	( 789)	462,339
Work in progress	19,606	( 323)	19,283
Finished goods	189,039	( 1)	189,038
	\$ 1,045,025	(\$ 6,465)	\$ 1,038,560

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering materials	\$ 321,982	(\$ 4,553)	\$ 317,429
Raw materials	621,696	( 1,260)	620,436
Work in progress	27,145	( 323)	26,822
Finished goods	223,918	-	223,918
	<u>\$ 1,194,741</u>	<u>(\$ 6,136)</u>	<u>\$ 1,188,605</u>

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of goods sold	\$ 3,036,719	\$ 3,080,200
Other operating costs	105,589	90,396
Loss on disposal of inventories	8,139	2,609
Loss (gain on reversal of ) on decline in market value	333	( 89)
	<u>\$ 3,150,780</u>	<u>\$ 3,173,116</u>

(6) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 236,332	\$ 271,346
Valuation adjustment	259,804	176,581
	<u>\$ 496,136</u>	<u>\$ 447,927</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was its value as at December 31, 2023 and 2022.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 114,227	(\$ 96,279)
Dividend income recognised in profit or loss	\$ 19,392	\$ 55,010

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(7) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 233,913	\$ 191,843
Addition of investments accounted for using equity method	108,514	-
Share of profit or loss of investments accounted for using equity method	44,336	47,795
Earnings distribution of investments accounted for using equity method	( 35,323)	( 23,324)
Changes in other equity items	8,452	17,599
Proceeds from capital reduction of investments accounted for using equity method	( 9,101)	-
At December 31	<u>\$ 350,791</u>	<u>\$ 233,913</u>

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Balance</u>	<u>Percentage ownership</u>	<u>Balance</u>	<u>Percentage ownership</u>
Associates:				
Siap+Micros Holding S.r.l.	\$ 135,896	49.00	\$ 118,524	49.00
Agnos Chemicals Pte. Ltd.	102,639	31.25	103,217	31.25
Billion Corporation	10,926	35.10	12,172	35.10
Trisco Technology Corporation	101,330	22.53	-	-
	<u>\$ 350,791</u>		<u>\$ 233,913</u>	

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
Siap+Micros Holding S.r.l.	Italy	49.00	49.00	Strategic investment	Equity method
Agnos Chemicals Pte. Ltd.	Singapore	31.25	31.25	Strategic investment	Equity method
Billion Corporation	Samoa	35.10	35.10	Strategic investment	Equity method
Trisco Technology Corporation	Taiwan	22.53	-	Strategic investment	Equity method

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Siap+Micros Holding S.r.l. (Expressed in thousands of Euro)	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 10,702	\$ 10,298
Non-current assets	4,287	4,352
Current liabilities	( 4,110)	( 4,045)
Non-current liabilities	( 1,829)	( 2,290)
Total net assets	<u>\$ 9,050</u>	<u>\$ 8,315</u>

	Siap+Micros Holding S.r.l.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share in associate's net assets	\$ 135,896	\$ 118,524
Carrying amount of the associate	<u>\$ 135,896</u>	<u>\$ 118,524</u>

	Agnos Chemicals Pte. Ltd. (Expressed in thousands of Singapore dollar)	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 16,773	\$ 18,076
Non-current assets	2,598	3,668
Current liabilities	( 3,950)	( 5,154)
Non-current liabilities	( 1,275)	( 2,108)
Total net assets	<u>\$ 14,146</u>	<u>\$ 14,482</u>

	Agnos Chemicals Pte. Ltd.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share in associate's net assets	\$ 102,639	\$ 103,217
Carrying amount of the associate	<u>\$ 102,639</u>	<u>\$ 103,217</u>

	Billion Corporation (Expressed in thousands of United States dollar)	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 171	\$ 171
Non-current assets	881	997
Current liabilities	( 38)	( 38)
Non-current liabilities	-	-
Total net assets	<u>\$ 1,014</u>	<u>\$ 1,130</u>

	<u>Billion Corporation</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share in associate's net assets	\$ 10,926	\$ 12,172
Carrying amount of the associate	<u>\$ 10,926</u>	<u>\$ 12,172</u>

	<u>Trisco Technology Corporation</u> (Expressed in thousands of NTD)	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 144,892	\$ -
Non-current assets	425,352	-
Current liabilities	( 39,567)	-
Non-current liabilities	( 80,920)	-
Total net assets	<u>\$ 449,757</u>	<u>\$ -</u>

	<u>Trisco Technology Corporation</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share in associate's net assets	\$ 101,330	\$ -
Carrying amount of the associate	<u>\$ 101,330</u>	<u>\$ -</u>
<u>Statement of comprehensive incomet</u>		

	<u>Siap+Micros Holding S.r.l.</u> (Expressed in thousands of Euro)	
	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Revenue	\$ 11,929	\$ 10,962
Profit for the year from continuing operations	1,269	1,325
Other comprehensive income, net of tax	( 34)	83
Total comprehensive income	<u>\$ 1,235</u>	<u>\$ 1,408</u>

	<u>Agnos Chemicals Pte. Ltd.</u> (Expressed in thousands of Singapore dollar)	
	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Revenue	\$ 14,797	\$ 16,271
Profit for the year from continuing operations	3,465	4,082
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 3,465</u>	<u>\$ 4,082</u>

Billion Corporation  
(Expressed in thousands of United States dollar)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ -	\$ -
Loss for the year from continuing operations	( 97)	( 16)
Other comprehensive loss, net of tax	( 18)	( 94)
Total comprehensive loss	(\$ 115)	(\$ 110)

Trisco Technology Corporation  
(Expressed in thousands of NTD)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 84,086	\$ -
Profit for the year from continuing operations	22,805	-
Other comprehensive income, net of tax	36,368	-
Total comprehensive income	\$ 59,173	\$ -

- B. For the years ended December 31, 2023 and 2022, the Group recognised dividends from associates, Agnos Chemicals Pte. Ltd. and Siap+Micros Holding S.r.l., in the amounts of \$35,323 and \$23,324, respectively.
- C. In 2023 and 2022, certain investments of the Group were accounted for based on the financial statements audited by other auditors. Information on share of profit recognised based on the Group's shareholding ratio is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Share of profit of associates and joint ventures accounted for using equity method	\$ 45,397	\$ 47,954
Investments accounted for using equity method - Gain (loss) on remeasurements of defined benefit plans	(\$ 562)	\$ 1,291
Investments accounted for using equity method - Exchange difference from translation of foreign operations	\$ 6,634	\$ 2,565

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Investments accounted for using equity method		
- Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>2,564</u>	\$ <u>-</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments accounted for using equity method	\$ <u>339,865</u>	\$ <u>221,742</u>

- D. The Company increased its investment in Trisco Technology Corporation for the amount of NT\$11,486 thousand on September 8, 2023, which resulted in gain recognized in bargain purchase transaction of NT\$11,009 thousand, the percentage of ownership increasing from 18.35% to 22.53%. Consequently, the investment, as a whole, was transferred from financial assets at fair value through other comprehensive income - non-current to investments accounted for using equity method.

(8) Property, plant and equipment

		2023							
		Buildings and structures	Machinery	Transportation equipment	Pollution control equipment	Office equipment	Equipment under acceptance	Others	Total
Land									
At January 1									
Cost	\$ 393,033	\$ 560,755	\$ 243,094	\$ 3,757	\$ 11,105	\$ 21,312	\$ 104,110	\$ 220,780	\$ 1,557,946
Accumulated depreciation and impairment	-	( 293,505)	( 121,452)	( 2,906)	( 9,646)	( 10,606)	-	( 113,070)	( 551,185)
	<u>\$ 393,033</u>	<u>\$ 267,250</u>	<u>\$ 121,642</u>	<u>\$ 851</u>	<u>\$ 1,459</u>	<u>\$ 10,706</u>	<u>\$ 104,110</u>	<u>\$ 107,710</u>	<u>\$ 1,006,761</u>
Opening net book amount as at January 1	\$ 393,033	\$ 267,250	\$ 121,642	\$ 851	\$ 1,459	\$ 10,706	\$ 104,110	\$ 107,710	\$ 1,006,761
Additions	-	-	2,814	-	-	2,304	237,965	22,907	265,990
Disposals - Cost	-	( 21,231)	( 48,624)	( 3,758)	( 10,126)	( 1,873)	-	( 56,031)	( 141,643)
Disposals - Accumulated depreciation	-	21,231	48,624	3,121	10,126	1,873	-	56,031	141,006
Reclassifications	-	31,934	59,237	6,392	-	1,144	( 293,685)	45,811	( 149,167)
Depreciation charge	-	( 20,130)	( 39,978)	( 1,279)	( 1,289)	( 3,532)	-	( 39,448)	( 105,656)
Net exchange differences	-	-	-	-	-	( 1)	-	-	( 1)
Closing net book amount as at December 31	<u>\$ 393,033</u>	<u>\$ 279,054</u>	<u>\$ 143,715</u>	<u>\$ 5,327</u>	<u>\$ 170</u>	<u>\$ 10,621</u>	<u>\$ 48,390</u>	<u>\$ 136,980</u>	<u>\$ 1,017,290</u>
At December 31									
Cost	\$ 393,033	\$ 571,458	\$ 256,521	\$ 6,391	\$ 979	\$ 22,886	\$ 48,390	\$ 233,467	\$ 1,533,125
Accumulated depreciation and impairment	-	( 292,404)	( 112,806)	( 1,064)	( 809)	( 12,265)	-	( 96,487)	( 515,835)
	<u>\$ 393,033</u>	<u>\$ 279,054</u>	<u>\$ 143,715</u>	<u>\$ 5,327</u>	<u>\$ 170</u>	<u>\$ 10,621</u>	<u>\$ 48,390</u>	<u>\$ 136,980</u>	<u>\$ 1,017,290</u>

	Land	Buildings and structures	Machinery	Transportation equipment	Pollution control equipment	Office equipment	Equipment under acceptance	Others	Total
At January 1									
Cost	\$ 393,033	\$ 560,755	\$ 217,901	\$ 5,655	\$ 11,105	\$ 22,116	\$ 11,966	\$ 225,676	\$ 1,448,207
Accumulated depreciation and impairment	-	( 271,243)	( 96,005)	( 4,174)	( 7,294)	( 13,473)	-	( 112,571)	( 504,760)
	<u>\$ 393,033</u>	<u>\$ 289,512</u>	<u>\$ 121,896</u>	<u>\$ 1,481</u>	<u>\$ 3,811</u>	<u>\$ 8,643</u>	<u>\$ 11,966</u>	<u>\$ 113,105</u>	<u>\$ 943,447</u>
Opening net book amount as at January 1	\$ 393,033	\$ 289,512	\$ 121,896	\$ 1,481	\$ 3,811	\$ 8,643	\$ 11,966	\$ 113,105	\$ 943,447
Additions	-	-	7,725	968	-	4,217	135,552	24,793	173,255
Disposals - Cost	-	-	( 13,955)	( 2,890)	-	( 1,851)	-	( 62,186)	( 80,882)
Disposals - Accumulated depreciation	-	-	13,460	1,287	-	1,822	-	62,186	78,755
Reclassifications	-	-	31,421	850	-	620	( 43,408)	10,321	( 196)
Depreciation charge	-	( 22,262)	( 38,907)	( 845)	( 2,352)	( 2,749)	-	( 40,510)	( 107,625)
Net exchange differences	-	-	2	-	-	4	-	1	7
Closing net book amount as at December 31	<u>\$ 393,033</u>	<u>\$ 267,250</u>	<u>\$ 121,642</u>	<u>\$ 851</u>	<u>\$ 1,459</u>	<u>\$ 10,706</u>	<u>\$ 104,110</u>	<u>\$ 107,710</u>	<u>\$ 1,006,761</u>
At December 31									
Cost	\$ 393,033	\$ 560,755	\$ 243,092	\$ 3,757	\$ 11,105	\$ 21,312	\$ 104,110	\$ 220,780	\$ 1,557,944
Accumulated depreciation and impairment	-	( 293,505)	( 121,450)	( 2,906)	( 9,646)	( 10,606)	-	( 113,070)	( 551,183)
	<u>\$ 393,033</u>	<u>\$ 267,250</u>	<u>\$ 121,642</u>	<u>\$ 851</u>	<u>\$ 1,459</u>	<u>\$ 10,706</u>	<u>\$ 104,110</u>	<u>\$ 107,710</u>	<u>\$ 1,006,761</u>

A. For the years ended December 31, 2023 and 2022, the Group had offices for its own use except for some offices which were leased to related parties under operating leases.

B. The Group has no interest capitalisation and impairment for the years ended December 31, 2023 and 2022.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

A. The Group's leased assets include office, employees' dormitory, machinery and corporate vehicles and the software of 3D design. The lease period was 1 to 5 years. Lessees had no bargain purchase option on aforementioned assets at the end of the lease period.

B. The movements of right-of-use assets of the Group during 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Buildings and structures	\$ 9,404	\$ 2,182
Machinery	1,091	1,476
Transportation equipment	11,656	10,310
Other assets	460	-
	<u>\$ 22,611</u>	<u>\$ 13,968</u>

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 1,928	\$ 1,677
Machinery	385	385
Transportation equipment	5,039	4,056
Other assets	20	-
	<u>\$ 7,372</u>	<u>\$ 6,118</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$16,678 and \$10,370, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 363</u>	<u>\$ 321</u>
Expense on short-term lease contracts	<u>\$ 3,074</u>	<u>\$ 1,263</u>
Expense on leases of low-value assets	<u>\$ 339</u>	<u>\$ 290</u>

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$11,143 and \$8,191, respectively.

(10) Leasing arrangements - lessor

- A. The Group leased buildings and structures in operating leases. The lease period was 1 to 5 years, and there were no options to extend the lease period. All operating lease contracts were individually negotiated and the rent and related terms were adjusted according to the market during the lease renewal. Lessees had no bargain purchase option on these assets at the end of the lease period.
- B. For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of \$8,860 and \$7,515, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease receivables under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 7,005
2024	5,617	3,644
After 2025	<u>1,256</u>	<u>1,391</u>
	<u>\$ 6,873</u>	<u>\$ 12,040</u>

- D. The Group leases machinery and other equipment under a finance lease. According to the provisions of the lease agreement, the handling of the leased asset upon expiration will be mutually agreed upon by both parties. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31, 2023</u>
Finance income from the net investment in the finance lease	<u>\$ 1,436</u>

- E. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>December 31, 2023</u>
2024	\$ 35,627
2025	35,627
2026	35,627
2027	35,627
2028	<u>32,657</u>
Total	<u>\$ 175,165</u>

F. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2023	
	Current	Non-current
Undiscounted lease payments	\$ 35,627	\$ 139,538
Unearned finance income	( 16,698)	( 55,040)
Net investment in the lease	<u>\$ 18,929</u>	<u>\$ 84,498</u>

(11) Intangible assets

	December 31, 2023	December 31, 2022
Goodwill	\$ 16,552	\$ 16,552
Software	9,890	9,612
Trademark Rights	779	-
Other	171	-
	<u>\$ 27,392</u>	<u>\$ 26,164</u>

- A. The Group increased investment and acquisition of subsidiary, Kemitek Industrial Corp. Goodwill primarily arose from the benefit of expecting the operating revenue growth of the subsidiary.
- B. The Group measures the impairment of goodwill per cash generating unit annually. To conduct test and assessment, the recoverable amount is based on value in use calculated using the budgeted cash flows prepared by management. The discount rate is calculated using the weighted average cost of capital ratio. The pre-tax discount rates used in the main assessment were 13.68% and 15.63% as of December 31, 2023 and 2022, respectively.
- C. The goodwill of the Group has not been impaired since the recoverable amount based on value in use exceeds the carrying value.
- D. Refers to Note 6 (27) for the details of amortization charges for the intangible assets.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 530,000	1.60% ~ 2.19%	None
Secured borrowings	156,425	1.90% ~ 2.02%	Deposits in reserve account
	<u>\$ 686,425</u>		
Short-term notes and bills payable	<u>\$ 29,985</u>	1.50%	None

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 450,000	1.27% ~ 1.96%	None
Secured borrowings	235,454	1.65% ~ 1.99%	Deposits in reserve account
	<u>\$ 685,454</u>		

A. As of December 31, 2023 and 2022, the amounts of undrawn short-term borrowing facilities were \$347,567 and \$270,317, respectively.

B. As of December 31, 2023, the amounts of undrawn short-term notes and bills payable facilities were \$20,000.

C. Refer to Note 8 for the details of collateral for the abovementioned borrowing.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 204,524	\$ 194,844
Payable on maintenance fees	14,031	16,028
Payable on equipment	18,607	36,117
Others	66,383	65,200
	<u>\$ 303,545</u>	<u>\$ 312,189</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured borrowings	Borrowing period is from November 10, 2021 to November 21, 2025; borrowing maturity to payment; interest is payable	\$ 60,000	\$ 60,000
Secured borrowings	Borrowing period is from October 21, 2020 to October 6, 2024; borrowing maturity to payment; interest is payable monthly	90,000	90,000
Secured borrowings	Borrowing period is from February 15, 2022 to February 15, 2024; borrowing maturity to payment; interest is payable monthly	50,000	70,000
		200,000	220,000
	Less: Current portion	( 140,000)	-
		<u>\$ 60,000</u>	<u>\$ 220,000</u>
Interest rate range		<u>1.78% ~ 2.34%</u>	<u>1.28% ~ 2.06%</u>

A. As of December 31, 2023 and 2022, the amounts of undrawn long-term borrowing facilities were \$70,000 and \$50,000, respectively.

B. Refer to Note 8 for the details of collateral for the abovementioned borrowing.

(15) Pensions

A. Defined benefit plans

- (a) All formal employees were included in the Company's pension plan. Under the pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. An additional 20% on top of the amount shall be given to workers forced to retire due to insanity or physical disability incurred from the execution of their duties.
- (b) Directors who were on the job and managers who were commissioned according to Company Act and were approved by the Board of Directors were included in the Company's pension plan for the Company's directors and managers. Under the pension plan, directors and general manager who had serviced for over 3 years and are older than 55, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. An additional 20% on top of the amount shall be given to workers forced to retire or terminate due to insanity or physical disability incurred from the execution of their duties.
- (c) The Group's domestic entities have defined benefit plans for qualified employees in accordance with the Labor Standards Act. Each consolidated company shall provide for pension at a fixed distribution rate of total monthly salary payments and had the Business Entity Supervisory Committee of Labor Retirement Reserve managed the pension which shall be deposited in the designated account of each consolidated company in the Bank of Taiwan under the name of the committee. Before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account. If the amount is inadequate to pay pensions for workers retiring in the same year, the employer is required to make up the difference in one appropriation before the end of March in the following year. The designated accounts were commissioned to be managed by the Bureau of Labor Funds, and the Group had no rights to influence the investment management strategy. In December 2021, the Group has applied for the settlement of the retirement benefits of qualified employees under the defined benefit plan with the Department of Labor, Taipei City Government. The Company has fully settled the retirement benefits of qualified employees

in 2022.

(d) Due to business requirement, the subsidiary, Kemitek Industrial Corp., has a retirement regulation on directors, supervisors and commissioned managers, it is applicable for directors, supervisors and commissioned manager who were on the job and were labours but did not distribute to retirement fund according to Labor Pension Act.

(e) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 5,290	\$ 4,381
Fair value of plan assets	<u>-</u>	<u>(2,292)</u>
Net defined benefit liability	<u>\$ 5,290</u>	<u>\$ 2,089</u>

(f) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 4,381	(\$ 2,292)	\$ 2,089
Current service cost	826	-	826
Settlement profit or loss	<u>83</u>	<u>2,292</u>	<u>2,375</u>
At December 31	<u>\$ 5,290</u>	<u>\$ -</u>	<u>\$ 5,290</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 60,756	(\$ 68,322)	(\$ 7,566)
Current service cost	1,935	-	1,935
Interest expense (income)	196	( 181)	15
Past service cost	( 330)	-	( 330)
Settlement profit or loss	( 24,913)	34,852	9,939
	<u>37,644</u>	<u>( 33,651)</u>	<u>3,993</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 2,257)	( 2,257)
Change in financial assumptions	( 506)	-	( 506)
Experience adjustments	1,170	-	1,170
	<u>664</u>	<u>( 2,257)</u>	<u>( 1,593)</u>
Pension fund contribution	-	( 311)	( 311)
Paid pension	( 33,927)	33,927	-
At December 31	<u>\$ 4,381</u>	<u>(\$ 2,292)</u>	<u>\$ 2,089</u>

- (g) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(h) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022
Discount rate	1.25%
Future salary increases	3.00%

Assumptions regarding future mortality experience are set based on improved Taiwan Annuity Insurance Life Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 186)	\$ 200	\$ 870	(\$ 663)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

#### B. Defined contribution plans

- (a) The Group's domestic entities have established defined contribution plans managed by the government under the Labor Pension Act. The Group contributes 6% of the employees' monthly salaries and wages to the individual designated account of the Bureau of Labor Insurance as pensions.
- (b) Certain subsidiaries established in the People's Republic of China (PRC.) have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

C. The Group recognised pension cost:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Net retirement cost recognised according to Actuaries' Report on pensions and recognised according to Labor Standards Act of R.O.C. by consolidated company	\$ 826	\$ 219
Recognised according to Labor Pension Act of R.O.C. and recognised according to local regulation by overseas consolidated company	<u>13,095</u>	<u>11,500</u>
	<u>\$ 13,921</u>	<u>\$ 11,719</u>

For the years ended December 31, 2023 and 2022, the amounts of directors' remuneration recognised in pension cost were \$826 and \$126, respectively.

(16) Share-based payment

A. The Group's share-based payment arrangements were as follows:

On March 25, 2020, the Board of Directors of the Company resolved to repurchase shares to be transferred to the Company's employees totaling 660 thousand shares during the period from March 26, 2020 to May 25, 2020. The actual number of shares repurchased was 595 thousand shares, and the capital reduction was conducted in 2020 with a capital reduction ratio of 6%. For shares under this repurchase, the Company will set grant date and transfer price based on the changes of share price and volume before transferring to employees. The Company expected to transfer shares to employees in one or many times within two years starting from the repurchase date. 1 thousand common shares can be purchased for 1 unit. The number of shares that an employee can acquire was calculated based on the standards, such as employee's seniority, position, job and special contributions to the Company. After transferring those shares to employees and registering a transfer of shares, unless stated otherwise, other rights and obligations of those shares are the same as original shares.

Vesting conditions: Regular employees who were employed before the subscription effective date or who have special contribution to the Company as recommended by management at or above the vice general manager level.

As of December 31, 2022, all shares had been transferred to the employees. 1 thousand common shares can be purchased for 1 unit. The number of shares that an employee can acquire is calculated based on a certain criteria, such as employee's experience, position, job and special contributions to the Company. After the shares are transferred to employees and related registration has been completed, the rights and obligations of the shares transferred to employees are the same as the original shares unless stated otherwise.

B. Details of the share-based payment arrangements are as follows:

	<u>2022</u>	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	306	40.87
Options exercised	(306)	40.87
Options outstanding at December 31	<u>-</u>	
Options exercisable at December 31	<u>-</u>	

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model or other. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends rate	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	February, 2022	\$ 44.00	\$ 40.87	16% (Note)	February 7 to February 18, 2022	5.91%	0.755%	\$ 3.0

Note: The expected price volatility was based on the historical volatility of share price in the past 5 years.

D. The compensation cost on stock options amounted to \$919 in 2022, respectively.

#### (17) Share capital

A. As of December 31, 2023, the Company has authorised capital in the amount of \$1,050,000, consisting of 105,000 thousand shares (including convertible corporate bonds of 30,000 thousand shares, corporate bonds with warrant of 20,000 thousand shares and warrant certificates of 4,000 thousand shares) with a par value of \$10. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding are as follows:

	<u>2023</u> (in thousands)	<u>2022</u> (in thousands)
At January 1	41,608.82	41,302.52
Employee stock options exercised	-	306.30
At December 31	<u>\$ 41,608.82</u>	<u>\$ 41,608.82</u>

## B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reason for share reacquisition	Number of shares as of January 1, 2022 (in thousands)	Increase	Transfer	Decrease	Number of shares as of December 31, 2022 (in thousands)
To be reissued to employees	306	-	( 306)	-	-

- (b) On March 25, 2020, the Board of Directors of the Company approved to repurchase common shares in the number of 660 thousand shares to be transferred to employees according to Securities and Exchange Act Article 28-2 and 'Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies' published by the authority, during the period from March 26, 2020 to May 25, 2020, at a repurchase price ranging from \$28 to \$50. The Company repurchased common shares totaling 595 thousand shares. For the year ended December 31, 2020, the Company decreased cash capital at a ratio of 6%, and transferred 253 and 306 thousand shares to employees on September 7, 2021 and March 3, 2022. The difference between the transfer price and repurchase price was \$349 and \$880 which was recognised as capital surplus - treasury shares. As of December 31, 2022, the number of treasury shares was 0 thousand shares.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. On June 26, 2019, the shareholders of the Company approved to amend the Company's Articles of Incorporation. Under the amended Articles of Incorporation, the Company shall distribute earnings every half fiscal year and authorised the Board of Directors to resolve the distribution of dividends and bonus in cash which shall be reported to the shareholders.

In accordance with the earnings distribution policies in the Company's amended Articles of Incorporation, the current earnings in every half fiscal year, if any, shall first be used to pay all taxes and offset prior years' accumulated deficit, retaining estimated employees' compensation and directors' remuneration and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations. The appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors and approved by the shareholders if the dividends will be distributed in the form of shares. If the dividends will be distributed in cash, the appropriation shall be resolved by the Board of Directors and reported to the shareholders.

The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount is equal to the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations, the appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors. The Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of 2022 and 2021 earnings had been approved by the shareholders during their meeting on May 24, 2023 and June 23, 2022, respectively. Details are summarised below:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 16,343	\$ -	\$ 19,444	\$ -
Cash dividends	116,505	2.8	128,987	3.1
		<u>\$ 2.8</u>		<u>\$ 3.1</u>

- E. The appropriations of 2023 earnings had been approved by the Board of Directors during its meeting on March 15, 2024. Details are summarised below:

	<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 30,190	\$ -
Stock dividends	20,804	0.5
Cash dividends	108,183	2.6
		<u>\$ 3.1</u>

As of March 15, 2024, the appropriations of 2023 earnings have not been resolved at the stockholders' meeting.

(20) Other equity items

	2023		
	Unrealised gains		
	Currency translation	(losses) on valuation	Total
At January 1	(\$ 8,564)	\$ 176,581	\$ 168,017
Currency translation differences:			
- Group	4,461	-	4,461
- Associates	586	-	586
- Tax	( 940)	-	( 940)
Valuation			
- Group	-	116,791	116,791
- Valuation adjustments transferred to retained earnings	-	( 31,004)	( 31,004)
At December 31	<u>(\$ 4,457)</u>	<u>\$ 262,368</u>	<u>\$ 257,911</u>
	2022		
	Unrealised gains		
	Currency translation	(losses) on valuation	Total
At January 1	(\$ 20,768)	\$ 272,860	\$ 252,092
Currency translation differences:			
- Group	13,547	-	13,547
- Associates	1,128	-	1,128
- Tax	( 2,471)	-	( 2,471)
Valuation			
- Group	-	( 96,279)	( 96,279)
At December 31	<u>(\$ 8,564)</u>	<u>\$ 176,581</u>	<u>\$ 168,017</u>

## (21) Operating revenue

### A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Automatic monitoring business	Electronic material business	Sensing and equipment business overseas segment	Other segments	Total
<u>2023</u>					
Revenue from external customer contracts	<u>\$ 413,679</u>	<u>\$ 3,180,388</u>	<u>\$ 66,324</u>	<u>\$ 41,680</u>	<u>\$ 3,702,071</u>
Timing of revenue recognition					
At a point in time	\$ 387,942	\$ 3,180,388	\$ 66,324	\$ 7,938	\$ 3,642,592
Over time	<u>25,737</u>	<u>-</u>	<u>-</u>	<u>33,742</u>	<u>59,479</u>
	<u>\$ 413,679</u>	<u>\$ 3,180,388</u>	<u>\$ 66,324</u>	<u>\$ 41,680</u>	<u>\$ 3,702,071</u>
	Automatic monitoring business	Electronic material business	Sensing and equipment business overseas segment	Other segments	Total
<u>2022</u>					
Revenue from external customer contracts	<u>\$ 434,322</u>	<u>\$ 3,279,415</u>	<u>\$ 74,358</u>	<u>\$ 35,305</u>	<u>\$ 3,823,400</u>
Timing of revenue recognition					
At a point in time	\$ 417,951	\$ 3,279,415	\$ 74,358	\$ 7,175	\$ 3,778,899
Over time	<u>16,371</u>	<u>-</u>	<u>-</u>	<u>28,130</u>	<u>44,501</u>
	<u>\$ 434,322</u>	<u>\$ 3,279,415</u>	<u>\$ 74,358</u>	<u>\$ 35,305</u>	<u>\$ 3,823,400</u>

### B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Construction	\$ 11,840	\$ 5,417	\$ 5,357
Loss: Allowance	<u>( 85)</u>	<u>( 39)</u>	<u>( 35)</u>
Total	<u>\$ 11,755</u>	<u>\$ 5,378</u>	<u>\$ 5,322</u>
Contract liabilities:			
Construction	\$ 17,201	\$ 10,927	\$ 7,187
System integration	6,422	17,875	19,144
Sales of goods	<u>4,543</u>	<u>6,148</u>	<u>7,810</u>
Total	<u>\$ 28,166</u>	<u>\$ 34,950</u>	<u>\$ 34,141</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Construction	\$ 9,409	\$ 6,408
System integration	17,027	13,866
Sales of goods	<u>5,360</u>	<u>3,297</u>
	<u>\$ 31,796</u>	<u>\$ 23,571</u>

### C. Uncompleted contracts

The transaction price is allocated to unsatisfied performance obligations under the contract, and the expected recognition timing are as follows. The amounts disclosed do not include variable consideration.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Construction contracts		
Executory in 1 year	\$ 76,595	\$ 65,772
Executory in 1 to 3 years	18,790	23,731
Executory over 3 years	<u>103,029</u>	<u>44,914</u>
	<u>\$ 198,414</u>	<u>\$ 134,417</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
System integration contracts		
Executory in 1 year	\$ 6,422	\$ 12,483
Executory in 1 to 3 years	-	5,392
Executory over 3 years	<u>-</u>	<u>-</u>
	<u>\$ 6,422</u>	<u>\$ 17,875</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales contracts		
Executory in 1 year	\$ 4,543	\$ 6,148
Executory in 1 to 3 years	-	-
Executory over 3 years	<u>-</u>	<u>-</u>
	<u>\$ 4,543</u>	<u>\$ 6,148</u>

(22) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 3,907	\$ 2,456
Other interest income	460	-
	<u>\$ 4,367</u>	<u>\$ 2,456</u>

(23) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Rent income	\$ 8,860	\$ 7,515
Dividend income	26,529	63,375
Gain recognized in bargain purchase transaction	11,009	-
Other income, others	24,701	33,239
	<u>\$ 71,099</u>	<u>\$ 104,129</u>

(24) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain on disposal of property, plant and equipment	\$ 515	\$ 938
Foreign exchange gains	19,451	9,994
Gains (losses) on financial assets at fair value through profit or loss	121,009	( 17,935)
Other gains and losses	( 25)	( 58)
	<u>\$ 140,950</u>	<u>(\$ 7,061)</u>

(25) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	\$ 19,109	\$ 10,022
Interest expense on lease liability	363	321
	<u>\$ 19,472</u>	<u>\$ 10,343</u>

(26) Employee benefit expense

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 206,064	\$ 168,329	\$ 374,393
Labour and health insurance fees	18,370	9,301	27,671
Pension costs	8,769	5,152	13,921
Other personnel expenses	11,258	6,202	17,460
	<u>\$ 244,461</u>	<u>\$ 188,984</u>	<u>\$ 433,445</u>

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 202,377	\$ 160,312	\$ 362,689
Labour and health insurance fees	16,442	7,636	24,078
Pension costs	7,938	3,781	11,719
Other personnel expenses	11,054	5,280	16,334
	<u>\$ 237,811</u>	<u>\$ 177,009</u>	<u>\$ 414,820</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. However, when the Company has accumulated deficit, no employees' compensation and directors' remuneration shall be distributed.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$12,020 and \$7,933, respectively; while directors' remuneration was accrued at \$9,015 and \$5,950, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 4% and 3%, respectively, of distributable profit for the year ended December 31, 2023.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Expenses by nature

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 244,461	\$ 188,984	\$ 433,445
Depreciation charges	95,408	17,620	113,028
Amortisation charges	4,360	219	4,579
	<u>\$ 344,229</u>	<u>\$ 206,823</u>	<u>\$ 551,052</u>

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 237,811	\$ 177,009	\$ 414,820
Depreciation charges	99,773	13,970	113,743
Amortisation charges	2,322	80	2,402
	<u>\$ 339,906</u>	<u>\$ 191,059</u>	<u>\$ 530,965</u>

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 60,079	\$ 86,096
Tax on undistributed surplus earnings	2,284	2,340
Prior year income tax overestimation	( 1,818)	( 1,815)
Total current tax	<u>60,545</u>	<u>86,621</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>3,208</u>	<u>1,581</u>
Income tax expense	<u>\$ 63,753</u>	<u>\$ 88,202</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Currency translation differences	\$ 1,818	\$ 4,108
Remeasurement of defined benefit obligation	-	321
	<u>\$ 1,818</u>	<u>\$ 4,429</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 114,888	\$ 116,739
Tax exempt income by tax regulation	( 49,705)	( 30,534)
Expenses disallowed by tax regulation	12	-
Taxable loss not recognised as deferred tax assets	4,418	-
Effect from investment tax credits	( 6,867)	-
Prior year income tax overestimation	( 1,818)	( 1,815)
Effect from Alternative Minimum Tax	-	964
Tax on undistributed earnings	2,284	2,340
Others	541	508
Income tax expense	<u>\$ 63,753</u>	<u>\$ 88,202</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Unrealised expenses	\$ 11,163	\$ 3,624	\$ -	\$ 14,787
Unrealised pension contributions	1,989	( 1,989)	-	-
Remeasurement of defined benefit plans	894	-	-	894
Cumulative translation adjustments	526	-	( 526)	-
Others	<u>4,835</u>	<u>( 4,511)</u>	<u>-</u>	<u>324</u>
	<u>\$ 19,407</u>	<u>(\$ 2,876)</u>	<u>(\$ 526)</u>	<u>\$ 16,005</u>
- Deferred tax liabilities:				
Investment income	(\$ 23,802)	(\$ 1,884)	\$ -	(\$ 25,686)
Unrealised pension contributions	( 2,028)	( 292)	-	( 2,320)
Cumulative translation adjustments	( 1,637)	-	( 655)	( 2,292)
Others	<u>( 2,899)</u>	<u>1,917</u>	<u>-</u>	<u>( 982)</u>
	<u>(\$ 30,366)</u>	<u>(\$ 259)</u>	<u>(\$ 655)</u>	<u>(\$ 31,280)</u>
	<u>(\$ 10,959)</u>	<u>(\$ 3,135)</u>	<u>(\$ 1,181)</u>	<u>(\$ 15,275)</u>

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Unrealised expenses	\$ 7,216	\$ 3,947	\$ -	\$ 11,163
Unrealised pension contributions	-	1,989	-	1,989
Remeasurement of defined benefit plans	1,215	-	( 321)	894
Cumulative translation adjustments	2,997	-	( 2,471)	526
Others	<u>6,770</u>	<u>( 1,935)</u>	<u>-</u>	<u>4,835</u>
	<u>\$ 18,198</u>	<u>\$ 4,001</u>	<u>(\$ 2,792)</u>	<u>\$ 19,407</u>
- Deferred tax liabilities:				
Investment income	(\$ 17,416)	(\$ 6,386)	\$ -	(\$ 23,802)
Unrealised pension contributions	( 1,960)	( 68)	-	( 2,028)
Cumulative translation adjustments	-	-	( 1,637)	( 1,637)
Others	<u>( 3,773)</u>	<u>874</u>	<u>-</u>	<u>( 2,899)</u>
	<u>(\$ 23,149)</u>	<u>(\$ 5,580)</u>	<u>(\$ 1,637)</u>	<u>(\$ 30,366)</u>
	<u>(\$ 4,951)</u>	<u>(\$ 1,579)</u>	<u>(\$ 4,429)</u>	<u>(\$ 10,959)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(29) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

B. Diluted earnings per share

Diluted earnings per share is calculated as the profit attributable to ordinary equity holders of the parent company, based on the effect from dilutive potential ordinary shares, divided by the weighted-average number of current outstanding ordinary shares.



consideration for the said acquisition amounted on 2022, and amounted to \$27,659 and \$7,531 which was paid on November 9, 2022 and November 30, 2022, respectively. The effect of changes in equity interest in Kemitek Industrial Corp. on the equity attributable to owners of the parent for the years ended December 31, 2022 is shown below:

	<u>Year ended</u> <u>December 31, 2022</u>
Carrying amount of non-controlling interest acquired	\$ 20,805
Consideration paid to non-controlling interest	( 35,190)
Other equity	<u>-</u>
	<u>(\$ 14,385)</u>
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>\$ -</u>
Undistributed earnings	<u>(\$ 14,385)</u>

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

The Group disposed its 9.2% and 6.8% equity interest in its subsidiary - Gee Lien Resource Development Corp on July 20, 2023 and July 15, 2022, respectively. The effect of changes in equity interest in Gee Lien Resource Development Corp. on the equity attributable to owners of the parent for the years ended December 31, 2023 and 2022 is shown below:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Carrying amount of non-controlling interest disposed	(\$ 1,776)	(\$ 1,219)
Consideration received from non-controlling interest	<u>1,771</u>	<u>1,216</u>
	<u>(\$ 5)</u>	<u>(\$ 3)</u>
Undistributed earnings	<u>(\$ 5)</u>	<u>(\$ 3)</u>

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 265,990	\$ 173,255
Add: Opening balance of payable on equipment	36,117	7,565
Less: Ending balance of payable on equipment	( 18,607)	( 36,117)
Cash paid during the year	<u>\$ 283,500</u>	<u>\$ 144,703</u>

(32) Changes in liabilities from financing activities

	Year ended December 31, 2023					
	Short-term borrowings	Short-term notes and bills payables	Long-term borrowings (including current portion)	Lease liability	Dividends payable	Liabilities from financing activities
At January 1	\$ 685,454	\$ -	\$ 220,000	\$ 14,207	\$ -	\$ 919,661
Changes in cash flow from financing activities	971	29,985	( 20,000)	( 7,367)	( 116,505)	( 112,916)
Interest paid	-	-	-	( 363)	-	( 363)
Increase in lease liability for the year	-	-	-	16,198	-	16,198
Interest expense from amortisation	-	-	-	363	-	363
Declared cash dividends	-	-	-	-	116,505	116,505
Other non-cash fluctuations	-	-	-	( 666)	-	( 666)
Impact of changes in foreign exchange rate	-	-	-	( 7)	-	( 7)
At December 31	<u>\$ 686,425</u>	<u>\$ 29,985</u>	<u>\$ 200,000</u>	<u>\$ 22,365</u>	<u>\$ -</u>	<u>\$ 938,775</u>

	Year ended December 31, 2022					
	Short-term borrowings	Short-term current portion)	Long-term borrowings (including current portion)	Lease liability	Dividends payable	Liabilities from financing activities
At January 1	\$ 495,845	\$ 140,000	\$ 10,093	\$ -	\$ -	\$ 645,938
Changes in cash flow from financing activities	189,609	80,000	( 6,317)	( 128,897)	-	134,395
Interest paid	-	-	( 321)	-	-	( 321)
Increase in lease liability for the year	-	-	10,370	-	-	10,370
Interest expense from amortisation	-	-	321	-	-	321
Declared cash dividends	-	-	-	128,897	-	128,897
Impact of changes in foreign exchange rate	-	-	61	-	-	61
At December 31	<u>\$ 685,454</u>	<u>\$ 220,000</u>	<u>\$ 14,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,661</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tama Chemicals Co., Ltd. (Tama)	Entity that has significant influence over a consolidated subsidiary
Agnos Chemicals Pte. Ltd.	Associate
Siap+Micros Holding S.r.l.	Associate
Siap+Micros S.p.a.	Associate
BILLION CORPORATION	Associate
Trisco Technology Corporation (Note)	Associate
Trisco Technology Corporation (Shenzhen)	Associate
Mose lake Industries Inc.	Related party in substance
Sanlien Education Foundation	Related party in substance
Meteorological Application & Development Foundation	Related party in substance
Sino-Geotechnics Research and Development Foundation	Related party in substance
Taiwan Cimate Services Partnership	Related party in substance
PUJEN Land Development Co., Ltd.	Related party in substance
Rui Hua Investment Co., Ltd.	Related party in substance
China Metal Products Co., Ltd.	Related party in substance
The Hotel National Company Limited	Related party in substance
Xiao Bu Dian Company Limited	Related party in substance
Yan Lien Technology Corp.	Related party in substance
Asia World Engineering & Construction Co.	Related party in substance
P.Waver Inc.,	Related party in substance
Chinese Taipei Ski Association	Related party in substance
Lucent Source., Ltd.	Related party in substance
Lin Ta-Chun	The Group's key management
Lin Ting-Fung	The Group's key management
Lin Chia-Ching	The Group's key management
Lin Ta-Hsum	The Group's key management
Wu Chi-Wei	The Group's key management
Zhu Min,Gao	The Group's key management
Peng Chih-Hui	The Group's key management
Cagatay Koksal	The Group's key management
Patrice Marc PELLETIER	The Group's key management

Note1: The Company increased its investment in Trisco Technology Corporation, therefore, it become an Associate from September 2023.

(2) Significant related party transactions

A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Sales of goods:		
Tama	\$ -	\$ 1,111
Related party in substance	12,307	9,334
Associates	<u>1,598</u>	<u>3,297</u>
	<u>\$ 13,905</u>	<u>\$ 13,742</u>

The consolidated company, Kemitek Industrial Corp., sold goods at a price based on the mutual agreement, and the credit terms were 30 to 120 days after monthly billing to related parties and 30 to 180 days after monthly billing to non-related parties. Other consolidated companies' transaction amounts and conditions with related parties were in agreement with third parties.

B. Purchases:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Purchases of goods:		
Tama	\$ 1,472,013	\$ 2,043,295
Related party in substance	-	33,709
Associates	<u>11,009</u>	<u>1,039</u>
	<u>\$ 1,483,022</u>	<u>\$ 2,078,043</u>

The consolidated company, Kemitek Industrial Corp., purchased goods at a price based on the mutual agreement, and the payment terms were 30 to 120 days after monthly billing which was the same with non-related parties. Other consolidated companies' transaction amounts and conditions with related parties were in agreement with third parties.

C. Notes receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Related party in substance	<u>\$ 38</u>	<u>\$ 250</u>

D. Accounts receivable from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Related party in substance	\$ 2,788	\$ 2,725

E. Other receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables:		
Tama	\$ -	\$ 23
Related party in substance	211	-
	<u>\$ 211</u>	<u>\$ 23</u>

F. Accounts payable to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Tama	\$ 615,972	\$ 710,592
Associates	3,429	-
Related party in substance	-	6,968
	<u>\$ 619,401</u>	<u>\$ 717,560</u>

G. Other payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Tama	\$ 17,574	\$ 20,969
Related party in substance	1,138	1,045
Associates	116	-
	<u>\$ 18,828</u>	<u>\$ 22,014</u>

H. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments:		
Related party in substance	\$ -	\$ 207

I. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Related party in substance	\$ 2,475	\$ 414

J. Property transactions:

(a) Acquisition of property, plant equipment:

	Year ended December 31, 2023	Year ended December 31, 2022
The Group's key management	\$ -	\$ 968

(b) Acquisition of financial assets:

	Accounts	No. of shares (in thousands)	Objects	Year ended December 31, 2022 Consideration
Related party in substance	Financial assets at fair value through other comprehensive income	1,000	P.Waver Inc. (Cash capital increase)	\$ 12,000
//	Investment accounted for using equity method	216	Kemitek Industrial Corp.	8,621
				<u>\$ 20,621</u>

(c) Disposal of property, plant and equipment:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Related party in substance	<u>\$ 629</u>	<u>(\$ 9)</u>	<u>\$ 720</u>	<u>\$ -</u>

(d) Disposal of financial assets:

	Accounts	No. of shares (in thousands)	Objects Proceeds	Year ended December 31, 2023 Proceeds
The Group's key management	Investment accounted for using equity method	35	Gee Lien Resource Development Corp.	<u>\$ 674</u>

	Accounts	No. of shares (in thousands)	Objects Proceeds	Year ended December 31, 2022 Proceeds
The Group's key management	Investment accounted for using equity method	35	Gee Lien Resource Development Corp.	<u>\$ 626</u>

K. Lease transactions - lessee

(a) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities - current		
Related party in substance	\$ 12	\$ 27
Lease liabilities - non-current		
Related party in substance	-	12
	<u>\$ 12</u>	<u>\$ 39</u>

(b) Interest expense

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Related party in substance	\$ 1	\$ 3

(c) Rent expense

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Related party in substance	\$ 220	\$ -

L. Leasing arrangements - lessor

(a) The Group leased buildings and structures in operating leases, with a lease period of 1 to 5 years. The amount of lease is determined based on the local rental level and used area, and is paid by the lessee on a monthly basis.

(b) Rent income:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Related party in substance	\$ 367	\$ 705

### M. Others

Relationship with the Group	Account	Year ended December 31, 2023	Year ended December 31, 2022
Tama	Indirect materials	\$ 30,733	\$ 33,064
//	Royalty expense	12,930	13,765
//	Other operating expenses	6	17
//	Other income	39	3,607
Related party in substance	Other operating expenses	4,549	20
//	Other income	363	-

In order to assist Sanlien Education Foundation in promoting each project and the development of science popularization education, the Company, for the year ended December 31, 2023, gave grants amounting to \$1,700.

### N. Endorsements and guarantees provided to related parties:

Refer to Note 9 for details of endorsements and guarantees provided to related parties.

### (3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits (Note)	\$ 29,705	\$ 21,337
Post-employment benefits	653	436
Share-based payment transaction	-	133
	<u>\$ 30,358</u>	<u>\$ 21,906</u>

Note: The related expenses and depreciation pertaining to the official cars used by the main management were included in key management compensation.

### 8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Land	\$ 47,279	\$ 47,279	Long-term borrowings
Buildings and structures - net	14,026	14,588	//
Time deposits	22,151	21,978	Pledged as collateral for tariff and construction
Deposits in reserve account	18,244	25,968	Short-term borrowings
	<u>\$ 101,700</u>	<u>\$ 109,813</u>	

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies:

None.

### (2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 4,455</u>	<u>\$ 182,937</u>

B. As of December 31, 2023 and 2022, the amounts of refundable deposit notes issued by the Group for undertaking each construction and bank financing facilities were \$125,455 and \$117,438, respectively.

C. As of December 31, 2023 and 2022, the Group had guarantee notes issued by financial institutions for customs duty in the amounts of \$5,000 and \$10,000, respectively.

D. As of December 31, 2023 and 2022, the Group had repaid the prepayment for undertaking construction which were guaranteed by banks in the amounts of \$5,009 and \$4,229, respectively.

E. As of December 31, 2023 and 2022, the consolidated subsidiary, Gee Lien Resource Development Corp., provided guarantee for the Company to undertake constructions in the amount of \$50,000 for both years. As of December 31, 2023 and 2022, the Group has used \$20,632 and \$22,023, respectively.

F. As of December 31, 2023 and 2022, the Group's outstanding letters of credit but not yet drawn amounted to \$16,000 and \$10,000, respectively.

G. As of December 31, 2023 and 2022, the Company provided guarantee for the consolidated subsidiary, Gee Lien Resource Development Corp, to undertake constructions, amounting to \$40,000 for both years. As of December 31, 2023 and 2022, the consolidated subsidiary has used \$21,408 and \$17,327, respectively.

## 10. Significant Disaster Loss

None

## 11. Significant Events after the Balance Sheet Date

(1) On March 15, 2024, the Board of Directors approved the appropriations of 2023 earnings. Details of resolution by the Board of Directors are provided in Note 6(19).

## 12. Others

### (1) Capital management

The Group's goal of capital management was to secure the Group's going concern and to maintain a healthy capital basis in order to keep the confidence of investor, debtor and market and to support the development of future operations. Capital included the Group's share capital, capital surplus, retained earnings and non-controlling interests. The Board of Directors controlled and managed the return on capital and dividends standard of common share simultaneously. For the year ended December 31, 2023, the Group's capital management was the same as usual and did not change.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss on initial recognition	<u>\$ 288,318</u>	<u>\$ 200,808</u>
Financial assets at fair value through other comprehensive income		
Qualifying equity instruments	<u>\$ 496,136</u>	<u>\$ 447,927</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 714,333	\$ 656,645
Financial assets at amortised cost	40,394	48,051
Notes receivable	13,002	16,564
Accounts receivable	894,156	955,815
Financial lease receivable net	18,929	-
Other receivables	46,455	21,604
Other financial assets	-	1,133
Guarantee deposits paid	10,179	6,178
Long-term notes and accounts receivable	525	-
Long-term finance lease receivable net	84,498	-
	<u>\$ 1,822,471</u>	<u>\$ 1,705,990</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 686,425	\$ 685,454
Short-term notes and bills payable	29,985	-
Notes payable	1,977	1,286
Accounts payable	1,012,119	1,042,060
Other accounts payable	322,373	334,203
Long-term borrowings (including current portion)	200,000	220,000
Guarantee deposits received	2,094	-
	<u>\$ 2,254,973</u>	<u>\$ 2,283,003</u>
Lease liability	<u>\$ 22,365</u>	<u>\$ 14,207</u>

#### B. Financial risk management policies

The Group had adopted overall risk management and control system to identify all risks including market risk, credit risk, liquidity risks and cash flow risks in order for the management to control and evaluate these risks effectively. The Group's objectives on market risk management are to achieve the optimal risk position, maintain an optimal level of liquidity and centralise risk management operations, with consideration of the economic environment, competitive status and market value risk.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

###### Foreign exchange risk

- i. The Group's sales and purchases are primarily denominated in NTD, JPY and USD. The fair value of financial assets and liabilities which were denominated in foreign currency changed according to the fluctuations in market exchange rates. As the Group offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk due to exchange rate.
- ii. Gains or losses from exchange rate changes of the Group's forward foreign exchange contracts will approximately offset by gains or losses from exchange rate changes of foreign currency claims and debts. Thus, the Group does not expect significant market risk.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: HKD, RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 2,115,518	0.215	\$ 454,836
USD:NTD	10,067	30.66	308,654
RMB:NTD	2,509	4.302	10,794
CHF:NTD	125	36.36	4,454
SGD:NTD	272	23.20	6,310
EUR:NTD	202	33.78	6,824
<u>Investments accounted for using equity method</u>			
SGD:NTD	\$ 4,421	23.22	\$ 102,639
EUR:NTD	3,999	33.98	135,896
USD:NTD	356	30.71	10,926
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 2,794,299	0.219	\$ 611,951
USD:NTD	10,825	30.76	332,977
EUR:NTD	21	34.18	718

December 31, 2022

	Foreign currency		
	amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 2,194,835	0.230	\$ 505,690
USD:NTD	8,971	30.66	275,050
RMB:NTD	307	4.383	1,344
CHF:NTD	5	33.08	154
SGD:NTD	8	22.79	186
EUR:NTD	244	32.52	7,939
<u>Investments accounted for using equity method</u>			
SGD:NTD	\$ 4,525	22.81	\$ 103,217
EUR:NTD	3,622	32.72	118,524
USD:NTD	396	30.74	12,172
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 3,153,956	0.234	\$ 739,287
USD:NTD	8,614	30.76	264,958
EUR:NTD	244	32.92	8,041

- iv. The Group is primarily affected by the exchange rate fluctuation of JPY and USD. Foreign exchange risk between JPY, USD and NTD arose primarily from gains or losses on foreign currency exchange from translating JPY and USD denominated cash, cash equivalents, accounts receivable and other receivables, accounts payable and other payables. When the Group's functional currency, NTD, fluctuated 1% against JPY and USD, the sensitivity analysis were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Effect on profit after tax and equity	(\$ 1,451)	(\$ 1,788)

When the Group's foreign currency assets position is higher than foreign currency liabilities, a positive number above indicates an increase in net profit and equity associated with New Taiwan dollars decreasing 1% against the relevant currency. For a 1% increase in New Taiwan dollars against the relevant currency, the amount of impact on net profit and equity would be the same but negative.

(b) Credit risk

- i. The Group's policy is to trade only with counterparties with rating of investment level, and if necessary, the Group requires for sufficient collaterals to reduce the financial loss risk from past due accounts. The Group assesses credit rating of major customers by using public financial information and historical transaction records. The Group continuously monitors its credit exposure and the credit rating of counterparties, and allocates the total transaction amount to different customers with qualified credit rating. In addition, the Group manages credit exposures through proper review and approval to the credit facility of counterparties by key management annually.
- ii. In order to reduce credit risk, the Group's management appointed an exclusive group to be in charge of the decision of credit facilities, approval of credit and other monitoring procedures to ensure adequate action is taken on the collection of the past due accounts receivable. In addition, on the balance sheet date, the Group will review the recoverable amount of each accounts receivable to ensure the unrecoverable accounts receivable had been properly provisioned impairment loss. Based on the above information, the management believes the credit risk of the Group has significantly decreased.
- iii. The expected credit losses on accounts receivable are estimated by using the lifetime expected losses. The lifetime expected losses are calculated based on the provision matrix, taking into consideration that past default experience of the customer, an analysis of the customer's current financial position, industrial economic situation, GDP forecast and the future conditions of the industry in which the customers operate.
- iv. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix is not further distinguished according to the Group's different customer base and the expected credit losses were calculated from the past due date of accounts receivable.
- v. The Group has internal credit risk management, without consideration of the collaterals held, default has occurred under the following conditions:
  - (i) Internal or external information indicates that it is impossible for the creditors to repay its obligations.
  - (ii) Past due over 181 days, except when there was a reasonable explanation and supporting documentation that the delay shall not be considered a default.
- vi. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments are past due in accordance with the contract terms, counterparties have serious financial difficulties and the Group cannot reasonably

estimate the recoverable amount, there has been a significant increase in credit risk on that instrument since initial recognition.

- vii. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, when counterparties are processing the liquidation, the Group will directly write off related accounts receivable. However, the Company will continue executing the recourse procedures to secure their rights, and the recovered amount arising from the recourse procedures will be recognised in profit or loss.

viii. The Group's provision matrix of accounts receivable and contract assets is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Overdue receivables	Total
<u>At December 31, 2023</u>							
Expected credit loss rate	0.2% ~ 1.902%	1.902% ~ 11%	1.902% ~ 81%	1.902% ~ 86%	100%	100%	
Book value	\$ 905,153	\$ 796	\$ 578	\$ 319	\$ 341	\$ 139	\$ 907,326
Allowance	( 421)	( 9)	( 275)	( 230)	( 341)	( 139)	( 1,415)
Amortised cost	<u>\$ 904,732</u>	<u>\$ 787</u>	<u>\$ 303</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,911</u>

<u>At December 31, 2022</u>							
Expected credit loss rate	0.2% ~ 0.779%	0.779% ~ 6.5%	0.779% ~ 71.5%	0.779% ~ 80%	100%	100%	
Book value	\$ 959,623	\$ 1,012	\$ 890	\$ 81	\$ 312	\$ 675	\$ 962,593
Allowance	( 267)	( 21)	( 77)	( 48)	( 312)	( 675)	( 1,400)
Amortised cost	<u>\$ 959,356</u>	<u>\$ 991</u>	<u>\$ 813</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 961,193</u>

- ix. As of December 31, 2023 and 2022, the expected credit loss rates of contract assets were 0.2% - 1.902% and 0.2% - 0.779%, respectively.
- x. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023	
	Accounts receivable	Contract assets
At January 1	\$ 1,361	\$ 39
Provision for impairment	412	46
Write-offs during the year	( 442)	-
Effect of foreign exchange	( 1)	-
At December 31	<u>\$ 1,330</u>	<u>\$ 85</u>
	2022	
	Accounts receivable	Contract assets
At January 1	\$ 974	\$ 35
Provision for impairment	375	4
Effect of foreign exchange	12	-
At December 31	<u>\$ 1,361</u>	<u>\$ 39</u>

(c) Liquidity risk

- i. For the Group's financial assets and liabilities that will mature in one year, the working capital of the Group is sufficient, therefore there is no liquidity risk from the inability to raise capital for fulfilling contractual obligations.
- ii. The Group invested surplus cash in interest bearing time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As for the held monetary market fund, refer to Note 6 for details of financial assets. The Group expects to timely generate cash flows to manage liquidity risk.
- iii. Refer to Notes 6(12) and 6(14) for details of undrawn borrowing facility of the Group.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ 140,000	\$ 60,000	\$ -	\$ 200,000
Lease liability	\$ 8,490	\$ 14,800	\$ -	\$ 23,290
	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2022</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ -	\$ 220,000	\$ -	\$ 220,000
Lease liability	\$ 6,291	\$ 8,361	\$ -	\$ 14,652

Except as stated above, the Group's non-derivative financial liabilities are due within the following year.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally

be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 132,946	\$ -	\$ -	\$ 132,946
Unlisted stocks	-	-	155,222	155,222
Forward foreign exchange contracts	-	150	-	150
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	496,136	496,136
	<u>\$ 132,946</u>	<u>\$ 150</u>	<u>\$ 651,358</u>	<u>\$ 784,454</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 121,614	\$ -	\$ -	\$ 121,614
Unlisted stocks	-	-	76,422	76,422
Forward foreign exchange contracts	-	2,772	-	2,772
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	447,927	447,927
	<u>\$ 121,614</u>	<u>\$ 2,772</u>	<u>\$ 524,349</u>	<u>\$ 648,735</u>

C. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

D. Forward exchange contracts are usually valued based on the current forward exchange rate.

- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and periodically valued any other necessary adjustments to the fair value.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

(a) Financial asset at fair value through other comprehensive income- Equity instrument

	<u>2023</u>	<u>2022</u>
At January 1	\$ 447,927	\$ 532,206
Increase during the year	20,000	12,000
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	114,227 (	96,279)
Reduse during the year	( 86,018)	-
At December 31	<u>\$ 496,136</u>	<u>\$ 447,927</u>

(b) Financial asset at fair value through profit or loss - Equity instrument

	<u>2023</u>	<u>2022</u>
At January 1	\$ 76,422	\$ 81,399
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through profit or loss	78,800 (	4,977)
At December 31	<u>\$ 155,222</u>	<u>\$ 76,422</u>

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 617,518	Market comparable companies	Price-Book Ratio	4.27 ~ 40.91	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	1.42 ~ 2.82	
			Discount for lack of marketability	20% ~ 50%	
Unlisted shares	\$ 33,840	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 498,729	Market comparable companies	Price-Book Ratio	3.37 ~ 40.95	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	0.92 ~ 2.33	
			Discount for lack of marketability	20% ~ 50%	
Unlisted shares	\$ 25,620	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

#### (3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Major shareholders information

Major shareholders information: Refer to table 7.

## 14. Segment Information

### (1) General information

A. The Group reports segment information as follows:

- i. Automatic monitoring business: Automated business segment, peripheral business segment, measurement engineering segment and sensing business segment.
- ii. Electronic material business: Manufacturing and sales of specialty chemical in the semiconductor industry.
- iii. Sensing and equipment business overseas segment: Overseas technical services and manufacturing and sales of electronic material.
- iv. Other segments: other subsidiary company.

B. The Group's reportable segment belongs to strategical business unit to provide different products and services. Because each strategical business unit required different techniques and marketing strategies, they have to be separately managed.

### (2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	2023					
	Automaic Monitoring business	Electronic material business	Sensing and equipment business overseas segment	Other segments	Adjustment and elimination	Total
<u>Revenue:</u>						
Revenue from external customers	\$ 413,680	\$ 3,180,388	\$ 66,324	\$ 39,804	\$ -	\$ 3,700,196
Inter-segment revenue	26,141	-	4,165	1,592	( 31,898)	-
Total segment revenue	<u>\$ 439,821</u>	<u>\$ 3,180,388</u>	<u>\$ 70,489</u>	<u>\$ 41,396</u>	<u>(\$ 31,898)</u>	<u>\$ 3,700,196</u>
Segment income and loss including:						
Depreciation and amortisation	\$ 6,319	\$ 103,882	\$ 771	\$ 7,140	(\$ 505)	\$ 117,607
Segment income (loss):	<u>\$ 27,252</u>	<u>\$ 309,050</u>	<u>\$ 4,416</u>	<u>\$ 7,999</u>	<u>(\$ 85,669)</u>	<u>\$ 263,048</u>
Segment assets						<u>\$ 5,118,055</u>

	2022					
	Automaic Monitoring business	Electronic material business	Sensing and equipment business overseas segment	Other segments	Adjustment and elimination	Total
<u>Revenue:</u>						
Revenue from external customers	\$ 434,322	\$ 3,279,415	\$ 74,358	\$ 33,519	\$ -	\$ 3,821,614
Inter-segment revenue	23,170	-	2,757	2,682	( 28,609)	-
Total segment revenue	<u>\$ 457,492</u>	<u>\$ 3,279,415</u>	<u>\$ 77,115</u>	<u>\$ 36,201</u>	<u>(\$ 28,609)</u>	<u>\$ 3,821,614</u>
Segment income and loss including:						
Depreciation and amortisation	\$ 5,154	\$ 103,080	\$ 696	\$ 7,761	(\$ 546)	\$ 116,145
Segment income (loss):	<u>\$ 42,719</u>	<u>\$ 391,980</u>	<u>\$ 8,004</u>	<u>\$ 7,275</u>	<u>(\$ 118,572)</u>	<u>\$ 331,406</u>
Segment assets						<u>\$ 4,867,773</u>

(3) Reconciliation for segment income (loss)

A. Revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable segments revenue	\$ 3,700,196	\$ 3,821,614
Other business revenue	1,875	1,786
Business revenue	<u>\$ 3,702,071</u>	<u>\$ 3,823,400</u>

B. Income (loss):

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable segments income	\$ 263,048	\$ 331,406
Other segments income	223,217	128,811
Income before tax from continuing operations	<u>\$ 486,265</u>	<u>\$ 460,217</u>

(4) Information on products and services

Details of revenue are as follows:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Sales of goods	\$ 3,485,830	\$ 3,623,098
Revenue from system integration	86,291	74,138
Construction revenue	59,479	44,501
Others	70,471	81,663
	<u>\$ 3,702,071</u>	<u>\$ 3,823,400</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Revenue</u>	<u>Non-current</u> <u>assets</u>	<u>Revenue</u>	<u>Non-current</u> <u>assets</u>
Taiwan	\$ 3,468,517	\$ 1,265,824	\$ 3,620,692	\$ 1,053,905
Asia	201,907	103,950	189,320	103,859
Others	31,647	147,278	13,388	130,696
	<u>\$ 3,702,071</u>	<u>1,517,052</u>	<u>\$ 3,823,400</u>	<u>\$ 1,288,460</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Revenue</u>	<u>Percentage</u> <u>of revenue</u>	<u>Revenue</u>	<u>Percentage</u> <u>of revenue</u>
Client A from the Electronic material business	\$ 917,336	24.78	\$ 1,009,556	26.4
Client B from the Electronic material business	847,382	22.89	697,923	18.3
Client C from the Electronic material business	553,503	14.95	534,499	14.0
	<u>\$ 2,318,221</u>	<u>62.62</u>	<u>\$ 2,241,978</u>	<u>58.7</u>

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands ofNTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down (Note 3)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(2)	\$ 330,416	\$ 40,000	\$ 40,000	\$ 21,408	\$ -	2.42	\$ 495,624	Y	N	N	-
1	Gee Lien Resource Development Corp.	Sanlien Technology Corp.	(3)	50,000	50,000	50,000	20,632	-	220.09	50,000	N	Y	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:  
(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: 1. Under the company's regulation "Endorsement guarantee method", the ceiling on the total amount of endorsements/ guarantees provided should not exceed 30% of equity,

and the limit on endorsements/ guarantees provided for a single party should not exceed 20% of equity.

Ceiling on total amount of endorsements/ guarantees provided: 1,652,080\* 30%= 495,624 °

Limit on endorsements/ guarantees provided for a single party : 1,652,080\* 20%= 330,416 °

2. Gee Lien Resource Development Corp. only provided the transactions of endorsement for Sanlien Technology Corp. The total amount of transactions of endorsement and the limit of endorsement for is 500% of its paid in capital.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023			Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	
Sanlien Technology Corp.	China Metal Products Co., Ltd., common stock	The chairman of the issuer is the immediate family of the chairman of the Company	Financial assets at fair value through profit or loss - current	2,570,637	\$ 107,838	0.68	\$ 107,838
"	Chang Hwa Commercial Bank, Ltd., common shares	-	"	60,000	1,074	-	1,074
"	Sinopac Financial Holdings Company Limited, common shares	-	"	1,120,673	22,077	0.01	22,077
"	Holy Stone Enterprise Co., Ltd., common shares	-	"	8,400	815	0.01	815
Sanlien Technology Corp.	Miramar Hospitality Co., Ltd., common shares	-	Financial assets at fair value through profit or loss - non-current	122,000	1,142	0.33	1,142
"	Asia World Engineering & Construction Co., common shares	The Company is the director of the issuer	"	9,202,096	152,479	13.13	152,479
"	Yan Lien Technology Corp., common shares	-	"	90,000	2,743	18.00	2,743
"	Kintech Technology Co., Ltd., common shares	-	"	432,000	-	0.25	-
Sanlien Technology Corp.	Pujen Land Development Co., Ltd., common shares	The chairman of the issuer is the immediate family of the chairman of the Company	Measured at fair value through other comprehensive income	17,786,456	358,397	6.34	358,397
"	Pacific Cycles Inc., common shares	The Company is the director of the issuer	- non-current	1,227,600	69,519	5.46	69,519
"	Innofund II Ltd., common shares	The Company is the director of the issuer	"	3,000,000	33,840	10.00	33,840
"	P-Waver Inc., common shares	The Company is the director of the issuer	"	2,000,000	17,520	13.09	17,520
"	Masada Technology Co., Ltd., common shares	-	"	2,000,000	16,860	5.95	16,860

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Comparable with other vendors	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Kemitek Industrial Corp.	Tama Chemicals Co., Ltd.	An investee accounted for under the equity method	Purchases	\$ 1,472,013	59.61	Same as other transactions	30~120 days	with other vendors	\$ 615,972	60.74	-

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period  
For the year ended December 31, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Operating income	\$ 19,933	Same as general customers	0.54
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(1)	Operating income	4,961	Same as general customers	0.13
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Operating income	3,158	Same as general customers	0.09
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Other income	3,208	Same as general customers	0.09
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Other expense	2,555	Same as general customers	0.07

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction amount or the balance of the creditor's rights and debts is more than \$2,500.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount			Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	December 31, 2023			
Sanlien Technology Corp.	Kemitek Industrial Corp.	Taiwan	Manufacturing and sales of semiconductor-related chemicals	\$ 276,923	\$ 276,923	25,490,748	37.24	\$ 651,970	255,436	\$ 95,542	Subsidiary	
"	Santek Technology, Inc.	Hong Kong	Sales of electronic and electrical products	22,321	22,321	5,520,420	100.00	81,536	4,416	4,295	Subsidiary	
"	Gee Lien Resource Development Corp.	Taiwan	Earth science and technology engineering contractor	12,635	14,572	600,000	60.00	15,677	6,413	4,079	Subsidiary	
"	DFOST Corporation	Taiwan	Development and sales of optical fiber sensor monitors	25,500	10,200	2,550,000	51.00	7,650	( 22,086)	( 11,264)	Subsidiary	
"	RIFT HOLDINGS INC	U.S.A.	Overseas holding company	29,571	-	950,000	100.00	22,295	( 6,259)	( 6,953)	Subsidiary	
RIFT HOLDINGS INC	RIFT SYSTEMS INC	U.S.A.	Sales of equipment (sensors), electrical materials	27,257	-	900,000	90.00	21,530	( 6,869)	( 6,182)	Subsidiary	
Sanlien Technology Corp.	Siap+Micros Holding S.r.l	Italy	Overseas holding company	86,950	86,950	-	49.00	135,896	42,672	20,909	-	
Siap+Micros Holding S.r.l	Siap+Micros S.p.a	Italy	Manufacturing, trading and providing related technical services of astronomical, walrus and meteorological monitoring instruments	177,448	177,448	1,302,083	100.00	304,697	43,503	-	-	
Santek Technology, Inc.	Billion Corporation	Samoa	Overseas holding company	7,155	7,155	199,963	35.10	10,926	( 3,025)	-	-	
"	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	12,058	12,058	625,000	6.25	20,591	80,275	-	-	
Kemitek Industrial Corp.	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	48,583	48,583	2,500,000	25.00	82,048	80,275	-	-	
Sanlien Technology Corp.	Trisco Technology Corporation	Taiwan	Manufacturing, processing and trading of electronic component	57,400	-	3,640,295	22.53	101,330	22,805	( 626)	-	



SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Multiple Investment Corp.	3,230,779	7.76
Rui Hua Investment Co., Ltd.	2,694,264	6.47
Lucent Source, Ltd.	2,449,464	5.88
Chanitex Co., Ltd.	2,088,000	5.01

V. Parent company only financial statement audited and certified by CPAs for the most recent year

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000524

To the Board of Directors and Shareholders of Sanlien Technology Corp.

### ***Opinion***

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

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

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

#### **Fair value measurement of investments in unlisted stocks without active market**

##### Description

Refer to Notes 4(5) and (6) for accounting policies on unlisted stocks (accounted as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income), Note 5 for uncertainty of accounting estimates and assumptions in relation to the fair value of unlisted stocks, Notes 6(2) and (6) for details of unlisted stocks. As at December 31, 2023, the Company's investments in unlisted stocks without active market amounted to NT\$651,358 thousand.

The unlisted stocks held by the Company has no quoted price in an active market. Management estimates the fair value of unlisted stocks using a valuation method, which involves various assumptions and significant unobservable inputs, including the valuation method, identifying similar and comparable companies, price-to-book ratio and discount on liquidity. As the determination of models and parameters used in the estimation of fair value is subject to significant judgement and high uncertainty, we considered the fair value measurement of unlisted stocks as a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's valuation procedures on the unlisted stocks.

2. Assessed whether the valuation methods used by management were reasonable.
3. Assessed the degree of comparability between the comparable companies identified by management and the investee being valued in the market approach.
4. Sampled and verified the price-to-book ratio and the input value of discount on liquidity used in the valuation method and reviewed related information and supporting documents.

### **Valuation of investments accounted for using the equity method**

Refer to Note 4(12) for accounting policy and Note 6(7) for the details of investments accounted for using the equity method.

As at December 31, 2023, the balance of the Company's investment in Kemitek Industrial Corp., a subsidiary accounted for using the equity method, amounted to NT\$651,970 thousand, constituting 27.18% of the Company's total assets. As the investment is considered significant to the financial statements of the Company, the valuation of the investment accounted for using the equity method has been identified as one of the key areas of focus for this year's audit, hence, the key audit matter reported in the financial statements of the subsidiary is also included as one of the key audit matters in our audit of the Company's parent company only financial statements. The key audit matter of the subsidiary is as follows:

### **Cut-off of sales revenue from distribution warehouse**

#### Description

The sales revenue of Kemitek Industrial Corp. mainly arises from sales revenue from distribution warehouse, constituting 47.98% of operating revenue for the year. The sales revenue from distribution warehouse is recognised when the goods are dispatched from the warehouses (transfer of control). Kemitek Industrial Corp.'s revenue recognition is based on inventory movement records of warehouses supported by the reports from warehouse custodians or bill of lading reports recorded on its customer's network platform. As the frequency and timing of reports provided by warehouse custodians vary and the process of revenue recognition involves manual procedures, these factors may lead to

improper timing of revenue recognition. Thus, we considered the cut-off of sales revenue from distribution warehouse as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and evaluated the Company's procedures for sales revenue from distribution warehouse and internal controls over revenue recognition.
2. Assessed the internal controls over warehouse distribution (checked the terms of transaction / timing of control transfer and dates of supporting documents) and ascertained whether the transactions were recognised in the proper period to confirm the accuracy of the timing of revenue recognition.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouses and ensuring the movements of inventories contained in the statements and cost of goods sold recognised in the proper period.
4. Performed physical inventory count observation with significant hub custodians and agreed the results to accounting records.

***Other matter - Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$362,160 thousand and NT\$221,742 thousand, constituting 15.10% and 10.61% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$46,758 thousand and NT\$51,810 thousand, constituting 11.93% and 55.27% of the total comprehensive income for the years then ended, respectively.

### ***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China,

we exercise professional judgment and professional skepticism throughout the audit. We also:

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

supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

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Gregory Kuo

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Tsai, Yi-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SANLIEN TECHNOLOGY CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 147,449	6	\$ 165,887	8
1110	Financial assets at fair value through profit or loss — current	6(2)	131,804	6	120,599	6
1136	Financial assets at amortised cost — current	6(3) and 8	19,083	1	26,808	1
1140	Contract assets — current	6(20)	10,419	-	3,926	-
1150	Notes receivable, net	6(4)	9,794	-	14,822	1
1160	Notes receivable — related parties	7	38	-	93	-
1170	Accounts receivable, net	6(4)	62,930	3	73,462	4
1180	Accounts receivable — related parties	7	3,244	-	4,171	-
130X	Inventories	6(5)	126,908	5	89,518	4
1410	Prepayments	7	14,060	1	12,893	1
11XX	<b>Total current assets</b>		<u>525,729</u>	<u>22</u>	<u>512,179</u>	<u>25</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss — non-current	6(2)	156,364	7	77,437	4
1517	Financial assets at fair value through other comprehensive income — non-current	6(6) and 7	496,136	21	447,927	21
1550	Investments accounted for using equity method	6(7) and 7	1,016,354	42	848,388	41
1600	Property, plant and equipment	6(8), 7 and 8	174,272	7	176,000	8
1755	Right-of-use assets	6(9)	9,095	-	9,281	-
1780	Intangible assets		188	-	601	-
1840	Deferred tax assets	6(27)	10,765	1	9,934	1
1920	Guarantee deposits paid		7,591	-	5,047	-
1930	Long-term notes and accounts receivable		525	-	-	-
1960	Non-current prepayments for investments		570	-	-	-
1980	Other financial assets — non-current		-	-	1,134	-
1990	Other non-current assets		1,130	-	1,130	-
15XX	<b>Total non-current assets</b>		<u>1,872,990</u>	<u>78</u>	<u>1,576,879</u>	<u>75</u>
1XXX	<b>Total assets</b>		<u>\$ 2,398,719</u>	<u>100</u>	<u>\$ 2,089,058</u>	<u>100</u>

(Continued)

SANLIEN TECHNOLOGY CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 306,425	13	\$ 325,454	16
2110	Short-term notes and bills payable	6(11)	29,985	1	-	-
2130	Contract liabilities — current	6(20) and 7	12,348	1	24,463	1
2150	Notes payable		347	-	330	-
2160	Notes payable — related parties	7	-	-	16	-
2170	Accounts payable		61,438	3	26,999	1
2180	Accounts payable — related parties	7	3,635	-	7,110	-
2200	Other payables	6(12)	83,690	3	73,146	4
2220	Other payables — related parties	7	277	-	13	-
2230	Current income tax liabilities		6,131	-	1,344	-
2280	Lease liabilities — current		4,028	-	4,095	-
2320	Long-term liabilities, current portion	6(13)	140,000	6	-	-
2399	Other current liabilities		6,562	-	4,604	-
21XX	<b>Total current liabilities</b>		<u>654,866</u>	<u>27</u>	<u>467,574</u>	<u>22</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(13)	60,000	3	220,000	11
2570	Deferred tax liabilities	6(27)	21,615	1	18,849	1
2580	Lease liabilities — non-current		4,707	-	5,273	-
2640	Net defined benefit liability — non-current	6(14)	3,280	-	439	-
2645	Guarantee deposits received		2,094	-	-	-
2670	Other non-current liabilities		77	-	129	-
25XX	<b>Total non-current liabilities</b>		<u>91,773</u>	<u>4</u>	<u>244,690</u>	<u>12</u>
2XXX	<b>Total liabilities</b>		<u>746,639</u>	<u>31</u>	<u>712,264</u>	<u>34</u>
<b>Equity</b>						
	Share capital	6(16)				
3110	Common stock		416,088	17	416,088	20
	Capital surplus	6(17)				
3200	Capital surplus		44,189	2	44,195	2
	Retained earnings	6(18)				
3310	Legal reserve		256,888	11	240,545	12
3350	Unappropriated retained earnings		677,004	28	507,949	24
	Other equity interest	6(19)				
3400	Other equity interest		257,911	11	168,017	8
3XXX	<b>Total equity</b>		<u>1,652,080</u>	<u>69</u>	<u>1,376,794</u>	<u>66</u>
	Significant contingent liabilities and unrecognised commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,398,719</u>	<u>100</u>	<u>\$ 2,089,058</u>	<u>100</u>

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

**SANLIEN TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 440,831	100	\$ 463,451	100
5000	Operating costs	6(5)(25)(26) and 7	( 269,863)	( 61)	( 305,087)	( 66)
5900	Gross profit from operations		170,968	39	158,364	34
5920	Realized profit from inter- affiliate accounts		51	-	52	-
5950	Gross profit from operations		171,019	39	158,416	34
	Operating expenses	6(14)(25)(26) and 7				
6100	Selling expenses		( 61,486)	( 14)	( 55,923)	( 12)
6200	Administrative expenses		( 81,427)	( 18)	( 84,239)	( 18)
6300	Research and development expenses		( 13,697)	( 3)	( 34,809)	( 7)
6450	(Expected credit loss) impairment gain		( 129)	-	( 54)	-
6000	Total operating expenses		( 156,739)	( 35)	( 175,025)	( 37)
6900	Operating (loss) income		14,280	4	( 16,609)	( 3)
	Non-operating income and expenses					
7100	Interest income	6(21)	847	-	267	-
7010	Other income	6(22) and 7	45,149	10	87,243	19
7020	Other gains and losses	6(23)	124,907	28	( 19,139)	( 4)
7050	Finance costs	6(24)	( 11,690)	( 2)	( 7,022)	( 2)
7070	Share of profit of associates and joint ventures accounted for using equity method		105,983	24	139,702	30
7000	Total non-operating income and expenses		265,196	60	201,051	43
7900	<b>Profit before income tax</b>		279,476	64	184,442	40
7950	Income tax expense	6(27)	( 8,010)	( 2)	( 9,183)	( 2)
8200	<b>Profit for the year</b>		\$ 271,466	62	\$ 175,259	38

(Continued)

SANLIEN TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311		\$	-	\$	1,593	1
8316	6(6)					
8330			114,227	26	(96,279)	(21)
8349	6(27)		2,002	-	1,291	-
8310			-	-	(321)	-
			116,229	26	(93,716)	(20)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361			4,461	1	13,547	3
8380						
8399	6(27)		586	-	1,128	-
8360			(940)	-	(2,471)	(1)
8300			4,107	1	12,204	2
8500			<u>\$ 120,336</u>	<u>27</u>	<u>(\$ 81,512)</u>	<u>(18)</u>
			<u>\$ 391,802</u>	<u>89</u>	<u>\$ 93,747</u>	<u>20</u>
<b>Earnings per share (in dollars)</b>						
9750	6(28)		\$	6.52	\$	4.22
9850			\$	6.52	\$	4.22

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



SANLIEN TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 279,476	\$ 184,442
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on inventory valuation and physical inventory (gain on reversal of decline in market)	6(5)	( 134 )	661
Expected credit loss		129	54
Depreciation of property, plant and equipment	6(8)	6,406	7,048
Depreciation of right-of-use assets	6(9)	4,641	3,983
Amortization	6(26)	413	356
Interest income	6(21)	( 847 )	( 267 )
Interest expense	6(24)	11,690	7,022
Dividend income	6(22)	( 26,529 )	( 63,375 )
Gain on disposal of property, plant and equipment	6(23)	( 524 )	( 413 )
Net (gain) loss on financial assets at fair value through profit or loss	6(23)	( 123,631 )	20,601
Share of profit of associates and joint ventures accounted for using equity method		( 105,983 )	( 139,702 )
Share-based payments		-	919
Gain recognised in bargain purchase transaction	6(7)	( 11,009 )	-
Increase in life insurance surrender value		-	( 12 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets — current		( 6,506 )	( 630 )
Notes receivable, net		5,028	( 765 )
Notes receivable — related parties		55	( 93 )
Accounts receivable		10,416	1,752
Accounts receivable — related parties		927	254
Other receivables		-	8
Inventories		( 37,598 )	( 4,006 )
Prepayments		( 1,167 )	( 1,049 )
Long-term notes and accounts receivable		( 525 )	-
Changes in operating liabilities			
Contract liabilities		( 12,116 )	( 2,120 )
Notes payable		16	305
Notes payable — related parties		( 16 )	1
Accounts payable		34,439	( 4,065 )
Accounts payable — related parties		( 3,475 )	51
Other payables		13,713	4,389
Other payables — related parties		264	-
Other liabilities — current		1,958	3,859
Net defined benefit liabilities		2,841	( 341 )
Other liabilities — non-current		( 52 )	( 52 )
Cash inflow generated from operations		42,300	18,815
Interest received		847	267
Dividends received		114,103	139,931
Income taxes paid		( 2,228 )	( 8,223 )
Interest paid		( 11,554 )	( 6,772 )
Net cash flows from operating activities		<u>143,468</u>	<u>144,018</u>

(Continued)

SANLIEN TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		( \$ 16,253 )	( \$ 73,029 )
Proceeds from disposal of financial assets at fair value through profit or loss		49,752	77,904
Acquisition of financial assets at fair value through other comprehensive income		( 20,000 )	( 12,000 )
Acquisition of financial assets at amortized cost		7,725	( 10,811 )
Acquisition of property, plant and equipment	6(29)	( 8,121 )	( 2,987 )
Proceeds from disposal of property, plant and equipment		524	2,015
Acquisition of intangible assets		-	( 84 )
Increase in refundable deposits		( 2,544 )	( 115 )
Proceeds from capital reduction of investments accounted for using equity method		9,101	11,354
Acquisition of investments accounted for using equity method		( 56,357 )	-
Increase in prepayments for investments		( 570 )	-
Increase in other financial assets - non-current		1,134	-
Net cash flows used in investing activities		( <u>35,609</u> )	( <u>7,753</u> )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	76,425	216,584
Decrease in short-term borrowings	6(30)	( 95,454 )	( 186,975 )
Increase in short-term notes and bills payable	6(30)	29,985	-
Increase in long-term borrowings	6(30)	-	80,000
Repayments of long-term borrowings	6(30)	( 20,000 )	-
Payments of lease liabilities	6(30)	( 4,607 )	( 3,961 )
Proceeds from sale of treasury shares		-	12,480
Cash dividends paid	6(30)	( 116,505 )	( 128,987 )
Non-payment of expired cash dividends from prior year		( 6 )	4
Acquisition of ownership interests in subsidiaries		-	( 45,389 )
Proceeds from disposal of ownership interests in subsidiaries		1,771	1,219
Decrease in guarantee deposits received		2,094	-
Net cash flows used in financing activities		( <u>126,297</u> )	( <u>55,025</u> )
Net (decrease) increase in cash and cash equivalents		( 18,438 )	81,240
Cash and cash equivalents at beginning of year		165,887	84,647
Cash and cash equivalents at end of year		<u>\$ 147,449</u>	<u>\$ 165,887</u>

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

SANLIEN TECHNOLOGY CORP.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

Sanlien Technology Corp. ("the Company") was established on February 20, 1967. The Company's stock has been approved for trading on the Taipei Exchange since May 3, 2001. The Company is primarily engaged in the design, manufacturing, sales and system syndication of factory automation machinery and environmental protection facilities; design, equipment manufacturing, installation, sales and system syndication of remote sensing, power monitoring, ocean monitoring, meteorological observation and navigation system; installation, sales and maintenance of semiconductor equipment of plant; installation and sales of civil engineering safety monitoring technology service and geotechnical engineering safety monitoring technology service, related sensor and metering instruments.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 15, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS<sup>®</sup>") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

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

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair

value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income (loss).

(4) Classification of current and non-current items

Some operating cycles of the Company's construction contracts are longer than one year, thus, the related assets and liabilities are divided into current and non-current based on its normal operating cycle.

For all other assets and liabilities, they are classified as current and non-current based on the following:

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost and contract assets at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories including merchandise, construction materials, raw materials, materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for using the equity method in these parent company only financial statements.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between subsidiaries and the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The excess of the acquisition cost over the Company's share in the net fair value of the associates' and joint ventures' identifiable assets and liabilities at the acquisition date is recognised as goodwill. Such goodwill is included in the carrying amount of the investment and is not amortised..
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate

in 'capital surplus' in proportion to its ownership.

- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	36 ~ 61 years
Machinery and equipment	2 ~ 11 years
Transportation equipment	6 years
Office equipment	3 ~ 20 years
Other equipment	3 ~ 10 years

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and
  - (c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full

termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises

expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

#### (20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. The grant date is the date when the employee subscribes the shares.

#### (21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

## (22) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales of goods

Sales of goods arise from sales of automated machinery, monitoring equipment, electronic equipment and other products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

Sales of services arise from the maintenance and repair services of monitoring equipment and electronic equipment and related technical services.

Revenue from providing services is recognised in the accounting period in which the service is rendered.

C. Revenue from system integration

Revenue from system integration arise from providing system integration services for industrial sensor, equipment, power monitoring, production of special-purpose sensor and calibration service of force sensor. The Company and customers entered into a system integration revenue contract, all committed equipment and integration service has separate price. However, the Company's revenue from system integration services primarily arise from providing significant services for equipment integration and related services, whereby the control right over the equipment is transferred to customers and net revenue is recognised when there are no subsequent obligations.

D. Construction revenue

The Company's construction contract primarily provides for the installation technique of high technology production machinery (instrument) and civil engineering or provides for professional technique service for safety monitoring on main building in the construction process of private enterprise to generate income.

In building process, the Company recognised revenue over time for building contracts which were controlled by customers. Because the input costs for building were directly related with the completion degree of performance obligation, the Company assesses the completion degree based on the proportion of actual input costs to the expected total costs. The Company progressively recognises contract assets during the construction process which is transferred to

accounts receivable at the time of billing. If the collected proceeds from construction exceeded the amount of revenue recognised, the difference is recognised as contract liabilities. The purpose of retention for construction contracts which is retained by customers is to ensure that the Company will complete all contractual obligations, and is recognised as contract assets until the construction is completed.

If the result of performance obligation cannot be reliably measured, construction revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2023, the carrying amount of unlisted stocks without active market was \$651,358.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 339	\$ 808
Demand deposits	110,527	111,669
Demand deposits with foreign currency	36,139	52,930
Checking accounts	444	480
	<u>\$ 147,449</u>	<u>\$ 165,887</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Company has no cash and cash equivalents pledged to others.

### (2) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 97,293	\$ 127,979
Valuation adjustment	34,511	( 7,380)
	<u>\$ 131,804</u>	<u>\$ 120,599</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ 2,318	\$ 2,318
Unlisted stocks	57,085	57,085
	59,403	59,403
Valuation adjustment	96,961	18,034
	<u>\$ 156,364</u>	<u>\$ 77,437</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2023</u>	<u>2022</u>
Net gain (loss) on financial assets mandatorily measured at fair value through profit or loss	\$ 123,631	(\$ 20,601)
Dividends	\$ 7,137	\$ 8,365

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at amortised cost- current		
Time deposits with maturity over three months	\$ 840	\$ 840
Deposits in reserve account	<u>18,243</u>	<u>25,968</u>
	<u>\$ 19,083</u>	<u>\$ 26,808</u>

- A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was its book value.
- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 63,573	\$ 74,430
Less: Allowance for uncollectible accounts	<u>( 643)</u>	<u>( 968)</u>
	<u>\$ 62,930</u>	<u>\$ 73,462</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 65,864	\$ 9,832	\$ 76,872	\$ 14,915
Up to 30 days	83	-	323	-
31 to 90 days	551	-	668	-
91 to 180 days	319	-	63	-
Over 180 days	-	-	675	-
	<u>\$ 66,817</u>	<u>\$ 9,832</u>	<u>\$ 78,601</u>	<u>\$ 14,915</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$93,744.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was its book value.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering material	\$ 112,966	(\$ 2,642)	\$ 110,324
Raw materials	8,391	( 83)	8,308
Work in progress	100	-	100
Finished goods	8,177	( 1)	8,176
	<u>\$ 129,634</u>	<u>(\$ 2,726)</u>	<u>\$ 126,908</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering material	\$ 74,104	(\$ 2,711)	\$ 71,393
Raw materials	8,098	( 554)	7,544
Work in progress	109	-	109
Finished goods	10,472	-	10,472
	<u>\$ 92,783</u>	<u>(\$ 3,265)</u>	<u>\$ 89,518</u>

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of goods sold	\$ 223,928	\$ 269,896
Other operating costs	46,069	34,530
Loss on physical inventory	405	750
Loss (gain on reversal of) on decline in market value	( 539)	( 89)
	<u>\$ 269,863</u>	<u>\$ 305,087</u>

(6) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 236,332	\$ 271,346
Valuation adjustment	259,804	176,581
	\$ 496,136	\$ 447,927

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was its value as at December 31, 2023 and 2022.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 114,227	(\$ 96,279)
Dividend income recognised in profit or loss	\$ 19,392	\$ 55,010

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(7) Investments accounted for using equity method

Investees	December 31, 2023		December 31, 2022	
	Balance	Percentage ownership	Balance	Percentage ownership
Subsidiaries:				
Kemitek Industrial Corp.	\$ 651,970	37.24	\$ 632,533	37.24
Santek Technology, Inc.	81,536	100.00	77,229	100.00
Gee Lien Resource Development Corp.	15,677	60.00	16,488	69.20
DFOST Corporation	7,650	51.00	3,614	51.00
RIFT HOLDINGS INC.	22,295	100.00	-	-
	779,128		729,864	
Associates:				
Siap+Micros Holding S.r.l.	135,896	49.00	118,524	49.00
Trisco Technology Corporation	101,330	22.53	-	-
	237,226		118,524	
	\$ 1,016,354		\$ 848,388	

## A. Subsidiaries

For information relating to the Company's subsidiaries, refer to Note 4(3) of consolidated financial statements for the year ended December 31, 2023.

## B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
Siap+Micros Holding S.r.l.	Italy	49.0	49.0	Strategic investment	Equity method
Trisco Technology Corporation	Taiwan	22.53	-	Strategic investment	Equity method

(b) The summarised financial information of the associate that is material to the Company is as follows:

### Balance Sheet

	Siap+Micros Holding S.r.l.	
	(Expressed in thousands of Euro)	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 10,702	\$ 10,298
Non-current assets	4,287	4,352
Current liabilities	( 4,110)	( 4,045)
Non-current liabilities	( 1,829)	( 2,290)
Total net assets	<u>\$ 9,050</u>	<u>\$ 8,315</u>

	Siap+Micros Holding S.r.l.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Share in associate's net assets	\$ 135,896
Carrying amount of the associate	<u>\$ 135,896</u>	<u>\$ 118,524</u>

Balance SheetTrisco Technology Corporation  
(Expressed in thousands of NTD)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 144,892	\$ -
Non-current assets	425,352	-
Current liabilities	( 39,567)	-
Non-current liabilities	( 80,920)	-
Total net assets	<u>\$ 449,757</u>	<u>\$ -</u>

## Trisco Technology Corporation

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share in associate's net assets	\$ 101,330	\$ -
Carrying amount of the associate	<u>\$ 101,330</u>	<u>\$ -</u>

Statement of comprehensive incomeSiap+Micros Holding S.r.l.  
(Expressed in thousands of Euro)

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue	\$ 11,929	\$ 10,962
Profit for the year from continuing operations	1,269	1,325
Other comprehensive (loss) income, net of tax	( 34)	83
Total comprehensive income	<u>\$ 1,235</u>	<u>\$ 1,408</u>

Statement of comprehensive incomeTrisco Technology Corporation  
(Expressed in thousands of NTD)

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue	\$ 84,086	\$ -
Profit for the year from continuing operations	22,805	-
Other comprehensive income, net of tax	36,368	-
Total comprehensive income	<u>\$ 59,173</u>	<u>\$ -</u>

- C. Cash dividends from investments accounted for using the equity method for the years ended December 31, 2023 and 2022 amounted to \$87,573 and \$76,556, respectively.
- D. In 2023 and 2022, certain investments of the Company were accounted for based on the financial statements audited by other auditors. Information on share of profit (loss) recognised based on the Company's shareholding ratio is as follows:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Share of profit of associates and joint ventures accounted for using equity method	\$ <u>38,444</u>	\$ <u>47,954</u>
Investments accounted for using equity method - Gain (loss) on remeasurements of defined benefit plan	(\$ <u>562</u> )	\$ <u>1,291</u>
Investments accounted for using equity method - Exchange difference from translation of foreign operations	\$ <u>6,312</u>	\$ <u>2,565</u>
Investments accounted for using equity method - Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>2,564</u>	\$ <u>-</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments accounted for using equity method	\$ <u>362,160</u>	\$ <u>221,742</u>

E. The Company increased its investment in Trisco Technology Corporation for the amount of NT\$11,486 thousand on September 8, 2023, which resulted in gain recognized in bargain purchase transaction of NT\$11,009 thousand, the percentage of ownership increasing from 18.35% to 22.53%. Consequently, the investment, as a whole, was transferred from financial assets at fair value through other comprehensive income - non-current to investments accounted for using equity method.

(8) Property, plant and equipment

2023

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Equipment under acceptance	Others	Total
At January 1								
Cost	\$ 92,868	\$ 100,499	\$ 10,369	\$ 1,680	\$ 12,312	\$ -	\$ 9,648	\$ 227,376
Accumulated depreciation and impairment	-	( 33,855)	( 2,911)	( 1,652)	( 6,666)	-	( 6,292)	( 51,376)
	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>
Opening net book amount as at January 1	\$ 92,868	\$ 66,644	\$ 7,458	\$ 28	\$ 5,646	\$ -	\$ 3,356	\$ 176,000
Additions	-	-	-	-	-	4,102	234	4,336
Disposals - Cost	-	-	( 600)	( 1,680)	( 1,366)	-	( 2,872)	( 6,518)
Disposals - Accumulated depreciation	-	-	600	1,680	1,366	-	2,872	6,518
Reclassifications	-	-	-	-	342	-	-	342
Depreciation charge	-	( 2,490)	( 1,599)	( 28)	( 1,568)	-	( 721)	( 6,406)
Closing net book amount as at December 31	<u>\$ 92,868</u>	<u>\$ 64,154</u>	<u>\$ 5,859</u>	<u>\$ -</u>	<u>\$ 4,420</u>	<u>\$ 4,102</u>	<u>\$ 2,869</u>	<u>\$ 174,272</u>
At December 31								
Cost	\$ 92,868	\$ 100,499	\$ 9,769	\$ -	\$ 11,288	\$ 4,102	\$ 7,010	\$ 225,536
Accumulated depreciation and impairment	-	( 36,345)	( 3,910)	-	( 6,868)	-	( 4,141)	( 51,264)
	<u>\$ 92,868</u>	<u>\$ 64,154</u>	<u>\$ 5,859</u>	<u>\$ -</u>	<u>\$ 4,420</u>	<u>\$ 4,102</u>	<u>\$ 2,869</u>	<u>\$ 174,272</u>

2022

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Equipment under acceptance	Others	Total
At January 1								
Cost	\$ 92,868	\$ 100,499	\$ 7,183	\$ 3,720	\$ 11,671	\$ 1,216	\$ 10,039	\$ 227,196
Accumulated depreciation and impairment	-	( 31,366)	( 2,049)	( 2,481)	( 5,601)	-	( 7,624)	( 49,121)
	<u>\$ 92,868</u>	<u>\$ 69,133</u>	<u>\$ 5,134</u>	<u>\$ 1,239</u>	<u>\$ 6,070</u>	<u>\$ 1,216</u>	<u>\$ 2,415</u>	<u>\$ 178,075</u>
Opening net book amount as at January 1	\$ 92,868	\$ 69,133	\$ 5,134	\$ 1,239	\$ 6,070	\$ 1,216	\$ 2,415	\$ 178,075
Additions	-	-	2,553	-	1,109	2,220	890	6,772
Disposals - Cost	-	-	( 160)	( 2,890)	( 468)	-	( 2,878)	( 6,396)
Disposals - Accumulated depreciation	-	-	160	1,287	468	-	2,878	4,793
Reclassifications	-	-	793	850	-	( 3,436)	1,597	( 196)
Depreciation charge	-	( 2,489)	( 1,022)	( 458)	( 1,533)	-	( 1,546)	( 7,048)
Closing net book amount as at December 31	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>
At December 31								
Cost	\$ 92,868	\$ 100,499	\$ 10,369	\$ 1,680	\$ 12,312	\$ -	\$ 9,648	\$ 227,376
Accumulated depreciation and impairment	-	( 33,855)	( 2,911)	( 1,652)	( 6,666)	-	( 6,292)	( 51,376)
	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>

A. For the years ended December 31, 2023 and 2022, the Company had offices for its own use except for some offices which were leased to related parties under operating leases.

B. The Company has no interest capitalisation and impairment for the years ended December 31, 2023 and 2022.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

A. The Company's leased assets include office, corporate vehicles and the software of 3D design. The lease period was 1 to 5 years. Lessees had no bargain purchase option on aforementioned assets at the end of the lease period.

B. The movements of right-of-use assets of the Company during 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Book value	Book value
Buildings and structures	\$ 672	\$ 1,344
Transportation equipment	7,963	7,937
Other equipment	460	-
	<u>\$ 9,095</u>	<u>\$ 9,281</u>

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 672	\$ 672
Transportation equipment	3,949	3,311
Other equipment	20	-
	<u>\$ 4,641</u>	<u>\$ 3,983</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$4,495 and \$7,382, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 153	\$ 136
Expense on short-term lease contracts	\$ 488	\$ 163
Expense on leases of low-value assets	\$ 219	\$ 219

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$5,467 and \$4,479, respectively.

(10) Leasing arrangements - lessor

A. The Company leased buildings and structures in operating leases. The lease period was 1 to 3 years, and there were no options to extend the lease period. All operating lease contracts were individually negotiated and the rent and related terms were adjusted according to the market during the lease renewal. Lessees had no bargain purchase option on these assets at the end of

the lease period.

B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of \$801 and \$551, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease receivables under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 780
2024	352	77
After 2025	<u>-</u>	<u>-</u>
	<u>\$ 352</u>	<u>\$ 857</u>

(11) Short-term borrowings and short-term notes and bills payable

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 150,000	1.96%~2.19%	None
Secured borrowings	<u>156,425</u>	1.90%~2.02%	Deposits in reserve account
	<u>\$ 306,425</u>		
Short-term notes and bills payable			
	<u>\$ 29,985</u>	1.50%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 90,000	1.71%~1.94%	None
Secured borrowings	<u>235,454</u>	1.65%~1.99%	Deposits in reserve account
	<u>\$ 325,454</u>		

A. As of December 31, 2023 and 2022, the amounts of undrawn short-term borrowing facilities were \$227,567 and \$130,318, respectively.

B. As of December 31, 2023, the amount of undrawn short-term notes and bills payable facilities was \$20,000.

C. Refer to Note 8 for the details of collateral for the abovementioned borrowing.

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 72,614	\$ 55,616
Payable on equipment	-	3,785
Others	11,076	13,745
	<u>\$ 83,690</u>	<u>\$ 73,146</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured borrowings	Borrowing period is from November 10, 2021 to November 21, 2025; borrowing maturity to payment; interest is payable monthly	\$ 60,000	\$ 60,000
Secured borrowings	Borrowing period is from October 21, 2020 to October 6, 2024; borrowing maturity to payment; interest is payable monthly	90,000	90,000
Secured borrowings	Borrowing period is from February 15, 2022 to February 15, 2024; borrowing maturity to payment; interest is payable monthly	<u>50,000</u>	<u>70,000</u>
		200,000	220,000
	Less: Current portion	<u>( 140,000)</u>	<u>-</u>
		<u>\$ 60,000</u>	<u>\$ 220,000</u>
Interest rate range		<u>1.78% ~ 2.34%</u>	<u>1.28% ~ 2.06%</u>

A. As of December 31, 2023 and 2022, the amounts of undrawn long-term borrowing facilities were \$70,000 and \$50,000, respectively.

B. Refer to Note 8 for the details of collateral for the abovementioned long-term borrowing.

(14) Pensions

A. Defined benefit plan

(a) All formal employees were included in the Company's pension plan. Under the pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months

prior to retirement. An additional 20% on top of the amount shall be given to workers forced to retire due to insanity or physical disability incurred from the execution of their duties.

- (b) Directors who were on the job and managers who were commissioned according to Company Act and were approved by the Board of Directors were included in the Company's pension plan for the Company's directors and managers. Under the pension plan, directors and general manager who had serviced for over 3 years and are older than 55, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. An additional 20% on top of the amount shall be given to workers forced to retire or terminate due to insanity or physical disability incurred from the execution of their duties.
- (c) The Company's domestic entities have defined benefit plans for qualified employees, in accordance with the Labor Standards Act. The Company shall provide for pension at a fixed distribution rate of total monthly salary payments and had the Business Entity Supervisory Committee of Labor Retirement Reserve managed the pension which shall be deposited in the designated account of the Company in the Bank of Taiwan under the name of the committee. Before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account. If the amount is inadequate to pay pensions for workers retiring in the same year, the employer is required to make up the difference in one appropriation before the end of March in the following year. The designated accounts were commissioned to be managed by the Bureau of Labor Funds, and the Company had no rights to influence the investment management strategy. In December 2021, the Company has applied for the settlement of the retirement benefits of qualified employees under the defined benefit plan with the Department of Labor, Taipei City Government. The Company has fully settled the retirement benefits of qualified employees in August 2022.
- (d) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 3,280	\$ 2,731
Fair value of plan assets	-	( 2,292)
Net defined benefit liability	<u>\$ 3,280</u>	<u>\$ 439</u>

(e) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 2,731	(\$ 2,292)	\$ 439
Current service cost	466	-	466
Settlement profit or loss	83	2,292	2,375
At December 31	<u>\$ 3,280</u>	<u>\$ -</u>	<u>\$ 3,280</u>
	<u>2022</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 35,843	(\$ 33,471)	\$ 2,372
Current service cost	285	-	285
Interest expense (income)	196	( 181)	15
Past service cost	( 330)	-	( 330)
	<u>35,994</u>	<u>( 33,652)</u>	<u>2,342</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 2,257)	( 2,257)
Change in financial assumptions	( 506)	-	( 506)
Experience adjustments	1,170	-	1,170
	<u>664</u>	<u>( 2,257)</u>	<u>( 1,593)</u>
Pension fund contribution	-	( 310)	( 310)
Paid pension	( 33,927)	33,927	-
At December 31	<u>\$ 2,731</u>	<u>(\$ 2,292)</u>	<u>\$ 439</u>

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall

make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(g) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022
Discount rate	1.25%
Future salary increases	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 186)	\$ 200	\$ 870	(\$ 663)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

#### B. Defined contribution plan

The Company has established a defined contribution plan managed by the government under the Labor Pension Act. The Company contributes 6% of the employees' monthly salaries and wages to the individual designated account of the Bureau of Labor Insurance as pensions.

#### C. The Company recognised pension cost:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Net retirement cost recognised according to Actuaries' Report on pensions	\$ 466	(\$ 30)
Recognised according to Labor Pension Act of R.O.C.	<u>3,424</u>	<u>3,187</u>
	<u>\$ 3,890</u>	<u>\$ 3,157</u>

For the years ended December 31, 2023 and 2022, the amounts of directors' remuneration recognised in pension cost were \$466 and \$126, respectively.

(15) Share-based payment

A. The Company's share-based payment arrangements were as follows:

On March 25, 2020, the Board of Directors of the Company resolved to repurchase shares to be transferred to the Company's employees totaling 660 thousand shares during the period from March 26, 2020 to May 25, 2020. The actual number of shares repurchased was 595 thousand shares, and the capital reduction was conducted in 2020 with a capital reduction ratio of 6%. For shares under this repurchase, the Company will set grant date and transfer price based on the changes of share price and volume before transferring to employees. The Company expected to transfer shares to employees in one or many times within two years starting from the repurchase date. 1 thousand common shares can be purchased for 1 unit. The number of shares that an employee can acquire was calculated based on the standards, such as employee's seniority, position, job and special contributions to the Company. After transferring those shares to employees and registering a transfer of shares, unless stated otherwise, other rights and obligations of those shares are the same as original shares.

Vesting conditions: Regular employees who were employed before the subscription effective date or who have special contribution to the Company as recommended by management at or above the vice general manager level.

As of December 31, 2022, all employees' share options were exercised, 1 thousand common shares can be purchased for 1 unit, the number of shares that an employee can acquire were calculated based on the standards, such as employee's seniority, position, job and special contributions to the Company. After the transfer of shares to employees and the registration of the change has been completed, other rights and obligations are the same as the original shares.

B. Details of the share-based payment arrangements are as follows:

	2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	306	40.87
Options exercised	(306)	40.87
Options outstanding at December 31	-	
Options exercisable at December 31	-	

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model or other. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	February, 2022	\$ 44.00	\$ 40.87	16% (Note)	February 7, 2022 to February 18, 2022	5.91%	0.755%	\$ 3.00

Note: The expected price volatility was based on the historical volatility of share price in the past 5 years.

D. The compensation costs recognised for the year ended December 31, 2022 amounted to \$919.

#### (16) Share capital

A. As of December 31, 2023, the Company has authorised capital in the amount of \$1,050,000, consisting of 105,000 thousand shares (including convertible corporate bonds of 30,000 thousand shares, corporate bonds with warrant of 20,000 thousand shares and warrant certificates of 4,000 thousand shares) with a par value of \$10. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding are as follows:

	2023 (in thousands)	2022 (in thousands)
At January 1	41,608.82	41,302.52
Employee stock options exercised	-	306.30
At December 31	41,608.82	41,608.82

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reason for share reacquisition	Number of shares as of			Number of shares as of		
	January 1, 2022 (in thousands)	Increase	Transfer	Decrease	December 31, 2022 (in thousands)	
To be reissued to employees	306	-	( 306)	-	-	

- (b) On March 25, 2020, the Board of Directors of the Company approved to repurchase common shares in the number of 660 thousand shares to be transferred to employees according to Securities and Exchange Act Article 28-2 and ‘Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies’ published by the authority, during the period from March 26, 2020 to May 25, 2020, at a repurchase price ranging from \$28 to \$50. The Company repurchased common shares totaling 595 thousand shares. For the year ended December 31, 2020, the Company decreased cash capital at a ratio of 6%. On September 7, 2021 and March 3, 2022, the Company transferred 253 thousand shares and 306 thousand shares to employees, respectively, and the differences between the transfer price and repurchase price were \$349 and \$880, respectively, which were recognised as capital surplus - treasury shares. As of December 31, 2022, the Company had no treasury stocks.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company’s credit rating and the stockholders’ equity should be retired within six months of acquisition.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. On June 26, 2019, the shareholders of the Company approved to amend the Company's Articles of Incorporation. Under the amended Articles of Incorporation, the Company shall distribute earnings every half fiscal year and authorised the Board of Directors to resolve the distribution of dividends and bonus in cash which shall be reported to the shareholders.

In accordance with the earnings distribution policies in the Company's amended Articles of Incorporation, the current earnings in every half fiscal year, if any, shall first be used to pay all taxes and offset prior years' accumulated deficit, retaining estimated employees' compensation and directors' remuneration and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations. The appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors and approved by the shareholders if the dividends will be distributed in the form of shares. If the dividends will be distributed in cash, the appropriation shall be resolved by the Board of Directors.

The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount is equal to the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations, the appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors. The Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of 2022 and 2021 earnings had been approved by the shareholders during their meeting on May 24, 2023 and June 23, 2022, respectively. Details are summarised below:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 16,343	\$ -	\$ 19,444	\$ -
Cash dividends	116,505	2.8	128,987	3.1
		<u>\$ 2.8</u>		<u>\$ 3.1</u>

E. The appropriations of 2023 earnings had been approved by the Board of Directors during its meeting on March 15, 2024. Details are summarised below:

	<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 30,190	\$ -
Stock dividends	20,804	0.5
Cash dividends	108,183	2.6
		<u>\$ 3.1</u>

As of March 15, 2024, the appropriations of 2023 earnings have not been resolved at the shareholders' meeting.

(19) Other equity items

	<u>2023</u>		
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Total</u>
At January 1	(\$ 8,564)	\$ 176,581	\$ 168,017
Currency translation differences:			
- The Company	4,461	-	4,461
- Associates	586	-	586
- Tax	( 940)	-	( 940)
Valuation			
- Group	-	116,791	116,791
- Valuation adjustments transferred to retained earnings	-	( 31,004)	( 31,004)
At December 31	<u>(\$ 4,457)</u>	<u>\$ 262,368</u>	<u>\$ 257,911</u>

	<u>2022</u>		
	Unrealised gains		
	<u>Currency</u>	<u>(losses) on</u>	<u>Total</u>
	<u>translation</u>	<u>valuation</u>	
At January 1	(\$ 20,768)	\$ 272,860	\$ 252,092
Currency translation differences:			
- The Company	13,547	-	13,547
- Associates	1,128	-	1,128
- Tax	( 2,471)	-	( 2,471)
Valuation	<u>-</u>	<u>( 96,279)</u>	<u>( 96,279)</u>
At December 31	<u>(\$ 8,564)</u>	<u>\$ 176,581</u>	<u>\$ 168,017</u>

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

<u>2023</u>	Automatic monitoring		
	<u>segment</u>	<u>Other segments</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 435,366</u>	<u>\$ 5,465</u>	<u>\$ 440,831</u>
Timing of revenue recognition			
At a point in time	\$ 409,629	\$ 5,465	\$ 415,094
Over time	<u>25,737</u>	<u>-</u>	<u>25,737</u>
	<u>\$ 435,366</u>	<u>\$ 5,465</u>	<u>\$ 440,831</u>

<u>2022</u>	Automatic monitoring		
	<u>segment</u>	<u>Other segments</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 457,492</u>	<u>\$ 5,959</u>	<u>\$ 463,451</u>
Timing of revenue recognition			
At a point in time	\$ 441,121	\$ 5,959	\$ 447,080
Over time	<u>16,371</u>	<u>-</u>	<u>16,371</u>
	<u>\$ 457,492</u>	<u>\$ 5,959</u>	<u>\$ 463,451</u>

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Construction	\$ 10,440	\$ 3,934	\$ 3,304
Loss: Allowance	( 21)	( 8)	( 1)
Total	<u>\$ 10,419</u>	<u>\$ 3,926</u>	<u>\$ 3,303</u>
Contract liabilities:			
Construction	\$ 5,049	\$ 4,658	\$ 2,999
System integration	6,422	17,875	19,144
Sales of goods	877	1,930	4,440
Total	<u>\$ 12,348</u>	<u>\$ 24,463</u>	<u>\$ 26,583</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Construction	\$ 3,349	\$ 2,215
System integration	17,027	13,866
Sales of goods	1,790	748
	<u>\$ 22,166</u>	<u>\$ 16,829</u>

### C. Uncompleted contracts

The transaction price is allocated to unsatisfied performance obligations under the contract, and the expected recognition timing were as follows. The amounts disclosed do not include variable consideration.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Construction contracts		
Executory in 1 year	\$ 26,618	\$ 14,597
Executory in 1 to 3 years	10,140	14,967
Executory over 3 years	18,252	30,004
	<u>\$ 55,010</u>	<u>\$ 59,568</u>
System integration contracts		
Executory in 1 year	\$ 6,422	\$ 12,483
Executory in 1 to 3 years	-	5,392
Executory over 3 years	-	-
	<u>\$ 6,422</u>	<u>\$ 17,875</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales contracts		
Executory in 1 year	\$ 877	\$ 1,930
Executory in 1 to 3 years	-	-
Executory over 3 years	-	-
	<u>\$ 877</u>	<u>\$ 1,930</u>

(21) Interest income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Interest income from bank deposits	\$ 821	\$ 257
Other interest income	26	10
	<u>\$ 847</u>	<u>\$ 267</u>

(22) Other income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Rent income	\$ 801	\$ 551
Dividend income	26,529	63,375
Gain recognized in bargain purchase transaction	11,009	-
Other income, others	6,810	23,317
	<u>\$ 45,149</u>	<u>\$ 87,243</u>

(23) Other gains and losses

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Gains (losses) on financial assets at fair value through profit or loss	\$ 123,631	(\$ 20,601)
Foreign exchange gains	777	1,107
Gains on disposals of property, plant and equipment	524	413
Other gains and losses	( 25)	( 58)
	<u>\$ 124,907</u>	<u>(\$ 19,139)</u>

(24) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	\$ 11,537	\$ 6,886
Interest expense on lease liability	153	136
	<u>\$ 11,690</u>	<u>\$ 7,022</u>

(25) Employee benefit expense

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 25,616	\$ 75,305	\$ 100,921
Directors' remuneration	-	18,041	18,041
Labour and health insurance fees	2,184	5,102	7,286
Pension costs	1,294	2,130	3,424
Other personnel expenses	902	4,494	5,396
	<u>\$ 29,996</u>	<u>\$ 105,072</u>	<u>\$ 135,068</u>

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 22,393	\$ 70,006	\$ 92,399
Directors' remuneration	-	10,907	10,907
Labour and health insurance fees	1,992	4,943	6,935
Pension costs	1,217	1,814	3,031
Other personnel expenses	864	3,587	4,451
	<u>\$ 26,466</u>	<u>\$ 91,257</u>	<u>\$ 117,723</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. However, when the Company has accumulated deficit, no employees' compensation and directors' remuneration shall be distributed.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$12,020 and \$7,933, respectively; while directors' remuneration was accrued at \$9,015 and \$5,950, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 4% and 3%, respectively, of distributable profit for the year ended December 31, 2023.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Expenses by nature

	Year ended December 31, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 29,996	\$ 105,072	\$ 135,068
Depreciation charges	2,387	8,660	11,047
Amortisation charges	-	413	413
	<u>\$ 32,383</u>	<u>\$ 114,145</u>	<u>\$ 146,528</u>

	Year ended December 31, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 26,466	\$ 91,257	\$ 117,723
Depreciation charges	2,262	8,769	11,031
Amortisation charges	-	356	356
	<u>\$ 28,728</u>	<u>\$ 100,382</u>	<u>\$ 129,110</u>

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Current tax:		
Current tax on profits for the year	\$ 5,195	\$ 1,861
Tax on undistributed surplus earnings	2,249	2,301
Prior year income tax (overestimation) underestimation	( <u>429</u> )	( <u>223</u> )
Total current tax	<u>7,015</u>	<u>3,939</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>995</u>	<u>5,244</u>
Income tax expense	<u>\$ 8,010</u>	<u>\$ 9,183</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended <u>December 31, 2023</u>	Year ended <u>December 31, 2022</u>
Currency translation differences	\$ 940	\$ 2,471
Remeasurement of defined benefit obligation	<u>-</u>	<u>321</u>
	<u>\$ 940</u>	<u>\$ 2,792</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended <u>December 31, 2023</u>	Year ended <u>December 31, 2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 55,895	\$ 36,888
Tax exempt income by tax regulation	( 49,705)	( 30,746)
Prior year income tax (overestimation) underestimation	( 429)	( 223)
Effect from Alternative Minimum Tax	-	964
Tax on undistributed earnings	2,249	2,301
Others	<u>-</u>	<u>( 1)</u>
Income tax expense	<u>\$ 8,010</u>	<u>\$ 9,183</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognised in		December 31
		profit or loss	in other comprehensive income	
- Deferred tax assets:				
Unrealised expenses	\$ 7,708	\$ 1,259	\$ -	\$ 8,967
Remeasurement of defined benefit plan	880	-	-	880
Cumulative translation adjustments	291	-	( 291)	-
Others	1,055	( 137)	-	918
	<u>9,934</u>	<u>1,122</u>	<u>( 291)</u>	<u>10,765</u>
- Deferred tax liabilities:				
Investment income	( 18,008)	( 2,217)	-	( 20,225)
Unrealised pension contributions	( 834)	93	-	( 741)
Unrealized exchange gain	( 7)	7	-	-
Cumulative translation adjustments	-	-	( 649)	( 649)
	<u>( 18,849)</u>	<u>( 2,117)</u>	<u>( 649)</u>	<u>( 21,615)</u>
	<u>(\$ 8,915)</u>	<u>(\$ 995)</u>	<u>(\$ 940)</u>	<u>(\$ 10,850)</u>
	2022			
	January 1	Recognised in		December 31
		profit or loss	in other comprehensive income	
- Deferred tax assets:				
Unrealised expenses	\$ 7,146	\$ 562	\$ -	\$ 7,708
Remeasurement of defined benefit plan	1,201	-	( 321)	880
Cumulative translation adjustments	2,762	-	( 2,471)	291
Others	1,135	( 80)	-	1,055
	<u>12,244</u>	<u>482</u>	<u>( 2,792)</u>	<u>9,934</u>
- Deferred tax liabilities:				
Investment income	( 12,330)	( 5,678)	-	( 18,008)
Unrealised pension contributions	( 766)	( 68)	-	( 834)
Unrealized exchange gain	( 29)	22	-	( 7)
	<u>( 13,125)</u>	<u>( 5,724)</u>	<u>-</u>	<u>( 18,849)</u>
	<u>(\$ 881)</u>	<u>(\$ 5,242)</u>	<u>(\$ 2,792)</u>	<u>(\$ 8,915)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

B. Diluted earnings per share

Diluted earnings per share is calculated as the profit attributable to ordinary equity holders of the parent company, based on the effect from dilutive potential ordinary shares, divided by the weighted-average number of current outstanding ordinary shares.

	<u>Year ended December 31, 2023</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 271,466</u>	<u>41,609</u>	<u>\$ 6.52</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 271,466	41,609	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>-</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 271,466</u>	<u>41,609</u>	<u>\$ 6.52</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 175,259	41,538	\$ 4.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 175,259	41,538	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 175,259	41,538	\$ 4.22

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 4,336	\$ 6,772
Add: Opening balance of payable on equipment	3,785	-
Less: Ending balance of payable on equipment	-	( 3,785)
Cash paid during the year	\$ 8,121	\$ 2,987

(30) Changes in liabilities from financing activities

	2023					
	Short-term borrowings	Short-term notes and bills payables	Long-term borrowings (including current portion)	Lease liability	Dividends payable	Liabilities from financing activities
At January 1	\$ 325,454	\$ -	\$ 220,000	\$ 9,368	\$ -	\$ 554,822
Changes in cash flow from financing activities	( 19,029)	29,985	( 20,000)	( 4,607)	( 116,505)	( 130,156)
Interest paid	-	-	-	( 153)	-	( 153)
Increase in lease liability for the year	-	-	-	4,015	-	4,015
Interest expense from amortisation	-	-	-	153	-	153
Declared cash dividends	-	-	-	-	116,505	116,505
Other non-cash fluctuations	-	-	-	( 41)	-	( 41)
At December 31	<u>\$ 306,425</u>	<u>\$ 29,985</u>	<u>\$ 200,000</u>	<u>\$ 8,735</u>	<u>\$ -</u>	<u>\$ 545,145</u>
	2022					
	Short-term borrowings	Short-term notes and bills payables	Long-term borrowings (including current portion)	Lease liability	Dividends payable	Liabilities from financing activities
At January 1	\$ 295,845	\$ 140,000	\$ 5,946	\$ -	\$ -	\$ 441,791
Changes in cash flow from financing activities	29,609	80,000	( 3,961)	( 128,987)	( 23,339)	( 23,339)
Interest paid	-	-	( 136)	-	-	( 136)
Increase in lease liability for the year	-	-	-	7,383	-	7,383
Interest expense from amortisation	-	-	-	136	-	136
Declared cash dividends	-	-	-	-	128,987	128,987
At December 31	<u>\$ 325,454</u>	<u>\$ 220,000</u>	<u>\$ 9,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554,822</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Kemitek Industrial Corp.	Subsidiary
Santek Technology, Inc.	Subsidiary
Gee Lien Resource Development Corp.	Subsidiary
DFOST Corporation	Subsidiary
RIFT HOLDINGS INC.	Subsidiary
RIFT SYSTEMS INC.	Subsidiary
Siap+Micros Holding S.r.l.	Associate
Siap+Micros S.p.a.	Associate
Trisco Technology Corporation (Notes1)	Associate
Trisco Technology Corporation (Shenzhen)	Associate
Sanlien Education Foundation	Related party in substance
Meteorological Application & Development Foundation	Related party in substance
Sino-Geotechnics Research and Development Foundation	Related party in substance
Taiwan Climate Services Partnership	Related party in substance
Chinese Taipei Ski Association	Related party in substance
PUJEN Land Development Co., Ltd.	Related party in substance
Rui Hua Investment Co., Ltd.	Related party in substance
Lucent Source., Ltd.	Related party in substance
China Metal Products Co., Ltd.	Related party in substance
The Hotel National Company Limited	Related party in substance
Xiao Bu Dian Company Limited	Related party in substance
Asia World Engineering & Construction Corp.	Related party in substance
Yan Lien Technology Corp.	Related party in substance
P-Waver Inc.	Related party in substance
Wu Chi-Wei	Related party in substance
Ta-Chun Lin	The Company's key management
Lin Ting-Fung (Note2)	The Company's key management
Lin Chia-Ching	The Company's key management
Zhu Min,Gao	The Company's key management

Note1: The Company increased its investment in Trisco Technology Corporation, therefore, it became an associate starting from September 2023.

Note2: Mr. Lin Ting-Fung has retired effective December 31, 2022, but remained as part of the key management of the Company's subsidiary.

(2) Significant related party transactions

A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Sales of goods:		
Subsidiaries	\$ 28,051	\$ 27,343
Associates	-	1,410
Related party in substance	<u>11,394</u>	<u>5,317</u>
	<u>\$ 39,445</u>	<u>\$ 34,070</u>

The Company's transaction amounts and conditions with related parties were in agreement with third parties.

B. Purchases:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Purchases of goods:		
Related party in substance	\$ 5,662	\$ 33,014
Associates	5,348	1,039
Subsidiaries	<u>1,960</u>	<u>572</u>
	<u>\$ 12,970</u>	<u>\$ 34,625</u>

The Company's transaction amounts and conditions with related parties were in agreement with third parties.

C. Notes receivable from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Related party in substance	<u>\$ 38</u>	<u>\$ 93</u>

D. Accounts receivable from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Subsidiaries	\$ 2,588	\$ 3,828
Associates	-	-
Related party in substance	<u>656</u>	<u>343</u>
	<u>\$ 3,244</u>	<u>\$ 4,171</u>

E. Prepayments to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments		
Subsidiaries	\$ -	\$ 16
Related party in substance	<u>-</u>	<u>207</u>
	<u>\$ -</u>	<u>\$ 223</u>

F. Notes payable to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Subsidiaries	<u>\$ -</u>	<u>\$ 16</u>

G. Accounts payable to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Related party in substance	\$ -	\$ 6,922
Associates	3,430	-
Subsidiaries	<u>205</u>	<u>188</u>
	<u>\$ 3,635</u>	<u>\$ 7,110</u>

H. Other payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Related party in substance	\$ 162	\$ 13
Associates	<u>115</u>	<u>-</u>
	<u>\$ 277</u>	<u>\$ 13</u>

I. Contract liabilities to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities		
Related party in substance	<u>\$ 2,475</u>	<u>\$ 414</u>

J. Property transactions:

(a) Acquisition of financial assets:

	Accounts	No. of shares (in thousands)	Objects	Year ended December 31, 2023 Consideration
Subsidiary	Investments accounted for using equity method (Issue of shares)	1,530	DFOST Corporation	\$ 15,300
				<u>\$ 15,300</u>

	Accounts	No. of shares (in thousands)	Objects	Year ended December 31, 2022 Consideration
Related party in substance	Financial assets at fair value through other comprehensive income	1,000	P-Waver Inc.	\$ 12,000
"	Investments accounted for using equity method	216	Kemitek Industrial Corp.	<u>8,621</u>
				<u>\$ 20,621</u>

(b) Disposal of financial assets:

	Accounts	No. of shares (in thousands)	Objects	Year ended December 31, 2023 Proceeds
Related party in substance	Investments accounted for using equity method	35	Gee Lien Resource Development	<u>\$ 674</u>

	Accounts	No. of shares (in thousands)	Objects	Year ended December 31, 2022 Proceeds
Related party in substance	Investments accounted for using equity method	35	Gee Lien Resource Development	<u>\$ 626</u>

(c) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2022</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Related party in substance	<u>\$ 720</u>	<u>\$ -</u>

K. Lease transactions - lessee

Rent expense

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Subsidiaries	\$ 15	\$ 44
Related party in substance	<u>220</u>	<u>-</u>
	<u>\$ 235</u>	<u>\$ 44</u>

L. Leasing arrangements - lessor

(a) The Company leased buildings and structures in operating leases, with a lease period of 1 to 3 years. The amount of lease is determined based on the local rental level and used area, and is paid by the lessee on a monthly basis.

(b) Rent income:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Subsidiaries	\$ 660	\$ 425
Related party in substance	<u>30</u>	<u>103</u>
	<u>\$ 690</u>	<u>\$ 528</u>

M. Others

(a) Others

<u>Relationship with the Group</u>	<u>Account</u>	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Subsidiaries	Expenses for labour dispatch	\$ 2,555	\$ 2,464
//	Other income	4,718	4,372
//	Other operating expenses	801	1,016
Related party in substance	Other operating expenses	1,494	859
//	Other income	4	-

In order to assist Sanlien Education Foundation in promoting each project and the development of science popularization education, the Company, for the year ended December 31, 2023, their grants amounted to \$1,700.

N. Endorsements and guarantees provided to related parties:

Refer to Note 9 for details of endorsements and guarantees provided to related parties.

(3) Key management compensation

	Year ended <u>December 31, 2023</u>	Year ended <u>December 31, 2022</u>
Salaries and other short-term employee benefits (Note)	\$ 10,792	\$ 13,366
Post-employment benefits	598	383
Share-based payment transaction	-	133
	<u>\$ 11,390</u>	<u>\$ 13,882</u>

Note: The related expenses and depreciation pertaining to the official cars used by the main management were included in key management compensation.

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Land	\$ 47,279	\$ 47,279	Long-term borrowings
Buildings and structures - net	14,026	14,588	"
Time deposits	840	840	Pledged as collateral for tariff
Deposits in reserve account	18,243	25,968	Short-term borrowings
	<u>\$ 80,388</u>	<u>\$ 88,675</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, the amounts of refundable deposit notes issued by the Company for undertaking each construction and bank financing facilities were \$112,551 and \$112,701, respectively.

B. As of December 31, 2023 and 2022, the Company had guarantee notes issued by financial institutions for customs duty in the amount of \$5,000 and \$10,000, respectively.

C. As of December 31, 2023 and 2022, the Company had repaid the prepayment for undertaking

construction which were guaranteed by banks in the amount of \$5,009 and \$4,229, respectively.

- D. As of December 31, 2023 and 2022, the subsidiary, Gee Lien Resource Development Corp., provided guarantee for the Company to undertake constructions in the amount of \$50,000 for both years. As of December 31, 2023 and 2022, the Company has used \$20,632 and \$22,023, respectively.
- E. As of December 31, 2023 and 2022, the Company's outstanding letters of credit but not yet drawn amounted to \$16,000 and \$10,000, respectively.
- F. As of December 31, 2023 and 2022, the Company provided guarantee for the subsidiary, Gee Lien Resource Development Corp., to undertake constructions, amounting to \$40,000 for both years. As of December 31, 2023 and 2022, the subsidiary, Gee Lien Resource Development Corp. has used \$21,408 and \$17,327, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On March 15, 2024, the Board of Directors approved the appropriations of 2023 earnings. Details of resolution by the Board of Directors are provided in Note 6(18).

12. Others

(1) Capital management

The Company's goal of capital management was to secure the Company's going concern and to maintain a healthy capital basis in order to keep the confidence of investor, debtor and market and to support the development of future operations. Capital included the Company's share capital, capital surplus, retained earnings and non-controlling interests. The Board of Directors controlled and managed the return on capital and dividends standard of common share simultaneously. For the year ended December 31, 2023, the Company's capital management was the same as usual and did not change.

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss on initial recognition	\$ <u>288,168</u>	\$ <u>198,036</u>
Financial assets at fair value through other comprehensive income		
Qualifying equity instruments	\$ <u>496,136</u>	\$ <u>447,927</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 147,449	\$ 165,887
Financial assets at amortised cost	19,083	26,808
Notes receivable	9,832	14,915
Accounts receivable	66,174	77,633
Other financial assets	-	1,134
Guarantee deposits paid	7,591	5,047
Long-term notes and accounts receivable	<u>525</u>	<u>-</u>
	\$ <u>250,654</u>	\$ <u>291,424</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 306,425	\$ 325,454
Short-term notes and bills payable	29,985	-
Notes payable	347	346
Accounts payable	65,073	34,109
Other accounts payable	83,967	73,159
Long-term borrowings (including current portion)	<u>200,000</u>	<u>220,000</u>
	\$ <u>685,797</u>	\$ <u>653,068</u>
Lease liability	\$ <u>8,735</u>	\$ <u>9,368</u>

### B. Financial risk management policies

The Company had adopted overall risk management and control system to identify all risks including market risk, credit risk, liquidity risks and cash flow risks in order for the management to control and evaluate these risks effectively. The Company's objectives on market risk management are to achieve the optimal risk position, maintain an optimal level of liquidity and centralise risk management operations, with consideration of the economic environment,

competitive status and market value risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's sales and purchases are primarily denominated in NTD, JPY and USD. The fair value of financial assets and liabilities which were denominated in foreign currency changed according to the fluctuations in market exchange rates. As the Company offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk due to exchange rate.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency		
	amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 596	\$ 30.66	\$ 18,276
JPY:NTD	63,250	0.215	13,611
EUR:NTD	199	33.78	6,721
CHF:NTD	125	36.36	4,541
<u>Investments accounted for using equity method</u>			
EUR:NTD	\$ 3,999	33.98	\$ 13,896
HKD:NTD	20,936	3.895	81,536
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	30.76	\$ 673
JPY:NTD	27,198	0.219	5,962
EUR:NTD	5	34.18	183
CHF:NTD	53	36.61	1,929
RMB:NTD	29	4.352	126

	December 31, 2022		
	Foreign currency		
	amount	Exchange	Book value
	<u>(In thousands)</u>	<u>rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,515	\$ 30.66	\$ 46,460
JPY:NTD	16,207	0.230	3,734
EUR:NTD	190	32.52	6,168
CHF:NTD	4	33.08	138
SGD:NTD	1	22.79	12
<u>Investments accounted for using equity method</u>			
EUR:NTD	\$ 3,622	32.72	\$ 118,524
HKD:NTD	19,764	3.908	77,229
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 54	30.76	\$ 1,672
JPY:NTD	12,671	0.234	2,970
EUR:NTD	169	32.92	5,557
CHF:NTD	7	33.33	299

- iii. The Company is primarily affected by the exchange rate fluctuation of JPY and USD. Foreign exchange risk between JPY, USD and NTD arose primarily from gains or losses on foreign currency exchange from translating JPY and USD denominated cash, cash equivalents, accounts receivable and other receivables, accounts payable and other payables. When the Company's functional currency, NTD, fluctuated 1% against JPY and USD, the sensitivity analysis were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Effect on profit after tax and equity	<u>\$ 202</u>	<u>\$ 364</u>

When the Company's foreign currency assets position is higher than foreign currency liabilities, a positive number above indicates an increase in net profit and equity associated with New Taiwan dollars decreasing 1% against the relevant currency. For a 1% increase in New Taiwan dollars against the relevant currency, the amount of impact on net profit and equity would be the same but negative.

(b) Credit risk

- i. The Company's policy is to trade only with counterparties with rating of investment level, and if necessary, the Company requires for sufficient collaterals to reduce the financial loss risk from past due accounts. The Company assesses credit rating of major customers by using public financial information and historical transaction records. The Company continuously monitors its credit exposure and the credit rating of counterparties, and allocates the total transaction amount to different customers with qualified credit rating. In addition, the Company manages credit exposures through proper review and approval to the credit facility of counterparties by key management annually.
- ii. In order to reduce credit risk, the Company's management appointed an exclusive group to be in charge of the decision of credit facilities, approval of credit and other monitoring procedures to ensure adequate action is taken on the collection of the past due accounts receivable. In addition, on the balance sheet date, the Company will review the recoverable amount of each accounts receivable to ensure the unrecoverable accounts receivable had been properly provisioned impairment loss. Based on the above information, the management believes the credit risk of the Company has significantly decreased.
- iii. The expected credit losses on accounts receivable are estimated by using the lifetime expected losses. The lifetime expected losses are calculated based on the provision matrix, taking into consideration that past default experience of the customer, an analysis of the customer's current financial position, industrial economic situation, GDP forecast and the future conditions of the industry in which the customers operate.
- iv. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix is not further distinguished according to the Company's different customer base and the expected credit losses were calculated from the past due date of accounts receivable.
- v. The Company has internal credit risk management, without consideration of the collaterals held, default has occurred under the following conditions:
  - (i) Internal or external information indicates that it is impossible for the creditors to repay its obligations.
  - (ii) Past due over 181 days, except when there was a reasonable explanation and supporting documentation that the delay shall not be considered a default.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments are past due in accordance with the contract terms, counterparties have serious financial difficulties and the Company cannot reasonably estimate the recoverable amount, there has been a significant increase in credit risk on that instrument since initial recognition.

vii. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, when counterparties are processing the liquidation, the Company will directly write off related accounts receivable. However, the Company will continue executing the recourse procedures to secure their rights, and the recovered amount arising from the recourse procedures will be recognised in profit or loss.

viii. The Company's provision matrix of accounts receivable and contract assets is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Overdue receivables	Total
<u>At December 31, 2023</u>							
Expected credit loss rate	0.20%	11.00%	47%~81%	72%~86%	-	-	
Book value	\$ 76,303	\$ 83	\$ 551	\$ 319	\$ -	\$ -	\$ 77,256
Allowance	( 150)	( 9)	( 274)	( 230)	-	-	( 663)
Amortised cost	<u>\$ 76,153</u>	<u>\$ 74</u>	<u>\$ 277</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,593</u>
<u>At December 31, 2022</u>							
Expected credit loss rate	0.20%	6.50%	11.2%~71.5%	73%~80%	-	100%	
Book value	\$ 80,806	\$ 323	\$ 668	\$ 63	\$ -	\$ 675	\$ 82,535
Allowance	( 159)	( 21)	( 74)	( 47)	-	( 675)	( 976)
Amortised cost	<u>\$ 80,647</u>	<u>\$ 302</u>	<u>\$ 594</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,559</u>

ix. As of December 31, 2023 and 2022, the expected credit loss rates of contract assets were 0.2% and 0.2%, respectively.

x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023	
	Accounts receivable	Contract assets
At January 1	\$ 968	\$ 8
Provision for impairment	116	13
Write-offs during the years	( 441)	-
At December 31	<u>\$ 643</u>	<u>\$ 21</u>

	2022	
	<u>Accounts receivable</u>	<u>Contract assets</u>
At January 1	\$ 921	\$ 1
Provision for impairment	47	7
At December 31	<u>\$ 968</u>	<u>\$ 8</u>

(c) Liquidity risk

- i. For the Company's financial assets and liabilities that will mature in one year, the working capital of the Company is sufficient, therefore there is no liquidity risk from the inability to raise capital for fulfilling contractual obligations.
- ii. The Company invested surplus cash in interest bearing time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As for the held monetary market fund, refer to Note 6 for details of financial assets. The Company expects to timely generate cash flows to manage liquidity risk.
- iii. Refer to Notes 6(11) and 6(13) for details of undrawn borrowing facility of the Company.
- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ 140,000	\$ 60,000	\$ -	\$ 200,000
Lease liability	\$ 4,140	\$ 4,846	\$ -	\$ 8,986
	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2022</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ -	\$ 220,000	\$ -	\$ 220,000
Lease liability	\$ 4,196	\$ 5,391	\$ -	\$ 9,587

Except as stated above, the Company's non-derivative financial liabilities are due within the following year.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 132,946	\$ -	\$ -	\$ 132,946
Unlisted stocks	-	-	155,222	155,222
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	496,136	496,136
	<u>\$ 132,946</u>	<u>\$ -</u>	<u>\$ 651,358</u>	<u>\$ 784,304</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 121,614	\$ -	\$ -	\$ 121,614
Unlisted stocks	-	-	76,422	76,422
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	447,927	447,927
	<u>\$ 121,614</u>	<u>\$ -</u>	<u>\$ 524,349</u>	<u>\$ 645,963</u>

C. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and periodically valued any other necessary adjustments to the fair value.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

(a) Financial asset at fair value through other comprehensive income- Equity instrument

	<u>2023</u>	<u>2022</u>
At January 1	\$ 447,927	\$ 532,206
Increase during the year	20,000	12,000
Decrease during the year	( 86,018)	-
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>114,227</u>	<u>( 96,279)</u>
At December 31	<u>\$ 496,136</u>	<u>\$ 447,927</u>

(b) Financial asset at fair value through profit or loss - Equity instrument

	<u>2023</u>	<u>2022</u>
At January 1	\$ 76,422	\$ 81,399
Recorded as unrealised (losses) gains	<u>79,942</u>	<u>( 4,977)</u>
At December 31	<u>\$ 156,364</u>	<u>\$ 76,422</u>

- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 617,518</u>	Market comparable companies	Price-Book Ratio	4.27~40.91	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	1.42~2.82	
			Discount for lack of marketability	20%~50%	
Unlisted shares	<u>\$ 33,840</u>	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	10%	
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 498,729</u>	Market comparable companies	Price-Book Ratio	3.37~40.95	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	0.92~2.33	
			Discount for lack of marketability	20%~50%	
Unlisted shares	<u>\$ 25,620</u>	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	10%	

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Note 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down (Note 3)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(2)	\$ 330,416	\$ 40,000	\$ 40,000	\$ 21,408	\$ -	2.42	\$ 495,624	Y	N	N	-
1	Gee Lien Resource Development Corp.	Sanlien Technology Corp.	(3)	50,000	50,000	50,000	20,632	-	220.09	50,000	N	Y	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:  
(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: 1. Under the company's regulation "Endorsement guarantee method", the ceiling on the total amount of endorsements/ guarantees provided should not exceed 30% of equity,

and the limit on endorsements/ guarantees provided for a single party should not exceed 20% of equity.

Ceiling on total amount of endorsements/ guarantees provided: 1,652,080\* 30%= 495,624 °

Limit on endorsements/ guarantees provided for a single party : 1,652,080\* 20%= 330,416 °

2. Gee Lien Resource Development Corp. only provided the transactions of endorsement for Sanlien Technology Corp. The total amount of transactions of endorsement and the limit of endorsement for is 500% of its paid in capital.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023			Footnote (Note 4)	
				Number of shares	Book value (Note 3)	Ownership (%)		Fair value
Sanlien Technology Corp.	China Metal Products Co., Ltd., common stock	The chairman of the issuer is the immediate family of the chairman of the Company	Financial assets at fair value through profit or loss - current	2,570,637	\$ 107,838	0.68	\$ 107,838	-
"	Chang Hwa Commercial Bank, Ltd., common shares	-	"	60,000	1,074	-	1,074	-
"	Sinopac Financial Holdings Company Limited, common shares	-	"	1,120,673	22,077	0.01	22,077	-
"	Holy Stone Enterprise Co., Ltd., common shares	-	"	8,400	815	0.01	815	-
Sanlien Technology Corp.	Miramar Hospitality Co., Ltd., common shares	-	Financial assets at fair value through profit or loss - non-current	122,000	1,142	0.33	1,142	-
"	Asia World Engineering & Construction Co., common shares	The Company is the director of the issuer	"	9,202,096	152,479	13.13	152,479	-
"	Yan Lien Technology Corp., common shares	-	"	90,000	2,743	18.00	2,743	-
"	Kintech Technology Co., Ltd., common shares	-	"	432,000	-	0.25	-	-
Sanlien Technology Corp.	Pujen Land Development Co., Ltd., common shares	The chairman of the issuer is the immediate family of the chairman of the Company	Measured at fair value through other comprehensive income	17,786,456	358,397	6.34	358,397	-
"	Pacific Cycles Inc., common shares	The Company is the director of the issuer	- non-current	1,227,600	69,519	5.46	69,519	-
"	Innofund II Ltd., common shares	The Company is the director of the issuer	"	3,000,000	33,840	10.00	33,840	-
"	P-Waver Inc., common shares	The Company is the director of the issuer	"	2,000,000	17,520	13.09	17,520	-
"	Masada Technology Co., Ltd., common shares	-	"	2,000,000	16,860	5.95	16,860	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Comparable with other vendors	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Kemitek Industrial Corp.	Tama Chemicals Co., Ltd.	An investee accounted for under the equity method	Purchases	\$ 1,472,013	59.61	Same as other transactions	30~120 days	with other vendors	\$ 615,972	60.74	-

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period  
For the year ended December 31, 2023

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Operating income	\$ 19,933	Same as general customers	0.54
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(1)	Operating income	4,961	Same as general customers	0.13
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Operating income	3,158	Same as general customers	0.09
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Other income	3,208	Same as general customers	0.09
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Other expense	2,555	Same as general customers	0.07

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction amount or the balance of the creditor's rights and debts is more than \$2,500.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount			Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	December 31, 2023			
Sanlien Technology Corp.	Kemitek Industrial Corp.	Taiwan	Manufacturing and sales of semiconductor-related chemicals	\$ 276,923	\$ 276,923	25,490,748	37.24	\$ 651,970	255,436	\$ 95,542	Subsidiary	
"	Santek Technology, Inc.	Hong Kong	Sales of electronic and electrical products	22,321	22,321	5,520,420	100.00	81,536	4,416	4,295	Subsidiary	
"	Gee Lien Resource Development Corp.	Taiwan	Earth science and technology engineering contractor	12,635	14,572	600,000	60.00	15,677	6,413	4,079	Subsidiary	
"	DFOST Corporation	Taiwan	Development and sales of optical fiber sensor monitors	25,500	10,200	2,550,000	51.00	7,650	( 22,086)	( 11,264)	Subsidiary	
"	RIFT HOLDINGS INC	U.S.A.	Overseas holding company	29,571	-	950,000	100.00	22,295	( 6,259)	( 6,953)	Subsidiary	
RIFT HOLDINGS INC	RIFT SYSTEMS INC	U.S.A.	Sales of equipment (sensors), electrical materials	27,257	-	900,000	90.00	21,530	( 6,869)	( 6,182)	Subsidiary	
Sanlien Technology Corp.	Siap+Micros Holding S.r.l	Italy	Overseas holding company	86,950	86,950	-	49.00	135,896	42,672	20,909	-	
Siap+Micros Holding S.r.l	Siap+Micros S.p.a	Italy	Manufacturing, trading and providing related technical services of astronomical, walrus and meteorological monitoring instruments	177,448	177,448	1,302,083	100.00	304,697	43,503	-	-	
Santek Technology, Inc.	Billion Corporation	Samoa	Overseas holding company	7,155	7,155	199,963	35.10	10,926	( 3,025)	-	-	
"	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	12,058	12,058	625,000	6.25	20,591	80,275	-	-	
Kemitek Industrial Corp.	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	48,583	48,583	2,500,000	25.00	82,048	80,275	-	-	
Sanlien Technology Corp.	Trisco Technology Corporation	Taiwan	Manufacturing, processing and trading of electronic component	57,400	-	3,640,295	22.53	101,330	22,805	( 626)	-	



SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Multiple Investment Corp.	3,230,779	7.76
Rui Hua Investment Co., Ltd.	2,694,264	6.47
Lucent Source, Ltd.	2,449,464	5.88
Chanitex Co., Ltd.	2,088,000	5.01

VI. The impact posed to the Company's financial situation by financial difficulties experienced by the Company or its affiliates in the most recent fiscal year up to the date of publication of the annual report, if any : None

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

### I. Financial Position

#### (I) Comparison and Analysis of Financial Position

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (decrease) in amount	Variance %
Current assets	3,012,271	2,911,187	(101,084)	-3.4%
Property, plant and equipment	1,006,761	1,017,290	10,529	1.0%
Intangible assets	26,164	27,392	1,228	4.7%
Other assets	822,577	1,162,186	339,609	41.3%
<b>Total assets</b>	<b>4,867,773</b>	<b>5,118,055</b>	<b>250,282</b>	<b>5.1%</b>
Current liabilities	2,178,646	2,260,654	82,008	3.8%
Non-current liabilities	260,930	112,962	(147,968)	-56.7%
<b>Total liabilities</b>	<b>2,439,576</b>	<b>2,373,616</b>	<b>(65,960)</b>	<b>-2.7%</b>
Capital stock	416,088	416,088	-	-%
Capital surplus	44,195	44,189	(6)	-%
Retained earnings	748,494	933,892	185,398	24.8%
Other equity	168,017	257,911	89,894	53.5%
Treasury shares	-	-	-	-
<b>Total equity attributable to owners of the parent</b>	<b>1,376,794</b>	<b>1,652,080</b>	<b>275,286</b>	<b>20.0%</b>
<b>Non-controlling equity</b>	<b>1,051,403</b>	<b>1,092,359</b>	<b>40,956</b>	<b>3.9%</b>
<b>Total equity</b>	<b>2,428,197</b>	<b>2,744,439</b>	<b>316,242</b>	<b>13.0%</b>

The reasons for significant changes in assets, liabilities and shareholders' equity during the most recent two years (Change between the previous and current periods by more than 20% and the amount of change amounting to more than NT\$10 million):

1. Other assets: Mainly due to increases in the amount of financial asset investment and valuation, and recognition of long-term financing lease receivables.
2. Non-current liabilities: The decrease compared with the same period last year is mainly due to the reclassification of long-term borrowings due in one year to current liabilities.
3. Retained earnings: The increase in the current period is mainly due to the increase in profit and the disposal of equity instruments at fair value through other comprehensive income, and the valuation profit or loss of is reclassified to retained earnings.
4. Other equities: Due to the market value of financial assets at fair value through other comprehensive income being increased during the period, the unrealized valuation gain was accounted for other equities, resulting in a increase in the valuation of other equities.

(II) Impact posed by changes in financial position: No material impact posed.

(III) Measures to be taken in response: N/A.

## II. Financial Performance.

### (I) Comparison and Analysis of Financial Performance

Unit: NT\$ thousand

Item	Year		Increase (decrease) in amount	Variance %
	2022	2023		
Total operating revenue	3,826,654	3,706,353	(120,301)	-3.1%
Less: Sales return or allowance	(3,254)	(4,282)	1,028	31.6%
Net operating revenue	3,823,400	3,702,071	(121,329)	-3.2%
Operating cost	3,173,116	3,150,780	(22,336)	-0.7%
Operating profit	650,284	551,291	(98,993)	-15.2%
Operating expenses	327,043	306,306	(20,737)	-6.3%
Operating income	323,241	244,985	(78,256)	-24.2%
Non-operating income and expense	136,976	241,280	104,304	76.1%
Income before tax	460,217	486,265	26,048	5.7%
Income tax expenses	(88,202)	(63,753)	(24,449)	-27.7%
Current net income	372,015	422,512	50,497	13.6%
Current other comprehensive income (net after tax)	(77,284)	120,935	198,219	256.5%
Current total comprehensive income	294,731	543,447	248,716	84.4%

The reasons for significant changes in operating revenue, operating profit and income before tax during the most recent two years (Change between the previous and current periods by more than 20% and the amount of change amounting to more than NT\$10 million):

1. Operating profit: Due to the impact of the economic environment, the operating revenue and operating profit decreased slightly compared with the same period of last year.
2. Net non-operating revenue and expenses: Due to the increase in the market price of financial assets measured at fair value through profit and loss, which was recognized as valuation gain, the non-operating income increased.
3. Income tax expenses: Due to the increase in the proportion of non-operating income in the current period to the amount of net profit before tax, which is mainly the valuation gain of tax exemption, the income tax expenses decreased compared with last year.
4. Other comprehensive income for the period and total comprehensive income for the period: Due to the increase in the market price of financial assets measured at fair value through other comprehensive income, valuation gains were recognized, resulting in a significant increase in other comprehensive income and total comprehensive income in the period.

- (II) For the sales volume forecast and supporting basis, and possible impacts on the Company's future financial business and its response plan, please refer to Pages 1~4 of the annual report, Message to Shareholders.

### III. Cash Flow

#### (I) Analysis on changes in 2023 cash flow

Unit: NT\$ thousand

Balance of cash, beginning	Net cash flow from operating activities for the year	Net cash flows from investing activities and financing activities for the year	Foreign exchange effects	Cash balance	Corrective measures against insufficient cash position	
					Investment plan	Wealth management plan
656,645	508,018	(448,170)	(2,160)	714,333	-	-

1. Operating activities: The increase in inflow from the previous year is a result of more prepared materials in response to the global shortage of raw materials in the same period last year, resulting in a decrease in cash inflow from operating activities in the same period last year.
2. Investing activities: The increase in the outflow from last year primarily resulted in the increase in capital expenditure in equipment in the current period.
3. Financing activities: The increase in outflow from the previous year is due to the significant increase in borrowings and that the cash inflow was higher.

(II) Corrective measures to be taken in response to illiquidity: None.

#### (III) Cash flow analysis for next year

Unit: NT\$ thousand

Balance of cash, beginning	Projected net cash flow from operating activities for the year (Note 1)	Projected net cash flows from investing activities and financing activities for the year (Notes 2 and 3)	Projected cash balance (deficit)	Projected corrective measures against insufficient cash position	
				Investment plan	Wealth management plan
(1)	(2)	(3)	(1)+(2)+(3)		
714,333	380,652	(353,020)	741,965	-	-

Note 1. Operating activities: The consolidated company is expected to generate stable profits in 2024, and net cash inflow from operating activities is NTD 380,652 thousand.

Note 2. Investing activities: Due to equipment expenses and re-investment, the net cash outflow was about NT\$127,643 thousand.

Note 3. Financing activities: Due to stable operations, cash inflow is expected to be allocated to earnings distribution, which will result in a cash outflow of approximately NT\$225,377 thousand.

IV. Impact posed by material capital expenditures to business and finance in the most recent year:

The Consolidated company's major capital expenditures in 2023 were mainly for the acquisition of property, plant and equipment, which was mainly paid with its own funds. New equipment and new production lines will be launched in 2024, which is expected to drive revenue growth.

V. The investment policy for the most recent year, major causes for profit or loss thereof, corrective action plans, and investment plans for next year

(I) Investment policy

The Company adopts the investment policy upholding “focus on its core profession, forward-looking investment, rolling planning-based management and continuous transformation” in order to continue rooting its core technology, and expand the business domain and add the Company’s value by virtue of the Consolidated company’s innovation, mergers and acquisitions of startups, and the cross-industry business strategies with “cross-industry integration.”

The Company’s management on invested enterprises is based on relevant regulations such as internal control system and “Procedure for Acquisition or Disposal of Assets”. In addition to regularly obtaining the financial information of important invested enterprises, it shall assign personnel to conduct on-site audits when needed, in order to keep track of the management of important invested enterprises.

(II) Main reason for the investment gains or losses, and the improvement plan

Unit: NT\$ thousand

Name of Investee	Investment gain (loss) recognized in 2023 (Note 1)	Main reason for gains or losses	Improvement plan
Siap+Micros Holding S.r.l.	20,909	Normal operation	—
Agnos Chemicals Pte. Ltd.	25,114	Normal operation	—
Billion Corporation Samoa	(1,061)	Normal operation	—
Trisco Technology Corporation	(626)	Normal operation	—

Note 1: The amount listed in the 2023 financial report has been audited and certified by CPAs.

(III) Investment plans for next year

The Consolidated Company will continue to achieve more balanced long-term investment portfolio allocation, and provide customers with “complete solutions.” Meanwhile, it aims at “strategic alliance” or “cross-industry integration” and engages in forward-looking investment in benchmark enterprises with competitiveness and development outlook in the industry.

If other subsidiaries have a need for working capital, the Consolidated company will assess their future growth potential and then decide whether to increase investment in them.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of the annual report

**Risk management policy**

Since the Company was founded, it has been more than a half of decade. The Company is committed to “stable operations.” Even though the Company has gone through various

economic recessions and economic cycles, it keeps insisting on the basic policy upholding “focus on its core profession, forward-looking investment, rolling planning-based management and continuous transformation.” The Company deals with various risks based on the principles for professional division of labor. The dedicated department is responsible for evaluating and executing the responsive strategies. Meanwhile, a team is designated to promote the corporate social responsibility, corporate governance and ethical management practices.

The market risk, strategies and business risk are assessed in a professional manner. Meanwhile, the Company will convene the “Business Decision-Making Meeting” periodically, in order to consider the overall impact and decide the overall responsive strategies through discussion at meetings.

For financial risk, liquidity risk and credit risk assessment and responsive measures thereof, the financial personnel shall feedback the most real-time financial income and expenditure, and assess the current and short-term/long-term conditions and set forth the responsive measures.

### **Risk management organizational framework**

General Manager: Overall planning about the responsive measures against the Company’s entire risks.

Business Dept.: Assess and respond to market risk.

Financial Accounting Office: Financial risk and liquidity risk.

General Manager Office: Legal risk, strategies and business risk.

(I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures:

1. Impacts of interest rate fluctuation to the Company's income, and future responsive measures

The consolidated company has strengthened the receivable accounts and inventory turnover in the recent years and its interest expenses accounted for 0.5% of the operating revenue in 2023. Therefore, no material impact has been posed by the interest rate fluctuation.

The consolidated company’s interest expenses were primarily generated from the short-term working capital loaned from the bank. The Company will continue to maintain fair relationship with the bank and keep noticing the interest rate fluctuation, in order to seek more preferential interest rate and cut the interest expenses.

2. Impacts of foreign exchange rate fluctuation to the Company's income, and future responsive measures

The foreign exchange rate risks arising from purchase and sale valued in currency offset against each other to a certain extent. In addition to the natural hedges through offset of revenue against expenditure mutually, the Company will maintain the close relationship with financial institutions, continue to monitor the foreign exchange rate fluctuation and assess the hedges periodically, in order to respond to the impact posed by significant foreign exchange rate fluctuation. The Company tries to mitigate the impact based on the following responsive measures:

(1) The sales unit shall assess the foreign exchange rate trend carefully before providing the quotation to customers, and adopt the reasonable and stable foreign exchange rate as the basis of calculation to evade the risk over foreign exchange rate fluctuation.

(2) Maintain the close relationship with the correspondent financial institutions to verify the international foreign exchange rate trend thoroughly, periodically review the foreign exchange rate fluctuation internally, assess the foreign fund position and set the specific need for hedges, and adopt the business strategies, such as pre-orders or forward exchange rates, in order to mitigate the impact posed by foreign exchange rate fluctuation to the Company’s income.

3. Impacts of inflation to the Company's income, and future responsive measures: No material impact has been posed to the consolidated company.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/

guarantees, and derivatives trading, main causes of gains or losses incurred and future responsive measures:

1. The consolidated company controls the high-risk and high-leveraged financial investments in accordance with the relevant laws and regulations of the Securities & Futures Institute, and aims at attending to the robust finance and operations concurrently.
2. The consolidated company's short-term/long-term investments are handled in accordance with the "Procedure for Acquisition or Disposal of Assets" adopted by it, and executed upon careful evaluation.
3. The consolidated company's loaning of fund to another person follows the "Procedure for Loaning of Fund to Others."
4. The consolidated company's making of endorsement/guarantee for others follows the "Regulations Governing Endorsements/Guarantees" adopted by it.
5. The consolidated company engages in any derivative trading primarily in order to cut the operating costs and mitigate the financial risk, in accordance with the "Procedure for Derivatives Trading" adopted by it.

(III) Future R&D plans and expected R&D expenditure:

The Company will continue the R&D of technology and innovation and development of new technological applications to expand its business domain and generate stable operating profit. Meanwhile, the Company provides all colleagues with a wider career stage via the other investees, in order to cultivate the Company's talent pool, grow the Company's business team and expand the source of profit.

R&D targets in 2024: Develop the products providing safety and comfort for cities, and assist civil engineering construction or environmental safety monitoring, in order to make more contribution.

Future R&D plans and expected R&D expenditure:

Item No.	Item	Year of R&D	Expected R&D expenditure
1.	Old building monitoring service	2024	NT\$300,000
2.	Advanced seismometer	2024	NT\$500,000
3.	NB-IoT Rain gauge	2024	NT\$300,000
4.	PX-01 Lite	2024	NT\$500,000
5.	Ultrasound monitor	2024	NT\$1 million

(IV) Impact on the Company's business and finance due to changes in domestic or foreign policies and laws, and responsive measures:

In response to the government's development of the international competitiveness and promotion of connection with the world, and the competent authority's amendments to corporate governance, Company Act, accounting standards and cross-strait economic and trading policies, the consolidated company will keep noticing the relevant messages and amend its internal control systems therefor, in order to ensure compliance with laws.

(V) Impact on the Company's business and finance due to technological or industrial changes, and responsive measures:

1. Cyber security risk and responsive measures

The Company has implemented the relevant information security protection measures with respect to network, servers and PCs. Notwithstanding, due to the ever-changing cyberattack methods, it is still impossible to guarantee that the Company may be protected from business loss and impairment on goodwill caused by network paralysis resulting from the external attack to the Company's internal important servers, or from any stepping attacks, data theft or destruction. Notwithstanding, the Company still continues to assess and review the cyber security standards to improve the Company's internal data security.

In order to prevent and mitigate malware and external attacks, the Company adopts

the following responsive measures:

- (1) The Company will procure and use copyrighted software precisely in order to reduce and mitigate the opportunities for invasion of malware.
- (2) PCs and servers are installed with anti-virus software to mitigate the spreading of virus.
- (3) For the network, the Company will review and strengthen its firewall policy to ensure effective separation of LAN, WAN and DMZ, and reduce the external attacks from any third party.
- (4) The Company will join the “TWCERT/CSIRT” to strengthen the security information sharing and improve its ability to report and respond to information security incidents.
- (5) The Company performs the social engineering exercises and information security courses from time to time, in order to improve the internal staff’s knowledge about information security and mitigate the hazard caused by phishing emails.
- (6) Strengthen backup and backup mechanisms to prevent data from being damaged and affecting company operations and losses.

2. Through the inter-department cooperation, the consolidated company keeps noticing the market development, laws & regulations and customers’ needs, integrates the Consolidated company’s resources and strengthen competitiveness to respond to the changes in the industry.

- (VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures:

Since the consolidated company was founded, it has upheld the entrepreneurship for “finding the truth by verification” and the management philosophy about “stable growth,” to cope with the government’s development of the industry and fulfill its corporate social responsibility, and also work with its employees to create a win-win situation and protect investors’ interest and right. In the future, the consolidated company will still keep insisting on the development strategy upholding “focus on its core profession, forward-looking investment, rolling planning-based management and continuous transformation.”

- (VII) Expected benefits and possible risks of merger and acquisition, and responsive measures: No such circumstance has occurred to the consolidated company in the most recent year and until the date of publication of the annual report.

- (VIII) Expected benefits and possible risks of facilities expansion, and responsive measures: Looking back on 2022 to 2023, it was the first wave of the largest capital equipment budgeting and the largest investment amount in Kemitek's Hsinchu Plant in 25 years. In addition to the expansion of new production lines and the replacement of old equipment, the ultra-clean dust-free laboratory, the most essential component for analysis and testing, was established, and its efficiently designed space is expected to be equipped with more advanced testing instruments required for clients' advanced manufacturing processes.

The new production line completed at the end of 2023 will be put into production and contribute to the revenue starting in 2024. Since the overall design of the production line equipment is based on the needs of customers for different generations of processes, and as end customers have successively set up new plants in different countries around the world, the expansion of the plant capacity in Taiwan's cities and counties, and the demand for continuous refinement of the process, it is foreseeable that Kemitek, an important player in the supply chain of key chemicals used in semiconductors, will have its Hsinchu Plant running at full capacity as the demand in the semiconductor market booms. In addition, due to the difficulty in the acquisition of land designated for waste water discharge of chemical plants and the ever-increasing costs, we will re-examine our options related to utilizing our existing plant area, and will convert the current single-story building into a multi-story standard factory

building to increase the overall floor area ratio.

According to the review, end customers have extended the demand forecast to 2030. In order to maintain the market share, Kemitek's Hsinchu Plant must begin early strategic planning and rebuild the South Plant No. 2 within the Hsinchu Plant in order to gain market advantages. It is expected that the biggest part of major capital expenditures in the next five years will be for the plant reconstruction and the budget for important plant equipment configuration. Although the progress of the economic recovery of the entire semiconductor market still needs to be monitored continuously, the plant expansion is tentatively estimated for 2026-2028 to overcome the issues of insufficient space available for expansion of new production lines at the existing Hsinchu Plant of the Company.

- (IX) Risks and responsive measures associated with concentrated sales or purchases, and responsive measures:

The consolidated company adopts the profit center system and manages multiple products as an agent. Since it was founded, it has built fair goodwill with each of its suppliers. Its supply was normal and no shortage or interruption of supply occurred in the most recent year and until the date of publication of the annual report.

No such situation as overly concentrated customers occurred to the consolidated company. Various business groups are using its best effort to expand their customer bases and also overseas sale & technology service locations.

- (X) Impact and risk on the Company due to major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest, and responsive measures: No such circumstances occurred to the Company in the most recent year and until the date of publication of the annual report.

- (XI) Impact and risks on the Company due to a change of the right of management, and responsive measures: No such circumstance occurred to the Company in the most recent year and until the date of publication of the annual report.

- (XII) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, general manager, actual responsible person, and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: No such circumstances occurred to the Company in the most recent year and until the date of publication of the annual report.

- (XIII) Other important risks and responsive measures: None.

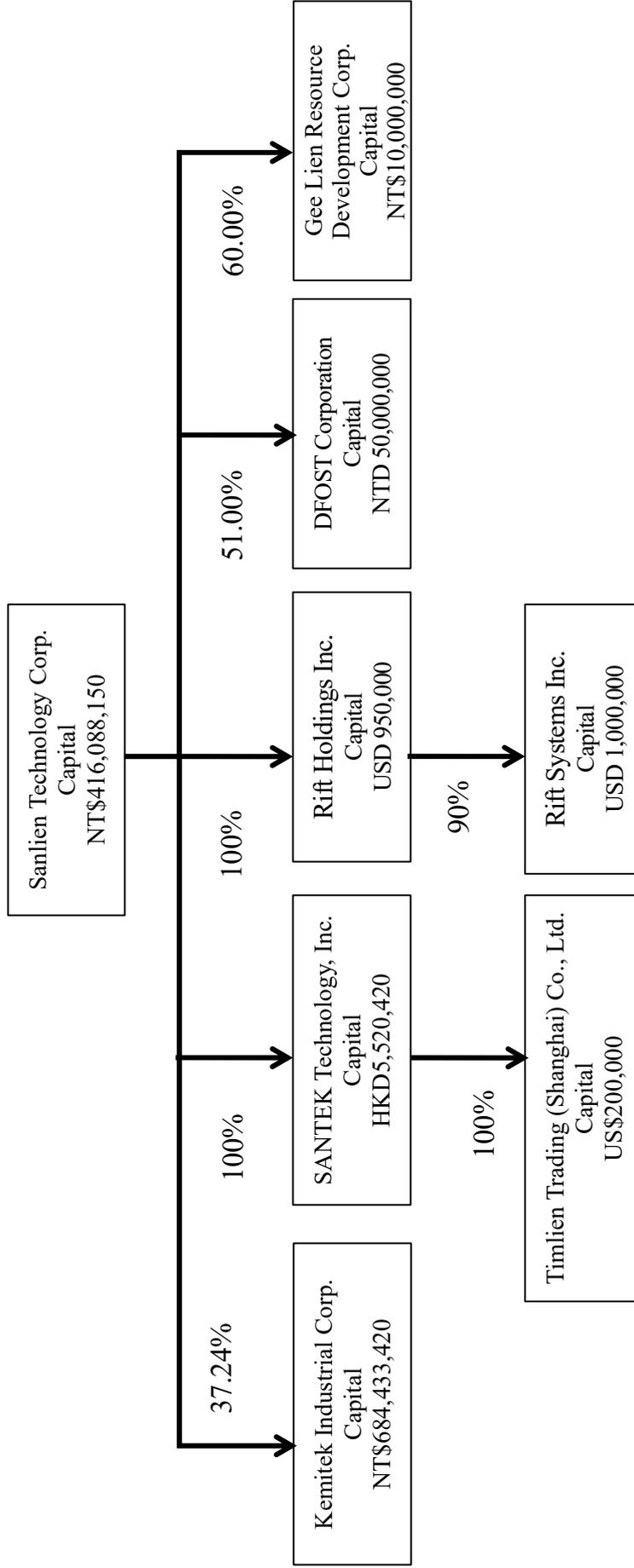
VII. Other important matters: None.

Eight. Special Note

I. Information on affiliates

(1) Organizational charts of affiliates

Date: December 31, 2023



## (2) Relationship between the controlling company and associated companies:

Name of Company	Controlling company (associated company)	Controlling and associated company relationships
Kemitek Industrial Corp.	Associated company	The Company controls the personnel, finance and business operations directly or indirectly.
SANTEK Technology, Inc.	Associated company	Wholly-owned subsidiary
Timlien Trading (Shanghai) Co., Ltd.	Associated company	Wholly-owned indirect subsidiary
Gee Lien Resource Development Corp.	Associated company	Subsidiary of which 60% shares held by the Company
DFOST Corporation	Associated company	A subsidiary whereby 51% of shares are held by the company.
Rift Holdings Inc.	Associated company	Wholly-owned subsidiary
Rift Systems Inc.	Associated company	Indirect subsidiary of which 90% shares held by the Company

## (3) According to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company shall disclose the following:

## 1. Affiliated company profile:

Unit: NT\$ thousand/\$ for foreign currency

Company name	Date of Establishment	Address	Paid-in capital (Note)	Primary business
Kemitek Industrial Corp.	December 1996	Rm. A6-1, 13F, No. 168, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	684,433	Semiconductor-related chemicals manufacturing and sale
SANTEK Technology, Inc.	June 2000	Flat B, 13F, Good Year Court, No. 59, Shun Ning Road, Cheung Sha Wan, Hong Kong	21,690 (HKD 5,520,420)	Sale of electronics and electrical products
Timlien Trading (Shanghai) Co., Ltd.	March 2004	Room 3114, No. 24, Guo Ding Zhi Rd., Yangpu Dist., Shanghai City, China	6,141 (USD200,000)	Hardware & electrical appliances, electronic products, electronic components, sensors, instruments, electric tools, electromechanical equipment, mechanical equipment and accessories, wholesale, import/export and commission agency of geotechnical construction safety equipment and materials (excluding auction) for provision of related alternate services
Gee Lien Resource Development Corp.	January 1980	5F, No. 87, Shuiyuan Rd., Zhongzheng Dist., Taipei City	10,000	Geotechnical engineering contract
DFOST Corporation	July 2022	5-3F, No. 390, Fuxing S. Rd., Sec. 1, Daan Dist., Taipei City	50,000	R&D, sales and service of fiber optic sensor monitors
Rift Holdings Inc.	November 2022 (Capital injection in Feb. 2023)	3524 Silver Road Suite 35B, Wilmington Delaware USA	29,170 (USD950,000)	Overseas holding company
Rift Systems Inc.	November 2022 (Capital injection in Feb. 2023)	16 Technology Drive Ste 144 Irvine, CA 92618	30,705 (USD1,000,000)	Sales of vibration, environment monitoring equipment; sales of geotechnical monitoring equipment.

## 2. Information about the same shareholder presumed to have controlling and associate relationship: N/A.

3. Information about directors, supervisors and general manager of affiliate companies:

Unit: Share; %

Name of Enterprise	Job Title (Note 1)	Name or Representative	Shares held (Notes 2 & 3)	
			Number of shares (Note 4)	Shareholding (%)
Kemitek Industrial Corp.	Chairman	TAMA Chemicals CO. Representative: Toshitsura Cho	33,044,452	48.28%
	Director	TAMA Chemicals CO. Representative: Akira Iwashiro	33,044,452	48.28%
	Director	Sanlien Technology Corp. Representative: Lin Ting-Fung	25,490,748	37.24 %
	Director	Sanlien Technology Corp. Representative: Lin Chia-Ching	25,490,748	37.24 %
	Director	TAMA Chemicals CO. Representative: Yoshikatsu Saito	33,044,452	48.28%
	Supervisor	Trisco Technology Corporation Representative: Lin Ting-Hsiang	7,570,758	11.06%
	Supervisor	Kazuo Kubokawa	-	-
	General manager	Lin Ting-Fung	-	-
SANTEK Technology, Inc.	Director	Sanlien Technology Corp. Representative: Lin Ting-Fung	5,520,420	100.00%
	Director	Sanlien Technology Corp. Representative: Lin Chia-Ching	5,520,420	100.00%
	General manager	Lin Ting-Fung	1	0.00%
Timlien Trading (Shanghai) Co., Ltd.	Director	SANTEK Technology, Inc. Representative: Lin Chia-Ching	200,000	100.00%
Gee Lien Resource Development Corp.	Chairman	Sanlien Technology Corp. Representative: Lin Ta-Chun	600,000	60.00%
	Director	Sanlien Technology Corp. Representative: Hsieh Chi-Lung	600,000	60.00%
	Director, General manager	Wu Chi-Wei	141,100	14.11%
	Supervisor	Shih Wen-Ling	-	-
DFOST Corporation	Chairman	Sanlien Technology Corp. Representative: Lin Ta-Chun	2,550,000	51.00%
	Director	Sanlien Technology Corp. Representative: Lin Chia-Ching	2,550,000	51.00%
	Director	Sanlien Technology Corp. Representative: Kao Chu-Min	2,550,000	51.00%
	Director	VOUNO S.a.r.l Representative: Pierre DAGALLIER	2,450,000	49.00%
	Director, General manager	Patrice Marc PELLETIER	-	-
	Supervisor	Guo Jing-Ting	-	-
Rift Holdings Inc.	Director	Lin Ta-Chun	-	-
Rift Systems Inc.	Director	Lin Ta-Hsun	-	-
	Director	Yen Peng	50,000	5.00%
	Director	Ayse Koksak	50,000	5.00%
	CEO	Cagatay Koksak	-	-

Note 1: If the affiliated company is a foreign company, list the equivalent title.

Note 2: If the investee is a company limited by shares, please fill in the number of shares and shareholding.

For others, please indicate so, and fill in the invested capital and percentage thereof.

Note 3: When the director or supervisor is a juristic person, please disclose the information about its representative.

Note 4: List based on the information available to the Company until December 31, 2023.

4. Overview of business of affiliated companies:

Unit: NT\$ thousand

Name of Enterprise (Note 1)	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating gain (loss)	Income for the current period (after tax)	EPS (NT\$) (after tax)
Kemitek Industrial Corp.	684,433	3,295,442	1,584,797	1,710,645	3,180,388	246,492	255,436	3.73
SANTEK Technology, Inc.	21,690	97,591	15,333	82,258	70,489	603	4,416	0.80
Timlien Trading (Shanghai) Co., Ltd.	6,141	4,492	174	4,318	2,735	(219)	(135)	NA
Gee Lien Resource Development Corp.	10,000	51,801	29,083	22,718	41,396	7,720	6,413	6.41
DFOST Corporation	50,000	18,583	3,582	15,001	0	(22,364)	(22,086)	(5.03)
Rift Holdings Inc.	29,170	29,178	83	29,095	0	(106)	(6,259)	(6.59)
Rift Systems Inc.	30,705	25,647	1,725	23,922	4,455	(7,508)	(6,869)	(6.87)

Note 1: The company's financial statements have been verified and certified by CPAs.

Note 2: If the affiliated company refers to a foreign company, the relevant figures should be shown after being converted into NTD based on the average of foreign exchange rate prevailing on the reporting date.

- II. Private placement of securities in the most recent year up to the date of publication of the annual report: Disclose the date on which the placement was approved by a board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan: None.
- III. Holding or disposal of the Company's shares by affiliates in the most recent year up to the date of publication of the annual report: None.
- IV. Other supplementary notes
- (1) Impairment of assets
- The consolidated company's impairment of assets was treated in accordance with IFRS 9 "Financial Instruments" and IAS 36 "Impairment of Assets."
1. There was no indication of impairment on any assets held by the consolidated company by December 31, 2023. Therefore, no impairment test was needed.
  2. An impairment test has been conducted against the difference between the investment cost and net worth of equity of the long-term equity investment, with respect to goodwill. Upon the consolidated company's evaluation of the invested affiliated company, it recognized that there is no goodwill impairment loss.
- (2) Basis and ground for evaluation on the provision of allowance for bad debt
1. Basis for evaluation on impairment of accounts receivable and contract assets
    - (1) The consolidated company adopted IFRS 9 "Financial Instruments".
    - (2) The allowance losses on accounts receivable and contract assets were all recognized based on the lifetime expected credit loss. The expected credit loss refers to the weighted average credit loss based on the default risk.
  2. According to said policy, the allowance for bad debt to be provided by the consolidated company on December 31, 2023 should be NT\$1,415 thousand.
- (3) Basis and ground for provision of allowance for price decline in inventories
1. Subsequent measurement on inventories
    - (1) The basis for evaluating the ending inventories that are not updated within one year refers to the "lower of the cost and net realizable value". The net realizable value means the balance after the latest selling price less the sales expenses under the normal condition. If no information about the selling price is available, the replacement cost shall apply and the evaluation shall be subject to item-by-item comparison. If the net realizable value is less than the book value, the allowance for price decline shall be provided item by item. If the net realizable value recovers subsequently based on re-measurement, the increase in net realizable value of the inventories should be reversed, insofar as it shall be no more than the original amount of write-down.
    - (2) Provide 100% allowance for loss with respect to the inventory idle for more than one year.
    - (3) The allowance for consignment inventories should be evaluated in the following manners:
      - a. If no inspection and acceptance is conducted to close the case or no renewal of agreement is reached with the owner within one quarter (three months) upon expiration of any individual contract, the potential loss on price decline should be evaluated.
      - b. If any unearned sales revenue is lower than the invested cost, the loss on price decline should be provided case by case. In any special case, a report may be submitted after the sales representative states the reason why the case is not closed, solutions, or allowance for loss thereof.
  2. Given this, the consolidated company should provide the allowance for loss on a price decline, NT\$6,465 thousand, on December 31, 2023.
- (4) Pending commitments for listing on TPEX: None.
- Nine. Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

# Sanlien Technology Corp.

Chairman:

General Manager:



Be the frontier of environmental monitoring

