Stock Code: 6591

SUN MAX TECH LIMITED

2023 Annual Report

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

Taiwan Stock Exchange Market Observation Post System:
https://mops.twse.com.tw
2023/Annual Report is available at: http://www.sun-max.com.tw
Date of publication：April 20, 2024

I. (Spokesperson and Deputy Spokesperson:

Item	Spokesperson	Acting Spokesman
Name	YAO, Cheng-Min	WANG, Chien-Ta
Title	Executive Vice President	Sale Manager
TEL	(886)2-8226-3300	(886)2-8226-3300
E-mail address	cfo@powerlogic.tw	IR@powerlogic.tw

II. Address and telephone number of the Head Office and branches

(I) Head office

Name: Sun Max Tech Limited — Website: http://www.sun-max.com.tw

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. — Tel: (886)2-8226-3300

(II) Taiwan Office

Name: POWER LOGIC TECH. INC — Website:

Address: 9F, 9-1F, No. 166, Jian 1st Rd., Zhonghe Dist., New Taipei City — Tel: (886)2-8226-3300

(III) Subsidiaries, Sub-subsidiary

Name: United Strategy INC. — Website:
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa — Tel: (886)2-8226-3300

Name: POWER LOGIC HOLDINGS INC. — Website:
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa — Tel: (886)2-8226-3300

Name: Sunnny Sharp International Limited — Website:
Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110 — Tel: (886)2-8226-3300

Name: POWER LOGIC TECH. INC — Tel: (886)2-8226-3300
Address: 9F, 9-1F, No. 166, Jian 1st Rd., Zhonghe Dist., New Taipei City

Name: DONG GUAN DONG LI DIAN ZI CO. LTD — Website:
Address: Room 101, Building 2, No. 19, Tianheng Road, Tianwei Village, Changping Town, Dongguan City, Guangdong Province, China — Tel: (86)769-3339-6200

Name: POWER LOGIC TECH (TAI YI) CO., LTD. — Website:
Address: Room 101, Building 1, No. 19, Tianheng Road, Tianwei Village, Changping Town, Dongguan City, Guangdong Province, China — Tel: (86)769-8293-9380

Name: Taiyi (Jiangxi) Electronic Technology Co., Ltd. — Website:
Address: Anfu Industrial Park, Jiangxi Province — Tel: (86)796-7362-666

Name: CICHENG TECHNOLOGY CO., LTD. — Website:
Address: No. 9, Ln. 39, Sec. 2, Zhongshan Rd., Guanyin Dist., Taoyuan City — Tel: (886)-3-2825-198

III. Shares Registrar:

Name: Share Administration Department, Concord Securities Co., Ltd. — Website: http://www.concords.com.tw

Address: B1F., No. 176, Sec. 1, Keelung Rd., Taipei City — Tel: (886)2-8787-1888

IV. Independent auditor for the financial report of the most recent year

Accountant Name: CPA Tung-Ju Hsieh and CPA Wangsheng Lin | Website: ttps://www.deloitte.com.tw

Name of CPA: Deloitte & Touche

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City | Tel: (886)2-2725 9988

V. Name of the overseas stock exchange: None

VI. The Company's Website: http://www.sun-max.com.tw

VII. The name, job title, contact number, and email of the designated domestic agent

Name: HSU Wen-Faung | Title: Chairman

Tel: (886)2-8226-3300 | Email: agents@powerlogic.tw

VIII. List of Company's Board of Directors

Title	Name	Nationality or place of registration	Major (academic degree) experience
Chairman	SINOTEAM HOLDINGS INC.	Samoa	-
	Representative: HSU Wen-Faung	R.O.C.	Department of Civil Engineering, Tamkang University Engineer of CTCI Advanced Systems Inc. Director of Hefeng Construction Co., Ltd. Director of Hefeng Construction Co., Ltd.
Director	LAI, Jen-Chung	R.O.C.	Taipei Municipal Chenggong High School Sales Manager of Hefeng Construction Co., Ltd. Chairman, Kandlee Trading Co., Ltd. Division Manager of CviLux Corporation
Director	LUXURY SHINE INTERNATIONAL LIMITED	Samoa	
Director	Chang Yuan-Fen	R.O.C.	Shih Chien College of Home Economics Group secretary, SUN MAX TECH LIMITED
Independent director	CHEN, Tien-Szu	R.O.C.	Department of Electronics Engineering, NCTU Vice President of Cameo Corporation
Independent director	CHIU, Shih-Fang	R.O.C.	Department of Law, National Chung Hsing University Attorney of PwC Legal Managing Attorney of De Kai Law Firm
Independent director	HSIEH, Yu-Tien	R.O.C.	Master's Program of Business Management, Chinese Culture University Assistant Officer of the Administration Office of the Bank of Communications Assistant Vice President of Jien Hung International Securities and Investment Consulting Co., Ltd. Lecturer of Department of Business Administration of Shih Chien University
Independent director	Kuan Chih-Liang	R.O.C.	Ph.D. in Business Administration, National Chengchi University EMBA Director, College of Humanities and Management, National Ilan University Director and Graduate Program Director, School of Applied Economics and Business Administration, National Ilan University Dean of Academic Affairs, Kainan University Strategy Mentor, Wolfnet Start Up A+ On-Site Incubator and Consulting Program Brand Innovation Think Tank, General Chamber of Commerce of the Republic of China

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I. Message to the Shareholders

Dear shareholders,

The Company's revenue in 2023 decreased by 16.66% compared to the same period in 2022 due to the slowdown in economic growth and weakening of consumption power in 2023 as the global economy was affected by higher inflation in the international market, sluggish demand in the end market, and adjustments in industry inventories. In the face of the challenges of the business environment, the China plant has streamlined its manpower and effectively enhanced its production efficiency, continued to cultivate its core technologies and manufacturing capabilities to reduce production costs, and continued to improve its quality and service efficiency in order to maintain profitability and protect shareholders' rights and interests. At the same time, we continue to deepen the development of heat dissipation solutions and related applications, in order to further explore market applications such as edge computing, high-efficiency computing, artificial intelligence, etc., and increase the added value of our products.

Looking forward to 2024, the Company will continue to push forward the diversified industrial development of niche cooling fan products for AI servers, automotive products, and more. With the progress of testing with customers in line with expectations, the Company aims to deepen the basis of business cooperation with pan-electronic gaming customers and at the same time explore new business areas and improve operating performance in the future.

I. 2023 business overview

(I) Financial performance:

(1) Consolidated operating revenues and net profit after tax

Unit: NTD thousand

Item	2023	%	2022	%	Increase (decrease) in amount	Variation
Operating revenue	1,382,210	100.00	1,658,588	100.00	(276,378)	(16.66)
Gross profit	390,973	28.29	515,507	31.08	(124,534)	(24.16)
Profit from operations	122,331	8.85	259,797	15.66	(137,466)	(52.91)
Profit after income tax	118,311	8.56	225,947	13.62	(107,636)	(47.64)

The gross profit margin was 28.29% in 2023, representing a decrease of 2.79% from the 31.08% in the year before; the operating net profit margin was 8.85%, representing a decrease of 6.81% from the 15.66% in the year before; the net income rate was 8.56%, representing a decrease of 3.30% from the 11.86% in the year before.

(2) Profitability

Item	2023	2022
ROA (%)	4.62	8.62
Return on shareholders' equity (%)	6.77	13.87
Net profit rate (%)	8.56	13.62
Earnings per share (NT$)	3.40	6.90

(3) Budget implementation: Not applicable (the Company did not prepare a financial forecast for the year of 2023)

(II) Research and development:

(1) The number of new patents added to the fan structure category in 2023 was 24. As of end 2023, the number of new utility model patents obtained was 115 in Mainland China and 137 in Taiwan. During the same period, the number of new invention patents obtained was 1 in U.S.A., 7 in Japan and 1 in Europe. Total research expenditure for 2023 went up by 7.60% to NT$68,551 thousand (4.96% of revenue) from NT$63,709 thousand (3.84% of revenue) last year.

(2) We will continue to strengthen the R&D advantages by acquiring relevant facilities and cultivating and recruiting a pool of specialized professionals and talents. In the meantime, we will expand horizontally under the e-sport industries, as well as tap into the fields of servers and vehicle-mounted cooling applications for greater efficiency and revenue targets.

II. Summary of 2024 business plan

(I) 2024 business strategy:

(1) We will continue to strengthen the partner relations for more joint-development possibilities to offer total solution and professional after sales services.

(2) Establish a sound quality management system to meet customer requirements and services, make the manufacturing process automatic, digital, and intelligent, and build a smart factory to realize smart manufacturing

(3) Build up a no-nonsense R&D team and cultivate R&D talents, enhance R&D energy, continue patent innovation and application technology betterment, and enhance the Company's core competence and creativity continuously.

(4) We will continue the R&D projects that closely track customer needs and the market trends with the established and completed simulation and testing facilities to ensure sound product quality to our customers.

(II) Sales volume forecast and the basis thereof: The Company does not disclose its financial forecast to the public; therefore, this item is not applicable.

(III) Other important production and sales policies:

(1) Improve production and sales coordination capabilities, accurately control product delivery dates, pay attention to changes in market demand and inventory status at any time, and manage delivery dates to meet customer needs

(2) Continuously optimize the manufacturing process, increase production automation, improve product quality and production efficiency, control production costs, and enhance competitiveness

(3) Review the trends in product strategy development, pay attention to market trends, and study and optimize the product development process

(4) Grasp market trends and proactively enhance R&D and design capabilities and production management to increase the added value of the products

(5) Provide a variety of system cooling solutions to meet the different needs of our customers and diversify our product line

III. The Company's future development strategy:

(I) Expand investment in research and development of cooling applications for vehicles to develop high value-added products and high-performance cooling solutions with customers.

(II) Build a smart factory, make good use of machinery and equipment to improve process efficiency and product yields, reduce labor costs and error rates, and use MES factory modeling tools to transform work orders, production equipment, materials, production areas, and other physical production elements in the production process into controllable data and processes

(III) We will boost the momentum for patent creations and business innovations to serve our global customers with the capacity to compete locally.

(IV) Invested in the research and development of cooling products for AI PCs and servers to meet the growing business needs of our customers, and develop strategic partnerships with them

(V) Implement low-carbon transformation, quantify carbon emissions through carbon inventories, and move towards the direction of low carbon sustainable development to reduce carbon emissions from operating activities in order to comply with customers' supply chain regulations.

IV. Impacts by the external competitive environment, regulatory environment and overall business environment:

The Company has set up a sustainability promotion team for the current domestic and foreign laws and regulations governing the business operations. The management team will also continue to pay close attention to any operational issues that may affect the Company's financial and business policies and changes in laws and regulations, environmental issues related to the environment from operations to production, and social issues related to coexistence and mutual prosperity with society and stakeholders at all levels for guidance and review.

Looking forward to 2024, with geopolitical conflicts and U.S.-China rivalry yet to be resolved, and inflation not yet fully defeated, global economic growth and international political and economic situations still face a high degree of uncertainty. The Company will exert the enterprise resilience to maintain close ties with its customers and continue to focus on the development of various application areas. We will adhere to the corporate philosophy of technological enhancement and capacity stabilization to provide our customers with all-around solutions and to become a reliable partner, with a view to bringing stable profit growth to our shareholders and fulfilling our social responsibilities.

Finally, we would like to thank all shareholders for your support and encouragement in the past and look forward to your continued guidance and support in the coming year. The company's management team will present the fruitful results and share the results with you based on the same operating philosophies and new innovations.

Chairman: SINOTEAM HOLDINGS INC

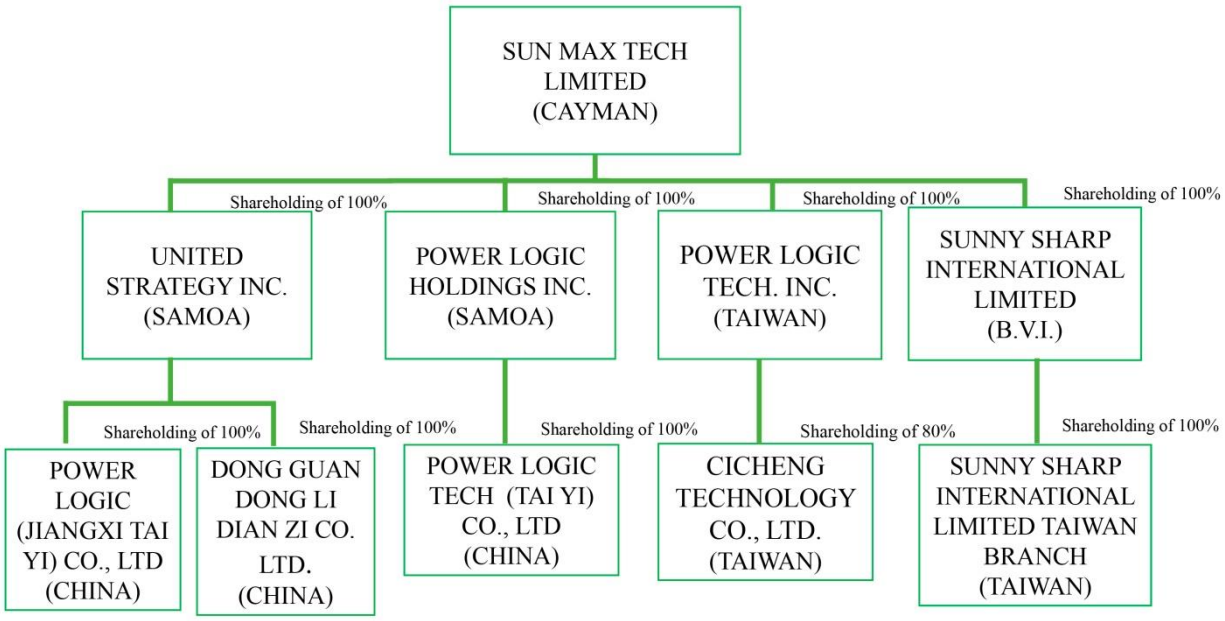
Legal representative: HSU Wen-Faung

II. Company Profile

I. Company and group profile

SUN MAX TECH LIMITED (hereinafter referred to as Sun Max or the Company,) is established by HSU Wen-Faung under British Cayman Islands (Cayman Islands, hereafter). The Company was funded by the founder and shareholders in 1998, specializing in cooling fan R&D, production and distribution. As of December 31, 2023, the Company had a total paid-in capital of NT$ 356,402,840. Our group structure starts from the holding company, UNITED STRATEGY INC, a Samoa registered entity. It invests and controls the following subsidiaries. The cooler manufacturing and selling units are Taiyi (Jiangxi) Electronic Technology Co., Ltd. and Dongguan Power Logic Co., Ltd. in China. A Taiwan branch, Power Logic Tech. Inc., focuses on finance and information integration operations and is the R&D center for the group. For the distribution to the U.S., European and Asian regions, it is administered by Sunny Sharp International Limited Taiwan Branch (British Islands Registered). In the meantime, Taiyi (Jiangxi) Electronic Technology Co., Ltd. Chichen Technology Co. Ltd is in charge of the production of the key components.

II. Group structure



Note: Power Logic Tech.(TAIYI) CO., LTD (Dong Guan, China) is in the process of liquidation and deregistration as approved by the shareholders' resolution on August 22, 2023.

III. Date of establishment

The company was established on November 28, 2013.

IV. Organization and operations

Year	Milestones
1998	Power Logic Tech. Inc. was established in New Taipei City.
1998	Huangjiang Power Electronic Products Factory was established.
1998	Passed the certification of ISO9001
2003	UNITED STRATEGY INC.was registered and set up in Samoa.
2003	Dongguan Power Logic Co., Ltd. was 100% invested by UNITED STRATEGY INC. and established in Guangdong Province as a leading manufacturer of cooling fans.
2005	ISO 14001 certified
2007	We are a qualified supplier for AMD, and officially entered the area of graphics cards fans.
2008	Registered POWER LOGIC HOLDING INC. in Samoa.
2009	Huangjiang Power Electronic Products Factory was merged by DONG GUAN DONG LI DIAN ZI CO. LTD.
2013	The parent company, SUN MAX TECH LIMITED, was established with an organizational restructure initiated at the same time, and the subsidiaries merged.
2014	POWER LOGIC TECH (TAI YI) CO., LTD. located in Guangdong Province was 100% invested in by Power Logic Holding Inc.
2015	Sunny Sharp International Limited was registered and established in B.V.I.
2015	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH was established in New Taipei City.
2016	SUN MAX TECH LIMITED, the parent company, was approved for public trade on 11/16/2016.
2016	SUN MAX TECH LIMITED, the parent company, was approved for registration on the emerging market on 11/30/2016. (Stock No.: 6591)
2016	POWER LOGIC TECH (TAI YI) CO., LTD. expanded and relocated its factory to Building 2, No. 3, Chaioshing West 2nd Road, Dazhou Community, Qiaotou Town, Dongguan City.
2017	SUN MAX TECH LIMITED, the parent company, was officially listed on 12/28/2017. (Stock No.: 6591)
2019	Taiyi (Jiangxi) Electronic Technology Co., Ltd. was funded 100% by UNITED STRATEGY, INC for establishing the major production base for the group in Anfu County Industrial Park, Ji'an City, Jiangxi Province.
2020	Power Logic (Tai Yi) Co., Ltd was relocated to Room 101, Building 1, No. 19, Tianheng Road, Tianwei Village, Changping Town, Donguan City, Guangdong Province
2021	Invested by the Power Logic Tech. Inc. up to 80% of the total shares to incorporate Cicheng Technology Co., Ltd.
2022	The Taipei operations headquarters, located on the 9F and 9F.-1, No. 166, Jian 1st Rd., Zhonghe Dist., New Taipei City, was acquired and moved in December 2022.

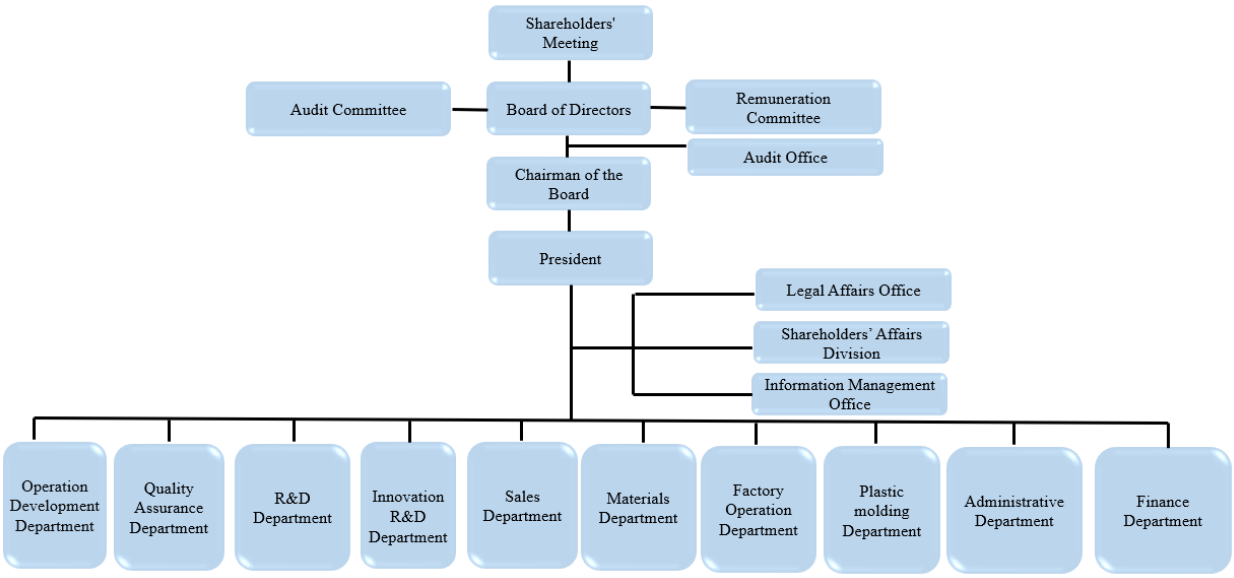
V. Risk disclosure

Refer to Page 216-220 of the annual report.

III. Corporate Governance

I. Organization:

1. Organizational Structure:



2. The responsibilities of various divisions:

Department name	Business and scope of responsibility
Board of Directors	Plan the company's business operations and policies, set operational goals, and appoint the management of the company to implement and promote the company's business.
Remuneration Committee	Formulate the policy system and standards for the performance evaluation and remuneration of the company's directors and managers, and regularly evaluate the remuneration of the company's directors and managers.
Audit Committee	Supervise the company's business and financial conditions, the appropriate expression of financial statements, and the effective implementation of internal controls.
Audit Office	Responsible for the company's various auditing businesses and evaluation and implementation of internal control, proposing suggestions for improvement and continuously following up on the improvement progress.
Office of Chairman and President	Plan the company's business operations and policies, set operational goals, and appoint the management of the company to implement and promote the company's business.
Information Management Office	Responsible for the planning, implementation, and management of the company's information operations.
Legal Affairs Office	Draft and review group contracts, offer law-compliance professional services, covering laws and regulations, litigations, Article of Incorporation, as well as patents, business logos and intellectual properties.
Shareholders' Affairs Division	Responsible for meeting coordination such as Shareholders' Meeting, Board of Directors' meeting, functional committees, earning results conference, information filing and announcement on the Market Observation Post System and corporate governance evaluation.
Finance Department	Develop financial development plans and annual plans and implementation of supervision according to the company's development strategy and business progress.
	Formulate and improve the company's financial management system and process construction.
	Responsible for the company's implementation of annual budget management, tax planning and management, accounting statement management, and fund management.
	Financial statement analysis, investment and transfer investment planning, and fund raising and dispatching.

Department name	Business and scope of responsibility
Administration Department	Coordinate the overall administrative affairs of the company, including personnel, administrative general affairs, and safety and health.
	Supplier development and selection, and purchase delivery control.
	Responsible for formulating and improving the procurement system and procurement process, formulating and implementing procurement plans, procurement cost budgeting and control, selecting and managing suppliers as well as the construction of the department.
Plastic molding Department	Production of plastic parts needed for production and the design of injection molds.
Factory Operation Department	Meet sales order needs and avoid market supply shortages.
	Planning, introduction, and management of product quality.
	Design and production of molds and fixtures needed for production.
	Develop and produce production jigs and automatic assembly machines for the production processes developed by the R&D department.
	Initiate process transformation for current production processes.
	Supervise, inspect, coordinate, and manage the company’s products, work, and service quality.
	Responsible for the operation, maintenance, and management of the department’s equipment and facilities.
	Control of production and manufacturing yields, capacity planning and other objectives and operations.
	Factory public safety and health management
Materials Department	Production planning, scheduling of materials, deployment of production lines and machines, monthly production line capacity monitoring, cross-department coordination and communication.
	Incoming, dispatching, and sampling inspection of abnormal shipping material on a daily, weekly, and monthly basis; also, analysis and improvement of the results of monthly inventory count results.
Sales Department	Responsible for planning and integrating the company’s annual marketing plan.
	Responsible for the company’s marketing plan, and completing the company’s various sales indicators.
	Formulate relevant goals and strategies according to the actual operation of the company.
	Assist in the formulation of relevant business management systems and standardize departmental process management.
	Responsible for collecting and compiling market information, and formulating analysis reports, such as competitors, market demand, and product strategies.
R&D Department	Handle matters related to the Group’s product R&D.
	New product planning, design, and development
	Review that new product development is consistent with actual business needs.
	Application and development of new raw materials
	Management of on-site customer product guidance, testing and verification, product feedback and submitted corrective action reports.
Quality Assurance Department	Formulation, control, and supervision of product quality standards in all aspects of production.
	The handling of nonconformities reported by the customers, correction and prevention controls.
	Safety requirements and ISO system maintenance and promotion, as well as quality management tasks led by the laboratory.
Operation Development Department	Management by projects for effective achievement of operational goals.
	Strengthen the utilization of corporate resources and expand the company's cooperation opportunities by project
	Communicate, integrate and resolve the details for projects across departments

II. Profiles of Directors, Supervisors, President, Executive Vice Presidents, Asst. VP, and supervisors of the various departments and branches

(1) Directors and Supervisors:

1. Name, main experience (education), and shareholding and nature

April 2, 2024; Unit: thousand shares

Title	Nationality or place of registration	Name	Gende Age	Date elected	Duratio n	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remark s
							Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Shareholding Proportion	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
Chairman	Samoa	SINOTEAM HOLDINGS INC.		2022/05/31	3	2014/12/31	6,356	19.80%	6,673	17.76%	0	0%	0	0%		-	None	None	None	
	R.O.C.	Representative HSU Wen-Faung	Male 51~60				1,112	3.47%	1,195	3.18%	199	0.53%	0	0%	Department of Civil Engineering, Tamkang University Engineer of CTCI Advanced Systems Inc. Director of Hefeng Construction Co., Ltd. Director of Hefeng Construction Co., Ltd.	Note 2	Director	Chang Yuan-Fen	Spouse	Note 1
Director	R.O.C.	LAI, Jen-Chung	Male 51~60	2022/05/31	3	2016/4/30	378	1.18%	397	1.06%	0	0%	0	0%	Taipei Municipal Chenggong High School Sales Manager of Hefeng Construction Co., Ltd. Supervisor of Power Logic Tech. Inc. Chairman, Kandlee Trading Co., Ltd. Division Manager of CviLux Corporation	Note 2	None	None	None	
Director	Samoa	LUXURY SHINE INTERNATIONAL LIMITED (Note 3)		2022/5/31	3	2022/05/31	29	0.09%	31	0.08%	0	0%	0	0%			None	None	None	
	R.O.C.	Representative Chang Yuan-Fen	Female 51~60			2022/5/31	180	0.56%	199	0.53%	1,195	3.18%	0	0%	Shih Chien College of Home Economics Group secretary, SUN MAX TECH LIMITED	Note 2	Chairman	HSU Wen-Faung	Spouse	
Independent director	R.O.C.	CHEN, Tien-Szu	Male 61~70	2022/05/31	3	2016/4/30	0	0%	0	0	0	0%	0	0%	Department of Electronics Engineering,	Note 2	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks
							Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Shareholding Proportion	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
															NCTU Vice President of Cameo Corporation					
Independent director	R.O.C.	CHIU, Shih-Fang	Male 41~50	2022/05/31	3	2016/4/30	0	0%	0	0%	0	0%	0	0%	Department of Law, National Chung Hsing University Attorney of PwC Legal De Kai Law Firm: Managing Attorney	Note 2	None	None	None	
Independent director	R.O.C.	HSIEH, Yu-Tien	Male 61~70	2022/05/31	3	2022/05/31	0	0%	0	0%	0	0%	0	0%	Master's Program of Business Management, Chinese Culture University Assistant Officer of the Administration Office of the Bank of Communications Assistant Vice President of Jien Hung International Securities and Investment Consulting Co., Ltd. Instructor of Jinwen University of Science and Technology Lecturer of Department of Business Administration of Shih Chien University	Note 2	None	None	None	
Independent director	R.O.C.	Kuan Chih-Liang (Note 3)	Male 51~60	2022/5/31	3	2022/5/31	0	0%	0	0%	0	0%	0	0%	Ph.D. in Business Administration, National Chengchi University EMBA Director, College of Humanities and Management, National Ilan University Director and Graduate Program Director, School of Applied Economics and Business	Note 2	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks
							Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Shareholding Proportion	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
															Administration, National Ilan University Dean of Academic Affairs, Kainan University Strategy Mentor, Wolfnet Start Up A+ On-Site Incubator and Consulting Program Brand Innovation Think Tank, General Chamber of Commerce of the Republic of China					

Note 1: Where the Company's Chair of the Board and General Manager or an equivalent position (the highest managerial officer) are the same person or are spouses or relatives within the first degree of kinship, information relating to reasons, reasonableness, necessity and response measures (such as increasing independent directors, and a majority of the directors may not serve concurrently as an employee or managerial officer) shall be explained:

Reason: Considering the Company's current operation scale and situation, the requirement for professionalism, familiarity to the industry, decision-making ability and long-term business planning and strategy, the Company's Chair of the Board and General Manager is the same person.

Reasonableness: Other than the Chairman and President are the same person , we have added one more independent director (the total independent member shall not be less than four) to enhance the supervision function from the board. In the meantime, the majority of directors are not concurrently an employee manager of the Company; and the remaining directors are not spouses or relatives within the first degree of kinship. Therefore, the President is for sure able to execute duties according to resolution from the Board. The Board is able to conduct the supervision appropriately and independently.

Necessity: In response to the Company's mid-term human resources and organizational development plan, the status quo is the best for the Company's operational needs.

Countermeasure: The Company has amended the Corporate Governance Best Practice Principles in January 2022. Also a new independent board member was added on May 31, 2022 in the Board election to increase the number of independent members from three to four to follow Article 4 under "Taiwan Stock Exchange Corporation Operating Directions for Compliance with the Establishment of the Board of Directors by TWSE-Listed Companies and the Board's Exercise of Powers."

Note 2: Summary of the directors also assuming a job position with the Company and other companies is as follows:

Title	Name	Current duties in The Company and in other companies
Chairman	SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	Sun Max Tech Limited: President SINOTEAM HOLDINGS INC.: President UNITED STRATEGYINC.: President POWER LOGIC HOLDINGS INC.: President Sunny Sharp International Limited.: President POWER LOGIC TECH. INC.: President Sunny Sharp International Limited Taiwan Branch: Litigation and Non-contentious Representative Power Logic Tech. (DongGuan) Inc.: President POWER LOGIC TECH (TAI YI) CO., LTD.: President Taiyi (Jiangxi) Electronic Technology Co., Ltd.: President Chichen Technology Co. Ltd: Representative designated by Power Logic Tech. Inc. LinkCom Manufacturing Co., Ltd.: Independent Director
Director	LAI, Jen-Chung	Power Logic Tech. (DongGuan) Inc.: Supervisor POWER LOGIC TECH (TAI YI) CO., LTD.: Supervisor Tai-Yi (Jiangxi) Electronic Technology Co., Ltd.: Supervisor
Director	LUXURY SHINE INTERNATIONAL LIMITED Representative: Chang Yuan-Fen	SUN MAX TECH, LIMITED: Group secretary
Independent director	CHIU, Shih-Fang	De Kai Law Firm: Managing Attorney Kuangli Photoelectric Technology Co., Ltd.: Independent Director Brighten Optix Co., Ltd.: Independent Director Afang Yunji International Co., Ltd.: Independent director
Independent director	HSIEH, Yu-Tien	KING CORE: Director Taiwan Oasis Technology Co., Ltd.: Independent Director
Independent director	Kuan Chih-Liang	Yat Sing Holdings Limited: Independent Director LinkCom Manufacturing Co., Ltd.: Independent Director Donpon Precision Inc.: Independent Director

2. Supervisor: The Company has set up an Audit Committee without an appointed supervisor.

3. Major Shareholders of Corporate Shareholders:

April 2, 2024

Name of incorporated directors	Major Shareholders of Corporate Shareholders
SINOTEAM HOLDINGS INC.	HSU Wen-Faung (100%)
LUXURY SHINE INTERNATIONAL LIMITED	Hsu, Jia-Heng (34%)
	Hsu, Jia-Chen (34%)
	Hsu, Jia-Yun (32%)

4. The main shareholders of the aforementioned incorporated shareholders: Not applicable.

5. Continuing education of directors and supervisors in 2023:

Title	Name	Organizer	Course Name	Training date	Training hours
Director	HSU Wen-Faung	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Director	HSU Wen-Faung	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3
Director	LAI, Jen-Chung	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Director	LAI, Jen-Chung	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3
Director	Chang Yuan-Fen	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Director	Chang Yuan-Fen	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3

Independent director	HSIEH, Yu-Tien	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Independent director	HSIEH, Yu-Tien	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3
Independent director	CHEN, Tien-Szu	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Independent director	CHEN, Tien-Szu	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3
Independent director	CHIU, Shih-Fang	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Independent director	CHIU, Shih-Fang	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3
Independent director	Kuan Chih-Liang	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3
Independent director	Kuan Chih-Liang	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3

(1.1) Information on Directors and Supervisors:

I. Disclosure on directors and supervisors' professional qualification and independence status by independent directors:

Condition / Name	Professional qualification and experience	State of independence	Number of public companies where the person holds the title as independent director
Director SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	In abundant outlook toward markets in the international community, diversified thinking mode, profound cultivation of industrial strength, comprehensive business technology & know-how and skill, humanistic literacy as well as management under sound leadership; serving as the chairman of SUN MAX Group and independent director of LinkCom manufacturing Co., Ltd. leadership in business management; serving Does not meet any descriptions stated in Article 30 of The Company Act.	Not applicable	1
Director LAI, Jen-Chung	In possession of abundant hands-on experiences serving with the electronic industry with the effort to offer valid professional advice, rendering tremendous benefits toward the upgrade of the production technology and know-how; serving as the Company's director. Does not meet any descriptions stated in Article 30 of The Company Act.	Not applicable	0
Director LUXURY SHINE INTERNATIONAL LIMITED Representative: Chang Yuan-Fen	Elected as a director of the Company for years of contribution to the Group in various fields and professional opinions offered for improving financial matters. Does not meet any descriptions stated	Not applicable	-

Condition / Name	Professional qualification and experience	State of independence	Number of public companies where the person holds the title as independent director
	in Article 30 of The Company Act.		
Independent director CHEN, Tien-Szu	Having served with Cameo Communications, Inc. as a managerial officer in its management, in possession of hands-on experiences accumulated electronic industry; highly conducive toward the Company in business operations currently serving as the Company's independent director. Does not meet any descriptions stated in Article 30 of The Company Act.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be undertaken by any independent board member.	0
Independent director	As an Attorney-at-Law having satisfactorily passed the national level examination with official license, currently serving with Derkai Attorneys-at-Law Office as the leading Attorney-at-Law, having successfully guided a good number of companies to be listed in the stock exchanges or OTC, with hands-on experiences accumulated in legal affairs, having appropriately offered professional proposals to the Company, significantly conducive to the Company in its business operations, serving as the Company's independent director.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be	3

Condition / Name	Professional qualification and experience	State of independence	Number of public companies where the person holds the title as independent director
	Does not meet any descriptions stated in Article 30 of The Company Act.	undertaken by any independent board member.	
Independent director HSIEH, Yu-Tien	Possesses the professional capacity and relevant working experiences in business, banking business and financial analysis. A former instructor in Chinese Culture University, Jinwen University of Science and the Department of Business Administration, Shih Chien University and Technology. A current independent director of the Company. Does not meet any descriptions stated in Article 30 of The Company Act.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be undertaken by any independent board member.	1
Independent director Kuan Chih-Liang	Possesses the professional capacity and relevant working experiences in applied economics and business management. Working experience include being Dean of Academic Affairs, Kainan University, Strategy Mentor, Wolfnet Start Up A + On-Site Incubator and Consulting Program Brand Innovation Think Tank, General Chamber of Commerce of the Republic of China. Current Director and Graduate Program Director, School of Applied Economics and Business	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. A new independent	3

Condition / Name	Professional qualification and experience	State of independence	Number of public companies where the person holds the title as independent director
	Administration, National Ilan University and an Independent Director of the Company. Does not meet any descriptions stated in Article 30 of The Company Act.	board member who has not taken the position for more than three terms.	

II. Diversity and Independence of the Board of Directors.

(I) Diversification of Board of Directors

In accordance with Article 19 of the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall take into account diversity, except that the number of directors who are also managerial officers of the Company shall not exceed one-third of the total number of directors, and that the Company shall formulate an appropriate diversity policy with respect to its own operations, business model and development needs, which shall include but not be limited to the following two major criteria:

A. Basic conditions and values: Gender, age, nationality, culture, etc., of which the ratio of female directors should reach one third of the total directors.

B. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

The fourth Board of Directors of the Company is composed of seven members, including four independent directors, a general director and two members who are concurrently the President and employee, respectively, of the Company, of diverse professional backgrounds. No more than half of the directors are concurrently managers or employees of the Company. Members of the fourth Board of Directors of the Company possess the following capacities, including abilities to make operating judgments, perform accounting and financial analysis, conduct management administration and exercise crisis management, have industry knowledge and international market perspectives, as well as abilities to lead and make policy decisions. Independent Director HSIEH, Yu-Tieng specialized in financial management with the ability to perform accounting and financial analysis. Independent Director CHIU, Shih-Fang specialized in law matters. Independent Director Kuan Chih-Liang specialized in business management and judgment. Independent Director Chen, Tien-Szu has many years of experience in the electronic industry with related professionalism.

Actual management targets under the diverse policy: the current Board of Directors of the Company is composed of seven members. After the election in 2022, there are currently four independent members (three before the election), or 57% of the total Board and one female member. The target has been achieved. Board member profile: 29% concurrently an employee of the Company; 57% independent member; 14% female member. Office terms of the three independent members are under nine years; and the other one is under three years. The Company plans to increase the number of female board members to one-third to achieve gender equality and in compliance with Corporate Governance Best Practice Principles.

Diversification policy and the implementation of the composition of the Board of Directors:

Core diversity aspects	Nationality	Gender	Directors concurrently serving as company employees	Age			Term of independent directors			Industry experience	Professional capacity	
Name of Directors				41 to 50	51 to 60	61~70 and above	Under 3 years	3 to 9 years	Over 9 years	Cooling industry	Finance and accounting	Law
SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	R.O.C.	Male	V			V				V	V	
LUXURY SHINE INTERNATIONAL LIMITED Representative: Chang Yuan-Fen	R.O.C.	Female	V		V					V	V	
LAI, Jen-Chung	R.O.C.	Male				V				V	V	
HSIEH, Yu-Tien	R.O.C.	Male				V		V			V	
CHEN, Tien-Szu	R.O.C.	Male				V		V		V		
CHIU, Shih-Fang	R.O.C.	Male		V				V				V
Kuan Chih-Liang	R.O.C.	Male			V		V			V	V	

Director professional background and knowledge:

Core diversity aspects / Name of Directors	Gender	Operating judgment	Accounting and Financial Analysis Ability	Operational and Management Ability	Crisis Response Ability	Knowledge of Industry	Understanding of International Markets	Leadership	Decision Making	Law
SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	Male	V	V	V	V	V	V	V	V	
LUXURY SHINE INTERNATIONAL LIMITED Representative: Chang Yuan-Fen	Female	V	V	V	V	V	V	V	V	
LAI, Jen-Chung	Male	V	V	V	V	V	V	V	V	
HSIEH, Yu-Tien	Male	V	V	V	V	V	V	V	V	
CHEN, Tien-Szu	Male	V	V	V	V	V	V	V	V	
CHIU, Shih-Fang	Male	V	V	V	V	V	V	V	V	V
Kuan Chih-Liang	Male	V	V	V	V	V	V	V	V	

(II) Independence of Board of Directors:

The Board is composed of a total of seven members, three of whom are regular members and four are independent directors, who possess rich experience in financial, business, law and industry management fields

As expressly provided for in Article 21 of the Company's Corporate Governance Best-Practice Principles and Article 79 of the Articles of Incorporation, the directors shall be elected under candidates nomination system. Accordingly, the Company shall prudentially evaluate the qualification requirements of the nominated candidates to check and make sure whether they fall situations under Article 30 of the Company Act and shall, in turn, duly elect the right ones in accordance with Article 193-1 of the Company Act. After all candidates for directors (with independent directors covered inclusively) are duly resolved by the Board of Directors, the candidates shall be submitted to the shareholders' meeting for the election process. Of all seven directors of the Company, other than HSU Wen-Faung, the representative from SINOTEAM HOLDINGS, INC and Chang Yuan-Fen, the representative from LUXURY SHINE INTERNATIONAL, LIMITED are spouses to each other, no directors are spouses or are relatives within the second degree of kinship to each other under Paragraphs 3 and 4 of Article 26-3 of Securities and Exchange Act.

(2) The President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

1. Name, main experience (education), and shareholding and nature

April 2, 2024; Unit: thousand shares

Title	Nationality	Name	Gender	Inauguration date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
President	R.O.C.	HSU Wen-Faung	Male	1997/3	1,195	3.18%	199	0.53%	0	0%	Department of Civil Engineering, Tamkang University Engineer of CTCI Advanced Systems Inc. Director of Hefeng Construction Co., Ltd. Director of Hefeng Construction Co., Ltd.	Note 1	None	None	None	
Vice President and Chief Finance Office	R.O.C.	YAO, Cheng-Min	Male	2021/3	10	0.03%	0	0%	0	0%	Accounting Department of Soochow University Chief Finance Officer of Atrack Technology Inc. Finance manager, Mainland China Business, AirTAC International Group Deputy Manager, Deloitte & Touche	Note 1	None	None	None	
Vice President of R&D (Note)	R.O.C.	HSIEH, JUNG-CHUNG	Male	2015/8	12	0.03%	0	0%	0	0%	National Taipei University of Technology - Mechatronics Mechanical engineer of Jowle Technology Co., Ltd. Manager of Engineering Department of Lextar Technology Co., Ltd. (Dongguan Plant) R&D Manager of Dynaeon Industry R&D Manager of Arx Co., Ltd. R&D Manager of Apistek Technology Company Limited	Note 1	None	None	None	
Group Assistant Vice President	R.O.C.	Lai, Chih-Sung	Male	2020/11	3	0%	0	0%	0	0%	Department of Accounting, Jinwen University of Science and Technology Associate Manager, Long John Tsung Right Industrial Co., Ltd. Accounting Manager, Jiu Hua	Note 1	None	None	None	

											Agriculture Technology Limited Company					
Chief Technology Officer	R.O.C.	HUANG Chia-Lieh	Male	2021/12	0	0%	0	0%	0	0%	Ph. D. in mechanical engineering, National Taiwan University of Science and Technology (NTUST) Manager of Asia Vital Components Co., Ltd. Fan Manager of Apistek Technology Co., Ltd.	Note 1	None	None	None	
Audit Manager	R.O.C.	CHEN,CHI-CHENG	Male	2019/3	0	0%	0	0%	0	0%	National Central University - Industrial Economics Graduate School Audit Office Assistant Manager of David Electronics Company Ltd. Audit Office Assistant Manager of Kaibo Enterprise Co., Ltd.	Note 1	None	None	None	
Sale Manager	R.O.C.	WANG, Chien-Ta	Male	2020/01	39	0.10%	0	0%	0	0%	Chia Nan University of Pharmacy & Science Sale Controller of Sunonwealth Electric Machine Industry Co. Ltd.	Note 1	None	None	None	

Note: Effective February 1, 2024, Mr. Tse Wing Chung, Assistant VP of the R&D Department, was promoted to Vice President of the R&D Department.

1.1: The President and heads of various departments and branches who also hold a job position with the other companies are listed in the table below.

Title	Name	Positions with other companies
President	HSU Wen-Faung	SINOTEAM HOLDINGS INC.: Director/ President UNITED STRATEGYINC.: Director/ President Director/ President of POWER LOGIC HOLDINGS INC. Sunny Sharp International Limited.: Director/ President POWER LOGIC TECH. INC.: Director/ President Sunny Sharp International Limited Taiwan Branch: Litigation and Non-contentious Representative Power Logic Tech. (DongGuan) Inc.: Director/ President POWER LOGIC TECH (TAI YI) CO., LTD.: Director/President Tai-yi (Jiangxi) Electronic Technology Co., Ltd: Director/ President LinkCom Manufacturing Co., Ltd.: Independent Director Chichen Technology Co. Ltd: Representative from Power Logic Tech. Inc.
Vice President and Chief Finance Office	YAO, Cheng-Min	UNITED STRATEGYINC.: Vice President and Chief Finance Office POWER LOGIC HOLDINGS INC.: Vice President and Chief Finance Officer Sunny Sharp International Limited. : Vice President and Chief Finance Officer POWER LOGIC TECH. INC.: Vice President and Chief Finance Office Sunny Sharp International Limited Taiwan Branch: Vice President and Chief Finance Office Power Logic Tech. (DongGuan) Inc.: Vice President and Chief Finance Office POWER LOGIC TECH (TAI YI) CO., LTD. : Vice President and Chief Finance Office Tai-yi (Jiangxi) Electronic Technology Co., Ltd: Vice President and Chief Finance Office Cicheng Technology Co., Ltd.: Chief Finance Officer
Vice President of R&D (Note)	HSIEH, JUNG-CHUNG	Sunny Sharp International Limited Taiwan Branch: R&D Vice President DONG GUAN DONG LI DIAN ZI CO. LTD: R&D Vice President POWER LOGIC TECH (TAI YI) CO., LTD.: R&D Vice President Tai-yi (Jiangxi) Electronic Technology Co., Ltd: R&D Vice President Chichen Technology Co. Ltd: Representative from Power Logic Tech. Inc.
Group Assistant Vice President	Lai, Chih-Sung	Power Logic Tech. (DongGuan) Inc.: Group Assistant Vice President POWER LOGIC TECH (TAI YI) CO., LTD.: Group Assistant Vice President Taiyi (Jiangxi) Electronic Technology Co., Ltd.: Group Assistant Vice President
Chief Technology Officer	HUANG Chia-Lieh	Sunny Sharp International Limited Taiwan Branch: Chief Technology Officer DONG GUAN DONG LI DIAN ZI CO. LTD: Chief Technology Officer POWER LOGIC TECH (TAI YI) CO., LTD: Chief Technology Officer Tai-Yi (Jiangxi) Electronic Technology Co., Ltd.: Chief Technology Officer

Audit Manager	CHEN,CHI-CHENG	UNITED STRATEGY INC.: Chief Auditor POWER LOGIC HOLDINGS INC.: Chief Auditor SUNNY SHARP INTERNATIONAL LIMITED: Chief Auditor Sunny Sharp International Limited Taiwan Branch: Chief Auditor POWER LOGIC TECH. INC.: Chief Auditor DONG GUAN DONG LI DIAN ZI CO. LTD: Chief Auditor POWER LOGIC (YI QUAN) CO., LTD: Chief Auditor Taiyi (Jiangxi) Electronic Technology Co., Ltd.: Chief internal auditor Cicheng Technology Co., Ltd.: Chief Auditor
Sale Manager	WANG, Chien-Ta	UNITED STRATEGYINC.: Sales Manager POWER LOGIC HOLDINGS INC.: Sales Manager Sunny Sharp International Limited.: Sales Manager SUNNY FAITH INVESTMENTS LIMITED: Sales Manager Sunny Sharp International Limited Taiwan Branch: Sales Manager POWER LOGIC TECH. INC.: Sales Manager Power Logic Tech. (DongGuan) Inc.: Sales Manager POWER LOGIC TECH (TAI YI) CO., LTD.: Sales Manager Tai-yi (Jiangxi) Electronic Technology Co., Ltd: Sale Manager

Note: Effective February 1, 2024, Mr. Tse Wing Chung, Assistant VP of the R&D Department, was promoted to Vice President of the R&D Department.

2. Where the Company's General Manager or an equivalent position (the highest managerial officer) and Chair of the Board are the same person or are spouses or relatives within the first degree of kinship, information relating to its reasons, reasonableness, necessity and response measures (such as increasing independent directors, and a majority of the directors may not serve concurrently as an employee or managerial officer) shall be explained:

Reason: Considering the Company's current operation scale and situation, the requirement for professionalism, familiarity to the industry, decision-making ability and long-term business planning and strategy, the Company's Chair of the Board and General Manager is the same person.

Reasonableness: Other than the Chairman and President are the same person , we have added one more independent director (the total independent member shall not be less than four) to enhance the supervision function from the board. In the meantime, the majority of directors are not concurrently an employee manager of the Company; and the remaining directors are not spouses or relatives within the first degree of kinship. Therefore, the President is for sure able to execute duties according to resolution from the Board. The Board is able to conduct the supervision appropriately and independently.

Necessity: In response to the Company's mid-term human resources and organizational development plan, the status quo is the best for the Company's operational needs.

Countermeasure: The Company has amended the Corporate Governance Best Practice Principles in January 2022. Also a new independent board member was added on May 31, 2022 in the Board election to increase the number of independent members from three to four to follow Article 4 under "Taiwan Stock Exchange Corporation Operating Directions for Compliance with the Establishment of the Board of Directors by TWSE-Listed Companies and the Board's Exercise of Powers."

3. Continuing education and training programs related to corporate governance attended by managers:

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Name	Title
1	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Seminar on Action Plan for Sustainable Development of TWSE/TPEx Listed Companies	2023/7/13	3	YAO, Cheng-Min	Chief Corporate Governance
2	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	YAO, Cheng-Min	Chief Corporate Governance
3	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	YAO, Cheng-Min	Chief Corporate Governance
4	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	WANG, Chien-Ta	Sale Manager
5	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	HUANG Chia-Lieh	Chief Technology Officer
6	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	WANG, Chien-Ta	Sale Manager
7	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSIEH, JUNG-CHUNG	R&D Assistant Vice President
8	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Insider Trading Prevention Publicity Conference	2023/10/13	3	YAO, Cheng-Min	Chief Corporate Governance
9	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	Internal Audit Guidelines for Compliance with Laws and Regulations	2023/11/8	6	CHEN,CHI-CHENG	Chief Auditor

III. Remuneration paid to Directors (including Independent Directors), Supervisors, the President, and the Vice President in the most recent year

1. Remuneration of directors and independent directors

Unit: NT$ thousand; thousand Shares

Title	Name	Remuneration to Directors										Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G and in proportion to Earnings		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		Director fees (A)		Pension (B)		Remuneration to directors (C)		For services (D)		The sum of A, B, C and D and in proportion to Earnings		Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies mentioned in the financial statements				
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	Cash	Stock	Cash	Stock	The Company	All companies mentioned in the financial statements	
Chairman	SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	1,105	1,105	0	0	2,593	2,593	33	39	3,731 3.15%	3,737 3.15%	0	11,715	0	33	1,640	0	1,805	0	5,371 4.53%	17,290 14.59%	0
Director	LAI, Jen-Chung																					
Director	LUXURY SHINE INTERNATIONAL LIMITED Representative: Chang Yuan-Fen																					
Independent director	CHEN, Tien-Szu	2,948	2,948	0	0	0	0	44	44	2,992 2.52%	2,992 2.52%	0	0	0	0	0	0	0	0	2,992 2.52%	2,992 2.52%	0
Independent director	CHIU, Shih-Fang																					
Independent director	HSIEH, Yu-Tien																					
Independent director	Kuan Chih-Liang																					

1. Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time:

The Company has established a Compensation Committee. Remuneration to independent directors are decided through the resolutions of the Compensation Committee and the Board of Directors based on "Regulations Governing the Remuneration of Directors and Managers," approved by the Compensation Committee and the Board, with the consideration of the duties involved and levels of operating participation and value contributed and the performance evaluation in accordance with the evaluation of the board/functional committees. The procedures of the remuneration assessment have factored in the operating performance and risks. Please see Page 25~26 in the annual report for details. The "Regulations Governing the Remuneration of Directors and Managers" is available on the Company website, http://www.sun-max.com.tw: Corporate Governance-> Important Policies.

2. Except for those disclosed in the above table, the remuneration of the Company's directors by providing services (e.g., serving as the non-employee consultant) to all companies included in the financial report in the most recent year: None.

Classification of remuneration

Remunerations to individual directors in respective brackets along the salaries scale	Name of Directors			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements
Less than 1,000,000	CHEN, Tien-Szu; CHIU, Shih-Fang; HSIEH, Yu-Tien; Kuan Chih-Liang; LAI, Jen-Chun	CHEN, Tien-Szu; CHIU, Shih-Fang; HSIEH, Yu-Tien; Kuan Chih-Liang; LAI, Jen-Chun	CHEN, Tien-Szu; CHIU, Shih-Fang; HSIEH, Yu-Tien; Kuan Chih-Liang; LAI, Jen-Chun	CHEN, Tien-Szu; CHIU, Shih-Fang; HSIEH, Yu-Tien; Kuan Chih-Liang; LAI, Jen-Chun
1,000,000(inclusive) ~ 2,000,000 (exclusive)	LUXURY SHINE INTERNATIONAL LIMITED, SINOTEAM HOLDINGS INC.	LUXURY SHINE INTERNATIONAL LIMITED, SINOTEAM HOLDINGS INC.	LUXURY SHINE INTERNATIONAL LIMITED	
2,000,000(inclusive) ~ 3,500,000 (exclusive)			SINOTEAM HOLDINGS INC.	LUXURY SHINE INTERNATIONAL LIMITED
3,500,000(inclusive) ~ 5,000,000 (exclusive)				
5,000,000(inclusive) ~ 10,000,000 (exclusive)				
10,000,000(inclusive) ~ 15,000,000 (exclusive)				SINOTEAM HOLDINGS INC.
15,000,000(inclusive) ~ 30,000,000 (exclusive)				
30,000,000(inclusive) ~ 50,000,000 (exclusive)				
50,000,000(inclusive) ~ 100,000,000 (exclusive)				
100,000,000 above				
Total	7 persons	7 persons	7 persons	7 persons

2. Supervisor’s remuneration: The Company sets up an Audit Committee, but has not appointed a supervisor.

3. Remuneration to President and Executive Vice Presidents

Unit: NT$1,000 (except for the market price), 1,000 shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc. (C)		Remuneration to the employees (D)				The sum of A, B, C and D and in proportion to Earnings (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash Dividends	Free-Gratis Dividends	Cash Dividends	Free-Gratis Dividends			
President	HSU Wen-Faung	0	7,153	0	106	0	5,826	1,690	0	1,855	0	1,690	14,940	0
Executive Vice President	YAO, Cheng-Min											1.43%	12.61%	

Classification of remuneration

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Name of Presidents and Executive Vice Presidents	
	The Company	Consolidation
Less than 1,000,000	YAO, Cheng-Min	
1,000,000(inclusive) ~ 2,000,000 (exclusive)	HSU Wen-Faung	
2,000,000(inclusive) ~ 3,500,000 (exclusive)		YAO, Cheng-Min
3,500,000(inclusive) ~ 5,000,000 (exclusive)		
5,000,000(inclusive) ~ 10,000,000 (exclusive)		
10,000,000(inclusive) ~ 15,000,000 (exclusive)		HSU Wen-Faung
15,000,000(inclusive) ~ 30,000,000 (exclusive)		
30,000,000(inclusive) ~ 50,000,000 (exclusive)		
50,000,000(inclusive) ~ 100,000,000 (exclusive)		
100,000,000 above		
Total	2 persons	2 persons

4. Name of the managers received remuneration and the distribution of remuneration:

December 31, 2023 Unit: NTD

	Title	Name	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	President	HSU Wen-Faung	0	2,480,000	2,480,000	2.09%
	Executive Vice President	YAO, Cheng-Min				
	Group Assistant Vice President	Lai, Chih-Sung				
	R&D Assistant Vice President	HSIEH, JUNG-CHUNG				
	Chief Technology Officer	HUANG Chia-Lieh				
	Sale Manager	WANG, Chien-Ta				
	Audit Manager	CHEN,CHI-CHENG				

5. Individually explain and compare and disclose remunerations paid in the last 2 years by The Company and all companies included in the consolidated financial statements to The Company's Directors, Supervisors, President and Vice Presidents as a percentage of after-tax net profit. Describe the remuneration policy, standards and packages, the procedures for determining remuneration, and their link to business performance.

   (1) Analyzing the ratio of the remuneration to the directors, supervisors, President, and Vice President of the Company and all the companies on the consolidated financial statements to net income:

Unit: NTD thousands

Item \ Title	The Company				All companies included in the consolidated statements			
	2022		2023		2022		2023	
	Total amount	Total/ after-tax profit	Total amount	Total/ after-tax profit	Total amount	Total/ after-tax profit	Total amount	Total/ after-tax profit
Remuneration to Directors	10,928	4.84%	8,363	7.05%	22,058	9.76%	20,282	17.11%
Remuneration to President and Executive Vice Presidents	2,051	1%	1,690	1.43%	14,784	6.54%	14,940	12.61%
Income after taxation	226,013	100%	118,516	100%	226,013	100%	118,516	100%

Remark: The 2023 compensation paid to directors, Presidents and vice-presidents went down as compared to those in 2022 was due to a decrease in after-tax net income in 2023.

(2) Association with the remuneration policy, standard and combination, procedure for determining the remuneration, and operation performance, and the risks in the future.

The Company has established a compensation committee formed by all independent directors. Remuneration policy for directors and managerial officers is made in accordance with the Rules Governing Remuneration of Directors and Managerial Officers passed by the Compensation Committee and the Board of Directors, which was determined based on the position, contribution to operation and performance evaluation by the Board of Directors. It is periodically re-evaluated and will be paid after adopted by the Compensation Committee and the Board of Directors.

Every year, the Board of Directors was assessed according to "Regulations Governing the Remuneration of Directors and Managers," together with "Performance Evaluation Table for Board of Director Members" and "Measures for Employee Performance Evaluation." According to the results of manager assessment, the Board has passed all the evaluation standards. Each remuneration payment policy, standards, portfolio, determination procedures of directors (independent directors) and managerial officers has considered business performance and risks. Also, according to Article 129 in the Company's Articles of Association, if there is pre-tax profit, a profit sharing of 1.5%~10% shall be appropriated to employees as compensation and no more than 2% shall be appropriated to the Board of directors.

Here at the Company, the remunerations to directors are distributed and calculated in accordance with the Company's "Regulations Governing Management over Remunerations to Directors and Managerial Officers" for the weights. The weight evaluation is classified into: 1. The fundamental weights for the post of a director. 2. Participation in the Company's routine business operation and management. 3. The fact to back up the endorsement/guarantee in response to the Company's need in financing. 4. Participation rate to the Board of Directors meetings up to over 80% (inclusive) 5. Other key contributions as proposed by a member of the Remuneration Committee discussed and resolved in the Board of Directors. 6. Result of the performance evaluation for the Board of Directors. 7. Payable on an annual basis. In case of a service period of less than one year, the number of weights shall be counted pro rata to the period of service.

Formula for calculation: The remuneration to directors to be distributed based on the individual director earnings = Total amount of remuneration to directors as resolved in the shareholders' meeting x The aggregate total of weights of all directors toward the individual directors based on their participation.

Here at the Company, the remunerations to managerial officers are distributed and calculated in accordance with the Company's "Regulations Governing Management over Remunerations to Directors and Managerial Officers". The distributed earnings are a sort of variable salary and shall be calculated in association with the "Regulations Governing Performance Evaluation for Employees."

Table of contents for performance evaluation for employees (including managerial officers):

Targets for performance evaluation	Evaluation items	
Supervisory level	Performance in management	Leadership, communications and coordination, emotional resistance, problem-solving capabilities
	Personal capabilities	Sound character and integrity, workplace ethics, professional expertise, responsibility dedication, pro-active performance, work efficiency.
General Indirect colleagues	Performance at work	Responsible dedication, pro-active performance, work efficiency
	Working capabilities	Professional expertise, solution to problems
	Attitude toward work	Moral integrity, workplace ethics, facts in attendance to duties
	Potential at work	Attitude toward learning, capability in learning

The decision procedures for profit sharing, other than overall business results, include individual performance achievement and business contributions based on "Measures for Employee Performance Evaluation" to ensure reasonable compensation. Remunerations to managers are reviewed by the Compensation Committee and sent to the Board for discussion to ensure the reasonableness of the overall compensation package.

To control compensation risks, the Company makes adjustments to the compensation policy based on industry transformation, international financial environment, future business development, operating risks profitability status, as well as real time law changes.

6. For the individuals who are not directors of the securities issuer but perform the duties of the directors or actually control the company's personnel, finance, or business operations; also, instruct the directors to executive business, their name, experience (education), shareholdings, current position held with the issuer and other companies, relationship with the issuer's directors and supervisors, and substantive control over the issuer should be detailed, in addition, foreign issuers shall state the legal responsibilities of the aforementioned individuals according to the laws of the country of registration:

   There are no individuals who are not the Company's board directors but perform the duties of the directors or actually control the company's personnel, finance, or business operations; also, directors instruct executive business, and therefore this is not applicable to them.

IV. Status of Corporate Governance

(I) The function of the Board:
5 Board of Directors meetings (A) were held in the 2023; Directors' attendance are listed below:

Title	Name	Attendance rate % (B)	Attend through proxy	Attendance rate % (B/A)	Remarks
Chairman	SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung	5	0	100%	
Director	INTERNATIONAL LIMITED Legal representative: Chang Yuan-Fen	5	0	100%	
Director	LAI, Jen-Chung	5	0	100%	
Independent director	CHEN, Tien-Szu	5	0	100%	
Independent director	CHIU, Shih-Fang	5	0	100%	
Independent director	HSIEH, Yu-Tien	5	0	100%	
Independent director	Kuan Chih-Liang	5	0	100%	

Other notes:

I. If any of the following is applicable to the operation of the board of directors, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
   (1) Issues under Article 14-3 of Securities and Exchange Act: Not applicable (The Company adopts a system of Audit Committee)
   (2) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: Not applicable.

II. The avoidance of the conflict of interest by the Directors on related motions, specify the names of the Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots:

Date of board meeting	Session/Term	Contents of the motion: Causes leading to avoidance from conflict of interests and facts in participation to the voting process.
2023/1/12	The 6th meeting of the 4th term	**1. Motion go distribute year-end bonus for 2022** Nature of conflicting interests: The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed

		without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting. **2. Proposal for 2023 criteria of the performance evaluation and compensation standards for Board of Directors and the general managers.** Nature of conflicting interests: The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. **3. Motion for annual salary raise for 2023.** Nature of conflicting interests: The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands.
2023/3/13	The 7th meeting of the 4th term	**1. Motion for distribution of remuneration to employees and remuneration to directors and supervisors for 2022.** Nature of conflicting interests: The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The Director LAI, Jen-Chung was an interested party with respect to this proposal and also recused himself from the voting. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other four attending directors. All four directors voted in favor of the proposal by a show of hands.

III. Information on the board's self (or peer) evaluation cycle and period, evaluation scope, method and evaluation content:

(1) Self-evaluation frequency and period (or peer-evaluation) of the Board of Directors: Evaluation frequency is once a year and shall be completed before the first quarter of the following ends. Evaluation period: January 1, 2023~ December 31, 2023.
(2) Evaluation scope: Including performance review of the entire Board of Directors, each member of the Board of Directors, performance evaluation of functional committees.
(3) Performance assessment: According to Article 3 under "Rules for Performance Evaluation of Board of Directors," each year, the Board shall conduct an internal performance assessment of the Board, according to the procedures and indicators stipulated in Article 6 and 8 and an external assessment every three years.
(4) The 2023 Board Self- (or Peer) Assessment and the performance evaluation of the functional committees (Audit Committee and Compensation Committee) have been reported to the Board Meeting on January 25, 2024.

Implementation status of 2023 Board Self- (or Peer) Assessment:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Self-evaluation comments
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	A. The extent of participation in the Company's operations. B. Improvement in the quality of the board's decision-making. C. Composition and structure of the board. D. Election and continuing education of directors. E. Internal control F. Other	The Company's Board of Directors is well-functioning and in line with the spirit of corporate governance. It has been operating normally and efficiently in accordance with fair corporate governance practices.
		Evaluation of individual Board members	Self-evaluation of directors	A. Alignment of the Company's objectives and tasks. B. Mastery of the Company's objectives and tasks. C. The extent of participation in the Company's operations. D. Internal relationship management and communication. E. Professionalism and continuing education of directors. F. Internal control G. Other	● Chairman HSU Wen-Faung: keeps in line with rules and fulfills responsibilities. ● Director LAI, Jen-Chung: facilitates effective communication at the Board of Directors and familiarizes himself with the Board operations. ● Director: Chang Yuan-Fen: actively strengthens professional knowledge. ● Independent Director Hsieh, Yu-Tien: The Board of Directors operates well. ● Independent Director CHEN, Tien-Szu: The Board of

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Self-evaluation comments
					Directors operates properly and communicates well on issues. ● Independent Director CHIU, Shih-Fang: The management team has been able to provide sufficient information on agenda items and give complete answers and explanations to inquiries from directors. ● Independent Director Kuan Chih-Liang: The Board of Directors' information is well-prepared and highly transparent; the participants of the meetings are able to fully communicate and discuss with each other. On the whole, the Board of Directors operates very soundly.
		Performance evaluation of functional committees (Audit Committee and the Remuneration Committee)	Self-evaluation of Functional committees member	A. The extent of participation in the Company's operations. B. Awareness of the duties of the functional committee. C. Improvement in the quality of the functional committee's decision-making. D. Composition and member appointment of functional committees. E. Internal control F. Other	The Company's functional committees (Audit Committee and Compensation Committee) operate in a mature manner and are able to fulfill their duties and assist the Board of Directors in making the best decisions with respect to the relevant industry environment, legal compliance, risk management, and internal control.

Implementation status of external assessment:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
November 16, 2021 Implemented once in every three-year.	September 1, 2020 to August 31, 2021	Performance evaluation of the Board of Directors	Corporate Governance Association in Taiwan	A. Composition of the board of directors B. Guidance of the board of directors C. Authorization of the board of directors. D. Supervision of the board of directors E. Communication of the board of directors F. Internal control and risk management G. Self-discipline of the board of directors. H. Evaluation toward other eight key aspects, e.g., Board of Directors meeting, supporting system and the like.

IV. Evaluate goals and status of strengthening the board's job functions in the past few years:

(1) The Company shall convene a Board of Directors meeting on a quarterly basis as the minimum to check and verify the Company's business performance with discussions into key managerial strategies. In 2023, the Board of Directors convened a total of 5 Board meetings which were attended by 100% of all directors. The decisions resolved in a Board of Directors' meeting were posted onto the Market Observation Post System (MOPS) as well as the Company's website in the special zone for investors forthwith, readily accessible to all investors and stakeholders to be informed of the key updates of the Company in real time.

(2) The Company has established Audit Committee and Remuneration Committee.

(3) When the Company's board meeting is convened, the Company's public accountant and the heads of various departments of the Company are invited to report to the directors and independent directors on the audit of the financial statements, information on the company's recent finances, business, and research and development, and internal audit results. Ensure that the directors are informed of the most complete and detailed information.

(4) The Company has designated staff to be responsible for information disclosure on the company's website and the Market Observation Post System, and enact the "Procedures for Handling Material Inside Information" to promote information transparency.

(5) In order to strengthen corporate governance, the Company's Board of Directors has passed the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical and Guidelines for Conduct," "Sustainable Development Best Practice Principles," "Code of Ethical Conduct," and "Material Contingencies Reporting Procedure," "Rules Governing Risk Control," "Director Diversity Policy," and "Standard Operating Procedures for Handling Directors' Requests;" also, will continue to amend other relevant specifications in order to implement the highest corporate governance principles.

(6) To reinforce corporate governance and enhance board functions for improved efficiency, the Company has established the "Rules for Performance Evaluation of Board of Directors" to govern the procedures for the annual internal performance assessment of the Board, each board member and the individual members of the functional committee. The 2023 results of the assessments have been presented at the Board Meeting on January 25, 2024.

Based on Article 3 under "Rules for Performance Evaluation of Board of Directors, an external assessment will be conducted every three years. The Company commissioned the "Taiwan Corporate Governance Association" for an external assessment on the Board's performance in 2021. The results were reported at the Board meeting held on January 14, 2022.

(II) The operation of the Auditing Committee:

The Audit Committee is composed of four members. The term of office of the 3rd Audit Committee: May 31, 2022 to May 30, 2025.

The Auditing Committee convened for 5 times (A) in 2023. The attendance of the independent directors is shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remarks
Independent director (Convener)	HSIEH, Yu-Tien	5	0	100%	
Independent director	CHEN, Tien-Szu	5	0	100%	
Independent director	CHIU, Shih-Fang	5	0	100%	
Independent director	Kuan Chih-Liang	5	0	100%	

Other notes:

1. Audit Committee Operation:
   (1) On issues stated in Article 14-5 of the Securities and Exchange Act and issues not passed by the Auditing Committee by passed by a two-third majority of all directors, the date of Board session, the term of the Board, the content of the motions, the resolutions of the Auditing Committee, and the opinions of the Auditing Committee: None.
   The Audit Committee convened by the Company in 2023 does not have such situations.
   (2) Except for the matters stated in the preceding paragraph, the matters that are not approved by the Audit Committee, but resolved with the consent of two thirds of the board directors should be handled as follows: In addition to the descriptions stated in 2023, the attending independent directors at the Audit Committee meeting convened by the Company did not have any objections or reservations raised against other proposals.
2. For independent directors who have themselves recused for any proposals with a risk of conflict of interest, the name of said independent director(s), the content of the proposal, the reasons for recusal, and the participation in the voting should be detailed: There is not any risk of conflict of interest for the independent directors to have themselves recused in the most recent year and as of the annual report printing date.
3. The communication between the Independent Directors and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result).
   The internal audit officer of the company will regularly report the audit results and the follow-up to the members of the Audit Committee. For any special circumstances, the internal audit officer will immediately notify the members of the Audit Committee. The communication between the Audit Committee and the internal audit officer of the Company is good.
   The Company’s Audit Committee will commission the Company’s public accountants to attend the Audit Committee meeting depending on the actual needs, and will report the audit results.

■ Communication between independent directors and accountant

Date of communication	Main points of communication	Implementation by the company
2023/11/10	Issues of communications by and between the certified public accountants and the Audit Committee after the financial statement of 2023 Q2 were duly audited 2023 Q3 consolidated financial statements	Independent directors do not dispute. It is submitted to the Board of Directors for resolution.
2023/8/11	2023 Q2 consolidated financial statements	Independent directors do not dispute. It is submitted to the Board of Directors for resolution.
2023/5/12	2023 Q1 consolidated financial statements	Independent directors do not dispute. It is submitted to the Board of Directors for resolution.
2023/3/13	Communication between the External Auditors and the Audit Committee after the Audit of 2022 Financial Statements and 2022 Consolidated Financial Statements.	Independent directors do not dispute. It is submitted to the Board of Directors for resolution.

■ Communication between independent directors and internal audit executive:

Date of communication	Main points of communication	Implementation by the company
2023/11/10	Presented the 2023 Q3 audit report and nonconformities follow-up report to the independent directors for review.	Independent directors do not dispute. The communication content is saved for reference.
2023/8/11	Presented the 2023 Q2 audit report and nonconformities follow-up report to the independent directors for review.	Independent directors do not dispute. The communication content is saved for reference.
2023/5/12	Presented the 2023 Q1 audit report and nonconformities follow-up report to the independent directors for review.	Independent directors do not dispute. The communication content is saved for reference.
2023/3/13	Presented the 2022 Q4 audit report and nonconformities follow-up report to the independent directors for review.	Independent directors do not dispute. The communication content is saved for reference.

■ Major resolutions reached in the 2023 Audit Committee meeting and their handling:

Meeting date	Meeting	Major resolutions reached in the 2023 Audit Committee meeting	
2023/1/12	5th meeting of the 3rd term of the Audit Committee	Proposal 1	Periodically evaluate the independence and competence of CPAs
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 2	Adding the Company's "Regulations for the Review of Pre-approval on Non-assurance Engagements Provided by the CPAs"

Meeting date	Meeting	Major resolutions reached in the 2023 Audit Committee meeting	
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 3	Non-assurance Engagements Provided by Deloitte Taiwan in 2023
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 4	Review 2023 audit fee proposed by Deloitte Taiwan.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 5	Appointed candidates for the third session of directors and supervisors, as well as the chief executive officer of the subsidiary “Cicheng Technology Co., Ltd.”
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 6	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 10 million.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 7	The Company intends to endorse and guarantee a short-term loan of US$5 million from Taishin International Bank for its subsidiary, SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 8	The issue that the subsidiary Power Logic Tech. Inc. intends to apply to Taishin International Bank for a secured loan as short-term working capital within the limit of NT$121 million.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 9	Amendments to “Corporate Governance Best-Practice Principles.”
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
2023/3/13	6th meeting of the 3rd term of the Audit	Proposal 1	Issues of communications by and between the certified public accountants and the Audit Committee after the financial statement of Fiscal 2022 were duly audited

Meeting date	Meeting	Major resolutions reached in the 2023 Audit Committee meeting	
	Committee	Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 2	The 2022 Business Report and consolidated financial statements of 2022.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 3	The Company's 2022 earnings distribution.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 4	The declaration of the Company's 2022 internal control system
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 5	Amendments to the "Articles of Incorporation".
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 6	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 10 million.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
2023/5/12	7th meeting of the 3rd term of the Audit Committee	Proposal 1	2023 Q1 consolidated financial statements
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 2	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 7 million.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 3	Amendment to the "Rules of Procedure for Shareholder Meetings."
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.

Meeting date	Meeting	Major resolutions reached in the 2023 Audit Committee meeting	
2023/8/11	8th meeting of the 3rd term of the Audit Committee	Proposal 1	Issues of communications by and between the certified public accountants and the Audit Committee after the financial statement of 2023 Q2 were duly audited
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 2	The consolidated financial statements covering 2023 Q2.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 3	Subsidiary POWER LOGIC HOLDINGS INC loaned funds to the parent company, SUN MAX TECH LIMITED, in the amount of US$500,000 as working capital.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 4	Proposal for adding the “Operations for Compliance with Laws and Regulations” of the Internal Control for Circles and Enforcement Rules for Internal Audit under the Company’s Internal Control System - Other Management Regulations
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
2023/11/10	9th meeting of the 3rd term of the Audit Committee	Proposal 1	2023 Q3 consolidated financial statements
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 2	The Company’s 2024 operating plan and budget
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 3	It is proposed that the Company endorse two loans, RMB58 million and NT$40 million, from China Trust Bank to its 100% owned sub-subsidiaries, POWER LOGIC TECH. INC, Taiyi (Jiangxi) Electronic Technology Co., Ltd. and subsidiary, SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 4	The Company’s Establishment of the Written Agreement Governing the Relevant Financial and Business Operations between Related Parties in accordance with the Corporate Governance Evaluation 1.2 Indicators

Meeting date	Meeting	Major resolutions reached in the 2023 Audit Committee meeting	
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 5	According to Article 13 of the "Regulations Governing Establishment of Internal Control System by Public Companies," the Company's Audit Office has formulated the 2024 audit plan according to the results of risk assessment.
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 6	Adding the Company's "Operation Directions for Compliance with the Establishment of Board of Directors and the Board's Exercise of Powers"
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 7	Amendments to "Standard Operating Procedures for Handling Directors' Requests".
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 8	Amendments to "Corporate Governance Best-Practice Principles".
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 9	Amendments to "Procedures for Election of Directors".
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.
		Proposal 10	Amendments to "Rules Governing the Performance Evaluation of the Board of Directors".
		Resolutions	The proposal was passed without objections through a show of hands from the four attending directors. All four directors voted in favor of the proposal.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why:

Items for evaluation			Implementation Status	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		The Company has set up the "Code of Practice for Corporate Governance" and persists in safeguarding shareholders' rights, strengthening the board's functions, bringing the board's functions into full play, respecting stakeholder rights, enhancing information transparency, and other important corporate governance principles. It also establishes relevant corporate governance regulations, such as the "Board Meeting Rules," "Remuneration Committee Charter," "Internal Major Information Processing and Inside Trading Prevention Management," "Internal Audit System," "Code of Business Integrity and Conduct Guidelines," etc. Further, according to relevant laws and regulations, it discloses major company information, as well as financial and non-financial information. The board shall also comply with responsibilities given by shareholders to guide corporate management and effectively supervise management functions and disclosed on the "Corporate Governance Area- Rules and Regulations" on the company website for details.	No significant difference
II. Shareholding structure and shareholders' equity				
(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		The Company has commissioned a stock agency to handle stock affairs and set up dedicated stock units, as well as spokespersons and representative spokesperson mechanisms in order to handle shareholder suggestions, inquiries, disputes, and legal affairs.	No significant difference
(II) Will the Company	V		The Company learns about the	No significant

Items for evaluation			Implementation Status	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?			Company's main shareholders and changes in the final controllers of main shareholders through the internal declaration system.	difference
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		Assets and financial management in each associated company are independent from each other. The Company has established "Rules Governing Business and Financial Matters among the Group Companies, Specific Entities and Insiders" with thorough reinforcement, especially on risk and fire wall managements.	No significant difference
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		The Company has duly enacted "Management over Major Internal Information and Management to Prevent Insider Trading" to ban insiders of the Company from trading negotiable securities taking advantage of information not yet disclosed to the market. Routinely, the Company strengthens advocacy and publicity toward law compliance to enable the entire staff to become aware of the relevant provisions into faithful compliance. Such policy to prevent insider trading was promulgated for all directors and managerial officers on May 19, 2023 and toward all directors and entire staff (including managerial officers) on October 17, 2023. It also advises directors and insiders to observe the period during which stock trading is closed prior to the public announcement of the financial report. The contents so promulgated were further disclosed through the "Corporate Governance - Corporate Governance" section on the company's website.	No significant difference
III. The constitution and obligations of the board of directors				
(I) Is there a diversity policy with specific objectives and	V		The Board has stipulated "Corporate Governance Best Practice Principles" and "Board Diversity Policy. The	No significant difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
implementation approaches for the composition of the board of directors?			established management goals and implementation status are as follows: Target: According to Article 19 under "Corporate Governance Best Practice Principles," the composition of the board of directors shall be determined by taking diversity into consideration, such as gender, age, nationality and culture. The directors shall possess various professional knowledge, skills and industry experience and have the knowledge, skills and experience necessary to perform their duties. Nomination for the 2022 Board of directors included a female member and an independent director of a different professional field. The Composition of the Company's Board of Directors has taken an integrated approach, including the abilities to make operating judgments, perform accounting and financial analysis, conduct management administration and exercise crisis management, industry knowledge and international market perspectives, as well as the abilities to lead and make policy decisions. To increase knowledge in issues concerning the economy, environment and society for the top governing body, the house training courses provided to the board members will not be shorter than six hours every year, with external instructors invited. Achievement: The 4th Board of Directors is composed of seven members. Non-employee directors account for 71% (83% in 3rd term); independent directors account for 100%; female directors (including independent members) account for 14% (0% in 3rd term). The backgrounds	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			covered include finance, business, laws and industry management, etc., which are necessary for the Company's operation and strategy directions. For implementation of Board diversity, please see Page 18~19 in the annual report with the advocacy disclosure made available under "Corporate Governance-> Board of Directors" and "Corporate Governance-> Important Policies."	
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	The Remuneration Committee and the Audit Committee both currently exist. Other respective functional committees shall be set up in the future as needed.	No significant difference
(III) Has the Company had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election?	V		The Company has duly enacted the Regulations Governing Evaluation of Performance by the Board of Directors and the methods to evaluate the same. In each and every year, exactly in accordance with the evaluation procedures and evaluation indices set forth under Articles 6 and 8 of "Regulations Governing Evaluation of Performance by the Board of Directors", the Company carried out evaluation of performance by the Board of Directors. Besides, once in every three years as the minimum, the Company outsourced external professional and independent institution(s) or external scholars and experts group to conduct one evaluation. For the implementation of the 2023 internal performance evaluation of the Board of Directors please see Page 33 in the annual report. The 2023 internal performance evaluation of the Board of Directors was reported to the Board meeting on January 25, 2024.	No significant difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			The Company commissioned the "Taiwan Corporate Governance Association" for an external assessment on the Board's performance during September 01, 2020 to August 31, 2021. A certificate for board assessment with the assessment report was issued on November 16, 2021. The evaluation result was reported in a Board meeting held on January 14, 2022. Performance evaluation of the Board of Directors is disclosed on the website under the "Corporate Governance-> Board of Directors-> Report of Performance evaluation of the Board of Directors." The Company stipulated Rules Governing Director and Officer Remuneration, and the remuneration of directors and independent directors shall refer to the performance evaluation result of the Board of Directors, and adjust the same.	
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		The Company's appointment of certified public accountants (CPA) shall be passed by the board, and the independence of CPAs shall be periodically assessed. The Company has conducted the assessment based on the five aspects and 13 indicators of " Audit Quality Indicators (AQIs)" announced by Article 47 under the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10, which was passed by the Board meeting held on January 25, 2024. Assessment Items include: (1)For the latest audit, whether the Company has engaged the same CPAs without replacement for 7 years consecutively; (2)whether the CPAs have significant financial stakes or inappropriate relationship with the Company; (3)whether the CPAs have	No significant difference

Items for evaluation	Yes	No	Implementation Status Summary	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			ensured integrity, (4)honesty and independence from their working personnel; (5)whether the CPAs had worked under the Group two years before conducting independent audit for the Company; (6)whether the CPAs have permitted others to practice under his or her names; (7)whether the CPAs have equity stakes or financing relations with any Group entities; (8) there is no money loan with the company or its conglomerates.; (9)whether the CPAs jointly hold stakes on ventures with any Group companies; (10)whether the CPAs hold regular working positions in any Group companies that pay him or her regular compensation; (11)whether the CPAs involved in policy making in any Group companies; (12)whether the CPAs own businesses that could compromise his or her independence; (13)whether the CPAs have family relationships within second degree of kinship with any executives in any Group companies; (14)whether the CPAs receive illicit returns from facilitating a transaction. (15)As of today, no matters involving discipline or violating independence of the CPAs have discovered. The Company has a professional and independent business relationship with its independent auditors after the evaluation. For the evaluation of the independence and suitability of the external auditors please see Page 92 of the annual report.	
IV. Has the Company had an adequate number of corporate governance personnel with appropriate qualifications, and appointed a chief corporate governance officer to be in charge	V		On May 12, 2023, the Board of Directors resolved that the position of Corporate Governance Supervisor would be held concurrently by the Vice President, YAO, Cheng-Min, assisted by the stock affairs unit, with the primary responsibility of providing the directors with the necessary information for the execution of the Board of Directors,	No significant difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to law, handling the registration and change registration of the company, producing minutes of board meetings and shareholders meetings, etc.)?			collecting the latest development of the laws and regulations related to the operation of the Company, and assisting the directors in legal compliance matters. The audit unit implements the audit procedures in accordance with the audit plan and periodically reports to the Board of Directors on the status of implementation and tracks improvements. The legal unit assists directors and independent directors to understand relevant laws and regulations. The audit unit will evaluate the compliance with relevant laws, regulations, policies and procedures.	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		In response to varied circumstances, the Company has set up sound channels for communications toward shareholders, employees, customers and suppliers. Externally, the Company has set up the spokesman and acting spokesman(men) system and has strictly compiled with the same accordingly. On all key information, the Company promulgates exclusively through the spokesman process acting spokesman(men). The Company's litigation and non-litigation representatives are responsible for the disclosure of representative information and serve as communication channels between the Company and stakeholders. We have created a "Corporate Social Responsibility-Stakeholders" area to communicate any related issues with the interested parties. Matters regarding stakeholder issues, communication means and responding	No significant difference

Items for evaluation	Yes	No	Implementation Status Summary	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			frequency have disclosed under "Corporate Social Responsibility-Stakeholders." The implementation of each external mail box and the handling during 2023 was discussed in the Board meeting on January 25, 2024 and disclosed under "Corporate Social Responsibility-Stakeholders."	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company has commissioned "Concorde Securities Co., Ltd.," a professional stock representative institution in Taiwan, to handle all stock matters.	No significant difference
VII. Disclosure of information				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		The Company has set up its website (www.sun-max.com.tw), and relevant company information will continue to be disclosed thereupon. In addition, according to relevant provisions, relevant information will be disclosed on the Public Information Observatory.	No significant difference
(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	V		The Company has set up websites in both Chinese and English (www.sun-max.com.tw) and has further provided information aiming at the Company's financial conditions and corporate governance related information. The Company has assigned specific personnel to take charge of collection and disclosure of key information of the Company. Moreover, the Company has set up the spokesman and acting spokesman(men) system. The Company discloses the Institutional Investor Conferences related information onto "Relationship with Investors—Special Zones for Shareholders" special zone.	No significant difference
(III) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and		V	The Company filed revenue for each month in 2023 on the 10th day of each month. The Company announced and filed the financial statements for 2023 Q1, Q2 and Q3 within forty-five days after the end of	All financial statements and monthly revenue figures were filed and published within the deadline

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?			Q1, Q2 and Q3 of each year. The Company announced and filed the annual financial statement for 2023 on March 14, 2024 within three months after the fiscal year ended.	mandated by the laws in 2023. Further evaluation will be made for the feasibility of early filing and publication.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Important Information Conducive to an Insight into the Company's Corporate Governance Operations: 1. Employee Care: The Company has specified the percentage of employee compensation in its Articles of Association. And in accordance with the "Measures for Employee Performance Evaluation," the operating results are appropriately reflected in employee compensation according to the operating objectives, operating performance and contribution, to employee sharing. Information regarding employee benefits is disclosed on the website under "Corporate Governance-> Employee Benefits." 2. Employment Care: Through a welfare system that enriches and stabilizes employees' lives, mutually trusting and good relationships with employees are established. Perks such as irregularly held meal gatherings, providing employees with parking spaces, fixed payments for birthday celebrations, etc. 3. Investor Relationship: A dedicated personnel and email box have been appointed to ensure healthy communication to our investors. The associated information has been disclosed under "Corporate Social Responsibility-Stakeholders." 4. Supplier Relations: Explicit agreements with suppliers are set up to regulate each other's rights and obligatory relations.	No significant difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			5. Rights of Shareholders: Shareholders may communicate, give suggestions, and main proper legal rights through the Company's spokesperson and representative spokesperson system. 6. The status of the continuing education of directors and supervisors: All seven directors of the Company have attended the 6-hour continuing and professional education for directors; the Company has an Audit Committee and no supervisors. 7. Risk Management Policy and Risk Measurement Standard Execution Situation: The Company has set up its internal control system and relevant management guidelines, through which executions are carried out. In addition, auditors shall conduct executions and inspections according to the annual audit plan in order to reduce and prevent any possible risks. 8. Customer Policy Execution Situation: The dedicated department is responsible for client inquiries and complaint channels. 9. Professional liability insurance for the protection of the Directors and the Supervisors: The Company has taken professional liability insurance for the protection of the Directors of the Company. (For Market Observation Post System, please go to http://mops.twse.com.tw) 10. We have prepared the "Succession Plan Operating Guidelines". A successor needs to have key abilities, including core job competency, management competency, professional (functional) competency, and regular competency, as well as the ability of decision-making and insights,	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			creativity and sensitivity, agility and continuance, soft power and growing power, diversity and professionalism, ability of cultivating talents and of communication, self-discipline and moral characteristic. Systematic and standard processes will help the organization maintain the continuity of operating and management, and achieve the goals.	

IX. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures.

The Company's expected achievements of the 2024 Corporate Governance Evaluation Indicators:

1. Indicator 1.7: Does the company upload the Chinese and English versions of the shareholders meeting agenda and supplemental meeting materials before 30 days before the date of the regular shareholders meeting?
   Expected implementation: The agenda and materials will be uploaded for public announcement within the specified period.
2. Indicator 1.9: Does the company upload the Chinese and English versions of the annual reports before 18 days before the date of the regular shareholders meeting?
   Expected implementation: The agenda and materials will be uploaded for public announcement within the specified period.
3. Indicator 3.9: Whether no less than two investor meetings are held (either spontaneously or by invitation), and the information of the full-session meeting video link is disclosed at least twice, with a time gap of no less than three months between the first and last meeting?
   Expected implementation: The video links of two sessions of the Institutional Investors Conference will be uploaded.

(IV) If the Company has established the Remuneration Committee, disclose the composition, function and state of operation:

(1) Information on the members of the Remuneration Committee

Condition / Identity / Name		Professional qualification and experience	State of independence	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent directors (Note 1) (Convener)	CHEN, Tien-Szu	Having served with Cameo Communications, Inc. as a managerial officer in its management, in possession of hands-on experiences accumulated electronic industry; highly conducive toward the Company in business operations currently serving as the Company's independent director. Does not meet any descriptions stated in Article 30 of The Company Act. The relevant working experience is about 32 years.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. n compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be undertaken by any independent board member.	0
Independent directors (Note 1)	HSIEH, Yu-Tien	Possess professional capacity and relevant working experiences in business, banking business and financial analysis. A former instructor in Chinese Culture University, Jinwen University of Science and Department of Business Administration, Shih Chien University and Technology. A current independent director of the Company. Does not meet any descriptions stated in Article 30 of The Company Act. The relevant working experience is about 40 years.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be undertaken by any independent board member.	1
Independent directors (Note 1)	CHIU, Shih-Fang	As an Attorney-at-Law having satisfactorily passed the national level examination with official license, currently serving with Derkai Attorneys-at-Law Office as the leading Attorney-at-Law, having successfully guided a good number of companies to be listed in the stock exchanges or OTC, with hands-on experiences accumulated in legal affairs, having appropriately offered	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. No more than three consecutive office terms shall be undertaken by any	3

		professional proposals to the Company, significantly conducive to the Company in its business operations, serving as the Company's independent director. Does not meet any descriptions stated in Article 30 of The Company Act. The relevant working experience is about 16 years.	independent board member.	
Independent directors (Note 1)	Kuan Chih-Liang	Possesses the professional capacity and relevant working experiences in applied economics and business management. Working experience include being Dean of Academic Affairs, Kainan University, Strategy Mentor, Wolfnet Start Up A + On-Site Incubator and Consulting Program Brand Innovation Think Tank, General Chamber of Commerce of the Republic of China. Current Director and Graduate Program Director, School of Applied Economics and Business Administration, National Ilan University and an Independent Director of the Company. Does not meet any descriptions stated in Article 30 of The Company Act.	1. The independent statements from the independent directors were submitted at the nomination and election. 2. In compliance with "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies " in a two-year period prior to being elected and the qualifications under Article 3. 3. A new independent board member who has not taken the position for more than three terms.	3

Note 1: For the professional backgrounds of directors and supervisors, and the disclosure of independence of the independent directors, please see pages 14 to 19.

(2) The operation of the Remuneration Committee

1. The Remuneration Committee of the Company is consisted of 3 persons.

2. The term of office for the current committee members: May 31, 2022 to May 30, 2025. Two meetings (A) were convened by the Compensation Committee in 2023, the qualification and meeting attendance of the committee members are as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%)(B/A)	Remarks
Independent director (Convener)	CHEN, Tien-Szu	2	0	100%	
Independent director	HSIEH, Yu-Tien	2	0	100%	
Independent director	CHIU, Shih-Fang	2	0	100%	
Independent director	Kuan Chih-Liang	2	0	100%	

Other notes:

I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): None.

II. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: None.

(3) Important Resolutions and Handling Situation of the Remuneration Committee in 2023.

Meeting date	Meeting	Important Resolutions of The Remuneration Committee in 2023	
2023/1/12	The 3rd meeting of the 3rd term Remuneration Committee	Proposal 1	Motion go distribute year-end bonus for 2022
		Resolutions	The proposal was passed without objections through a show of hands from the three attending directors. All three directors voted in favor of the proposal.
		Proposal 2	Proposal for 2023 criteria of the performance evaluation and compensation standards for Board of Directors and the general managers.
		Resolutions	The proposal was passed without objections through a show of hands from the three attending directors. All three directors voted in favor of the proposal.
		Proposal 3	The Company’s salary adjustment for 2023.
		Resolutions	The proposal was passed without objections through a show of hands from the three attending directors. All three directors voted in favor of the proposal.
2023/3/13	The 4th meeting of the 3rd term Remuneration Committee	Proposal 1	The Company’s 2022 Employee Remuneration and Directors Remuneration Distribution Case
		Resolutions	The proposal was passed without objections through a show of hands from the three attending directors. All three directors voted in favor of the proposal.

(V) Promotion of sustainable development and its implementation status and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	V		On November 10, 2023, the Board of Directors of the Company approved the establishment of the "Sustainable Development Promotion Team", which includes corporate governance, sustainable environment, supply chain/partnership, social responsibility, and other task forces, with the heads of Audit, Stock Affairs, Finance, Information Security, Human Resources, Research and Development Departments, and decision makers in Jiangxi and Dongguan serving as members of the team, and drives forwards the issues on sustainable development one by one. The team is expected to meet quarterly and report to the Board at least once a year on the implementation plan and results. It reported to the Board of Directors on November 10, 2023 on the progress of the implementation of the Group's ISO 14064-1 greenhouse gas inventory. At present, it has formulated (1) Procedures for the Control of Greenhouse Gas Internal Verification (2) Procedures for the Control of Greenhouse Gas Activity Data Collection (3) Procedures for the Control of Greenhouse Gas Data Quality and Quantification Method, and each group company will implement the ISO 14064-1 greenhouse gas inventory in	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			accordance with relevant procedures and regulations, and report to the board of directors regularly.	
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The data disclosure includes the Company's sustainable development performance at the main sites from January to December 2023. The risk evaluation boundary is centered on the Company, including the existing locations in Taiwan and China. Based on the relevance with the operation, and influence on critical topics, the scope covers the subsidiaries - Dong Guan Dong Li Dian Zi Co. Ltd., Power Logic Tech (Tai Yi) Co. Ltd., and Taiyi (Jiangxi) Electronic Technology Co., Ltd. Based on the materiality principle, the Company conducted risk evaluations on the environmental issues, social, and corporate governance issues related to the Company's operations: I. Operational environmental risk 1. To ensure the health and safety of the group's employees, self-monitoring skills have been enhanced and the vaccination status of each employee has been tracked. The pandemic prevention policy was promoted two times in 2023. 2. Efforts have been made to promote electricity shutoffs in the workplace for environmental	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			protection purposes. In 2023, the safety policy for electricity use was promoted five times. II. Operating Social risk 1. The legal department continuously monitors changes in the law and policy and the units review and report the operating execution status every week in order to gain insights into the current changes in social impact and the impact on the company's industry. In 2023, 45 administrative meetings were held at which each unit provided an update on its operating status. 2. Through software and hardware upgrades, the capabilities of the information security protection were fully augmented and the management of information security was strengthened. In 2023, information security advocacy was discussed two times. III. Operating corporate governance risk 1. Continue to strengthen the functionality of the Board. The Board adopts procedures and structures to inform, guide, manage, and supervise the company's activities to reach its goals. 2. The respective units	

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			performed a self-inspection, which was reviewed by the internal audit unit. The comprehensive self-inspection results were reported to the board of directors, and the units' assessment results were reported to the board of directors on March 14, 2024. A statement regarding the 2023 internal control system was issued in accordance with the regulations. Through the "Procedures for Ethical Management and. Guidelines for Conduct", "Ethical Corporate Management Best Practice Principles", ISO14064-1 greenhouse gas inventories and ISO14001 Environmental Management System Certification, conducted risk evaluations on the environmental issues, social, and corporate governance issues related to the Company's operations, and developed the policies and strategies of risk management.	
3. Environmental Issues				
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		Each factory has set up its environmental management system, and operates according to the ISO14001 environmental management system. The following major factories have obtained the environmental management system certifications: Dongguan Plant ISO14001 (from 2021/07/02 to	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			2024/07/01) Jiangxi Plant ISO14001 (from 2021/07/02 to 2024/07/01)	
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		The main raw material of the Company's surplus is plastic material, and there are also defective materials or scraps during the production process, which are all declared scrap and recycled by a legitimate cleaning company. The Company has comprehensively promoted in e-operation, advocating paper recycling and double-sided printing to reduce document paper usage.	No significant difference
(3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related?		V	The Company has not evaluated current and potential risks and opportunity relating to climate change, but the management and each department will note the needs of stakeholders to effectively communicate the positive and negative impact of climate change to the Company's substantive finance.	In the future, it may be integrated with the Company's risk control depending on the Company's needs.
(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste over the last two years, and formulate policies for greenhouse gas reduction, water consumption reduction, or other waste management?		V	Since 2023, the Company has followed the "ISO-14064-1" standard procedures for greenhouse gas inventory to conduct "Greenhouse Gas Emissions" inventories from category 1 to category 6 at each plant of the Group, established a the standard procedures for greenhouse gas inventories and conducted emissions verification to have complete grasp of greenhouse gas emissions. It has included this issue as an important topic in the company's operations, and has strengthened the evaluation and control on a yearly basis.	The schedule and operation of the Sustainable Development Guide map for TWSE-Listed Companies with the Financial Supervisory Commission R.O.C. (Taiwan) was released in light of the company's future needs.

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			In addition, the Company has formulated the procedures for waste treatment and monitoring, procedures for wastewater treatment and monitoring, and procedures for waste management to strengthen the management of the company's waste gas, wastewater, and wastes, and to reduce the adverse effects on the environment and the staff health.	
4. Social Issues				
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		The Company has established the "Human Rights Policy" in accordance with the international conventions on human rights. Relevant files have been placed on the Company's website, https://www.sun-max.com.tw/governance_tw.php?id=18. The specific management status of the human rights protection policy has been disclosed on the Company's website. https://www.sun-max.com.tw/governance_tw.php?id=35 In addition, according to relevant labor regulations, the job rules have been set up, clearly standardizing respective labor conditions, ensure employees' legal rights, and set up complaint channels and disposal teams. Employees may express their opinions through email or the mailbox and receive fair and reasonable disposal.	No significant difference
(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits,	V		I. Compensation for employee: The Company has set up the employee performance management procedures, and provides	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
etc.), and appropriately reflect operating performance or results in employee remuneration?			reasonable compensations according to the employees' job duties and contribution based on the performance evaluation. The compensation policy and procedures are resolved by the Compensation Committee. II. Staff fringe benefits: The Company provides employee welfare in accordance with the Labor Standards Act, including leave (such as absence of leave, marriage leave, funeral leave, injury/sick leave, maternity leave, and paternity leave). The salary structure and employee welfare are stipulated in the work rules. III. Workplace diversity and equality: Realize wage equality and gender equality for promotion opportunities. 1.90% of the females in the Company are managers in 2023, contributing to the economic growth of sustainability and integration. In 2023, 57.23% of the employees are female. IV. Reflect business performance in employee remuneration: When the Company has good operating performance, the operating performance will be properly reflected in the year-end performance evaluation.	
(3) Does the Company provide employees with a safe and healthy work environment, and	V		The Company provides a safe, comfortable, and healthy work environment, demands itself in	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
provide safety and health education to employees regularly?			accordance with the relevant laws and regulations, and promotes the concept of environmental safety to employees. The Company organizes regular physical examinations for employees every year and actively cares about their physical and mental health. There were no occupational accidents among employees at the Company in 2023. In 2023, the China plant carried out occupational disaster-related advocacy for 299 people in April 2023 and 270 people in November 2023. There was no fire incident at the Company in 2023.	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		The company adheres to the policy of differentiation in talent management and the ultimate objective of overall organizational performance. The company encourages its business managers to improve their own skills and management knowledge. To increase its overall competitiveness, the company has implemented the "Regulations Governing On-the-Job Training of Managers." Additionally, employees are encouraged to pursue additional education and training. To encourage employee participation in external education training, funds have been allocated, seminars are held on a regular or periodic basis and lecturers have been hired. According to their expertise level, internal or	No significant difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			external education training has been provided to employees in order to cultivate their professional skills and encourage their personal growth. In 2023, physical or online internal training courses were conducted, resulting in a total of 338 hours of internal and external training. The total cost of training the staff was NT$412,970.	
(5) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		The Company stipulates customer complaint process procedures to accept and handle customer complaints and to improve and meet customer needs. It also provides a private complaint channel to customers to continuously improve customer satisfaction.	No significant difference
(6) Whether the company has supplier management policy and requests suppliers to comply with environment conservation, occupational safety and health or labor rights and their implementation.	V		The Company stipulates supplier management policy, which includes environment conservation and improving safety and health provisions to the standard of supplier evaluation. The Company has realized the supplier audit plan for 2023. The evaluation result is recorded in the supplier evaluation form, and the relevant evaluation items are management audit, quality system management audit, manufacture process management audit and hazardous materials management audit.	No significant difference
5. Has the Company consulted the standard or directions commonly used worldwide in compiling the sustainable report for the disclosure of non-financial information on		V	The Company has not prepared any sustainability report which would have been based on international reporting framework or guidelines to	The Company does not meet Article 2 of Rules Governing the Preparation and Filing of Sustainable Reports by TWSE

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?			disclose the Company's non-financial information. However, the Company's website has a corporate social responsibility section to respond to the stakeholders' expectations, social responsibility, and corporate citizens to achieve the goal of sustainable operation.	Listed Companies, which requires the preparation and filing of corporate social responsibility reports in Chinese. The Company will issue relevant reports in the future depending on the needs.
6. For companies who had established Sustainable Development Best Principles of conducts in accordance with the "Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies", please describe the current practice and any deviations from the code of conduct: The Company has set up the "Code of Practice for Sustainable Development" and is committed to promoting sustainable development, without major deviations from that of the Code of Practice.				
7. Other important information that helps understand the implemented sustainability: In addition to emphasizing on regulatory compliance to protect all stakeholders, it also has its own social responsibility requirement of concern to the society and expected of enterprises, forming a part of its corporate culture.				

Climate-Related Information of TWSE / TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. On November 10, 2023, the Board of Directors approved the establishment of the "Sustainable Development Promotion Team", which includes corporate governance, sustainable environment, supply chain/partnership, social responsibility, and other task forces, with the heads of Audit, Stock Affairs, Finance, Information Security, Human Resources, Research and Development Departments, and decision makers in Jiangxi and Dongguan serving as members of the team, and drives forwards the issues on sustainable development one by one. The team is expected to meet quarterly and report to the Board at least once a year on the implementation plan and results. In the future, the Company will set up a "Sustainable Development Committee" in accordance with the operation and development of the Company as well as the requirements of laws and regulations, in order to further accelerate the promotion of sustainable development.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. The Groups has launched the greenhouse gas inventory in 2023 and has specified 2023 as the base year for inventory. For short- and medium-term targets, with the 2023 as the base year for inventory, after reviewing the greenhouse gas inventories of each company, the plans for emission reduction were formulated one after another for all scopes and activities. For long-term targets, net zero emissions by 2050 is set as the ultimate long-term goal.
3. Describe the financial impact of extreme weather events and transformative actions.	3. The Company's operations may be subject to the risk of extreme weather events, such as high temperatures,

	droughts, typhoons, floods, and other extreme weather disasters, which may directly or indirectly cause malfunctions and abnormalities of machinery and equipment, and may cause delays in delivery of goods, limitations on production capacity, and employees being unable to come to work, among other circumstances. Such circumstances may also have a partial impact on the Group's operations. The Group has taken out insurance for fixed assets, machinery and equipment, inventories, etc. according to characteristics of operating areas to mitigate possible losses. However, these insurance policies may not provide adequate protection under certain circumstances and may adversely affect operations.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. the Company established the Risk Management Best Practice Principles on November 11, 2022. The Company breaks it down into the primary parts of corporate governance, sustainable environment (including but not limited to climate risk), supply chain/partnerships, and social responsibility, and mainly evaluates the risks of each part, and the heads of Audit, Stock Affairs, Finance, Information Security, Human Resources, Research and Development Departments, and decision makers in Jiangxi and Dongguan regularly review the business risks of each department and put forward response measures to address these risks, and report them in the Board of Directors' Meeting.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. The Company does not currently use scenario analysis to assess resilience to climate change risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and	6. The Company does not currently have a transition plan for managing climate-related risks.

manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	7. The Company does not currently use internal carbon pricing. 8. The Groups has launched the greenhouse gas inventory in 2023 and has specified 2023 as the base year for inventory. The schedule for each target and activity is being under planning. 9. The Groups has launched the greenhouse gas inventory in 2023 and has specified 2023 as the base year for inventory. All inventory operations are still in progress.

(VI) The Bank's ethical corporate management performance and its difference from the "Ethical Corporate Management Best-Practices Principles for TWSE/GTSM Listed Companies" and the root causes

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
I. The policy and plan of business integrity				
(I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?	V		(I) The Company has set up the "Ethical Corporate Management and Complaints Reporting Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Procedures for Handling Material Inside Information," and other rules, and approved by the board of directors on June 28, 2017 and April 29, 2016. (II) The Company values and adheres by justice, honesty, and integrity. Therefore, all managers and employees must abide by relevant conduct rules when engaging in any activities. (III) Refer to Page 77~81 of the Annual Report for the Company's implementation of the business integrity education training. (IV) The Company has published the status of its ethical management. Please go to "Corporate Governance-Corporate Governance" in our website for details.	No significant difference
(II) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business	V		The Company has formulated the "Regulations Governing Handling of Material Inside Information and Prevention of Insider Trading", which	No significant difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?"			specifies that no director, managerial officer, or employee with knowledge of material inside information of the Company may divulge the information to others; no director, managerial officer, or employee of the Company may inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties. Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company's thus acquired. The Company also provides insider trading for directors and all employees to prevent unethical conduct.	
(III) Whether the company has plans for dishonest behavior prevention, and each plan has procedures, behavior guidelines, penalty for violations and complaints, which are strictly implemented and periodically	V		The Company has included the plan of preventing unethical conduct in the Procedures for Ethical Management and Guidelines for Conduct." The plan specifies the processes of receiving improper profits, prohibition on facilitation	No significant difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
reviewed and corrected.			payments, political donations, charitable donation or sponsorship, recusal from conflict of interests, how to handle the unethical conducts by employees or outside parties. Additionally, there are work rules and educational propaganda reminding the employees of the importance of ethical conduct from time to time and regular reviews apply. There are also employee discipline procedures as the basis for imposing punishments on employees who engaged in unethical conduct. The whistleblower reporting form for complaints is available at "Corporate Social Responsibility – Stakeholder" section.	
II. The Materialization of Business Integrity				
(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		Prior to transacting, the Company shall investigate the credibility of transacting parties in accordance with internal control related guidelines and find out if the involved parties incurred dishonest transaction conducts.	No significant difference
(II) Does the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision?		V	The company has not yet established a unit dedicated to promoting ethical corporate management best practices. The legal department serves as the unit responsible for concurrently promoting ethical best practices in corporate management and is in charge of related matters. The company has set up the "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethical Conduct," as well as a reporting system to	Based on the company's future operating needs, a dedicated unit under the board of directors for promoting ethical corporate management best practice has been established.

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			discourage any illegal or conducts in violation of ethical conduct and ethical corporate management best practice policies. Related situations are reported to the board of directors once a year. On January 25, 2024, the execution status was reported to the board of directors.	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		The company has established the “Ethical Corporate Management Best Practice Principles,” the “Procedures for Ethical Management and Guidelines for Conduct” and other regulations. These regulations stipulate the policies for the preventing the conflict of interest and provide appropriate channels for making statements. This company complies with Article 19 of the “Ethical Corporate Management Best Practice Principles” and Article 15 of the “Regulations Governing Procedures for Board of Directors’ Meetings.” If a motion requires the avoidance of conflicts of interest at every board of directors’ meeting, the convener must remind the interested party to leave before the motion is read. In 2023, five board of directors meetings were convened in accordance with the “Regulations Governing Procedure for Board of Directors’ Meetings.”	No significant difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(IV) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check?	V		In addition to the Ethical Corporate Management Best Practice Principles for regulating the management, the Company has established the "Regulations Governing Transactions with Group Enterprises, Specified Companies, and Related Parties" for related party transactions. The internal audit office, every year, plans a operating program to check the accounting system, implementation of internal control system and ethical management in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and "Ethical Management Best Practice Principles"	No significant difference
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		For information on the company's educational training on ethical corporate management, refer to page 77 to 81 of this annual report. The related information is disclosed in the "Corporate Governance-Corporate Governance" area.	No significant difference
III. The operations of the Company's Report System				
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		The Company has set up the "Guidelines for Reporter Exercise and Protection" and has designated an email box for reporting cases and a responsible staff designated to handle the individual being reported, ensuring reporters' unobstructed communication channels, protecting specific reporting and incentive systems, and maintaining the Company's business integrity related	No significant difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			operations. The Guidelines stipulated relevant dedicated personnel for handling reported cases. Investors may visit the "Corporate Governance Area-Rules and Regulations" on the company website for details.	
(II) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?	V		The Company has established "Whistleblower System and Protection" and a dedicated email box to ensure direct communication. Each accusation received will be complied and filed after the investigation is completed. No accusation or reporting had been received as of the printing date of the annual report. Investors can refer to the disclosure under "Corporate Social Responsibility-Stakeholders."	No significant difference
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		The Company has established "Whistleblower System and Protection" which explicitly states that no whistleblower is subject to punishments or similar treatments. No accusation or reporting had been received as of the printing date of the annual report.	No significant difference
IV. Enhancing Information Disclosure (I) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has disclosed its ethical management operations and the implementation status in the Company website and Market Observation Post System. The investor can look into to the disclosure under "Corporate Governance-Corporate Governance" in the website.	No significant difference
V. Where the Company may have establish its own business integrity best-practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", and shall elaborate the practice of business integrity and the variations from the aforementioned regulation:				

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
The Company has set up Business Integrity Rules. All company staff, managers, and board members must abide by the norms and relevant provisions in the guidelines. The Company's business integrity rules-based operations and the contents of the norms show no difference. Refer to Page 77~81 of the annual report for the Company's implementation of the business integrity education training.				
VI. Other important information that helps to understand the practice of business integrity of the company (e.g., the review and revision of the best-practice principles of the Company in business integrity) 1. The Company regularly arranges corporate governance courses for directors to attend and irregularly advocates the business integrity policy through internal meetings. 2. The Company strictly complies with the Company Act, Securities and Exchange Act, relevant regulations for TAIEX listed and OTC listed companies, and other relevant business conduct regulations, which shall serve as the basis for implementing business integrity. 3. Please refer to the " Corporate Governance" and " Social Responsibility" in the Company website, http//www.sun-max.com.tw.				

(VII) The method of inquiry shall be disclosed if the Company has established the Corporate Governance Best Practice Principles and related rules and regulations:

The Company has set up a Code of Practice for Corporate Governance. Targeting relevant regulations applicable for the Code of Practice for Corporate Governance, in addition to disclosure on the Public Information Observatory regulated by the competent authority, the Corporate Governance Area has also been set up on the company website to fully disclose the Company's corporate governance situation.

(VIII) Any other vital information that helps to understand the performance of corporate governance of the Company shall also be disclosed:

(1) Comply with the internal control system, implement internal control self-assessments, and strengthen audits and submissions to the board, thereby achieving the purpose of receiving board concern and supervision.

(2) Implement the spokesperson system, make timely major information announcements on the Public Information Observatory, and strengthen information transparency and the maintenance of investors' rights.

(3) In order to strengthen corporate governance, the company board has passed the "Code of Practice for Corporate Governance," the "Business Integrity Rules, the "Business Integrity Operating Procedures and Operational Guidelines," the "Code of Practice for Sustainable Development," "Moral Conduct Standards," "Major Accidental Event Notification Procedure," "Risk Control Operation Norms," "Board Diversity Policy," and "Guidelines for Board Performance Assessment." Other relevant norms will continue to be modified to implement the highest principle of corporate governance.

(4) Continue to schedule courses and arrange education courses for directors and supervisors to take education courses, thereby achieving the spirit of corporate governance implementation by the board.

Company Business Integrity Policy Implementation and Education Training Conduction Situation in 2023:

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
1	Internal Training	Insider Trading	Internal Training	Online training on laws and regulations regarding insider trading prevention in the first half of 2023	2023/5/19	Email advocacy	62 persons including all directors and staff
4	External Training	Specialized Knowledge and Technical Training	Accounting Research and Development Foundation	Continuing education for accounting executives from security issuers, security brokerages and security exchanges	2023/7/13-2023/7/14	12	Lu, Li-Wei
5	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	YAO, Cheng-Min
6	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	Lixang Zhang
7	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	Lu, Li-Wei
8	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	How to Cope with the New Rules for “Overseas Securities Offering and Listing by Domestic Enterprises” in Mainland China for TWSE/TPEx Listed Companies	2023/8/15	3	Chen Ying-Ju
12	External Training	Specialized Knowledge and Technical	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG	2023/9/22	3	HSU Wen-Faung

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
		Training		Corporate Sustainability Development			
13	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSU Wen-Faung
14	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	LAI, Jen-Chung
15	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	LAI, Jen-Chung
16	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	Chang Yuan-Fen
17	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	Chang Yuan-Fen
18	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	HSIEH, Yu-Tien
19	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSIEH, Yu-Tien
20	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	CHEN, Tien-Szu
21	External Training	Specialized	Corporate Governance	The Role of Directors and the Compliance with	2023/9/22	3	CHEN, Tien-Szu

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
		Knowledge and Technical Training	Association in Taiwan	the Challenge of Management Rights under Corporate Governance 3.0			
22	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	CHIU, Shih-Fang
23	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	CHIU, Shih-Fang
24	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	Kuan Chih-Liang
25	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	Kuan Chih-Liang
26	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	YAO, Cheng-Min
27	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	YAO, Cheng-Min
28	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	WANG, Chien-Ta
29	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability	2023/9/22	3	HUANG Chia-Lieh

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
				Development			
30	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	WANG, Chien-Ta
31	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSIEH, JUNG-CHUNG
32	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Insider Trading Prevention Publicity Conference	2023/10/13	3	YAO, Cheng-Min
33	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	The Latest Trends in Corporate Governance Based on Corporate Governance Evaluation Indicators	2023/10/16	6	LIN Chung-Hua
37	Internal Training	Insider Trading	Internal Training	Online training on laws and regulations regarding insider trading prevention in the second half of 2023	2023/10/17	Email advocacy	57 persons including all directors and staff
38	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	Internal Audit Guidelines for Compliance with Laws and Regulations	2023/11/8	6	CHEN,CHI-CHENG
39	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	Policy analysis of “Self-Prepared Financial Statements” and ”Sustainability Report” and Guidelines for Internal Audit and Internal Control Practices (Including the “Sustainable Development Action Plans for TWSE and TPEx Listed Companies (2023)”)	2023/11/9	6	LIN Chung-Hua
40	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Listed company business propaganda in 2023	2023/11/13	3	Chen Ying-Ju
41	External		The Institute	How to Prevent Major	2023/11/14	6	CHEN,CHI-CHENG

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
	Training	Specialized Knowledge and Technical Training	of Internal Auditors, R.O.C	Financial Scams (Short-Selling, Insider Trading, Transfer of Benefits, Stock Price Manipulation, Non-arm's Length Transaction , Misrepresentation of Financial Statements, etc.)			
					Total hours	111	

(IX) The following shall be disclosed in the pursuit of the internal control system:

(1) Declaration of Internal Control:

SUN MAX TECH LIMITED

Declaration of Internal Control System:

Date: March 14, 2024 The following declaration is based on the 2023 self-audit on the Company's internal control policies:

1. The Company and its subsidiaries are well aware that the establishment, implementation, and maintenance of the internal control system are the responsibility of the board and managers, and the Company has already set up such a system. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
2. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
3. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
4. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
5. The Company, according to the aforementioned evaluation results, thinks the Company's internal control system (including the supervision and management over the subsidiaries) on December 31, 2023, including understanding the effectiveness and efficiency of operations, reporting the internal control design and implementation with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws; therefore, a reasonable assurance on the achievement of the aforementioned goals is provided.
6. This statement will become the main content of the Company's annual report and prospectus, and will be made public. This statement of declaration shall form an integral part of the annual report and prospectus on the company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
7. This declaration was approved by The Company's Board of Directors in the meeting dated March 14, 2024. None of the 7 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

SUN MAX TECH LIMITED

Chairman: SINOTEAM HOLDINGS INC. Representative: HSU Wen-Faung Signature

President: HSU Wen-Faung Signature

(2) For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed: None.

(X) Where the Company and its insiders receive penalties for violations, the Company's punishment on its internal personnel for violating internal control system, and where the punishment may have material impact on shareholders' equity or securities price, the penalty, main mistake and improvement shall be expressly listed: none.

(XI) In the current year and as of the date of annual report printing, the important resolutions and execution status of the shareholders' meetings, board, Remuneration Committee, and Audit Committee:

(1) The resolution execution situation of the shareholders' meeting on May 31, 2023:

First case acknowledged: Passed the Company's 2022 annual business report and financial statements.

The voting status on the case is:

Poll result	% of voting rights of attending shareholders
Pros: 23,811,882 (Including 697,310 of electronic voting rights)	99.96%
Cons: 3,197 (Including 3,197 of electronic voting rights)	0.01%
Weight of no-votes: 0. (Including 0 of electronic voting rights)	0.00%
Waiver and non-voting weights: 6,848 (Including 6,848 of electronic voting rights)	0.03%

Execution status: Submit for Shareholders' Meeting recognition. After voting, the proposal was passed as is.

Second case acknowledge: Passed the Company's 2022 annual earnings distribution case.

The voting status on the case is:

Poll result	% of voting rights of attending shareholders
Pros: 23,800,884 (Including 686,312 of electronic voting rights)	99.91%
Cons: 14,212 (Including 14,212 of electronic voting rights)	0.06%
Weight of no-votes: 0. (Including 0 of electronic voting rights)	0.00%
Waiver and non-voting weights: 6,831 (Including 6,831 of electronic voting rights)	0.03%

Execution status: Submission to the shareholders' meeting for acknowledgment and proposal approval; cash dividends in the amount of NT$136,787,540 was distributed. The dividends distribution was concluded on July 28, 2023.

First case of discussion: Passed revisions to the "Articles of Association"

The voting status on the case is:

Poll result	% of voting rights of attending shareholders
Pros: 23,800,827 (Including 686,255 of electronic voting rights)	99.91%
Cons: 14,246 (Including 14,246 of electronic voting rights)	0.06%
Weight of no-votes: 0. (Including 0 of electronic voting rights)	0.00%
Waiver and non-voting weights: 6,854 (Including 6,854 of electronic voting rights)	0.03%

Execution status: submission to the shareholders' meeting for discussion; after a vote, the proposal was approved as-is and posted on the group's website.

Note: There were no questions from shareholders at the regular shareholders' meeting.

(2) Important Resolutions Passed by the Board:

Meeting date	Meeting	Major Board of Directors resolutions in 2023	
January 12, 2023	The 6th meeting of the 4th term of the Board of Directors	Proposal 1	Motion go distribute year-end bonus for 2022
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting.
		Proposal 2	Proposal for 2023 criteria of the performance evaluation and compensation standards for Board of Directors and the general managers.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 3	The Company’s salary adjustment for 2023.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 4	Periodically evaluate the independence and competence of CPAs
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 5	Adding the Company’s “Regulations for the Review of Pre-approval on Non-assurance Engagements Provided by the CPAs”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 6	Non-assurance Engagements Provided by Deloitte Taiwan in 2023
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 7	Review 2023 audit fee proposed by Deloitte Taiwan.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without

Meeting date	Meeting	Major Board of Directors resolutions in 2023	
			objection.
		Proposal 8	Appointed candidates for the third session of directors and supervisors, as well as the chief executive officer of the subsidiary “Cicheng Technology Co., Ltd.”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 9	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 10 million.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 10	The Company intends to endorse and guarantee a short-term loan of US$5 million from Taishin International Bank for its subsidiary, SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 11	The issue that the subsidiary Power Logic Tech. Inc. intends to apply to Taishin International Bank for a secured loan as short-term working capital within the limit of NT$121 million.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 12	Amendments to “Corporate Governance Best-Practice Principles.”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
March 13, 2023	The 7th meeting of the 4th term of the Board of Directors	Proposal 1	The 2022 Business Report and consolidated financial statements of 2022.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 2	The Company’s 2022 Employee Remuneration and Directors Remuneration Distribution Case
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed

Meeting date	Meeting	Major Board of Directors resolutions in 2023	
			without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting.
		Proposal 3	The Company's 2022 earnings distribution.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 4	The declaration of the Company's 2022 internal control system
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 5	Amendments to the "Articles of Incorporation".
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 6	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 10 million.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 7	"Convening the Company's 2023 Shareholders' Meeting related matters"
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
May 12, 2023	The 8th meeting of the 4th term of the Board of Directors	Proposal 1	2023 Q1 consolidated financial statements
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 2	It is for the loaning of fund by POWER LOGIC TECH (TAI YI) CO., LTD, the sub-subsidiary, to Tai-yi (Jiangxi) Electronic Technology Co., Ltd., the sub-subsidiary, for RMB 7 million.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 3	Amendment to the "Rules of Procedure for Shareholder Meetings."
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.

Meeting date	Meeting	Major Board of Directors resolutions in 2023	
		Proposal 4	Establishment of the Company's chief corporate governance officer
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
August 11, 2023	The 9th meeting of the 4th term of the Board of Directors	Proposal 1	The consolidated financial statements covering 2023 Q2.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 2	Subsidiary POWER LOGIC HOLDINGS INC loaned funds to the parent company, SUN MAX TECH LIMITED, in the amount of US$500,000 as working capital.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 3	Proposal for adding the "Operations for Compliance with Laws and Regulations" of the Internal Control for Circles and Enforcement Rules for Internal Audit under the Company's Internal Control System - Other Management Regulations
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
November 10, 2023	The 10th meeting of the 4th term of the Board of Directors	Proposal 1	2023 Q3 consolidated financial statements
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 2	The Company's 2024 operating plan and budget
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 3	It is proposed that the Company endorse two loans, RMB58 million and NT$40 million, from China Trust Bank to its 100% owned sub-subsidiaries, POWER LOGIC TECH. INC, Taiyi (Jiangxi) Electronic Technology Co., Ltd. and subsidiary, SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 4	The Company's Establishment of the Written Agreement Governing the Relevant Financial and Business Operations between Related Parties in accordance with the Corporate Governance Evaluation 1.2 Indicators
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without

Meeting date	Meeting	Major Board of Directors resolutions in 2023	
			objection.
		Proposal 5	According to Article 13 of the “Regulations Governing Establishment of Internal Control System by Public Companies,” the Company’s Audit Office has formulated the 2024 audit plan according to the results of risk assessment.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 6	Adding the Company’s “Operation Directions for Compliance with the Establishment of Board of Directors and the Board’s Exercise of Powers”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 7	Amendments to “Standard Operating Procedures for Handling Directors’ Requests”.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 8	Amendments to “Corporate Governance Best-Practice Principles”.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 9	Amendments to “Procedures for Election of Directors”.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 10	Amendments to “Rules Governing the Performance Evaluation of the Board of Directors”.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 11	Establishment of the Sustainable Development Promotion Team
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.

Meeting dateMeeting	Meeting	Major Board of Directors resolutions in 2024	
25-Jan-24	The 11th meeting of the 4th term of the Board of Directors	Proposal 1	Motion go distribute year-end bonus for 2023
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting.
		Proposal 2	Proposal for 2023 criteria of the performance evaluation and compensation standards for Board of Directors and the general managers.
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting.
		Proposal 3	The Company’s salary adjustment for 2024.
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party with respect to this proposal and recused themselves from the voting.

Meeting dateMeeting	Meeting	Major Board of Directors resolutions in 2024	
		Proposal 4	Personnel Promotion and Salary Adjustment Plan of the Company
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 5	Periodically evaluate the independence and competence of CPAs
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 6	Non-assurance Engagements Provided by Deloitte Taiwan in 2024
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 7	Review 2024 audit fee proposed by Deloitte Taiwan.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 8	Appointed candidates for the third session of directors and supervisors, as well as the chief executive officer of the subsidiary “Cicheng Technology Co., Ltd.”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 9	The issue that the subsidiary Power Logic Tech. Inc. intends to apply to Taishin International Bank for a secured loan as short-term working capital within the limit of NT$121 million.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 10	Appointed candidates for the third session of directors and supervisors, as well as the chief executive officer of the subsidiary “Cicheng Technology Co., Ltd.”
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 1	The 2023 Business Report and consolidated financial statements of 2023.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 2	The Company’s 2023 Employee Remuneration and Directors Remuneration Distribution Case
		Resolutions	Seven people attended. The Director, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC., and Chang Yuan-Fen, the representative of LUXURY SHINE INTERNATIONAL, LIMITED, recused from the discussion to avoid conflict of interest due to their employee status. The chair, HSU Wen-Faung, the representative of SINOTEAM HOLDINGS, INC. appointed Independent Director CHEN, Tien-Szu to act as the chairman of the Board. The proposal was passed without objections through the voting rights exercised by the other five attending directors. All five directors voted in favor of the proposal by a show of hands. The management team present at the meeting was an interested party
		Proposal 3	The Company’s 2023 earnings distribution.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.

Meeting dateMeeting	Meeting	Major Board of Directors resolutions in 2024	
14-Mar-24	The 12th meeting of the 4th term of the Board of Directors	Proposal 4	The issue that the subsidiary Power Logic Tech. Inc. intends to apply to Taishin International Bank for a secured loan as short-term working capital within the limit of NT$121 million.，Apply for Additional Funding Usage Purposes.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 5	The declaration of the Company's 2023 internal control system
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 6	Proposed Addition of "Supervision and Management Operations for Subsidiaries" in the Internal Control System - Other Management Procedures Cycle for Subsidiaries, UNITED STRATEGY INC and SUNNY SHARP INTERNATIONAL LIMITED TAIWAN
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 7	Amendment to "Rules of Procedure for Board of Directors Meetings.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 8	Amendment to Audit Committee Charter.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 9	Amendment to Regulations for Managing Compensation of Directors and Managers.
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.
		Proposal 10	"Convening the Company's 2023 Shareholders' Meeting related matters"
		Resolutions	Seven members were present. All directors voted by hand. Seven members approved and the proposal passed without objection.

(3) The Audit Committee has resolved and passed important resolution matters: see Pages 38-42 of the annual report for descriptions.

(4) Important resolution matters resolved and passed by the Remuneration Committee: See Page 56 of the annual report for descriptions.

(XII) Adverse opinions from the Directors or the Supervisors against major resolutions of the Board on record or in written declaration in the most recent year to the date this report was printed. The key content: Not applicable in this year.

(XIII) Resignation or relief from office of the Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance and chief R&D officer in aggregate: None.

Summary of resignation and dismissal of relevant people in the Company: No such cases in the current year.

V. Disclosure of the accountant's fee:

Unit: NTD thousands

Firm Name	CPA Name		The duration of the audit	Auditing fee	Non-Auditing fee	Total	Remarks
Deloitte & Touche	Tung-Ju Hsieh	Lin Wang-Sheng	January 1, 2023 to December 31, 2023	4,550	1,599	6,149	Service content of non-audit fee 1. Transfer price: $550 thousand 2. Corporate Registration: $651 thousand 3. Document application fee: NT$76 thousand. 4. Filing to the MOEAIC: $217 thousand 5. Other: $105 thousand

Please specify the services under the non-audit service charges (such as tax audit, assertive opinion, or other financial consulting services)

1. If a change in accounting firm resulted in a lower audit remuneration for that year compared to the previous year, the amount, percentage, and reason of the reduction must be disclosed: Not applicable.

2. If the auditing fee of the current year is more than 10% less than the year before, the reduced fee amount, ratio, and the root cause should be disclosed: Not applicable.

VI. Change of CPA

No such cases in the current year.

VII. The Chairman, President, manager charged with finance or accounting of the Company has been working with the CPA firm retained as an external auditor or its affiliate in the last year

No such cases in the current year.

VIII. Periodically evaluate the independence and competence of CPAs:

1. The company's directors and audit committee were evaluated in accordance with Article 47 of the Certified Public Accountant Act, The Code of Ethics for Professional Accountants No. 10 Bulletin using the five dimensions and 13 indicators of the "Audit Quality Indicators (AQIs) published by the Financial Supervisory Commission R.O.C. (Taiwan). Certified public accountants (CPAs) Tung-Ju Hsieh and Wang-Sheng Lin of Deloitte Taiwan prepared the company's financial statements. On December 22, 2022, the CPAs delivered the Chin-shen No. 11109398 Declaration of Independence and the "Audit Quality Indicators" (AQIs). In addition to confirming the company's accounts and expenses, there are no other financial or business interests or relationships and that the accountants' family members do not violate the independence requirements. In addition, it was determined, with reference to the AQI data, that accountants and the accounting firms were superior to the industry norm in terms of inspection experience and training hours. Digital auditing tools will be introduced to enhance audit quality over the next three years. The most recent evaluation results were approved at the third session of the tenth audit committee and the fourth session of the eleventh board of directors on January 25, 2024.

2. The Company's criteria for evaluating the independence and competence of CPAs are as follows:

No.	Evaluation standards	Evaluation results
1	Since the last certification operation, "seven years without change" does not hold true.	■ Yes □No
2	There are no significant financial ties to the consigner.	■ Yes □No
3	Avoid developing inappropriate relationships with the consigner.	■ Yes □No
4	Accountants must ensure the honesty, objectivity and autonomy of their assistants.	■ Yes □No
5	The financial statements of the service organization within two years prior to practice shall not undergo certification inspection.	■ Yes □No
6	The accountant's name must not be used by others.	■ Yes □No
7	CPAs do not own shares in the company or its conglomerates.	■ Yes □No
8	There is no money loan with the company or its conglomerates.	■ Yes □No
9	There are no joint investments or interest-sharing arrangements between the company and its conglomerates.	■ Yes □No
10	Receive a fixed salary without concurrently holding a position at the company or conglomerates.	■ Yes □No
11	They are not involved in the company's or conglomerates' management or decision-making.	■ Yes □No
12	Not concurrently holding other businesses that could compromise their independence.	■ Yes □No
13	The management level is not a spouse, immediate relative, immediate relative by marriage or second-degree relative by blood.	■ Yes □No
14	There are no business-related commission fees.	■ Yes □No
15	There has been no punishment or harm to the principle of independence up to this point.	■ Yes □No

IX. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest

1. Shareholding changes of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2023		Year-to-date March 31	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Chairman	SINOTEAM HOLDINGS INC.	-	-	-	-
SINOTEAM HOLDINGS IN: Legal representative	HSU Wen-Faung	-	-	-	-
Director (Note 1)	LUXURY SHINE INTERNATIONAL LIMITED	-	-	-	-
LUXURY SHINE INTERNATIONAL LIMITED Legal representative (Note 1)	Chang Yuan-Fen	-	-	-	-
Director	LAI, Jen-Chung	-	-	-	-
Independent director	HSIEH, Yu-Tien	-	-	-	-
Independent director	CHIU, Shih-Fang	-	-	-	-
Independent director	CHEN, Tien-Szu	-	-	-	-
Independent director	Kuan Chih-Liang	-	-	-	-
Vice President and Chief Finance Officer	YAO, Cheng-Min	-	-	-	-
R&D Assistant Vice President	HSIEH, JUNG-CHUNG	(14,448)	-	(6,000)	-
Chief Technology Officer	HUANG Chia-Lieh	-	-	-	-
Group Assistant Vice President	Lai, Chih-Sung	-	-	-	-
Audit Manager	CHEN,CHI-CHENG	-	-	-	-
Sale Manager	WANG, Chien-Ta	-	-	-	-
Shareholder with a stake of more than 10 percent	SINOTEAM HOLDINGS INC.	-	-	-	-

2. Information on the counterpart of equity transfer as the related party: none.

3. The counterpart of equity pledge is the related party: none.

X. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer, or any person defined under Statement of Financial Accounting Principle No. 6 - "Related parties"

April 2, 2024

Name	Own shareholdings		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		Spouse, Relative Of Second Degree Or Closer, Or Related Parties Defined In Statement Of Financial Accounting Standards No. 6 Among The Top Ten Shareholders; State Their		Remarks
	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Names And Name	Relationships. Relation	
Taishin Custodian Investment Account of Hsin Ting Holding Limited	6,673,245	17.76 %	0	0%	0	0%	-	-	
Taishin Custodian Investment Account of Hsin Ting Holding Limited Legal representative-HSU Wen-Faung	1,194,820	3.18%	199,033	0.53%	0	0%	HSU Wen-Faung	Self	
HSU Wen-Faung	1,194,820	3.18%	199,033	0.53%	0	0%	Taishin Custodian Investment Account of Hsin Ting Holding Limited	Legal representative: HSU Wen-Faung	
CHEN, Chi-Chen	*630,000*	*1.68%*	*0*	*0%*	*0*	*0%*	-	-	
HSBC entrusted with Arcadian Emerging Markets Micro Capital Securities (Note 1)	*435,847*	*1.16%*	*0*	*0%*	*0*	*0%*	-	-	
LAI, Jen-Chung	*396,759*	*1.06%*	*0*	*0%*	*0*	*0%*	-	-	
Chiang, Chih-Jung	*381,173*	*1.01%*	*0*	*0%*	*0*	*0%*	-	-	
Huang, Chiung-Hua	258,050	0.69%	0	0%	0	0%	-	-	
Yang, Hsiang-Hua	243,000	0.65%	0	0%	0	0%			
HSBC entrusted with Merrill Lynch investment accounts	232,702	0.62%	0	0%	0	0%	-	-	
Wu Shu-Chen	230,000	0.61%	0	0%	0	0%	-	-	

Note 1: The juristic person shareholder is an investment account of a juristic person, and is not represented.

XI. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties

Unit: share; %

Transfer investment business (Note)	Investment by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding
United Strategy Inc.	3,025	100%	0	0	3,025	100%
Power Logic Holding Inc.	3,050	100%	0	0	3,050	100%
Sunny Sharp International Ltd.	490	100%	0	0	490	100%
POWER LOGIC TECH. INC	21,920	100%	0	0	21,920	100%
DONG GUAN DONG LI DIAN ZI CO. LTD	Note 1	100%	0	0	Note 1	100%
POWER LOGIC TECH (TAI YI) CO., LTD.	Note 1	100%	0	0	Note 1	100%
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Note 1	100%	0	0	Note 1	100%
CICHENG TECHNOLOGY CO., LTD.	4,000	80%	0	0	4,000	80%

Note 1: Company limited without shares.

IV. Funding Status

I. Capital and outstanding shares

(I) Capital Sources

February 28, 2024

Year and month	Issuing price (NT$)	Authorized shares capital		Paid-in shares capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
2013/11	USD 1	10,000,000	10,000,000	1	1	Set up	None	Note 1
2013/12	USD 1	10,000,000	10,000,000	570,093	570,093	Cash capitalization USD570,092	None	Note 2
2013/12	USD 1	10,000,000	10,000,000	2,026,996	2,026,996	Equity transfer of USD1,456,903	None	Note 3
2015/12	USD 1	10,000,000	10,000,000	2,526,996	2,526,996	Cash capitalization USD500,000	None	Note 4
2016/02	0	100,000,000	1,000,000,000	8,300,000	83,000,000	Equity currency conversion	None	Note 5
2016/03	TWD11	100,000,000	1,000,000,000	9,400,000	94,000,000	Capital increase by cash NT$ 11,000 thousand	None	Note 6
2016/06	TWD60	100,000,000	1,000,000,000	12,400,000	124,000,000	Capital increase by cash NT$ 30,000 thousand	None	Note 7
2016/09	TWD10	100,000,000	1,000,000,000	16,120,000	161,200,000	Capitalization of retained earnings NT$ 37,200 thousand	None	Note 8
2017/05	TWD78	100,000,000	1,000,000,000	18,320,000	183,200,000	Capital increase by cash NT$ 22,000 thousand	None	Note 9
2017/08	TWD10	100,000,000	1,000,000,000	21,068,000	210,680,000	Capitalization of retained earnings NT$ 27,480 thousand	None	Note 10
2017/12	TWD10	100,000,000	1,000,000,000	23,703,000	237,030,000	IPO cash increase of NT$ 26,350 thousand	None	Note 11
2019/01	TWD10	100,000,000	1,000,000,000	26,203,000	262,030,000	Capital increase by cash NT$ 26,203 thousand	None	Note 12
2019/04	TWD10	100,000,000	1,000,000,000	26,244,811	262,448,110	Corporate bond conversion of NT$ 418,110	None	Note 13
2019/07	TWD10	100,000,000	1,000,000,000	26,264,092	262,640,920	Corporate bond conversion of NT$192,810	None	Note 14
2019/09	TWD10	100,000,000	1,000,000,000	26,288,194	262,881,940	Corporate bond conversion of NT$ 241,020	None	Note 15
2019/10	TWD10	100,000,000	1,000,000,000	26,317,116	263,171,160	Corporate bond conversion of NT$ 289,220	None	Note 16
2019/11	TWD10	100,000,000	1,000,000,000	26,326,756	263,267,560	Corporate bond conversion of NT$ 96,400	None	Note 17
2019/12	TWD10	100,000,000	1,000,000,000	27,527,018	275,270,180	Corporate bond conversion of NT$ 12,002,620	None	Note 18
2020/01	TWD10	100,000,000	1,000,000,000	28,192,229	281,922,290	Corporate bond conversion of NT$	None	Note 19

						6,652,110		
2020/06	TWD10	100,000,000	1,000,000,000	28,197,049	281,970,490	Corporate bond conversion of NT$ 48,200	None	Note 20
2020/07	TWD10	100,000,000	1,000,000,000	28,883,952	288,839,520	Corporate bond conversion of NT$ 6,869,030	None	Note 21
2020/08	TWD10	100,000,000	1,000,000,000	29,165,172	291,651,720	Corporate bond conversion of NT$ 2,812,200	None	Note 22
2020/09	TWD10	100,000,000	1,000,000,000	29,267,211	292,672,110	Corporate bond conversion of NT$ 1,020,390	None	Note 23
2020/10	TWD10	100,000,000	1,000,000,000	31,292,437	312,924,370	Corporate bond conversion of NT$ 252,260	None	Note 24
2020/11	TWD10	100,000,000	1,000,000,000	31,839,848	318,398,480	Corporate bond conversion of NT$ 5,474,110	None	Note 25
2020/12	TWD10	100,000,000	1,000,000,000	32,069,453	320,694,530	Corporate bond conversion of NT$ 2,296,050	None	Note 26
2021/01	TWD10	100,000,000	1,000,000,000	32,074,497	320,744,970	Corporate bond conversion of NT$ 50,440	None	Note 27
2021/04	TWD10	100,000,000	1,000,000,000	32,097,927	320,979,270	Corporate bond conversion of NT$ 234,300	None	Note 28
2022/08	TWD10	100,000,000	1,000,000,000	32,196,885	321,968,850	Corporate bond conversion of NT$ 989,580	None	Note 29
2022/09	TWD10	100,000,000	1,000,000,000	34,196,885	341,968,850	Capital increase by cash NT$ 20,000 thousand	None	Note 30
2023/03	TWD10	100,000,000	1,000,000,000	34,198,977	341,989,770	Corporate bond conversion of NT$ 20,920	None	Note 31
2023/05	TWD10	100,000,000	1,000,000,000	34,410,314	344,103,140	Corporate bond conversion of NT$ 2,113,370	None	Note 32
2023/06	TWD10	100,000,000	1,000,000,000	34,730,446	347,304,460	Corporate bond conversion of NT$ 3,201,320	None	Note 33
2023/07	TWD10	100,000,000	1,000,000,000	35,452,085	354,520,850	Corporate bond conversion of NT$ 7,216,390	None	Note 34
2023/08	TWD10	100,000,000	1,000,000,000	35,525,303	355,253,030	Corporate bond conversion of NT$ 732,180	None	Note 35
2023/09	TWD10	100,000,000	1,000,000,000	35,568,136	355,681,360	Corporate bond conversion of NT$ 428,330	None	Note 36
2023/10	TWD10	100,000,000	1,000,000,000	35,624,502	356,245,020	Corporate bond conversion of NT$ 563,660	None	Note 37
2023/11	TWD10	100,000,000	1,000,000,000	35,629,011	356,290,110	Corporate bond conversion of NT$ 45,090	None	Note 38
2023/12	TWD10	100,000,000	1,000,000,000	35,640,284	356,402,840	Corporate bond conversion of NT$ 112,730	None	Note 39
2024/01	TWD10	100,000,000	1,000,000,000	35,642,538	356,425,380	Corporate bond	None	Note

						conversion of NT $ 3,201,320		40
2024/02	TWD10	100,000,000	1,000,000,000	35,653,810	356,538,100	Corporate bond conversion of NT $ 112,720	None	Note 41
2024/03	TWD10	100,000,000	1,000,000,000	37,583,873	375,838,730	Corporate bond conversion of NT $ 19,300,630	None	Note 42

Note 1: Funding capital
Note 2: Capital increase
Note 3: Share exchange with SUN MAX TECH LIMITED by 13 people including Li Lung-Chu, exchanging all UNITED STRATEGY INC. shares issued for 970,986 regular shares of SUN MAX TECH LIMITED.
Share exchange with SUN MAX TECH LIMITED by 13 people including Li Lung-Chu, exchanging all POWER LOGIC HOLDINGS INC. shares issued for 422,561 regular shares of SUN MAX TECH LIMITED.
Share exchange with SUN MAX TECH LIMITED by 13 people including Li Lung-Chu, exchanging all ADVANCE PLUS LIMITED. shares issued for 63,356 regular shares of SUN MAX TECH LIMITED.
The equity transfer totaling 1,456,903 shares. After the share exchange, UNITED STRATEGY INC. and POWER LOGIC HOLDINGS INC. and ADVANCED PLUS LIMITED are 100% reinvestment subsidiaries of SUN MAX LIMITED.
Note 4: Capital increase
Note 5: The shareholders' meeting reached the resolution on February 2, 2016 that the 2,526,996 shares issued each at the denomination of USD1, totaling USD2,526,996. With the exchange rate of NTD 32.845323: 1USD, the issued 8,300,000 shares each at the denomination of NTD10, totaling NTD83,000,000.
Note 6: Capital increase
Note 7: Capital increase
Note 8: The annual surplus for 2015 will be transferred to capital increase, each share issuing $3 shares.
Note 9: Capital increase
Note 10: The Company conducted surplus to capital increase on August 8, 2017, distributing $1.5 shares per share.
Note 11: Cash increase before IPO
Note 12: Capital increase
Note 13: Corporate bond conversion shares increased by 41,811, and capital increased by NT$ 418,110.
Note 14: Corporate bond conversion shares increased by 19,281, and capital increased by NT$ 192,810.
Note 15: Corporate bond conversion shares increased by 24,102, and capital increased by NT$ 241,020.
Note 16: Corporate bond conversion shares increased by 28,922, and capital increased by NT$ 289,220.
Note 17: Corporate bond conversion shares increased by 9,640, and capital increased by NT$ 96,400.
Note 18: Corporate bond conversion shares increased by 1,200,262, and capital increased by NT$ 12,002,620.
Note 19: Corporate bond conversion shares increased by 665,211, and capital increased by NT$ 6,652,110.
Note 20: Corporate bond conversion shares increased by 4,820, and capital increased by NT$ 48,200.
Note 21: Corporate bond conversion shares increased by 686,903, and capital increased by NT$ 6,869,030.
Note 22: Corporate bond conversion shares increased by 281,220, and capital increased by NT$ 2,812,200.
Note 23: Corporate bond conversion shares increased by 102,039, and capital increased by NT$ 1,020,390.
Note 24: Corporate bond conversion shares increased by 25,226, and capital increased by NT$252,260.
Note 25: Corporate bond conversion shares increased by 547,411, and capital increased by NT$ 5,474,110.
Note 26: Corporate bond conversion shares increased by 229,605, and capital increased by NT$ 2,296,050.
Note 27: Corporate bond conversion shares increased by 5,044, and capital increased by NT$ 50,440.
Note 28: Corporate bond conversion shares increased by 23,430, and capital increased by NT$234,300.
Note 29: Corporate bond conversion shares increased by 98,958, and capital increased by NT$989,580.
Note 30: Capital increase
Note 31: Corporate bond conversion shares increased by 2,092, and capital increased by NT$ 20,920.
Note 32: Corporate bond conversion shares increased by 211,337, and capital increased by NT$ 2,113,370.
Note 33: Corporate bond conversion shares increased by 320,132, and capital increased by NT$ 3,201,320.
Note 34: Corporate bond conversion shares increased by 721,639, and capital increased by NT$ 7,216,390.
Note 35: Corporate bond conversion shares increased by 73,218, and capital increased by NT$ 732,180.

Note 36: Corporate bond conversion shares increased by 42,833, and capital increased by NT$ 428,330. Note 37: Corporate bond conversion shares increased by 56,366, and capital increased by NT$ 563,660. Note 38: Corporate bond conversion shares increased by 4,509, and capital increased by NT$ 45,090.
Note 39: Corporate bond conversion shares increased by 11,273, and capital increased by NT$ 112,730. Note 40: Corporate bond conversion shares increased by 2,254, and capital increased by NT$ 22,540.
Note 41: Corporate bond conversion shares increased by 11,272, and capital increased by NT$ 112,720.
Note 42: Corporate bond conversion shares increased by 1,930,063, and capital increased by NT$ 19,300,630.

April 2, 2024

Stock Type	Authorized shares capital			Remarks
	Outstanding shares (Note 1)	Unissued Shares	Total	
Common stock	37,583,873	62,416,127	100,000,000	

Note 1: Under TAIEX listed shares

(II) Shareholders structure

April 2, 2024

Shareholders structure / Amount	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign institution and foreigners	Total
No. of Person	0	0	173	27,196	27	27,396
Shares	0	0	417,838	29,249,945	7,916,090	37,583,873
Ratio of Shareholding	0%	0%	1.11%	77.83	21.06%	100%

Note: The Company does not have any Chinese-funded shareholders.

(III) Ownership diversification

NTD10/share April 2, 2024

Range of Shares			No. of Shareholders	Shares	Ratio of Shareholding (%)
1	~	999	21,872	166,139	0.44 %
1,000	~	5,000	4,572	8,483,291	22.57%
5,001	~	10,000	502	3,912,098	10.41%
10,001	~	15,000	145	1,817,272	4.84%
15,001	~	20,000	90	1,677,320	4.46%
20,001	~	30,000	90	2,220,658	5.91%
30,001	~	40,000	26	917,383	2.44%
40,001	~	50,000	23	1,028,729	2.74%
50,001	~	100,000	42	2,983,198	7.94%
100,001	~	200,000	21	3,081,108	8.20%
200,001	~	400,000	9	2,362,765	6.29%
400,001	~	600,000	1	435,847	1.16%
600,001	~	800,000	1	630,000	1.68%
800,001	~	1,000,000	0	0	0.00%
1,000,001 and above			2	7,468,767	20.93%
Total			27,396	37,583,873	27,396

(IV) The main shareholders' list (name, number of shares held, and ratio of Shareholder with equity ratio reaching over 5% or shareholders with equity ratio ranking top ten):

April 2, 2024

Name of Principle shareholder	Shares	Shareholding percentage (%)
Taishin Custodian Investment Account of Hsin Ting Holding Limited	6,673,245	17.76 %
HSU Wen-Faung	1,194,820	3.18%
CHEN, Chi-Chen	630,000	1.68%
HSBC entrusted with Arcadian Emerging Markets Micro Capital Securities	435,847	1.16%
LAI, Jen-Chung	396,759	1.06%
Chiang, Chih-Jung	381,173	1.01%
Huang, Chiung-Hua	258,050	0.69%
Yang, Hsiang-Hua	243,000	0.65%
HSBC entrusted with Merrill Lynch investment accounts	232,702	0.62%
Wu Shu-Chen	230,000	0.61%

(V) Market price, net value, earnings, dividend per share and related information in the last 2 years

Unit: NTD

Item \ Year			2022	2023	Until March 31, 2024
Market Price Per Share	The Highest		68.30	59.90	74.50
	The Lowest		37.05	41.10	47.80
	Average		51.47	50.42	63.44
Net Value Per Share	Before Distribution		50.50	49.09	
	After dividend distribution (Note 1)		46.50	46.34	
Earnings per share	Weighted average shares		32,761 thousand Shares	34,888 thousand Shares	
	Earnings per share (Note 2)		6.90	3.40	
Dividend Per Share	Cash dividend (Note 3)		4.00	2.75	-
	Free-Gratis Dividends	Retained Shares Distribution	-	-	-
		Capital Reserve Shares Distribution	None	None	-
	Retained Dividends		None	None	-
Return on investment Analysis	P/E ratio		7.46	14.83	-
	Dividend Yield		12.87	18.33	-
	Cash Dividend Yields		7.77	5.45	-

Source: consolidated audited financial statements in 2022 and 2023.
Note 1: Net value per share /number of regular shares for the current year
Note 2: Tracing adjustment of weighted average number of shares and earnings per share
Note 3: A cash dividend of NT$2.75/ share was resolved by the Board of Directors on March 14, 2024, and will be reported in the shareholders' meeting on May 31, 2023.

P/E ratio = Average closing price per share for the year / earnings per share.
Price to dividend ratio = Average closing price per share for the year / cash dividends per share.
Cash dividend yield = Cash dividend per share / average closing price per share for the current year.
Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

(VI) Company's dividend policy and execution status:

1. Dividend policies stated in The Company's Articles of Incorporation:

As stipulated in #125 under the Article of Association, the Company may, through ordinary resolution, announce dividend distribution for shares issuances and other types of distribution, and pay from disposable capital when such practice violates no Company act or any rights/limitation attached to any capital issuance or the Article of Association of the Company. The Company may, without violating applicable laws and through special resolution, make distribution out of capital surplus in forms of new shares or cash in accordance with shareholdings' percentage.

Pursuant to Article 125 A of the Company's articles of incorporation, despite of the preceding article (125), the Board may resolve the distribution of dividends or bonus, all or in part, in cash, by the majority of the directors present at the meeting, which is attended by more than two third of the directors, and report the resolution in the nearest shareholder's meeting.

The Company shall reserve a makeup amount before distributing employee and director remunerations. According to legal regulation of The Cayman Islands, TAIEX l and OTC listing regulation and Article 129 of Corporate Charter, the board resolution reached with more than two thirds attendance and the consent of more than half the attending directors, employee and director remunerations may be distributed in cash and/or shares. The board resolution on the above-mentioned distribution of employee and director remunerations shall be reported to shareholders at the shareholders' meeting after the board passed the resolution.

The Company shall not pay interest on undistributed dividends.

Except restricted by public company related laws, the earnings, if any, after closing account every year, the Board of Directors should propose earning distribution plan to shareholders' meeting as method and priority below,

(1) Payment of tax and duty;

(2) Make up for cumulative losses for the previous year (if any);

(3) According to TAIEX and OTC listing regulations, 10% is distributed as statutory surplus reserves except when said reserve reaches the Company's paid-up capital;

(4) According to TAIEX and OTC listing regulations or the competent authority request distribution of special surplus reserve; and

(5) According to the surplus for the current year, the amounts from Item (1) to Item (4) shall be dedicated, and the cumulative undistributed surplus for the previous period is provided for surplus distribution. The Distributable surplus shall be distributed after the board proposal of a dividend distribution case and submission to the shareholders' meeting to be resolved according to TAIEX and OTC listing regulations. The Company may release dividends in cash and/or stock, and the amount of dividend for release shall not fall below the net earnings of the year of the appropriation specified in (1) to (4) if there is no contradiction to the law of the Cayman Islands. In addition, the amount of cash dividend shall not fall below 10% and up to 100% of the total dividend payable to the shareholders.

Article 139 of the Corporate Charter (Provident fund transfer to capital increase)

Unless otherwise regulated by TAIEX and OTC listing regulations or the Company Act, the company may resort to Type A Special Resolution or Type B Special resolution.

(1) Any balance to be listed in the company reserve account or other capital provident fund (including capital premium account, capital redemption reserve, surplus, profit

and loss account, capital reserve, statutory surplus reserve, and special surplus reserve) shall be transferred to capital increase, whether or not they will be distributed.

(2) The amount resolved for transfer to capital increase shall be distributed to shareholders according to their shareholding ratio. Additionally, on behalf of shareholders, the amount shall be used for the distribution company's unissued shares, bonds, or other relevant stock portfolios. The company shares or bonds or other portfolio shall be distributed to shareholders (or designated persons) according to the aforementioned ratios.

(3) Make any arrangements deemed appropriate to resolve problems encountered during provident fund transfer to capital increase, especially but not limited to when shares or corporate bonds distributed are distorted shares. The board reserves the right to dispose distorted shares or corporate bonds by means deemed appropriate; and

(4) Will take all necessary stands to execute provisions in this article.

Article 139A of the Corporate Charter: To avoid disputes, new shares issued for distributing employee and board remunerations in accordance with Article 129 does not require the acquisition of Class A Special Resolution or Class B Special Resolution.

2. Situation of Dividends Pending (Already Distribution in the Current Year

A cash dividend of NT$98,047,978 (NT$2.75 per share) out of 2023 earnings was resolved by the Board of Directors on March 14, 2024, and will be reported in the shareholders' meeting on May 31 2024.

(VII) The proposed free share placement in the current year shall have no impact on the Company's operating performance and earnings per share.

The Company offered no share dividend distribution in 2022 and is thus not applicable.

(VIII) Employee bonus and remuneration paid to directors and supervisors

1. Proportion or range of employees' bonuses and Directors'/Supervisors' remuneration specified in the Articles of Incorporation

According to Article 129 of the Corporate Charter, the Company shall distribute profits according to the profit distribution plan proposed by the board and resolved and passed at the shareholders' meeting. In addition, after making up for the losses incurred over the years, in accordance with the provisions in the company public offering regulations, or inaccuracies with the competent authority's request to list or turnaround of special surplus reserve, no more than 2% of the remaining profit shall be used as director remunerations and 10% at most and 1.5% at least as employee bonuses. The employee bonuses shall be distributed in accordance with provisions in Article 17 of the Employee Incentive plan. The board shall stipulate in the surplus distribution agenda regarding the percentage of bonuses distributed to employees. Shareholders may modify the proposal before the resolution. Directors concurrently serving as company executives are entitled to bonuses as company employees.

2. The estimation basis for employee bonuses and remunerations for directors and supervisors the current period, the basis for distributing stock dividend shares, and the actual distributed amounts shall be handled by accounting if they differ from the estimated amounts: None.

3. Remuneration to be distributed as resolved in the board of directors:

(1) If employee remunerations and director and supervisor remunerations distributed in cash or dividends differ from the annual estimation of the listed expenses, the

amount of different, reason, and disposal shall be disclosed: The amounts and the estimated amounts for the current year are not different.

(2) Employee remunerations distributed in shares and the ratio in individual or separate financial report's after-tax net profit and employee remuneration total: No dividends in shares were distributed this year.

4. Actual status of distributing remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price), difference number, reasons and process status if there is discrepancy between the actual amount and the amount recognized:

(1) Actual Distribution Situation:

Actual distribution situation for the previous year (2022): distributed items.	The number of distributions originally proposed by the board.	The actual distribution amount resolved in the shareholders' meeting	Amount of difference
Employees' stock bonus	-	-	-
Employees' cash bonus	6,134,121	6,134,121	-
Remuneration to directors/supervisors	4,907,297	4,907,297	-

(2) Difference in listed employee bonuses and director and supervisor remunerations: None.

(IX) Shares repurchased by The Company:

1. First company stock buyback (completed):

Period No.	The 1st time
Purpose of repurchase	Transferring stocks to employees
Repurchase period	2018/08/10~2018/10/08
Price range at which scheduled to be repurchased (NT$)	NT$ 110~ NT$ 55
Type and amount (shares) of the repurchased shares	230,000 ordinary shares
Amount of the repurchased shares (NT$)	NT$ 15,286,879
Ratio of repurchased shares to shares repurchase planned	57.50%
Shareholdings that have been cancelled and transferred (shares)	230,000 shares
Accumulated shareholdings of the Company (shares)	0 shares
Percentage of accumulated shareholdings of the Company to total issued shares (%)	0%

Note: A transfer of 230,000 treasury shares, through first buyback, to employees have completed as filed on April 16, 2021.

2. Share Repurchases by the Company (Repurchases Still in Progress Completed): None.

II. Disclosure relating to corporate bonds

Bond type	The 1st Unsecured Convertible Bond in R.O.C.	The 2nd Unsecured Convertible Bond in R.O.C.	The 3rd Unsecured Convertible Bond in R.O.C.
Issue date	January 3, 2019	September 1, 2020	August 12, 2022
Face Value	NT$ 100,000	NT$ 100,000	NT$ 100,000
Place of Issue and Trading	Taipei Exchange (TPEx)	Taipei Exchange (TPEx)	Taipei Exchange (TPEx)
Issuing price	The bond is issued with 100% par value of NT$ 100,000.	The bond is issued with 100% par value of NT$ 100,000.	The bond is issued with 100% par value of NT$ 100,000.
Total amount	NT$ 150,000,000	NT$ 220,000,000	NT$200,000,000
Interest rate	Coupon rate 0%	Coupon rate 0%	Coupon rate 0%
Maturity	Three years Date of maturity: January 3, 2022	Three years Date of maturity: September 1, 2023	Three years Date of maturity: August 12, 2025
Guarantee Institution	None	None	
Trustee	Taishin International Bank	Taishin International Bank	Taishin International Bank
Consignee	Concord Securities Co., Ltd.	Concord Securities Co., Ltd.	Concord Securities Co., Ltd.
Certified Lawyer	Jheding International Law Offices Lawyer, Yu-Liang Chen	Jheding International Law Offices Lawyer, Yu-Liang Chen	Jheding International Law Offices Lawyer, Yu-Liang Chen
Certified CPA	Deloitte & Touche	CPA, Cheng-Hsiu Yang	CPA, Tung-Ju Hsieh and

Bond type		The 1st Unsecured Convertible Bond in R.O.C.	The 2nd Unsecured Convertible Bond in R.O.C.	The 3rd Unsecured Convertible Bond in R.O.C.
		CPA, Cheng-Hsiou Yang; CPA, Wang-Sheng Lin	and CPA, Wang-Sheng Lin from Deloitte & Touche	CPA, Wang-Sheng Lin from Deloitte & Touche
Repayment Methods		Except for the case where the holders of the convertible bonds convert them into the Company's ordinary shares in accordance with Article 13 of the Regulations or exercise the put options in accordance with Article 22 of the Regulations, and where the Company calls the bonds or purchases them back from the security houses for cancellation in advance in accordance with Article 21 of the Regulations, the Company redeems the bonds with cash at the face value when the convertible bonds are due.	Except for the case where the holders of the convertible bonds convert them into the Company's ordinary shares in accordance with Article 13 of the Regulations or exercise the put options in accordance with Article 22 of the Regulations, and where the Company calls the bonds or purchases them back from the security houses for cancellation in advance in accordance with Article 21 of the Regulations, the Company redeems the bonds with cash at the face value when the convertible bonds are due.	Except for the case where the holders of the convertible bonds convert them into the Company's ordinary shares in accordance with Article 13 of the Regulations or exercise the put options in accordance with Article 22 of the Regulations, and where the Company calls the bonds or purchases them back from the security houses for cancellation in advance in accordance with Article 21 of the Regulations, the Company redeems the bonds with cash at the face value when the convertible bonds are due.
Amount not repaid		NT$ 0	NT$ NT$169.1 million	NT$ NT$199.9 million
Redemption or earlier redemption		It is handled in accordance with the regulation of bond redemption right defined in Article 22 of the issuing rules.	It is handled in accordance with the regulation of bond redemption right defined in Article 22 of the issuing rules.	It is handled in accordance with the regulation of bond redemption right defined in Article 22 of the issuing rules.
Limitation Article		See the "Regulations governing the first domestic issuance and conversion of unsecured convertible corporate bonds."	See the "Regulations governing the second domestic issuance and conversion of unsecured convertible corporate bonds."	See the "Regulations governing the second domestic issuance and conversion of unsecured convertible corporate bonds."
Name of the credit rating agency, rating date, and rating results		Not applicable	Not applicable	Not applicable
Other equity attached	The amount of converted (swapped or purchased) ordinary	Our first domestic unsecured convertible bonds, with a total of 1,500 units, have completed its conversion for a total of 3,674,685 shares. The	As of the printing date of this annual report, a total of 198 units have been converted into 319,200 common shares from the second issuance of domestic	As of the printing date of this annual report, a total of 1,470 units have been converted into 3,273,060 common shares from the third issuance of domestic

Bond type		The 1st Unsecured Convertible Bond in R.O.C.	The 2nd Unsecured Convertible Bond in R.O.C.	The 3rd Unsecured Convertible Bond in R.O.C.
	shares, GDRs or other securities as of the date when the annual report was printed	OTC trading stopped on March 5, 2021.	unsecured convertible bonds.	unsecured convertible bonds.
	For the Regulations on Issuance and Conversion (Swap or Purchase),	please refer to the bond issuance data on the section of bond credit rating on the MOPS.	please refer to the bond ıance data on the section o l credit rating on the MOP	please refer to the bond ssuance data on the section bond credit rating on the MOPS.
Rules for issuing, conversion, exchange or purchase, possible dilutions of equity from the issuing conditions, and the impacts on the rights of the existing shareholders		Our first domestic unsecured convertible bonds, with a total of 1,500 units, have completed its conversion for a total of 3,674,685 shares. The OTC trading stopped on March 5, 2021.	This time, the company plans to issue its second domestic unsecured convertible corporate bond. As of the closing date, April 2, 2023, 198 were converted, 311 were sold back and 1,691 were unconverted at the current conversion price of NT$56.75 each. The dilution ratio of 8.71% is derived from the current 2,980 thousand floating share plus the additional 34,198 thousand shares if fully converted.	This time, the company plans to issue its third domestic unsecured convertible corporate bond. As of the closing date, April 2, 2023, a total of 1,470 were converted and 530 were unconverted at the current conversion price of NT$44.35 each. Assuming that all holders of unconverted bonds convert at the conversion price, the bonds are converted into 1,195 thousand company common shares. The dilution ratio is approximately 3.18% based on 37,583 thousand shares of the Company's current outstanding common shares plus the estimated number of convertible shares.
Custody Agency Name for the Exchange Target		Not applicable	Not applicable	Not applicable

Status of convertible bonds:

Unit: NTD

Bond type		The 1st Unsecured Convertible Bond in R.O.C.	The 2nd Unsecured Convertible Bond in R.O.C.	The 3rd Unsecured Convertible Bond in R.O.C.	
Item \ Year		Year-to-date March 5, 2021	2022 Year-to-date September 4	2023	Year-to-date March 31
Market price of the convertible bond	The Highest	NT$ 182	NT$ 112.00	NT$ 133.15	NT$ 166
	The Lowest	NT$ 100	NT$ 99.4	NT$ 100.00	NT$ 109.20
	Average	NT$ 146.63	NT$ 103.3	NT$ 113.31	NT$ 140.35
Conversion price		NT$ 39.64 were fully converted, and closed the transaction over the counter on March 5, 2021.	NT$ 52.66 with 3 years left until maturity were issued, and closed the transaction over the counter on September 4, 2023	NT$ 44.35	
Issue date and		Issue date: January 3, 2019	Issue date: September 1, 2020	Issue date: August 12, 2022	
Conversion price		NT$ 43.73	NT$ 64.89	NT$ 48.50	
Ways of fulfilling conversion obligation		New share issue	New share issue	New share issue	

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Situation of handling of subscription right certificate and restricted employee right for new shares:

VI. The new shares from restricted employee stock option: none.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares: none.

VIII. Fund use plan and execution status: as of the date of printing of the annual report, the company has not issued or completed a private placement of securities nor has it been completed within the past three years and the plan benefits are not yet significant.

V. Business performance

I. Content of business

1. Business scope:

(1) The main contents of the business service

The Company’s main business items are: DC cooling fan management and sales.

(2) The proportion of key items to overall operation

Unit: NTD thousands

Product	2022		2023	
	Amount	Business weightage	Amount	Business weightage
E-sports	1,402,425	84.56%	1,248,881	90.35%
General cooling	124,683	7.52%	34,637	2.51%
Industrial control and home appliances	81,815	4.93%	36,255	2.62%
Communication	20,232	1.22%	38,049	2.75%
Vehicles and other	29,433	1.77%	24,388	1.77%
Total	1,658,588	100.00%	1,382,210	100.00%

(3) The Company's current products (services)

The Company’s products include DC Brushless Cooling Fans, Drum Fans, EC Fans, Miniature Fans, High IP Protection Rated Fans, and Fluid Dynamic Bearing Bearings (HDB), Molded Parts, Plastic Injection, SMT, Wires, and Related Processing. Fields of application include gaming, IT, communication, server, industrial control, home appliances, automotive, and other related cooling industries.

(4) Planned developments for new products (services)

The Company continues to develop computer cooling products through its complete processes in the field of fans. In addition to display card cooling fans, products continue to be added, such as power supply, chassis, CPU fans, and other customized products. Markets other than computer cooling include vehicle fans (cooling or exhaust), electric vehicle charging pile pooling, industrial control products (inverters, transformer cooling), Telcom(5G/Server/AI), green energy, home appliances, and so on. Percentage of R&D spending increased every year for developments of product and technology and maintaining the technology and patent leadership.

We continue to provide products with new and innovative designs and versatile applications to enhance the selling points for winning long-term customer relationships and market attention.

2. Industry overview

(1) Industrial status and development

All kinds of electronic devices around the world continue to become lighter, thinner, shorter, smaller, faster in computation, multi-functional, and energy-saving. The operating clock speed of the ICs is increasing as a result. Under the heating effect of current theory, when an electronic device is running, the current in the circuit generates unnecessary heat due to the effect of impedance. If the heat cannot be effectively dissipated, and keeps accumulating on the electronic components, the components might be damaged by the rising temperature. According to IEK's report, among the causes of device damage, high temperature causing dysfunction accounts for the highest ratio reaching 55%, higher than other causes such as vibration, humidity, and dust. Therefore, the quality of cooling devices has a huge impact on electronic product operations. Under this trend, the cooling efficiency requirement for cooling component also continues to rise.

In the field of thermal current, the cooling efficiency of forced convection is better than natural convection. Therefore, fan related applications have always played a vital role in cooing modules.

As for 5C products (communications, computers, consumer electronics, auto motive electronics, and medical electronics) applied in fan design over the years, in addition to rotation speed, efficiency, energy saving, low noise, long life, and stability improvements, how to design products in line with these applications has become one of the competitive indicators for fan manufacturers.

We believe applications for cooling components will continue to expand in the areas including PC, NB, servers, telecommunication, consumer electronics, car parts, industrial equipment, and optical industries, especially the IT industry.

As global technology continues to advance and grow, AI technology and high-performance computing are changing our world and leading the way. With the huge demand for computing brought about by these innovations, and the consequent problems of high power and high temperature, heat dissipation has become a necessary and important key technology.

With new product launches, consumer demands and product developments are the biggest catalysts for the growth in the cooling industry. Apart from the 3C applications mentioned above, cooling components are gaining their applications in sectors covering vehicle electronics, hand-held electronics, virtual reality, IoT, AI and high-performance computing. This problem encourages the dissipative component manufacturer to invest in research and development and increase production capacity to expand their market share. Furthermore, the emerging application of AI, meta, AIOT, and low altitude satellite (future 6G technology) causes the large increase of chip efficiency, and the heat consumption. That said, "heat dissipation" of a product needs to catch up with the development of application. The dissipative fans can be used in many aspects, including 5C products (communication, computer, consumer electronics, automotive electronics, and medical electronics), and industrial equipment, electro-optical industry. The third-generation semiconductor, and other new materials are introduced in the application of fast charging battery and new energy products, automotive electronics, and electric car. Dissipation of the high heat caused by high frequency, high speed, high power and large current becomes more urgent. The need of heat dissipation due to the continuous improvement of speed and functions of electronic products also encourages the manufacturers to strengthen their R&D capability and patented technology, and launch high-level dissipation products to satisfy the new application products' functionality.

Rooted with outstanding product designs, the Company has been making great efforts in R&D and product developments to maintain its technology and patent leadership for better profitability.

In addition, our high-standard producing craftsmanship, in-depth customer relationships with joint-development ability as well as timely shipment schedule from ample production capacity will certainly enable us with competitiveness in the cooling industry.

(2) Correlation of upstream, midstream, and downstream industry:

The Company's current main product line consists of cooling fan products. Cooling fan components are complex. The upstream related industries include: plastic raw materials, bearings, steel, metal processing, die-casting (aluminum die-casting, powder metallurgy, molds (metal stamping and plastic injection), wires, connectors, driver IC, passive components (resistors/capacitors/poles), printed circuit boards, and so on.

There is a wide range of downstream cooling fan applications. Fans are needed by all for enhancing air convection cooling efficiency. The fields of application include: information industry, Netcom equipment, optoelectronic industry, home appliance industry, information home appliances, audiovisual devices, industrial commercial equipment, automotive and electronics industries.

(3) Product development trends and competition:

With the rapid development of technology and ever-changing products, the applications and market demand also continue to expand and change. In recent years, in addition to the rapid popularization of smart phones, tablet PCs, and other consumer mobile devices, the rapid development of high-end technologies including 5G big data, Internet of things (IoT), cloud computing, and artificial intelligence (AI) technologies have also led to the rapid development of more emerging industries, such as cloud servers, electric vehicles, VR devices, unmanned aerial vehicles, etc. Therefore, more and more industries need cooling modules or other cooling products. Cooling product manufacturers with solid foundation and competitiveness have stepped into niche operating markets or seized market share in middle-high end product applications in recent years, reaching out to application fields other than the traditional computer industry to seek higher profits. The e-sports boom in recent years has led to the industry's increasing higher demand. Many traditional computer and component brand manufacturers have put in more efforts to enter the niche e-sports market and actively develop e-sport-exclusive product series, in the hope of keeping up with e-sports industrial growth. However, due to the increasing number of competitors, in order to cater to the needs of module manufacturers or end customers, 3Hs and double-speed product strategies will be the key to success.

A. Three Tops

(a) High Quality:

In response to the global environmental concept trend, major computer manufactures have one after another increased quality requirements, strictly prohibiting harmful substances in electronic products during processes or final products. Only by passing international manufacturers' high-standard quality audit and environmental certifications can there be sustainable orders.

(b) Long Life:

Fans have a long life, which can increase customers' product use life and reduce burdens on the environment and public security during future maintenance and recycling.

(c) High Performance:

"Light, thin, short, and small" are a featured development trend for all electronics products. How to use technology, innovation, R&D, and design to develop new materials for application in order to bring out high cooling efficiency in the limited spaces of mechanisms and using smart functions in place of manual information collection are the keys to successfully receiving purchase orders.

B. Double Speed

(a) Fast Design:

Due to the short life cycle of video cards, new video card chips NV/AMD continue to be launched every year. Therefore, in order to become a cooling fan manufacturer with a high market share, one must obtain new product specifications and marketing and market demand related information the fastest. Supplemented by software and hardware design equipment and years of solid industrial application and development technologies, products can be quickly design; in the design, process smoothness should be considered to achieve speedy manufacture and products with high yield rates through reasonable processes.

(b) Fast Delivery:

The factory demonstrates a high degree of vertical integration, from molding, injection molding, fan processing, SMT, motor winding, rotor processing, stator assembly, wire processing, finished product assembly, high compliance with delivery dates, high production flexibility, and quality control. At the same time, well-planned inventory, supplier management plans, and speedy and unobstructed shipment processes and transportation should be established to avoid stagnant inventory and materials.

C. Three Lows (3Ls)

(a) Low Costs:

With the global 3C industry's price competition becoming increasingly fierce, all suppliers are facing enormous pressure to reduce prices. Therefore, how to apply efficient management, enhance our own component manufacturing, improve processes, increase yield rates, vertically integrate manufacturers, automation I place of manpower to reduce costs, and increasing gross profit are the objectives of uttermost importance to the industry at present.

(b) Low Noise:

Cooing fans with thermal modules and system applications are widely used in daily life. Take for example an environment where notebook computers are readily accessible, a quiet office, and an audiovisual equipment environment, the size of noise value and even noise quality are listed for consideration as product rating indicators and the key factors contributing to proprietors' competitive market advantage.

(c) Low Power Consumption:

The goal of 3C product design is to reduce power consumption in response to the trend of energy conservation and carbon reduction. R&D and application of optimized fan motor, the blade shape and the circuit matching for low energy consumption have been carried out to meet customers' design goals.

In view of the above future industrial development trends, whether cooling fan manufacturers can continue to launch products in line with market trends will

be the key factor contributing to whether the proprietor can gain an advantage in the competitive market.

(4) Competition

The major competitors of cooling fans are classified as follows:

A. Well-known international Japanese manufacturers: Sanyo, Denki, Nidec, and NMB.

B. Domestic first-line manufacturers: Sunon, Asia Vital and Delta.

C. Other companies: Everflow Technology Corp., Yungli, and Chinese investment company FirstCo Corp.

Since there are many competitors and that cooling fan applications are for the 3C industry with steady growth and maturity, the industry target customers with large purchase orders and use price competition as a means of marketing, thus the fierce market competition and resulting in the industry's price shreds for sales and quality inconsistency. In view of the Red Sea market, the cooling fan manufacturers encounter blind spots, including: 1. Slow production operation with poor flexibility; 2. Inability to comply with small qualities and large diversities; 3. Inability to quickly respond to and coordinate new product development for customers. The above are the keys to the Company's urgent need to achieve breakthroughs in the industry

Since the short life cycle, complicated design, fast R&D, and high quality requirement of IT product, it is more important for components to catch up with the updated technology and speed. Due to the differentiation tendency - each client has difference product specifications and objectives - manufacturers should be able to change their production processes and R&D to accommodate the needs. We are already capable of developing technology when we first entered into the graphics card market. After many years of R&D experience, we have applied for several patents to ensure the company's competitiveness. The guidelines of product development are "Application and Compatibility" "Collaborative Design" and "Innovative Technology". The company collaborates with the clients at the early stages of product design to set the new product specifications, conduct technology testing and verification, and pass the client's product certification.

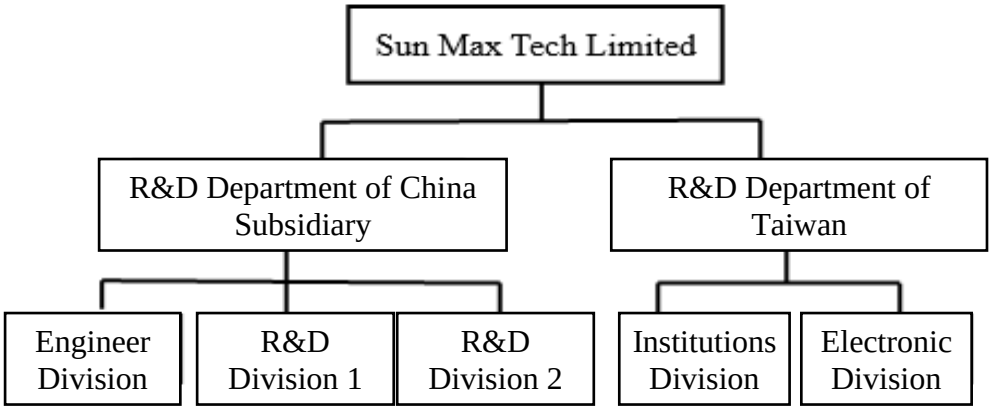
In response to the client's need of development changes and rapid reaction to the market variation, and the growing application of AI, servers and In-vehicle green energy, deepen the technical level and actively invest in the optimization and automation of production processes through the R&D and design capability. Reduce the cost, shorten delivery lead-time, stabilize quality, and increase the production capacity during production operation to reach the goal of competitiveness of beloved brand - "Continuous Client Satisfaction".

3. Technological research and development

(1) Technical level and R&D for business operations

The Company has deep plowed the field of fan products for two decades. Currently, new products are mostly co-developed with end customers, in close cooperation with customers as early as R&D commencement. Product design is carried out targeting different customer attributes, and mass production is imported. In addition to product R&D, process improvement continues to be ongoing. Automated equipment continues to be imported to enhance production efficiency and quality and reduce production costs. In addition, the Company engages in technological cooperation with its customers and suppliers to improve product function and enhance the Company's innovation and R&D competitiveness.

The Company's R&D Department's organization is as shown in the diagram below:



(2) Academic/career backgrounds of the R&D personnel

Unit: person

Item \ Year		2019	2020	2021	2022	2023
Education	Doctoral Degree	1	1	1	1	1
	Master	6	8	8	8	5
	Bachelor	5	8	7	13	12
	College	11	12	20	19	21
	Below Senior High School	17	19	18	18	13
	Total	40	48	54	59	52

(3) Annual R&D expenses for the last years

Unit: NT$ thousand; %

Item / Year	2019	2020	2021	2022	2023
Research and development expenses	35,949	52,434	60,967	63,709	68,551
Net revenue	1,184,812	1,578,165	1,839,214	1,658,588	1,382,210
Percentage to operating revenue	3.03%	3.32%	3.31%	3.84%	4.96

(4) Successfully developed technologies or products for the last 5 years

Year	R&D results	R&D results
2018	Product design	43 fan structures, circuit control, and LED related application patents
2019	Product design	25 patents for fans are patents relating to AI intelligence fans and applications relating to LED fans
2020	Product design	85 patents cover fan blade, server cooling fan, LED effect and newly-created products
2021	Product design	30 new patents about fan structure (fan blade and lighting effect)
2022	Product design	The addition of 29 fan structure patents.
2023	Product design	The addition of 24 fan structure patents.

4. Long-term and short-term business development plans

(1) Short-term business development plans

A. Having closer cooperation with agents to introduce new customers.

B. Proactively develop basic product market, such as electronic fans used in AI, 5G, AIOT, servers, automobile and new energy diverse appliance design applications to earn higher profits.

C. Refining the automation equipment to increase the flexibility of a small but a variety of production.

(2) Long-term business development plans

A. With the development of the technology industry and the trend of consuming electronics integration, the Company continues to enhance its core competitiveness and creativity through innovative R&D and design, enhanced manufacturing capabilities and improved application technology.

B. Develop overseas customers and markets to lead the Company toward globalized development.

C. Development of smart home appliances: co-working with our customer to develop cooling systems used in home appliances

D. Engage in the R&D of new-energy products such as cooling fan charging cabinets and charging modules.

E. With the rise of AI, 5G, AIOT and servers industries, the transmission of products will rise, and cooling will become more important. Fan design and application in diverse markets with the timely design of products meeting clients' needs will be the competition indicator among fan suppliers.

II. Market and sales overview

1. Market Analysis

(1) Main products (services) sales (providing) area

Unit: NTD thousands

Sales area	2022		2023	
	Amount	Proportion %	Amount	Proportion %
China	1,404285	84.67	1,164,918	84.28
Taiwan	52,573	3.17	79,578	5.76
Others	201,730	12.16	137,714	9.96
Total	1,658,588	100.00	1,382,210	100.00

(2) Market share

The Company is the world's main e-sports cooling fan supplier at present who provides customers with more competitive products featuring unique performance.

According to the latest forecast report of the global game market in 2023 released by the market research agency Newzoo, the overall game market will continue to grow. Newzoo forecasts that the global gaming market will generate revenues of US$184 billion in 2023, with year-on-year growth of +0.6% Compared to the first drop after the pandemic in 2022, this time it has again turned from negative to positive. The market will grow to $205.7 billion by 2026, representing a 2021-2026 CAGR of +1.3% for the total market. The forecast for console gaming is now US$53.2 billion, growing by +1.9% year on year. The brightest spot of 2023's games market was the PC segment, which will grow by an estimated +3.9% to reach US$40.4 billion. To summarize, in terms of market value share, the sum of console + PC has rebounded, and the long-term outlook for the global game market is still positive. This indicates a fairly robust trend for gaming industry in mid to long terms.

With the wave of AI technology ignited by Chat GPT and the increasing new applications of the Internet of Vehicles, the Internet of Things and the Metaverse, governments of various nations are actively promoting infrastructure construction, including smart cities, smart grids/charging piles and energy storage systems. While both the CPU and GPU are now more powerful in terms of computing capability, they produce more heat. Moreover, the global community is actively implementing ESG energy conservation and carbon reduction initiatives. The topic of inefficient heating methods has risen to the forefront of policy discussions. Our company accepts greater and more difficult challenges in line with the market and continues to conduct research and development on AI, 5G, servers, AIOT, green energy, smart home appliances, automotive, Netcom and e-sports notebooks and other related applications.

(3) Future market supply and demand and the growth

① Video Card Market

Previously, Nvidia and AMD held sway over the standalone graphics card market, which was the rule in the graphics card market. Intel's total graphics card sales account for 60% (core graphics card). For over a decade, Nvidia has held the largest share of the market for standalone graphics processors, while AMD has held the second largest share. However, starting in 2022, INTEL officially announced its entry into the discrete graphics card market, allowing dGPUs to enter the Three Kingdoms period: Nvidia accounts for about 80%, and the rest is divided between Intel and AMD.

According to the latest GPU market data report released by the statistical agency Jon Peddie Research (JPR), the shipment volume of GPUs used in PCs (including

both integrated and discrete graphics cards) in the third quarter of 2023 reached 71.9 million units, a 16.8% increase from the previous quarter, a 5.1% decrease year-over-year. Over the long term, Jon Peddie Research forecasts a compound annual growth rate of 4.18% for GPUs from 2022 to 2026. The prediction suggests that by the end of 2026, the installation base will approach 5 billion units, with the penetration rate of discrete graphics cards in PCs expected to reach 30% over the next five years.

② Personal Computer Market

According to the Canalys' data, in the fourth quarter of 2023, global PC shipments increasing by 3% year-on-year, ending seven consecutive quarters of year-on-year decline. The rebound of the overall PC market has naturally boosted the CPU market. According to a new research report from the market research firm Jon Peddie Research, the growth of the global PC client-based CPU units market reached 67.25 million units in Q4 2023, up 9% quarter to quarter and 24% year to year, which is far beyond the market's expectations. PCs will see three major benefits in 2024, boosting the industry's momentum back on track for growth, mainly including the current PC inventory level at a healthy level, the business opportunities for the wave of machine replacement after the 2020 pandemic, and the fact that Microsoft will stop supporting Window 10 updates in October 2025, which will significantly increase the motivation of enterprises to replace products with new ones, help the PC industry to officially bottom out, and ushering in a new wave of shipments. Therefore, it can be understood that the industry is on an upward trend.

As for the recent selling point of the PC industry, it is not only to benefit from the business opportunities for the wave of machine replacement, with the thriving development of generative AI applications in recent years, the demand for AI inference, which used to rely heavily on cloud data centers, is now trending toward AI applications directly on the terminal devices, making the AI PCs the center of attention in the PC industry. The impact includes hardware updates and major changes in the user scenarios and supply chain reorganization. The huge business opportunities in the AI PC industry have become a battleground for many big firms. As more R&D resources and funds continue to be invested, AI PCs will become a key player in moving the industry towards the next peak.

③ Notebook Computer Market

According to research firm TrendForce, there is no sign of obvious recovery in the global notebook market in 2023, with shipments estimated at 176 million units, a 6.9% annual decline. Market demand is affected by negative factors such as inventory, the Russian-Ukrainian war, and rising inflation, leading to a downward revision of notebook market shipments in 2022 to 189 million units, a 23% decline YoY, with the proportion of shipments in the first and second half of the year at 53:47, the first top-heavy scenario in the past ten years. As notebook computer inventories are gradually depleted and operating systems change from generation to generation, the demand for replacing old ones with new ones increases. Therefore, the demand for notebooks in 2024 will improve quarter by quarter. According to research firm TrendForce, the global notebook market is projected to experience a modest annual growth rate of approximately 3.6% in 2024. Shipments are expected to reach 172 million units. The year 2024 is set to be a critical period for the development of AI PCs. The notebook market is anticipated to return to a balanced supply and demand cycle in 2024.

④ Telecom, server market:

To meet the high-speed computing requirements of the cloud, 5G public cloud, 5G private network, AI and edge computing, semiconductor processes are evolving toward a more sophisticated nano-process and wafer-level 3D packaging. In addition to the continual reduction in chip size, more transistors have been integrated, resulting in a greater heat impact. Even more so, high-speed computing and high-speed transmissions that operate continuously, even around the clock, significantly increase the high heat frequency.

Smart edge computing combines advanced wireless connection technology, condensed computing capability, and AIs installed near the data usage and generation equipment. Following the enhancement of cloud computing, data analysis, and AI, the technology represents the evolution and integration of industrial monitoring, automated manufacturing, utility business management, and telecom. A corresponding equipment and IC efficiency have become the biggest challenge to heat dissipation. The foregoing equipment will play a main role in each country's infrastructure. 24-hour operation, fast transmission, stable signal, power-saving, and climate-resistance are the basic features required for all telecommunication products. Therefore, high air volume, high wind pressure, high and broad voltage, IP protection, power-saving, and intelligent circuit design are the focuses of development.

In 2023, ChatGPT caused the world to fall into AI craze, and nVidia is leading the AI trend, dominating the market with its renowned data center GPUs A100 and H100. Considering the high computing power of nVidia GPUs, CSP companies can only speed up the self-developed AI special application chips. The self-developed custom chips can be used in combination with their own models and applications. In addition, from the perspective of data centers, they can also save power. It is expected that the battlefield for AI chips in 2024 will not only be among the four major CSPs in North America. AMD's GPU MI300X will enter mass production in 1Q24 to 2Q24, and Intel has the Habana Gaudi and its own GPU Max series, which are just the most powerful products available. AI is constantly evolving, and Large Language Models (LLMs) may not be the only solution. Companies are constantly improving and upgrading product designs to meet future market demands and applications. Looking ahead to 2024, Gartner indicated that enterprise IT spending will see high single-digit growth, with server system spending reaching $146 billion, an annual increase of 8.4%. AI servers are still a hot topic in the server market. Instead of GPU-based AI servers, various types of self-developed AI application-specific chip servers from various CSPs are expected to lead the trend in 2023. The overall server shipments in 2024 are estimated to be 13.3 million units, with an annual growth of 5%. However, the unit prices of AI server products can indeed be quite substantial, which may lead to a downward revision of the overall number of servers.

(4) Competitive niche

① The diversity of one-stop production lines, mass production, and planning management-based manufacturing advantage meet customers' demand for delivery flexibility as well as market changes.
② Setup of independent production lines: Products with high products in small quantities and large diversities (machine models) in response to new products on the market.
③ The Company maintains long-term positive partnerships with its major customers to jointly develop new products and provide opinions and demands, create a closer collaboration mode, and strengthen "working with customers as one" to markets in concerted efforts.
④ Price Competitiveness: Engage in lean production management in response to the pressure of rising costs, promote management improvement through technology improvement and importation of automated equipment, gradually achieving market demand for price drops.

⑤ International Certification: The Company has obtained ISO9001 & ISO14001 system certifications for many years. For ISO/TS16949, the IATF16949 certification was obtained in 2017, and the quality of products manufactured have received much recognition form customers.

⑥ Achieved harmonious labor relations, production efficiency and quality stability.

(5) Advantages and disadvantages of future development and the countermeasures

① Favorable factors

A. Grasp of Research and Development and Markets

We were greatly benefited in the graphic card market. In addition, through our development efforts in sectors covering vehicle on-board device, servers, internet communication, smart home appliance, and gaming laptop, we are capable of offering applications using steam and water cooling technologies, and tapping into high-end technologies including high air volume and wind pressure and low noise, power consumption and vibration, as well as applications in special conditions like high/low temperature, water and dust proof. In the meantime, we are working with our customers on fans controlled by smart circuit for applications in low starting pressure and voltage/current withstanding.

In the cooling fan production process, in addition to integration material applications and fluid mechanics related knowledge, the production technology R&D capabilities of manufacturers have also been put to the test. In addition to professional R&D personnel with a solid background, the Company has also obtained international certifications, including ISO9001 and ISO14001 and has obtained certification from major domestic and foreign manufacturers, a full indication of the Company’s receiving affirmation and recognition.

B. Increased Market Demand

(A) Increased chip and memory performance and energy consumption, and higher operating temperatures have resulted in higher operating temperatures are driving demand for more high-end, advanced cooling products.

(B) The market demand for the equipment with algorithmic efficiency and de-heating power consumption is steadily increasing.

(C) The trend towards miniaturization, thinness, and high performance in customer demand for de-heating products is in the technology leader's favor.

(D) Tighter carbon footprint regulations have made customers more willing to replace their motors and fans with more energy efficient ones as applications.

(E) The development trends such as the Internet of Things (IoT), artificial intelligence (AI), 5G communication devices, and high-performance computing are driving more demand.

(F) AI servers/PCs, with powerful computing power of their core components, have seen the machine’s Thermal Design Power (TDP) rise dramatically, driving iterative updates to cooling systems.

C. Product Competitiveness

Effective cost control gives the Company a better competitive edge, which is coupled with the high level of internalized production at present and a rapidly accelerating degree of automation.

(A) Provide customers with instant and rapid services.

(B) Provide unit prices with market competitiveness.

(C) Shipments are in cooperation with customers’ required delivery dates.

(D) Increase production output and reduce process defective rates.

(E) Provide customers with technical support.

(F) Vertical integration of key components is technically complete.

(G) Collaborative design with customers, good co-development capabilities, fast response time, and strong customization ability

② Unfavorable Factors and Specific Coping Strategies

A. Fierce Market Competitiveness

Due to the increasing competition in PC products, electronic components have been facing increasing pressure to lower prices. With the shorter life cycle of PC products and numerous competitors, the industry's under greater competitive pressure.

Responsive strategies:

Fully grasp market changes actively enhance R&D design and management capabilities, strengthen supply chain vertical integration, enhance internalization level, and accelerate automated production.

B. Increase of Labor costs

Due to rapid cross-trait development, increased national income, and yearly wage increases in recent years, labor requirements and production costs increase every year. Moreover, the current cooling fan assembly process requires manual assembly, testing, and packaging, resulting in operational pressure.

Responsive strategies:

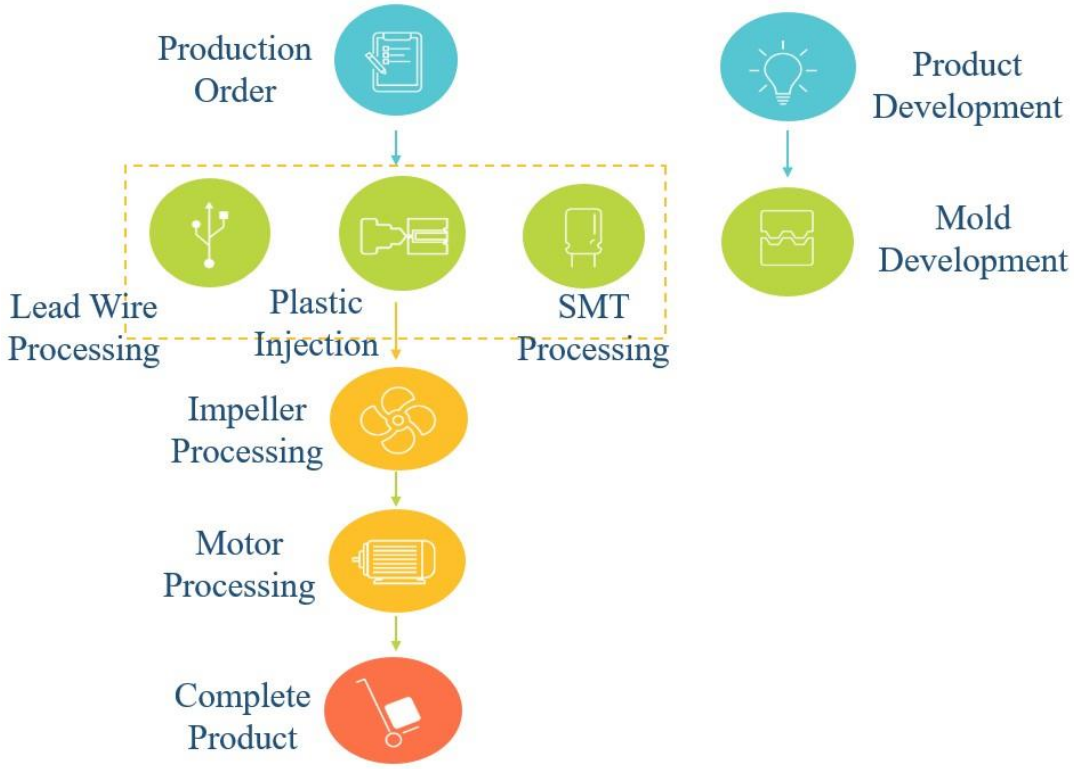
Since the company's primary production base is in mainland China, it has improved and accelerated production automation to decrease the need for labor in the production process and increase the efficiency and productivity of the production line. This was done in response to the rise in production costs brought on by the annual increase in labor wages in the mainland. Apart from developing high performance and high profit products, the Company also developing cross-field products to increase added value.

2. The purpose of key items and production process

(1) Intended use of the main products

Main products	Important Uses
Cooling fan	e-sports, PC, NB, Communication network, industrial control, vehicle, home appliances, and other mechanical cooling components.

(2) The production process of the main products



3. Supply of key materials

Main raw materials	Main Sources	Supply status
IC	China/Taiwan	Good
Bearing	China/Taiwan	Good
Plastic material	China/Taiwan	Good
Diode	China/Taiwan	Good
PCB	China/Taiwan	Good
Packaging material	China/Taiwan	Good
Enameled wire	China/Taiwan	Good
Capacitance	China/Taiwan	Good
Silicon lamination	China/Taiwan	Good
Copper alloy	China/Taiwan	Good

(1) List of key customers for purchase and sales: Names of suppliers accounting for more than 10% of the total purchase in any of the last 2 years, the amount of purchase and proportion to total purchase, and explain the reasons for the changes

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer
1	Manufacturer A	57,765	11.77	None	Manufacturer A	49,443	10.24	None
2	Manufacturer B	27,586	5.62	None	Manufacturer B	53,577	11.10	None
3	Others	405,381	82.61	None	Others	379,692	78.66	None
	Purchase - net	490,732	100.00		Purchase - net	482,712	100.00	

The decrease in net revenue and net purchases in 2023, with the decrease in net purchases proportionately less than that in revenue was due to inventory de-stocking in 2022 as a result of an increase in safety stock because of global supply chain shortage. As the shortage of materials was alleviated, the lead time was reduced.

The increase in purchases from Manufacturer B in FY2023 was due to the increase in shipments of major products used by Manufacturer B. As a result, purchases from Manufacturer B increased by NT$25,991 thousand compared to the same period of last year, which accounted for a higher percentage of net purchases for the year.

(2) Names of customers accounted for more than 10% of the total sale in any of the last 2 years, the amount of sale and proportion to total sale, and explain the reasons for the changes:

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer
1	Customer A	388,678	23.43	None	Customer A	239,184	17.30	None
2	Customer B	339,688	20.48	None	Customer B	238,443	17.25	None
3	Others	930,222	56.09	None	Others	904,583	65.45	None
	Net sales	1,658,588	100.00		Net sales	1,382,210	100.00	

In 2023, the global economy was affected by rising inflation in the international market, sluggish demand in the end market and adjustments in industrial inventories, which resulted in slower economic growth and weaker consumption, bringing about a 16.66% decrease in the Company’s revenue in 2023 as compared to the same period in 2022.

4. Production volume and value in the last 2 years

Unit: NT$ 1,000/ 1,000 set

Main Products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
E-sports	18,243	13,682	1,011,069	20,086	14,060	1,002,155
General cooling	1,069	802	89,210	457	320	26,770
Communication	299	224	16,290	521	365	33,186
Industrial control and home appliances	1,288	966	54,960	443	310	28,409
Vehicles and other	1	1	679	275	193	12,592
Total	20,900	15,675	1,172,208	21,782	15,248	1,103,112

The main production capacity for 2023 is focused on gaming graphics card fans as the primary manufactured product

5. Sale volume and value in the last 2 years

Unit: NT$ 1,000/ 1,000 set

Main Products	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
E-sports	12,842	1,199,580	1,435	202,845	11,196	1,056,531	1,605	192,350
General cooling	888	78,165	351	46,518	311	27,964	63	6,674
Communication	39	3,736	179	16,496	204	21,251	163	16,798
Industrial control and home appliances	1,115	64,396	196	17,419	102	10,979	244	27,045
Vehicles and other	1,745	27,515	15	1,918	70	5,329	289	17,289
Total	16,629	1,373,392	2,176	285,196	11,883	1,122,054	2,364	260,156

In 2023, the global economy was constrained by rising inflation in international markets, weak demand in end markets, and inventory adjustments within industries, leading to a slowdown in economic growth and weakened consumer spending. As a result, the company's revenue in 2023 decreased by 16.66% compared to the same period in 2022.

III. Number of employees in the last 2 years to the date this report was printed.

Unit: person; year; years old

Year		2022	2023	March 31, 2024
Employee No.	Direct labor	468	455	428
	Indirect labor	358	333	359
	Total	826	788	787
Average age		41.26	30.7	30.97
Average seniority		6.26	4	3.74
Academic qualification	Doctoral Degree	0.53%	0.43%	0.40%
	Master	19.90%	14.38%	14.10%
	College	51.23%	22.13%	21.58%
	Below Senior High School	41.85%	46.72%	46.55%

IV. Information on spending on environmental protection

In the last fiscal year and until the publication date of the annual report, loss caused by environmental pollution (including damages and environmental audit result indicating violation of environmental laws and regulations, where sanction date and number, violated laws and their content and sanction content shall be specified), estimated amount that could be incurred currently and in the future, as well as the response plan shall be disclosed. In the event it cannot be reasonably estimated, the fact that causes the reasonable estimate to be unavailable shall be explained: None.

The Company's expenses relating to environmental protection are explained below:

1. Permit of the installation of pollution treatment facility, or permit for emission of pollutants, or the payable fees for anti-pollution treatment, or the appointment of the designated body and personnel for environmental protection under law, and the status of licensing, payment or installation of such facility:

   (1) Pollution Facility Setup and Pollutant Discharge Permit

   DONG GUAN DONG LI DIAN ZI CO. LTD., POWER LOGIC TECH (TAI YI) CO., LTD and Taiyi (Jiangxi) Electronic Technology Co., Ltd., mainly produce cooling fans and use plastic parts, circuit boards, silicon lamination, enamel wires, magnetic strips, metalclad, and wire as raw materials. The main process equipment includes injection machines, winding machines, pin inserting machines, tin furnaces, soldering irons, placement machines, oscilloscopes, pneumatic presses, etc. Pollutant Discharge and Environmental Impact Rating on Construction Projects and environmental Protection Application Form by Dongguan Environmental Protection Bureau (Changping Branch): No impact on surrounding environment and no industrial wastewater discharge with signatures affixed as confirmation. Dong Guan Dong Li Dian Zi Co. Ltd. passed the ISO 14001 international environmental management verification on June 11, 2007. Power Logic Tech (Tai Yi) Co. Ltd. passed the certification in May 2018, and Taiyi (Jianxi) Electronic Technology Ltd. also passed the certification in July 2020.

   Since the processes cause no pollution, only waste disposal by a commissioned certified company according to provisions needs to be done. There is no need to apply for a pollution prevention and control certificate or set up pollution prevention and control facilities.

A. DONG GUAN DONG LI DIAN ZI CO. LTD. signed a service contract for hazard treatment with Yuelong Environment Technology in Guangdong (2023/06/01~2024/05/31) to dispose industrial waste and liquid during the production process. A contract was signed with Dongguan Lvsheng Environmental Protection (2023/09/20~2024/09/19) for solid waste disposition.

   Powerlogic (Jiangxi Tai Yi) entered into the Hazardous Waste Disposal Service Agreement with Jiujiang Puze Environment Technology Ltd. (contract duration: 2023/08/01 to 2024/07/31), and entered into the Regular Solid Waste Disposal Service Agreement with Hongfa Renewable Resources Recycle Liyong Co., Ltd. (contract duration: 2023/07/18 to 2024/07/17).

B. DONG GUAN DONG LI DIAN ZI CO. LTD. has been certified by the local environmental protection administration for its waste water treatment. No further associated agreement is needed.

   POWER LOGIC TECH (TAI YI) CO., LTD discontinued production in 2020; No further agreement for waste water treatment is needed.

(2) Payable fees for anti-pollution treatment

A. On the setup of Power Logic Tech. Inc. in Tianwei Village, wastewater treatment fees were paid to the Tianwei Village Committee. In 2014, payments were instead paid to Guangdong GDH Water Company Limited The basis of payment was computed by tap water usage. In 2014, the payment totaling RMB 82,135.36; in 2015, the payment totaling RMB 45,174.44; in 2016 the payment totaling RMB 77,738.40; in 2017, the payment totaling RMB 71,570.4; in 2018, the payment totaling 61,973.40; in 2019, the payment totaling RMB 48,510.3; in 2020 the payment totaling RMB 84,075.29; in 2021 the payment totaling RMB 197,705.90; in 2022 the payment totaling RMB 43,862.30; in 2023 the payment totaling RMB 37,345.59.

B. Powerlogic Tech (Tai Yi) pays its sewage treatment fees to the Wan Jin Industrial Park. The sewage treatment is handled by the Wan Jin Industrial Park. The total amount of water bills (including the sewage treatment fees) in 2017 was RMB 124,442.39.

   The total amount of water bills (including the sewage treatment fees) was RMB 171,886.65 in 2018, RMB 292,139.61 in 2019, and RMB 101,330 in 2020. Powerlogic Tech (Tai Yi) Co., Ltd. relocated to Room 101, Building 1, No. 19, Tianheng Road, Changping Town, Dongguan City, Guangdong Province in September 2020.

C. Taiyi (Jianxi) Electronic Technology pays its sewage treatment fees to Anfu County Water Construction Company. The fee is calculated based on the tap water consumption. The total fee was RMB 11,762.40 in 2019, RMB 56,558.40 in 2020 and RMB 53,431.20 in 2021. In 2022 the payment totaling RMB 47,958.00; in 2023 the payment totaling RMB 44,606.40.

2. Specify the investment in the major equipment of the Company for environmental protection and anti-pollution, the purpose and desired result: None.

3. The effort of the Company in the improvement of the environment from pollution in the last 2 years to the date this report was printed. If there is dispute concerning pollution, specify the process of responding to the situation: Not applicable.

4. Describe the status of pollution and corrective action, and the influence on the earnings, competitive position, and capital expenditures of the Company, and the major capital expenditures for environmental protection projected in the 2 years ahead

(1) Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years.

(2) Expected environmental protection capital expenditure in the next two years: None.

V. Labor-Management Relations

(I) The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination, and the protection of the rights of the employees:

1. Staff fringe benefits

Regarding welfare measures for employees of the Company's subsidiaries, in addition to National Health Insurance and Labor Insurance provisioned in Labor Standards Act of the Republic of China, employees are also insured with accident insurance and group insurance and are entitled to the following employee welfare measures: perfect attendance bonus, birthday cash gift, year-end bonus, bonus for three major holidays, incentive bonus, performance bonus, monthly birthday parties, year-end banquet, employee wedding cash gift, maternity allowance, funeral allowance, employee domestic (overseas) education grant, hospitalization consolation money for employees, 2-day weekends, maternity leave for male employees, special leave, annual leave, employee retirement allocation, etc., which guarantee employee benefits.

For staff in the Dongguan and Jiangxi Plant, in addition to social pension insurance, hospitalization, outpatient clinic medical insurance, unemployment insurance, industrial injury insurance, and maternity insurance insured by law, there are job promotion and salary raise opportunities every year to timely award employees with outstanding performance. Depending on the company operational performance and employment performance assessments, monthly bonuses and year-end bonuses are distributed. In collaboration with the Welfare Committee, achievement recognition activities are held during major holidays, and annual gatherings are held at the end of the year. The Company promotes proposal improvement activities. If a proposal effectively enhances efficiency or reduces costs, cash prizes are awarded as encouragement.

2. Education and Training Situation

The Company focuses on talent cultivation and employees' in-service education and training, in the hope of enhancing employees' overall literacy and work skills.

(1) Pre-service Training

The Management Department shall commence pre-service training on incoming personnel based on job function and the condition of newcomers in order for them to understand the Company's development history, corporate culture, management rules, industrial safety, environmental management, production processes, quality control, regulatory and legal contents, concept training, etc.

(2) Pre-service Professional Training

Special and professional personnel and personnel of national regulated jobs involving higher risks/special tasks. Before officially commencing work and led by the Management Department, the Recruitment Department shall implement professional pre-service training or commissioned training. Employees may take up their job past after obtaining qualification. The Management Department shall retain and monitor the relevant job transfers, transfer training and qualification evaluation records.

(3) On-the-job training

External training, online education, lectures, etc. are scheduled periodically to enhance employees' job-related skills and knowledge so that they can achieve their career development and planning goals and effectively apply their newfound knowledge at work, thereby enhancing their self-esteem.

(4) Professional Skill Training

R&D employees should keep up their fundamental skills while working. Our company occasionally offers external training and other advanced courses in order to keep up with the market's rapid changes, enabling employees to maintain the necessary skill levels and fulfill career requirements.

(5) The 2023 staff advanced study and training

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
1	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Training Course for Climate Action Management Personnel of Listed Companies	2023/3/20~ 2023/3/22	40	Chen Ying-Ju
2	External Training	Specialized Knowledge and Technical Training	Chinese Human Resource Management Association	Labor Laws and Regulations and Employment Service Training Course	2023/4/23- 2023/6/11	54	Yang, Jui-Tzu
3	External Training	Specialized Knowledge and Technical Training	Taipei Exchange	2023 Bond Market Seminar	2023/4/26	3	Chen Ying-Ju
4	Internal Training	Insider Trading	Internal Training	Online training on laws and regulations regarding insider trading prevention in the first half of 2023	2023/5/19	Email advocacy	62 persons including all directors and staff
5	External Training	Specialized Knowledge and Technical Training	Accounting Research and Development Foundation	Practical Analysis of the Impact on Financial Reports from the Latest "Sustainable Development Action Plan" and Net-Zero Carbon Emissions	2023/6/21	6	Lixang Zhang
6	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Seminar on Action Plan for Sustainable Development of TWSE/TPEx Listed Companies	2023/7/13	3	YAO, Cheng-Min
7	External Training	Specialized Knowledge and Technical Training	Accounting Research and Development Foundation	Continuing education for accounting executives from security issuers, security brokerages and security exchanges	2023/7/13- 2023/7/14	12	Lu, Li-Wei

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
8	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	YAO, Cheng-Min
9	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	Lixang Zhang
10	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	Seminar for TWSE/TPEx Listed Companies on How to Cope with the New Rules for Overseas Securities Offering and Listing by Domestic Enterprises in Mainland China	2023/8/15	2	Lu, Li-Wei
11	External Training	Specialized Knowledge and Technical Training	Concord Securities Co., Ltd.	How to Cope with the New Rules for “Overseas Securities Offering and Listing by Domestic Enterprises” in Mainland China for TWSE/TPEx Listed Companies	2023/8/15	3	Chen Ying-Ju
12	External Training	Specialized Knowledge and Technical Training	Accounting Research and Development Foundation	Continuing education for accounting executives from security issuers, security brokerages and security exchanges	2023/8/24-2023/8/25	12	YAO, Cheng-Min
13	External Training	Specialized Knowledge and Technical Training	Jetsoft Technology Co., Ltd.	Seminar on Sustainable Design on the Two-pronged Approach of Weight Reduction Optimization X Intelligent Material Selection (Banqiao	2023/9/6	3	Liao Wei-Hung

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
				Hilton)			
14	External Training	Specialized Knowledge and Technical Training	Jetsoft Technology Co., Ltd.	Seminar on Sustainable Design on the Two-pronged Approach of Weight Reduction Optimization X Intelligent Material Selection (Banqiao Hilton)	2023/9/6	3	LIU Chih-Hao
15	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	HSU Wen-Faung
16	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSU Wen-Faung
17	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	LAI, Jen-Chung
18	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	LAI, Jen-Chung
19	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	Chang Yuan-Fen
20	External Training	Specialized Knowledge and Technical	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of	2023/9/22	3	Chang Yuan-Fen

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
		Training		Management Rights under Corporate Governance 3.0			
21	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	HSIEH, Yu-Tien
22	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	HSIEH, Yu-Tien
23	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	CHEN, Tien-Szu
24	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	CHEN, Tien-Szu
25	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	CHIU, Shih-Fang
26	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	CHIU, Shih-Fang
27	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the	2023/9/22	3	Kuan Chih-Liang

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
				Perspective of ESG Corporate Sustainability Development			
28	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	Kuan Chih-Liang
29	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	YAO, Cheng-Min
30	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	YAO, Cheng-Min
31	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	WANG, Chien-Ta
32	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	Security Governance Strategies for TWSE/TPEx Listed Companies from the Perspective of ESG Corporate Sustainability Development	2023/9/22	3	HUANG Chia-Lieh
33	External Training	Specialized Knowledge and Technical Training	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	2023/9/22	3	WANG, Chien-Ta
34	External Training	Specialized Knowledge and Technical	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of	2023/9/22	3	HSIEH, JUNG-CHUNG

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
		Training		Management Rights under Corporate Governance 3.0			
35	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Insider Trading Prevention Publicity Conference	2023/10/13	3	YAO, Cheng-Min
36	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	The Latest Trends in Corporate Governance Based on Corporate Governance Evaluation Indicators	2023/10/16	6	LIN Chung-Hua
37	Internal Training	Insider Trading	Internal Training	Online training on laws and regulations regarding insider trading prevention in the second half of 2023	2023/10/17	Email advocacy	57 persons including all directors and staff
38	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	Internal Audit Guidelines for Compliance with Laws and Regulations	2023/11/8	6	CHEN,CHI-CHENG
39	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	Policy analysis of “Self-Prepared Financial Statements” and ”Sustainability Report” and Guidelines for Internal Audit and Internal Control Practices (Including the “Sustainable Development Action Plans for TWSE and TPEx Listed Companies (2023)”)	2023/11/9	6	LIN Chung-Hua
40	External Training	Specialized Knowledge and Technical Training	Taiwan Securities Exchange Corporation	Listed company business propaganda in 2023	2023/11/13	3	Chen Ying-Ju
41	External Training	Specialized Knowledge and Technical Training	The Institute of Internal Auditors, R.O.C	How to Prevent Major Financial Scams (Short-Selling, Insider Trading, Transfer of Benefits, Stock Price Manipulation,	2023/11/14	6	CHEN,CHI-CHENG

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
				Non-arm's Length Transaction , Misrepresentation of Financial Statements, etc.)			
42	External Training	Specialized Knowledge and Technical Training	UCOM IT Training Center	AZ104 Microsoft Azure Administrator Certification Course	2023/11/4 2023/11/5 2023/11/11 2023/11/12 2023/11/18	35	WU, CHIA-TENG
43	External Training	Specialized Knowledge and Technical Training	Otter technology co., ltd.	Training for supervisors of type B occupational safety and health business	2023/11/1311/15 2023/11/20~11/21	35	Yang, Jui-Tzu
44	External Training	Specialized Knowledge and Technical Training	Chinese Association of Fire Protection	Fire Protection Manager Initial Training Program	2023/12/19~12/20	12	Liu, Ying-Wen
45	Internal Training	Career and professional development	iShare Technology Service Co., Ltd. Teacher Andy	Accountability and High-Performance Team	2023/6/15	3	A total of 81 persons including supervisors in Taipei, Dongguan, and Jiangxi
46	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	Operation Practices of Greenhouse Gas Inventory Activity Data	2023/7/21	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi
47	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	Operation Practices of Greenhouse Gas Inventory Activity Data	2023/8/17	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi
48	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	Carbon Accounting Method	2023/10/26	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi
49	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	Carbon Accounting Method	2023/11/28	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi
50	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	ISO 14064-1 Procedure Document Description	2023/12/13	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi
51	Internal Training	Specialized Knowledge and Technical Training	Ahead International Management Consulting Co. Ltd.	How to Create a Greenhouse Gas Inventory	2023/12/28	3	A total of 68 persons including supervisors in Taipei, Dongguan, and Jiangxi

No.	Type	Training Content	Course Unit	Course Name	Class Time	Class Hours	Participants
					Total time	338	

3. The Company's retirement policy and execution

The employees of the affiliates in Taiwan will be subject to the retirement policies in the work rules, the Labor Pension Act and relevant regulations when processing their retirement benefits. Currently the new pension system applies. The Company pays 6% of the employee's total monthly wage into the employee's personal pension account every month. As of December 31, 2023, there are 59 employees enrolled in the new system. There are two employees who allocate their monthly wages based on the voluntary allocation rate into their personal pension account at the Labor Insurance Bureau. No employee applied for retirement in 2023.

The Company's main operating base is located in Dongguan City, Guangdong Province, and Ji'an City, Jiangxi Province China. Insurance premiums for each employee are appropriated on a monthly basis and paid to local social insurance bureau. After the employee reaches the statutory retirement age, he/she can apply for a pension from the Social Insurance Bureau.

1. Retirement eligibility:

(1) Employees who meet one of the following circumstances may apply for retirement:

(a) Workers who attain the age of 55 and have worked for more than 15 years.
(b) Workers who have worked for more than 25 years.
(c) Workers who attain the age of 60 and have worked for more than 10 years.

(2) The Company may force the retirement of any employee who has any of the following situations:

(a) Workers who attain the age of sixty-five. The age for any position that is dangerous or requires strong physical condition may be adjusted after the Company reports to the central competent authority but shall not be less than 55 years old.
(b) A worker who is unable to perform his/ her duties due to disability.

2. Criteria of new pension payment system

(1) Any employee reaching age 60 or the statutory age may immediately apply with the Labor Insurance Bureau for the payment of pension.
(2) The new pension system will pay 6% of the employee's total monthly wage into the employee's personal pension account every month according to the schedule of wage levels approved by the central competent authority.

4. Agreement between labor and management and various employee benefit maintenance measures

The Company establishes labor–management meeting on March 29, 2018 according to Article 83 of the Labor Standards Act "A business entity shall hold meetings to coordinate worker–employer relationships and promote worker–employer cooperation and increase work efficiency."Rules relating to the labor–management conference all proceeded in accordance with laws and regulations on March 29, 2018. We held four labor-management meeting 1 in 2023 (on January 9, 2023, April 11, 2023, July 4, 2023, and October 16, 2023)

to discuss about and voted on various labor issues. In addition, the Company always care about employees' interests, and adopts proactive attitude to communicate with the employees, implements human centered management to strengthen labor-management relationship and centripetal force. Apart from setting up an appeal channel and a work team, employees can reflect their opinions at any time by e-mail or suggestion box. The labor and management communication channel is smooth and its implementation is in good condition.

5. Employee working environment and personal safety protection measures:

The company's Taiwan subsidiary office is used by offices and R&D units.

Item	Contents
Access Control Security Management	1. The office building has a 24-hour security and surveillance system.
	2. Personnel access control requires an access card.
Equipment maintenance and inspection	1. Inspection and maintenance electrical equipment, air conditioning equipment and firefighting equipment.
	2. According to the provisions of the Fire Protection Law, the qualified Fire Company is entrusted with the maintenance declaration of fire safety equipment every year.
	3. Regular inspections are carried out in accordance with the safety inspection rules for dangerous machinery and equipment of Labor Safety Law.
	4. Maintain drinking water equipment regularly to ensure safe drinking water.
Disaster prevention measures and response actions	1. Twice a year (around June/November), drills on disaster avoidance, evacuation, and the use of fire extinguishers are taking place with the help of the factory building management committee in accordance with building and fire regulations to minimize injuries and property damage.
	2. On a semi-annual basis, in accordance with the latest Fire Protection Plan which has been developed and submitted for review, promote knowledge on various disaster prevention and control, and organize fire-fighting drills, notification, and evacuation guidance teams in order for the personnel to familiarize themselves with the identification of fire risk and specific disaster mitigation
	3. Site fire protection managers are selected, who should be retrained every three years (one person by the end of March 2024); occupational safety and health supervisors are selected, who should receive 6 hours of on-the-job training every two years (two persons by the end of 2024) to implement self-regulation respond to change, and ensure the safety and health of employees at the workplace.

Dongguan, Jiangxi Production Base

Protective measures and implementation for work environment and personal safety of employees	
Item	Specific implementation situation
Occupational Hazard	1. Occupational Hazard
	1.1 Each year, the company entrusts professional third parties regularly to test the "Factors on Occupational Hazards in the Workplace" and issue test reports.
	1.2 Develop occupational disease emergency plans and conduct pre-planning exercises regularly to reduce hazards in the workplace.
Self-inspection of Safety Production	2. Self-inspection of safety production: The self-inspection of the unsafe factors that may be generated by employees in the face of different working environments, processes and operations, and the detection and improvement of potential hazards and effective control.
	2.1 Equipment operation: SOP is established for all equipment operation according to the process. The staff can operate according to the SOP after passing the training and issuing the work permits.
	2.2 Machine maintenance: The machine operator needs to maintain the machine daily, and the production department needs to maintain the machine regularly.
	2.3 Job training: Educate and train the employees in the workshop and special positions according to the annual training plan.
	2.4 Precautions: Devices are equipped with protective measures to reduce the chance of occupational injuries.
	2.5 False alarm incident: Improve the site where the environment may cause injury or harm.
Working Environment	3. Working Environment
	3.1 Fire safety: According to the fire laws and regulations, the factory entrusts a third party to carry out fire inspection each year and pass fire inspection.
	3.2 Fire equipment inspection: The security guards should check all firefighting equipment every month and repaired or replaced immediately if the equipment is out of date or out of order.
	3.3 Disaster prevention training: Conduct disaster response and firefighting drill every six months to ensure the safety of working environment.
	3.4 Environmental Testing: Waste water, waste gas and environmental noise are tested regularly every year.
Factory Safety	4. Factory Safety
	4.1 Security guards are stationed and patrolled in the factory 24 hours a day.
	4.2 There is a strict access monitoring system.

(II) In the last fiscal year and until the publication date of the annual report, loss caused by labor disputes (including violation of the Labor Standards Act found during labor inspection, where sanction date and number, violated laws and their content and sanction content shall be specified), and the estimated amount that could be incurred currently and in the future, as well as the response plan, shall be disclosed. In the event it cannot be reasonably estimated, the fact that causes the reasonable estimate to be unavailable shall be explained:

The Company practices labor policies in accordance with the law. Regarding the inconsistence in the recognition of labor rights and interests, it will be resolved according to consensus and statutory methods. There is no major dispute arising from labor relations. Therefore, there is no loss due to labor disputes.

VI. Information and communication security management

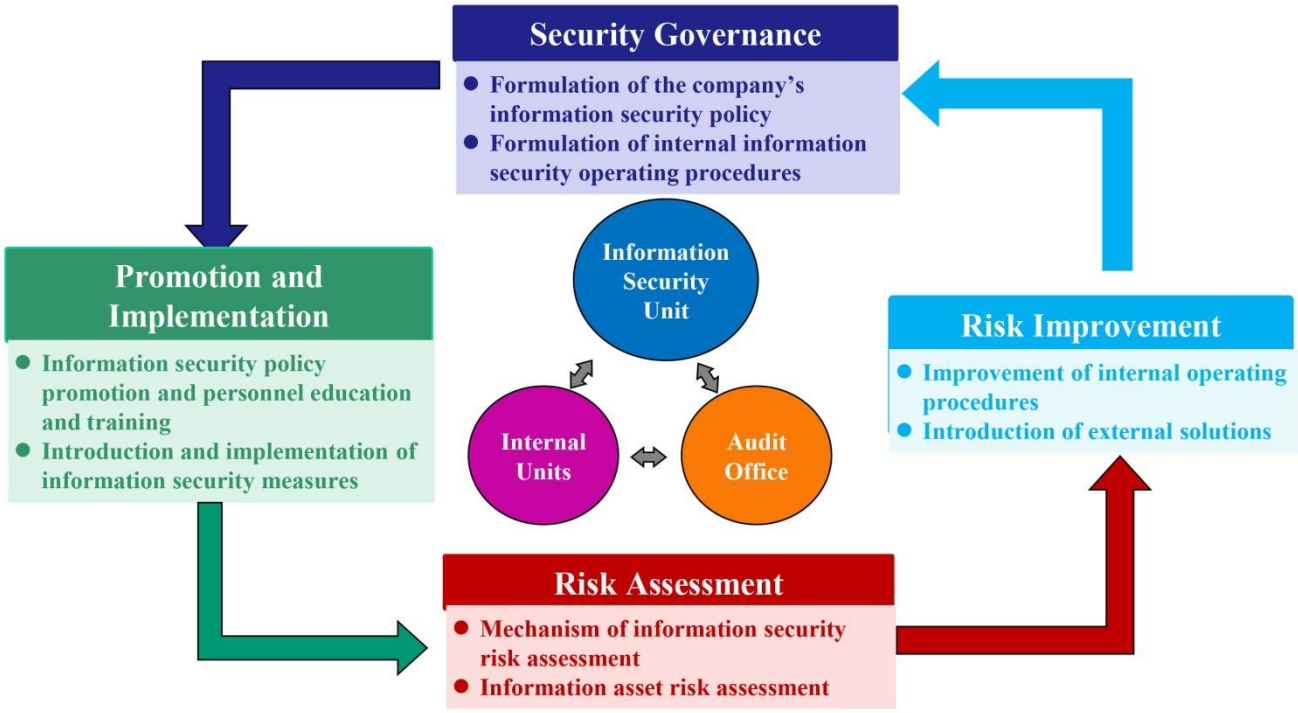
(I) Framework information and communication security management, information and communication security policies, specific management plans, and resourced inputted into information and communication security management:

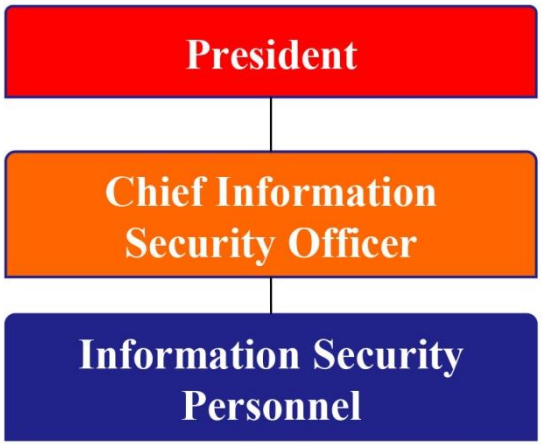
I. Information and Communication Security Organization Structure

The information security responsibility of the Company is under the jurisdiction of Information Security Unit, which has one chief information security officer and one information security personnel who are designated for formulating company's security policy, planning and executing information security related operations, and promoting and implementing information security policies; additionally, providing a periodic overall report on information security status to the president and the board of directors.

The company's Audit Office serves as supervisory for information security oversight. The department is led by an Audit Manager and dedicated auditing personnel who are responsible for overseeing the internal execution of information security. On the occasion that deficiencies are identified, the department requires the audited unit to submit improvement planning and concrete actions and conduct follow-up on the effectiveness of the implemented improvements to alleviate internal information security risk.

The department adopts PDCA (Plan-Do-Check-Act) cycle management as its organizational operation mode to ensure that reliability targets are met and continuously improved.





II. Information and Communication Security Policy

- **Purpose of information security:**

  To establish secure, reliable computerized work environment; to ensure the security of the Company's data, systems, equipment, and network, in order to protect the Company's continuous operations, customer rights and interests, and the sustainable operation of each unit's information system.

- **Scope of information security:**

  (1) Personnel management and information security education and training

  (2) Computer system security management

  (3) Network security management

  (4) System access control

  (5) System development and maintenance security management

  (6) Information asset security management

  (7) Physical and environmental security management

  (8) Information system sustainable operation plan management

  (9) Information security audit

III. Information and Communication Security Policy and Detailed Management Plan

In order to prevent various external security threats, Sun Max has built a variety of information security protection systems to enhance the security of the overall information environment. In addition, in order to ensure that the internal personnel's operations are in compliance with the company's system and regulations, it has designed operating procedures and introduced information security system tools to implement personnel information security management measures. The specific items implemented this year are as follows:

(I) The company reported on the 2023 information security policy execution status at the board of directors' meeting on November 10, 2023:

1. Introduce Microsoft EDR endpoint protection software to strengthen protection against Trojans, ransomware, and malware on the user's computer
2. Update the backup host and make a backup of LAN (10Gb), enhanced the backup speed and off-site backup for critical servers, and improve data backup speed and shorten recovery time

3. Apply and join the Taiwan CERT/CSIRT Alliance and Taiwan CSIO Alliance, with multiple channels of information exchange to be utilized to create a synergistic defense against cross-domain information security threats Alliance members can exchange information security information through the alliance. There are also discussions and information sharing on various information security questions or important information security issues to achieve the purpose of joint information security defense and enhance the overall information security and prevention of the company.
4. Chief Information Security Officer is required to pass ISO 27001:2022 Information Security Management Systems Lead Auditor and obtain the certificate.
5. Information security personnel is required to attend the iPAS Junior Information Security Engineer Training Program and pass the preliminary examination.

(II) Description of 2023 information security education training:

2023 information security education training courses				
No.	Date	Course Name	Class Hours	Number of participants
1	January 19, 2023	Firewall Upgrade - VPN Connection Software Certificate Update	Email advocacy	58 persons
2	April 27, 2023	Security Reminder: When receiving a suspicious email, please exercise caution and confirm the actual name of the email sender.	Email advocacy	All the company's employees (58 persons)
3	December 1, 2023	Information Security Advocacy_Mobile Security Protection	Email advocacy	All the company's employees (58 persons)
4	January 8, 2023	ISO 27001:2022 Conversion	16	1 person (dedicated to information security)
5	October 12, 2023	iPAS - Introduction to Information Security Management	4	2 persons (dedicated to information security)
6	October 13, 2023	iPAS - Introduction to Information Security Technology	2	2 persons (dedicated to information security)

(II) Losses caused by major information and communication security events in the most recent year and on the day of annual report printing may affect the coping measures. In the event a reasonable estimation fails to be made, explain the facts for failure to make a reasonable estimation:

No such circumstances occurred in 2023 and as of the date of annual report printing.

VII. Important Contracts

(I) Credit and Guarantee Contracts

No	Contract Party	Contract Counterpart	Contract Date / contract Period	Term of Agreement	Limitation Article
1.	DONG GUAN DONG LI DIAN ZI CO. LTD	Chinatrust Commercial Bank	From November 28, 2023 to November 30, 2024	1. The credit line provided by China Trust Bank is RMB 8 million. 2. A foreign issuer acts as a joint guarantor.	None
2.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Chinatrust Commercial Bank	From November 28, 2023 to November 30, 2024	1. The credit line provided by China Trust Bank is RMB 50 million. 2. A foreign issuer acts as a joint guarantor.	None
3.	British Virgin Islands Business Mobility Technology Taiwan Branch	Chinatrust Commercial Bank	From November 13, 2023 to November 30, 2024	1. The credit line provided by China Trust Bank is NT$ 40 million. 2. A foreign issuer acts as a joint guarantor.	None
4.	British Virgin Islands Business Mobility Technology Taiwan Branch	Taishin International Bank Co., Ltd.	From January 26, 2024 to January 31, 2025	1. The credit line provided by Taishin Bank is US$5 million. 2. A foreign issuer acts as a joint guarantor.	None
5.	Taiwan subsidiary (POWER LOGIC TECH. INC)	Taishin International Bank Co., Ltd.	From January 26, 2024 to January 31, 2025.	1. Secured short-term borrowing, NT$121,000,000, from Taishin International Bank. 2. Collateralized properties: A. 3F-5, No. 16, Jian 8th Rd., Zhonghe Dist., New Taipei City; B1, No. 162, Jian 1st Rd., Zhonghe Dist., New Taipei City and 4 plane parking space thereunder (B2-834, 835, 848, 849). B. 2F-4, No. 16, Jian 8th Rd., Zhonghe Dist., New Taipei City; B1, No. 162, Jian 1st Rd., Zhonghe Dist., New Taipei City and 1 plane parking space thereunder (B3-376). C. 6F-2, No. 16, Jian 8th Rd., Zhonghe Dist., New Taipei City; B1, No. 162, Jian 1st Rd., Zhonghe Dist., New Taipei City and 4 plane parking space thereunder (B3-288, 296, 449, 450).	None
6.	Taiwan subsidiary (POWER LOGIC TECH. INC)	Taishin International Bank Co., Ltd.	From June 14, 2022 to June 21, 2027.	1. Secured interim borrowing, NT$220,000,000, from Taishin International Bank. 2. Collateralized properties: 9F, 9F-1, 9F-2, 9F-3, No. 166, Jian 1st Rd., Jhonghe District, New Taipei City; B1, No. 162, Jian 1st Rd. and 10 ramp/plane parking spaces (B2-954, 1072, 1028~1035).	None

(2) Sales Contract

No.	Contract Party	Contract Counterpart	Contract Date / contract Period	Term of Agreement	Limitation Article
1.	DONG GUAN DONG LI DIAN ZI CO. LTD	Auras Electronic Science and Technology Industrial (Kunshan) Co., Ltd.	Effective from January 22, 2016	AURAST Technology (Kunshan) Co., Ltd purchases various products from Dongguan Power Holding CO., Ltd; Dongguan Power Holding CO., Ltd is required to undertake the production or delivery of various products to AURAST Technology (Kunshan) Co., Ltd according to the orders.	None
2.	Samoa Power Holdings Limited	Auras Electronic Science and Technology Industrial (Kunshan) Co., Ltd.	Effective from January 13, 2016	AURAST Technology (Kunshan) Co., Ltd purchases various products from Dongguan Power Holding CO., Ltd; Dongguan Power Holding CO., Ltd is required to undertake the production or delivery of various products to AURAST Technology (Kunshan) Co., Ltd according to the orders.	None

(3) Lease Contract

No.	Contract Party	Contract Counterpart	Contract Date / contract Period	Term of Agreement	Limitation Article
1.	DONG GUAN DONG LI DIAN ZI CO. LTD	Zheng Lihong	From January 1, 2024 to December 31, 2026	Leasing factory building/dormitory, approximately RMB 2,909,426.76 per year	None
2.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Zheng Lihong	From January 1, 2024 to December 31, 2026	Leasing factory building, approximately RMB 533,268.36 per year	None

(IV) Other Contracts

No.	Contract Party	Contract Counterpart	Contract Date / contract Period	Term of Agreement	Limitation Article
1.	British Virgin Islands Business Mobility Technology Taiwan Branch	BU IC Electronics Co.	January 1, 2016 to December 31, 2016 Neither party is not before the expiry of two months written notice to the other party not to renew, the automatic extension of about one year, thereafter likewise.	BU IC Electronics Co. provides marketing, after-sales services and supports for Thermal products in South Korea.	None
2.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	People's Government of Anfu County, Jiangxi Province	Signed and effectuated on July 18, 2019.	Investment agreement, where the government is responsible for realizing business-attraction programs, investment in infrastructures and assistance programs, and the company performs agreed investment and sales amount.	None
3.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Anfu County Industrial Construction Investment Development Co., Ltd.	Signed and effectuated on July 18, 2019.	Transfer Agreement for Real Estate. Purchase of factory building 1, factory building 2 and dormitory building 3 (total price: RMB 86,780,000). The total floor area is 36,088.31 square meters (land price RMB 4,492,790). The term began from January 8, 2018 and ends on January 7, 2068.	None

VI. Financial summary

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

1. Condense balance sheets (International Accounting Standards Board)

Unit: NTD thousands

Item \ Year		Financial information for the last five year				
		2019	2020	2021	2022	2023
Current assets		1,125,867	1,560,883	1,657,290	1,742,443	1,440,052
Property, plant, and equipment		301,539	735,810	762,840	1,086,895	1,092,586
Right-of-use assets.		142,796	49,718	48,194	35,059	25,022
Intangible assets		7,201	5,898	6,445	7,151	8,434
Other assets		184,273	29,316	41,951	71,897	57,861
Total assets		1,761,676	2,381,625	2,516,720	2,943,445	2,623,955
Current liabilities	Before Distribution	399,386	582,285	829,700	674,515	533,811
	After Distribution	440,332	669,843	958,092	811,303	636,274
Non-current liabilities		339,839	426,530	164,526	532,875	331,611
Total liabilities	Before Distribution	739,225	1,008,815	994,226	1,207,390	865,422
	After Distribution	780,171	1,096,373	1,122,618	1,344,178	967,885
Equity of the parent company		1,022,451	1,372,810	1,513,152	1,726,779	1,749,462
Share Capital		275,270	320,695	320,979	341,969	356,403
Capital surplus		549,048	711,425	712,765	777,187	826,927
Retained earnings	Before Distribution	284,678	407,603	538,220	641,142	622,870
	After Distribution	243,732	320,045	409,828	504,354	520,407
Other equity		(71,258)	(51,626)	(58,812)	(33,519)	(56,738)
Treasury shares		(15,287)	(15,287)	0	0	0
Non-controlling interest		0	0	9,342	9,276	9,071
Total equity	Before Distribution	1,022,451	1,372,810	1,522,494	1,736,055	1,758,533
	After Distribution	981,505	1,285,252	1,394,102	1,599,267	1,656,070

Source: Consolidated financial reports of visas audited or reviewed by an accountant in each year or period.

Note 1: Proposal of 2023 earning distribution was resolved by the Board of Directors and will be reported in the shareholders' meeting.

2. Brief Income Statement-(International Accounting Standards Board)

Unit: NT$1,000 in addition to earnings per share

Item \ Year	Financial information for the last five year				
	2019	2020	2021	2022	2023
Operating revenue	1,184,812	1,578,165	1,839,214	1,658,588	1,382,210
Gross profit	313,931	533,447	569,485	515,507	390,973
Operating income	137,267	298,993	333,229	259,797	122,331
Non-operating revenues and expenses	1,620	(37,022)	(7,251)	78,923	53,930
Profit before income tax	138,887	261,971	325,978	338,720	176,261
Current year profit of continuing business units	89,248	163,871	218,095	225,947	118,311
gain(loss) from discontinued operations	0	0	0	0	0
Net profit of current period	89,248	163,871	218,095	225,947	118,311
Current period other comprehensive income (net, after tax)	(33,355)	19,607	(7,186)	30,593	(23,219)
Current period other comprehensive income (Gross)	55,893	183,478	210,909	256,540	95,092
Net profit attributable to parent company	89,248	163,871	218,753	226,013	118,516
Net profit attributable to non-controlling interest	0	0	(658)	(66)	(205)
Total comprehensive income attributable to owners of the parent company	55,893	183,478	211,567	256,606	95,297
Comprehensive income, gross, attributable to non-controlling interest	0	0	(658)	(66)	(205)
Earnings per share	3.44	5.66	6.83	6.90	3.40

Source: Consolidated financial reports of visas reviewed or reviewed by accountants in each year or period

3. Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Certified CPA	Name of the affiliated unit	Opinion
2019	Yang Chengxiu, Lin Wangsheng	Deloitte & Touche	Unqualified opinion
2020	Yang Chengxiu, Lin Wangsheng	Deloitte & Touche	Unqualified opinion
2021	Tung-Ju Hsieh; Wang-Sheng Lin	Deloitte & Touche	Unqualified opinion
2022	Tung-Ju Hsieh; Wang-Sheng Lin	Deloitte & Touche	Unqualified opinion
2023	Tung-Ju Hsieh; Wang-Sheng Lin	Deloitte & Touche	Unqualified opinion

II. Financial ratio analysis

Analytical items \ Year		Financial Analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	41.96	42.36	39.50	41.02	32.98
	Ratio of long-term capital to property, plant and equipment (%)	451.78	244.54	221.15	208.75	191.30
Solvency	Current ratio (%)	281.90	268.06	199.75	258.33	269.77
	Liquid ratio (%)	240.80	214.07	146.95	218.14	227.27
	Interest coverage ratio (times)	11.73	30.16	55.89	32.77	15.39
Operating ability	Account receivable turnover (times)	2.75	2.81	2.84	2.79	2.54
	Days sales in account receivable	132.72	129.89	128.52	130.82	143.70
	Inventory turnover (times)	5.09	4.48	3.43	3.29	4.10
	Average days in sales	71.70	81.47	106.41	110.94	89.02
	Account payable turnover (times)	6.54	4.93	4.94	5.69	6.72
	Property, plant, and equipment turnover (times)	4.61	3.04	2.45	1.79	1.27
	Total assets turnover (times)	0.75	0.76	0.75	0.61	0.50
Profitability	ROA (%)	6.34	8.27	9.11	8.62	4.64
	Return on equity (%)	9.35	13.68	15.07	13.87	6.77
	Percentage of net profit before tax to the paid-in capital (%)	50.45	81.69	101.56	99.05	49.46
	Net profit rate (%)	7.53	10.38	11.86	13.62	8.56
	Earnings per share (NT$)	3.44	5.66	6.83	6.90	3.40
Cash flows	Cash flow ratio (%)	44.94	3.16	0.17	81.13	21.02
	Cash flow adequacy ratio (%)	60.76	30.19	26.38	51.82	48.86
	Cash flow reinvestment ratio (%)	10.43	(1.18)	(4.67)	16.74	(1.03)
Leverage	Operating leverage	1.41	1.23	1.21	1.29	1.68
	Financial leverage	1.10	1.03	1.02	1.04	1.11

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

2023–2022 increase/decrease explanation:

(1) Decrease in times interest earned: The decrease was mainly due to a significant decrease in net income before tax and interest expense for the period.
(2) Increase in inventory turnover (times): As global shortage eases, the material purchased decreased and the safety stock levels reduced, the amount of inventories for the period decreased.
(3) Decrease in property, plant and equipment turnover (times): Revenue for the period declined, and in the absence of major disposals of real property, plant and equipment, the turnover decreased.
(4) Decrease in return on total assets: Revenue and profit declined due to global inflation and sluggish consumption by end users, resulting in a decrease in return on total assets.
(5) Decrease in return on equity: Revenue and profit declined due to global inflation and sluggish consumption by end users, resulting in a decrease in return on equity.
(6) Decrease in ratio of income before tax to paid-in capital: Profit declines, and ratio of income before tax to paid-in capital decreased.
(7) Decrease in net profit margin and earnings per share: Profit declines, and net profit margin and earnings per share decreased.
(8) Decrease in cash flow ratio: The decrease in revenue and profit resulted in net cash provided by operating activities for the period.
(9) Decrease in cash reinvestment ratio: The decrease in cash flows from operating activities due to the decline in profit for the period was insufficient to cover the cash dividends paid in prior periods, causing the cash reinvestment ratio to turn from positive to negative.
(10) Increase in operating leverage: As a result of the decrease in revenue, the related fixed costs remained unchanged, resulting in a larger decrease in net operating income and therefore an increase in operating leverage.

Note 1: Financial data reviewed or audited by the independent CPAs.

Note 2: The financial analysis formulas are as follows:

1. Financial structure
   (1) The ratio of total liabilities to total assets = total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets – inventories - prepaid expense) / current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
   (2) Average collection days = 365 / Accounts receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory value
   (4) Average days in sales = 365 / Inventory turnover
   (5) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
   (6) Property, plant and equipment turnover rate = Net sales / Net average property, plant and equipment
   (7) Total assets turnover = Net sales / Total average asset balance
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
   (2) ROE = Income after taxation/Average net equity
   (3) Pre-tax net profit as a percentage of paid-in capital ratio = pre-tax net profit / period-end paid-in capital
   (4) Profit ratio = net income / net sales
   (5) Earnings Per Share after taxation = (Income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares.
5. Cash flows
   (1) Net cash flow ratio = Net cash flow from operating activities / Current liability
   (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
   (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage:
   (1) Operating leverage = (Net operating revenue-variable operating costs and expenses) / Operating profit
   (2) Financial leverage= Operating profit / (Operating profit - Interest expense)

III. Audit report on the most recent year financial statements by the audit committee

Audit Committee' Review Report

The board of directors has prepared the company's business report, financial statements and earnings distribution proposal for 2023. The financial statements have been audited by Hsieh, Tung-Ju and Lin, Wang-Sheng, certified public accountants of Deloitte CPA Firm and the audit report has been issued. The above-mentioned business report, financial statement and earnings distribution proposal have not been found to be consistent by the audit committee. Therefore, the report is as the above in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act. Please check.

To:
Sun Max Tech Limited

Sun Max Tech Limited
Convener of Audit Committee: HSIEH, Yu-Tien

March 14, 2024

SUN MAX TECH LIMITED and its subsidiaries

Consolidated financial statements and Auditor's Report

2023 and 2022

Address: The Grand Pavilion Commercial Centre Oleander Way,802 West Bay Road P.O. Box32052,Grand Cayman KY1-1208 Cayman Islands

Tel: (02)82263300

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevai

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Independent Auditors' Report

To: SUN MAX TECH LIMITED:

Opinion

We have audited the accompanying consolidated financial statements of SUN MAX TECH LIMITED and its subsidiaries (hereinafter, "SUN MAX Group") which comprise the balance sheets as of December 31, 2023 and 2022 and the related consolidated statements comprehensive of income, changes in shareholders' equity and cash flows for the years then ended and the notes to consolidated financial statement (including a summery of significant accounting policies).

In our opinion, the accompany consolidated financial statements present fairly, in all material respects, the financial position of SUN MAX Group and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuer," and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and SIC Interpretations*.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors' responsibilities for the audit of the consolidated financial statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of SUN MAX Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and with other responsibilities of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China performed. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The "Key Audit Matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2023 consolidated financial statements of SUN MAX Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The Key Audit Matters to be performed on the 2023 consolidated financial statements of SUN MAX TECH LIMITED follows:

Recognition of revenue

The operating revenue of the Power Group is mainly from the sales of cooling fans and concentrated in the top ten customers, of which the operating revenue of the top two customers' accounts for about 35% of the total operating revenue in 2023. In the opinion of the accountant, the company's industry is highly competitive and the management may be under pressure to achieve the expected goals. Therefore, it is judged that the top two customers and the top ten new customers may have higher income recognition risks. Therefore, the existence of the revenue recognition of the top two customers and the top ten new customers in the current year is recognized as a Key Audit Matters. Please refer to Note 4(11) for revenue recognition policy.

The audit procedure for potential misstatement risk of revenue recognition is as below:

1. Understand and test the effectiveness of internal control related to sales revenue recognition.
2. Examine whether or not there are any changes among the top ten customers; if there is a new party, not only review its basic information and credit evaluation form, but also test the transaction details to see if there are any anomalies.
3. For the top two customers and the top ten new customers, we randomly check the relevant transaction certificates, including the purchase orders, shipping orders, invoices and collection information, to confirm the authenticity of the sales.

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

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reports Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure the material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of SUN MAX Group.

Auditors' Responsibilities for 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 and Independent Auditors' Report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following works:

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 risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in SUN MAX Group.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SUN MAX Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Independent Auditors' Report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the Independent Auditors' Report. However, future events or conditions may cause SUN MAX Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of SUN MAX Group of 2023 and are therefore the Key Audit Matters. We describe these matters in our Independent 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 communications.

Deloitte & Touche

CPA, Tung-Ju Hsieh

CPA, Wang-Sheng Lin

Financial Supervisory Commission approval no.
Chin-Kuan-Cheng-Shen-Zi No. 1090347472

Financial Supervisory Commission approval no.
Chin-Kuan-Cheng-Shen-Zi No. 1060023872

March 14, 2024

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 627,497	24	$ 916,884	31
1136	Financial assets based on cost after amortization- Current (Note 4 and 8)	921	-	-	-
1170	Net notes receivable and accounts receivable (Note 4 and 9)	560,958	21	528,335	18
1200	Other receivables	6,316	-	2,921	-
1220	Current income tax asset (Note 4 and 22)	10,582	1	8,336	-
130X	Inventories (Note 4 and 10)	220,274	8	263,093	9
1479	Other current assets (Note 11)	13,504	1	22,874	1
11XX	Total current assets	1,440,052	55	1,742,443	59
	Non-current assets				
1600	Property, plant and equipment (Note 4, 13 and 27)	1,092,586	42	1,086,895	37
1755	Right-of-use assets (Note 4 and 14)	25,022	1	35,059	1
1780	Intangible asset (Note 4 and 15)	8,434	-	7,151	-
1990	Other non-current assets (Note 11)	57,861	2	71,897	3
15XX	Total non-current assets	1,183,903	45	1,201,002	41
1XXX	Total assets	$ 2,623,955	100	$ 2,943,445	100

Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 16 and 27)	$ 26,011	1	$ 44,094	2
2120	Financial liabilities at fair value through profit and loss current (Note 4 and 7)	14	-	900	-
2170	Notes and account payables	151,141	6	143,833	5
2200	Other payable (Note 17)	175,602	7	202,360	7
2230	Current income tax liabilities (Note 4 and 22)	21,743	1	80,366	3
2280	Leasehold liability- current (Note 4 and 14)	3,243	-	13,798	-
2320	Long-term debts and bonds payable that are due within one year (Notes 16, 18 and 27)	149,100	5	181,459	6
2399	Other current liabilities	6,957	-	7,705	-
21XX	Total current liability	533,811	20	674,515	23
	Non-current liabilities				
2530	Corporate bonds payable (Note 4 and 18)	-	-	189,086	6
2540	Long-term loan (Note 16 and 27)	183,400	7	198,040	7
2570	Deferred income tax liabilities (Note 4 and 22)	109,568	4	104,833	4
2580	Leasehold liability- non-current (Note 4 and 14)	4,023	-	4,399	-
2630	Deferred income (Note 24)	34,281	2	36,466	1
2670	Other non-current liabilities	339	-	51	-
25XX	Total non-current liability	331,611	13	532,875	18
2XXX	Total liabilities	865,422	33	1,207,390	41
	Equity Attributable to Owners of the company (Note 4 and 20)				
3100	Common stock capital	356,403	14	341,969	12
3200	Capital surplus	826,927	31	777,187	26
	Retained earnings				
3310	Legal reserve	99,140	4	76,009	3
3320	Special reserve	33,518	1	58,813	2
3350	Unappropriated earnings	490,212	19	506,320	17
3300	Total retained earnings	622,870	24	641,142	22
	Other equity				
3410	Exchange differences on Translating the financial statements of foreign operations	(56,738)	(2)	(33,519)	(1)
31XX	Total equity of the company	1,749,462	67	1,726,779	59
36XX	Non-controlling interest	9,071	-	9,276	-
3XXX	Total equity	1,758,533	67	1,736,055	59
	Total liabilities and equity	$ 2,623,955	100	$ 2,943,445	100

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

Chairman: HSU Wen-Faung Manager: HSU Wen-Faung Head of Accounting: YAO, Cheng-Min

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousands, except Earnings Per Share (NTD)

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating income (Note 4)	$ 1,382,210	100	$ 1,658,588	100
5000	Operating cost (Note 10 and 21)	(991,237)	(72)	(1,143,081)	(69)
5900	Gross profit	390,973	28	515,507	31
	Operating expenses (Note 21 and 26)				
6100	Selling and Marketing expense	(37,231)	(2)	(35,072)	(2)
6200	General and administrative expenses	(162,860)	(12)	(156,929)	(10)
6300	Research and development expenses	(68,551)	(5)	(63,709)	(4)
6000	Total operating expenses	(268,642)	(19)	(255,710)	(16)
6900	Profit from operations	122,331	9	259,797	15
	Non-operating revenues and expenses				
7100	Interest revenue (Note 21)	18,111	2	7,195	1
7010	Other income (Note 21 and 24)	44,141	3	39,268	2
7020	Other gains and losses (Note 21)	3,923	-	43,120	3
7050	Financial cost (Note 21)	(12,245)	(1)	(10,660)	(1)
7000	Total non-operating income and expenses	53,930	4	78,923	5
7900	Profit before income tax	176,261	13	338,720	20
7950	Income tax expense (Note 4 and 22)	57,950	4	112,773	7
8200	Net profit for the year	118,311	9	225,947	13

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (Note 4 and 20)				
8310	Titles not reclassified as profit and loss accounts:				
8316	Unrealized valuation gains and losses on Investment in equity instruments at fair value through other comprehensive income	$ -	-	$ 3,914	-
8360	Accounts to be reclassified to profit or loss subsequently:				
8361	Exchange differences on Translating the financial statements of foreign operations	(23,219)	(2)	26,679	2
8300	Total other comprehensive income or loss	(23,219)	(2)	30,593	2
8500	Total Comprehensive Income for the year	$ 95,092	7	$ 256,540	15
	Net profit attributable to:				
8610	Owners of the Company	$ 118,516	9	$ 226,013	14
8620	Non-controlling interest	(205)	-	(66)	-
8600		$ 118,311	9	$ 225,947	14
	Comprehensive income attributable to:				
8710	Owners of the Company	$ 95,297	7	$ 256,606	15
8720	Non-controlling interest	(205)	-	(66)	-
8700		$ 95,092	7	$ 256,540	15
	Earnings per share (Note 23)				
9710	Basic	$ 3.40		$ 6.90	
9810	Diluted	$ 3.03		$ 6.27	

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

Chairman: HSU Wen-Faung Manager: HSU Wen-Faung Head of Accounting: YAO, Cheng-Min

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		Equity of the company								Non-controlling interest	Total equity
				Retained earnings			Other equity				
		Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on Translating the financial statements of foreign operations	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	Total		
A1	Balance at January 1, 2022	$ 320,979	$ 712,765	$ 54,191	$ 51,627	$ 432,402	($ 60,198)	$ 1,386	$ 1,513,152	$ 9,342	$ 1,522,494
	Appropriation of 2021 earnings										
B1	Legal reserve	-	-	21,818	-	(21,818)	-	-	-	-	-
B3	Special reserve	-	-	-	7,186	(7,186)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(128,391)	-	-	(128,391)	-	(128,391)
C5	Issuance of convertible corporate bonds recognized in the equity component – share options	-	8,872	-	-	-	-	-	8,872	-	8,872
E1	Proceeds from issuance of ordinary shares	20,000	49,235	-	-	-	-	-	69,235	-	69,235
N1	Issuance of ordinary shares under employee share options	-	1,720	-	-	-	-	-	1,720	-	1,720
I1	Conversion of convertible bonds	990	4,595	-	-	-	-	-	5,585	-	5,585
Q1	Disposition of subsidiary measured at fair value through other comprehensive income	-	-	-	-	5,300	-	(5,300)	-	-	-
D1	Net profit for the year ended December 31, 2022	-	-	-	-	226,013	-	-	226,013	(66)	225,947
D3	Other comprehensive income in 2022	-	-	-	-	-	26,679	3,914	30,593	-	30,593
D5	Total Comprehensive profit or loss in 2022	-	-	-	-	226,013	26,679	3,914	256,606	(66)	256,540
Z1	Balance at December 31, 2022	341,969	777,187	76,009	58,813	506,320	(33,519)	-	1,726,779	9,276	1,736,055
	Appropriation of 2022 earnings										
B1	Legal reserve	-	-	23,131	-	(23,131)	-	-	-	-	-
B3	Special reserve	-	-	-	(25,295)	25,295	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(136,788)	-	-	(136,788)	-	(136,788)
I1	Conversion of convertible bonds	14,434	49,740	-	-	-	-	-	64,174	-	64,174
D1	Net profit for the year ended December 31, 2023	-	-	-	-	118,516	-	-	118,516	(205)	118,311
D3	Other comprehensive income in 2023	-	-	-	-	-	(23,219)	-	(23,219)	-	(23,219)
D5	Total Comprehensive profit or loss in 2023	-	-	-	-	118,516	(23,219)	-	95,297	(205)	95,092
Z1	Balance at December 31, 2023	$ 356,403	$ 826,927	$ 99,140	$ 33,518	$ 490,212	($ 56,738)	$ -	$ 1,749,462	$ 9,071	$ 1,758,533

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

Chairman: HSU Wen-Faung Manager: HSU Wen-Faung Head of Accounting: YAO, Cheng-Min

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Income before income tax	$ 176,261	$ 338,720
A20010	Profits and loss		
A20100	Depreciation expenses	77,716	72,904
A20200	Amortization expenses	4,083	2,869
A20300	Expected credit loss recognized on receivables	1,361	1,996
A20400	Net gain (loss) on financial assets and liabilities at fair value through profit and loss	(875)	(177)
A20900	Financial cost	12,245	10,660
A21200	Interest revenue	(18,111)	(7,195)
A21900	Compensation cost of employee share option	-	1,720
A22500	(Gain) loss on disposal of property, plant and equipment	2,594	(20)
A24200	Loss on buyback of bond payable	-	939
A23700	Write-downs of inventories and loss of idle inventory (recovery gain)	(7,071)	11,581
A29900	Reversal of provision	(232)	(22)
A29900	Government grant	(29,242)	(29,333)
A29900	Lease modification gain	(126)	-
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(268)	(69)
A31150	Accounts receivable	(33,698)	131,791
A31180	Other receivables	(2,950)	62,418
A31200	Inventories	49,890	156,949
A31240	Other current assets	7,818	96,715
A32150	Notes and account payables	7,308	(113,795)
A32180	Other payables	(30,851)	(95,730)
A32230	Other current liabilities	(526)	476
A32990	Others	298	-
A33000	Cash generated for operations	215,624	643,397
A33100	Interest received	17,666	6,434
A33300	Interest paid	(6,448)	(5,023)

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Code		2023	2022
A33500	Income tax refund	$ 6,235	$ 5,204
A33500	Income tax paid	(120,896)	(102,768)
AAAA	Net cash inflow generated from operating activities	112,181	547,244
	Cash payments for investing activities		
B00020	Disposition of financial assets measured at fair value through other comprehensive income	-	6,000
B00040	Acquisition of financial assets measured at amortized cost	(921)	-
B00050	Disposal of financial assets based on cost after amortization	-	581
B02700	Purchase of property, plant, and equipment	(66,557)	(356,044)
B02800	Disposal of property, plant, and equipment	4,814	118
B03800	Increase in refundable deposits	(81)	(22)
B04500	Purchase of intangible assets	(3,901)	(3,248)
B07100	Increase in installment on equipment	(4,007)	(21,652)
B09900	Receipt of government grants	27,526	27,275
BBBB	Net cash used in from investing activities	(43,127)	(346,992)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	-	26,912
C00200	Repayments of short-term borrowings	(18,083)	-
C01200	Issuance of convertible corporate bonds	-	197,175
C01300	Convertible bonds buyback	-	(31,412)
C01300	Redemption of corporate bonds	(163,100)	-
C01600	Proceeds from Long-term borrowings	-	212,680
C01700	Repayments of proceeds from long-term loans	(14,640)	-
C04020	Payment of principal element of lease liabilities	(13,207)	(14,278)
C04500	Cash dividend paid	(136,788)	(128,391)
C04600	Proceeds from issuance of ordinary shares	-	69,235
CCCC	Net cash inflow (outflow) from financing activities	(345,818)	331,921
DDDD	Effects of exchange rate changes on the balance of Cash held in foreign currencies	(12,623)	18,597
EEEE	Net increase (decrease) in cash and cash equivalents	(289,387)	550,770
E00100	Cash and cash equivalents at the beginning of the year	916,884	366,114
E00200	Cash and cash equivalents at the end of the year	$ 627,497	$ 916,884

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

Chairman: HSU Wen-Faung Manager: HSU Wen-Faung Head of Accounting: YAO, Cheng-Min

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(Unless otherwise provided, Unit: NTD Thousand)

1. Organization and operations

Sun Max Tech Limited (hereinafter referred to as "the Company") was incorporated in the British Cayman Islands in November 2013 due to the organizational restructure initiated mainly for Taiwan Stock Exchange listing and trading. The Company become the holding company of Group. The cooling fan manufacturing, wholesale, retail, and international trade are the main business operations of the Company and the subsidiaries that are included in the consolidated financial statements (hereinafter referred to as "SUN MAX Group" or the "Consolidated Company"). The Company was approved by Taipei Exchange on November 30, 2016 to trade at Taiwan Stock Exchange Corporation in October 2017 and go public on December 28, 2017.

The consolidated financial statements are presented in the Company's functional currency – New Taiwan Dollar.

2. Financial reporting date and procedures

The consolidated financial statements were approved by the Board of Directors on March 14, 2024.

3. Application of new and revised standards and interpretation

(1) The first-time adoption and IFRS, IAS, IFRIC and SIC (hereinafter collectively known as "IFRSs") that have been recognized and approved by the Financial Supervisory Commission (FSC)

The adoption of the IFRSs amended in 2023 that were recognized and issued by the Financial Supervisory Commission did not have a significant impact on the accounting policies of the consolidated company.

(2) The adoption of IFRSs in 2024 that were recognized by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 16 "Lease liabilities in a sale and leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the aforementioned new / amended / revised standards or interpretation are effective in the years after the respective date.

Note 2: Amendment to IFRS 16 is applied retrospectively for sale-leaseback transactions contracted after the initial application of IFRS 16.

Note 3: When these amendments are initially applied, partial disclosure requirements are exempted.

The consolidated company assessed the adoption of the IFRSs that were recognized by the Financial Supervisory Commission in 2024 and concluded that it did not have a significant impact on the consolidated company. However, the consolidated company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates".	Undefined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to "IFRS 17"	January 1, 2023
Amendments 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 (Note 2)

Note 1: Unless otherwise stated, the aforementioned new / amended / revised standards or interpretation are effective in the years after the respective date.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is initially applied, the effect is recognized in the retained earnings on the date of initial application. When the consolidated company uses a non-functional currency as the presentation currency, the impact of the adjustment will be the exchange difference of the foreign operations under equity on the date of initial application.

The consolidated company assessed the aforementioned amendments to the standards or interpretations and concluded that it did not have a significant impact on the consolidated company. However, the consolidated company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

4. Summary of significant accounting policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(2) Basis of preparation

Further to financial instruments measured at fair value, the content contained in this consolidated financial statement is compiled based on historical data.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Standards in differentiating current and non-current assets and liabilities.

Current assets including:

1. Available-for-trade assets;
2. Assets expected to be realized within 12 months after the balance sheet date, and
3. Cash and cash equivalents (but excluding cash and cash equivalent with limitations from exchanging or repaying liabilities after 12 months of the day on the balance sheet).

Current liabilities including:

1. Available-for-trade liabilities;
2. Liabilities expected to be liquidated within 12 months after the balance sheet date, and
3. Liabilities that cannot be deferred for liquidation for at least 12 months after the balance sheet date.

Items other than the aforementioned current assets or liabilities are classified as noncurrent assets or non-current liabilities.

(4) Basis of consolidation

This consolidated financial statement contains the information of the financial statements of the Bank and its controlled entities (subsidiaries). The Consolidated Statement of Comprehensive Income already covered the operating profit and/or loss of the subsidiaries, which have been acquired or disposed of the current term, from the date of acquisition until the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the consolidated company. In preparing these consolidated financial statements, the transactions, account balances, incomes and loss and expenses among the individual entities are written off in full amount. The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

When the changes of interest of the subsidiaries' ownership by the Consolidated Company do not lead to the loss of control, it is disposed of as interest transactions. The book value of the Consolidated Company and non-controlling interest has been adjusted to reflect the changes of the relative interest of subsidiaries. The differential between the adjustment amount of non-controlling interest and the fair value of consideration received is directly recognized as interest and belongs to the owner of the Company.

For details of subsidiaries, share-holding percentage, and operation items, please refer to Note 12 and accompanied statement 5.

(5) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the individual financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

When preparing the consolidated financial statements, the assets and liabilities of the consolidated company's foreign operations should be translated into New Taiwan dollars in accordance with the exchange rate on the balance sheet date. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

If disposal on ownership of foreign operation for business combination, or disposal on partial ownership of foreign operation and lose control, or the retained

equity is financial asset and treated according to financial instrument accounting policy from disposal on joint agreement or associate of foreign operation, all accumulated exchange difference will be reclassified to profit or loss related to foreign operation.

If the partial disposal of the subsidiaries of the foreign operation institution did not result in a loss of control, the cumulative exchange differences are re-attributed proportionally as non-controlling equity of the subsidiaries without any profit and loss recognized. In any other event of partial disposal of an overseas operating institution, the accumulated difference in foreign exchange was reclassified to profit and/or loss pro rata to the percentage of disposal.

(6) Inventories

Inventories include raw materials, materials, finished goods and work-in-process goods. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. The net cash value is the estimated selling price net of the cost needed to have the remaining work completed and the estimated cost needed to complete the sale under normal circumstance. The cost of inventory is calculated using the weighted average method.

(7) Property, plant, and equipment

Property, plant and equipment are recognized at cost and measured subsequently in accordance with the cost net of accumulated depreciation and accumulated impairment loss.

Property, plant and equipment construction in progress is recognized at cost net of the accumulated impairment loss. Costs include professional service expanses and loan costs that meet the capitalization conditions. These assets are classified to the respective property, plant and equipment upon completion and ready for use with depreciation appropriated.

Property, plant, and equipment are depreciated in accordance with the straight-line method in the expected useful lives. Depreciation of each major part is appropriated separately. The Consolidated Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each fiscal year and postpone the effect of applying estimated accounting changes.

When real estate, plants and equipment are de-recognized, the differential between the net disposal amount and the book value of such assets shall be recognized as income.

(8) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Depreciation is recognized using the straight-line method for intangible asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each yearly reporting period, with the effect of any changes in estimate

accounted for on a prospective basis. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3. De-recognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(9) Impairment of the property, plant and equipment, right-of-use assets, and intangible assets (other than goodwill).

The consolidated company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets (other than goodwill) may have been impaired. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company is to estimate the recoverable amount of the respective cash-generating unit.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

Inventory, property, plants and equipment, and intangible assets recognized due to contracts with customers will firstly recognize impairment losses according to regulation requirements for inventory write-down and the regulations mentioned above. Secondly, it should be recognized as impairment loss when the carrying amount of relevant assets of contract cost exceed the amount of considerations to which it expects to be entitled from providing relevant goods or services after deducting direct relevant costs. In order to work on the assessment for impairment of cash-generating units, hereafter adding carrying amount of relevant assets of contract costs into the cash-generating units to which it belongs.

When the impairment loss is reversed subsequently, the carrying amount of the assets, cash-generating units or relevant assets of contract cost will increase to the revised recoverable amount, while the carrying amount after increase does not exceed the carrying amount of the assets, cash-generating units or relevant assets of contract costs that would have been at the date of reversal had the impairment loss not been recognized previously (excluding amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(10) Financial instruments

When the consolidated company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The financial assets transaction are recognized and de-recognized in accordance with the trade date accounting.

(1) Classification of measurement

The classification of the Consolidated Company's financial assets includes financial assets at fair value through profit or loss, financial assets measured at amortized cost, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through income statements included financial assets at fair value through income statements and financial assets designated at fair value through income in statements. Financial assets mandatory at fair value through profit or loss include equity instrument investments not designated at fair value through other comprehensive income, and liability instrument investments not qualified for classifying as measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, the dividends, interest, and gains or losses on re-measurements thereof are recognized as other gains and losses and gains or losses arising from re-measurements are recognized as other gains and losses. For more details about how to determine the fair value, please refer to Note 25 Notes to "Financial Instruments"

B. Financial assets based on cost after amortization

If the financial assets of the consolidated company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents, and accounts receivable on the basis of cost after amortization and other financial assets) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

(2) Impairments of financial assets and contract assets

The consolidated company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of anticipated credit loss (including accounts receivable), the investment of debt instruments at fair value through other comprehensive income, and loss from receivable rents and impairment of contract assets.

Accounts receivable and receivable rents shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For internal credit risk management purpose, the Consolidated Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.

B. Payments are overdue for more than 60 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The consolidated company has financial assets de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When particular entry of financial assets measured on the basis of cost after amortization is removed, the difference between its book value and consideration shall be recognized as income. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company’s equity retrieved is debited or credited to the equity. The Company’s equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial assets shall be measured under the effective interest rate method on the cost after amortization except under the following circumstances:

Financial liabilities at fair value through profit and loss

Fair value through profit or loss financial liabilities are held for trading.

The related gain or loss is recognized in other gains and losses/interest incurred is recognized in finance costs, and gains or losses arising from other remeasurements are recognized in other gains and losses when the financial liabilities held at fair value through profit or loss.

Please refer to Note 25 for the determination of fair value.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the consolidated company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the residual amount of the total fair value of the compound instrument deducting the fair value of the liability determined individually and net of the income tax effect; also, it will not be measured subsequently. When the conversion right is executed, the relevant liability and equity amount will be transferred to the capital stock and additional paid-in capital - issuance premium. If the conversion rights of the convertible corporate bonds have not been executed on the due date, the amount recognized in the equity will be transferred to the additional paid-in capital - issuance premium.

The relevant transaction costs of the issuance of convertible corporate bonds are amortized to the liabilities of the instrument (included in the book value of the liability) and the equity (included in the equity) in proportion to the total amortization amount.

(11) Recognition of revenue

The consolidated company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

For contract of goods transferred or service performed and proceed collected within one year, the significant financial component is not trade price adjusted.

Commodity sales revenue

Good sales revenue is from the sales of cooling fan. As the customers own the right for pricing and use, take the main responsibility for re-sell and take obsolete risk at the point of shipping, the consolidated company recognized sales revenue and account receivable at that point.

(12) Lease

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

The Company is the lessee.

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any. Right-of-use assets are separately presented on the Balance Sheets.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. If the ownership of the underlying asset will be acquired at the end of the lease period, or if the cost of the right-of-use asset reflects exercising an option, the asset will be depreciated over the period from the commencement date of the lease to expiration of the useful life of the underlying asset.

The present values of lease liabilities are measured initially by the lease payments (including fixed payments, in-substance fixed payments, variable lease payments dependent on an index or rate, amounts expected to be repaid by the lessee under the residual value guarantee, the exercise price of a purchase option that the lessee is reasonably certain to exercise, and payments for terminating the lease if the lease term reflects early termination). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that

interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortised cost using effective interest method and the interest expenses are amortized over the lease term. If there is a change in future lease payments due to changes in the lease term, the expected payment amount under the residual value guarantee, the evaluation of the purchase option of the underlying asset, or changes in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, except if the carrying amount of the right-of-use asset has been reduced to zero, where the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not accounted for as separate leases, the remeasurement of the lease liability due to a reduction in the scope of the lease decreases the right-of-use asset and recognizes a gain or loss on partial or full termination of the lease; the remeasurement of the lease liability due to other modifications adjusts the right-of-use assets. Lease liabilities are separately presented on the Balance Sheets.

(13) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

If specific borrowings are temporarily used for investment before the occurrence of capital expenses that meet the requirements, the investment revenues earned will be deducted from the borrowing costs that meet the capitalization conditions.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(14) Government grant

A government subsidy can only be recognized when it is firmly believed that the Consolidated Company will comply with the terms added to the government subsidy and will receive such subsidy.

Government grants related to revenue are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the consolidated company. Government grants whose primary condition is that the consolidated company qualifying for them should purchase, construct or otherwise acquire non-current assets are recognized as deferred income, which should be recognized in profit or loss on a reasonable and systematic basis over the useful life of the relevant asset.

If the government subsidy is used for compensating expenses or losses that have already occurred or for the purpose of immediate financial support to the Consolidated Company without any related cost in the future, it will be recognized as income during the receivable period.

If a government grant is in the form of a transfer of a non-monetary asset for use by the consolidated company, the grant is recognized and measured at the same amount as the non-monetary asset.

The difference between the government loan amount received at below-market interest rates by the consolidated company and the fair value of the loan based on the market interest rate at the time is recognized as government grant.

(15) Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are valued by the non-discounted amount of expected payment exchanging for employee services.

2. Retirement benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

(16) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The consolidated company determines the current income (loss) in accordance with the regulations of the income tax filing jurisdictions to calculate the income tax to be paid (recovered from).

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductable temporary differences and tax loss carryforwards.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the subsidiary, unless the consolidated company can control the timing of reversal of the temporary differences and that the temporary differences are unlikely to be reversed in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulted from the book value of the assets or liabilities expected to be recovered or liquidated on the balance sheet date.

3. Current & deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

V. Main source of significant accounting judgment, estimates and assumptions uncertainty

The consolidated company at the time of adopting accounting policies, for the information hard to obtain from other sources, should have the relevant judgments, estimates, and assumptions made by the management in accordance with the historical experience and other essential factors. Actual results may differ from the estimates.

The Consolidated Company will consider significant accounting estimates, and management will continue to review estimates and assumptions. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 1,140	$ 1,495
Bank checks and demand deposits	146,569	370,376
Cash equivalents		
Time deposits with an initial maturity of less than three months	479,788	545,013
	$ 627,497	$ 916,884

The interest rate range of time deposit as of balance sheet date listed below:

	December 31, 2023	December 31, 2022
Time deposits	1.50%～5.37%	1.82%～4.62%

7. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Held-for-trade financial liabilities-Current		
Derivative instrument-buy-/sell-back of convertible bonds	$ 14	$ 900

8. Financial assets based on cost after amortization- Current

	December 31, 2023	December 31, 2022
Time deposits with an initial maturity of more than three months	$ 921	$ -

The interest rate range of time deposit as of balance sheet date listed below:

	December 31, 2023	December 31, 2022
Time deposits	4.00%	-

9. Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 1,609	$ 1,341
Receivable accounts- based on cost after amortization	566,288	532,590
Less: Allowance for losses	(6,939)	(5,596)
	$ 560,958	$ 528,335

The consolidated company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses of the given duration. The full-lifetime expected credit losses are calculated using Provision

Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. Due to the historical experience of credit losses of the consolidated companies, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of receivables.

The consolidated company's allowance for loss of receivables is determined according to the preparation matrix as follows:

December 31, 2023

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue over 60 days	Total
Expected credit loss rate	0.11%～0.36%	3.72%～5.19%	9.73%～34.73%	100%	-
Total book value	$ 544,855	$ 10,471	$ 8,846	$ 2,116	$ 566,288
Allowance for loss (expected credit loss of the given duration)	(1,216)	(539)	(3,068)	(2,116)	(6,939)
Cost after amortization	$ 543,639	$ 9,932	$ 5,778	$ -	$ 559,349

December 31, 2022

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue over 60 days	Total
Expected credit loss rate	0.08%～0.36%	4.91%～6.67%	15.08%～39.17%	100%	-
Total book value	$ 517,234	$ 9,696	$ 3,302	$ 2,358	$ 532,590
Allowance for loss (expected credit loss of the given duration)	(1,764)	(481)	(993)	(2,358)	(5,596)
Cost after amortization	$ 515,470	$ 9,215	$ 2,309	$ -	$ 526,994

Changes in the allowance loss of the accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
Balance, beginning of year	$ 5,596	$ 3,585
Add: Impairment loss appropriated in current period	1,361	1,996
Foreign currency translation differences	(18)	15
Balance, end of year	$ 6,939	$ 5,596

10. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 102,509	$ 119,724
Work-in-process goods	59,159	81,805
Raw materials	58,606	61,564
	$ 220,274	$ 263,093

The loss allowance on inventory valuation is NTD 93,991 thousand and NTD 101,062 thousand on December 31, 2023 and 2022 respectively.

The costs of goods sold for the years 2023 and 2022 included loss of inventory in valuation (recovery gain) amounting to NTD (7,071) thousand and NTD 11,581 thousand, respectively.

11. Other assets

	December 31, 2023	December 31, 2022
Current		
Prepaid expenses	$ 6,577	$ 7,936
Prepayment for Purchases	3,679	7,907
Excess business tax paid	3,244	6,848
Others	4	183
	13,504	22,874
Non-current		
Deferred income tax assets	45,910	45,690
Prepayments for equipment	6,937	21,274
Refundable deposits	5,014	4,933
	57,861	71,897
	$ 71,365	$ 94,771

12. Subsidiaries

Subsidiaries included in the consolidated financial statements

The business entities of the consolidated financial statements are as follows:

Investor	Subsidiary name	Nature of the operation	December 31, 2023 The share-holding percentage	December 31, 2022 The share-holding percentage
The Company	Power Logic Holdings Inc.	Investment in holding company and sales of cooling fan	100%	100%
The Company	United Strategy Inc.	Investment holding	100%	100%
The Company	POWER LOGIC TECH. INC	Sales of cooling fan	100%	100%
The Company	Sunny Sharp International Limited (including Taiwan branch)	Investment in holding company and sales of cooling fan	100%	100%
United Strategy Inc.	DONG GUAN DONG LI DIAN ZI CO. LTD	Production and sale of cooling fan	100%	100%
United Strategy Inc.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Production and sale of cooling fan	100%	100%
Power Logic Holdings Inc.	POWER LOGIC TECH (TAI YI) CO., LTD	Production and sale of cooling fan	100%	100%
POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Production and sale of cooling fan	80%	80%

Note 1: The cancellation of registration of POWER LOGIC TECH (TAI YI) CO., LTD. was approved by a resolution of the Board of Directors of the parent company, Power Logic Holdings Inc., on August 22, 2023. As of March 14, 2024, the cancellation was pending.

13. Property, plant, and equipment

	2023						
	Land	Buildings and leasehold improvement	Machine and equipment	Transportation equipment	Furniture and fixtures	Other equipment	Total
Cost							
Balance, beginning of year	$ 286,501	$ 681,955	$ 254,668	$ 11,849	$ 24,892	$ 102,502	$ 1,362,367
Increase in current period	-	6,567	42,147	6,008	1,156	14,793	70,671
Disposition in the year	-	(8,862)	(1,912)	(5,494)	(440)	(5,644)	(22,352)
Reclassification	-	-	15,796	-	-	2,548	18,344
Net exchange differences	-	(8,364)	(3,938)	(210)	(120)	(1,731)	(14,363)
Balance, end of year	$ 286,501	$ 671,296	$ 306,761	$ 12,153	$ 25,488	$ 112,468	$ 1,414,667
Accumulated depreciation							
Balance, beginning of year	$ -	$ 70,696	$ 128,285	$ 5,589	$ 19,837	$ 51,065	$ 275,472
Increase in current period	-	22,212	28,030	842	1,564	12,939	65,587
Disposition in the year	-	(8,862)	(1,226)	(1,978)	(430)	(2,448)	(14,944)
Net exchange differences	-	(1,071)	(1,900)	(71)	(82)	(910)	(4,034)
Balance, end of year	$ -	$ 82,975	$ 153,189	$ 4,382	$ 20,889	$ 60,646	$ 322,081
Net amount at the end of the year	$ 286,501	$ 588,321	$ 153,572	$ 7,771	$ 4,599	$ 51,822	$ 1,092,586

The net operating lease for buildings and leasehold improvements and related equipment as of December 31, 2023 and 2022 were NTD 38,718 thousand and NTD 64,324 thousand, respectively.

The sub-subsidiary of the Company, Taiyi (Jiangxi) Electronic Technology Co., Ltd., signed a contract with Anfu County Industrial Construction Investment Development Co., Ltd., on July 18, 2019 to purchase the land use rights and buildings in the industrial park in Anfu County, Jiangxi Province as the production base for the Group, and the registration was completed on January 13, 2020. The purchase price of RMB 91,273 thousand is divided into four installments; 30%, 30%, 20% and 20% of the total amount of RMB 86,780 thousand for the factory buildings should be paid by December 31 of each year starting from 2019, and factory price was paid in full in 2022; RMB 4,493 thousand for the land has been paid in 2019.

Power Logic Tech. Inc., the subsidiary, and Adlink Technology Inc. had a contract signed on May 10, 2022, for the purchase of land and real estate (building) for use at 9F, No. 166, Jianyi Road, Zhonghe District, New Taipei City. The transaction was completed on June 17, 2022, for an amount of NTD 277,580 thousand, and the said transaction price was paid in full in 2022.

	2022						
	Land	Buildings and leasehold improvement	Machine and equipment	Transportation equipment	Furniture and fixtures	Other equipment	Total
Cost							
Balance, beginning of year	$ 96,168	$ 532,862	$ 230,137	$ 10,605	$ 23,159	$ 85,315	$ 978,246
Increase in current period	190,333	128,697	17,592	-	2,375	17,047	356,044
Disposition in the year	-	(63)	(278)	-	(738)	(80)	(1,159)
Reclassification	-	13,448	4,753	1,084	-	(879)	18,406
Net exchange differences	-	7,011	2,464	160	96	1,099	10,830
Balance, end of year	$ 286,501	$ 681,955	$ 254,668	$ 11,849	$ 24,892	$ 102,502	$ 1,362,367
Accumulated depreciation							
Balance, beginning of year	$ -	$ 50,287	$ 101,280	$ 4,366	$ 19,347	$ 40,126	$ 215,406
Increase in current period	-	20,144	26,097	788	1,172	10,934	59,135
Disposition in the year	-	(63)	(205)	-	(732)	(61)	(1,061)
Reclassification	-	-	-	374	-	(374)	-
Net exchange differences	-	328	1,113	61	50	440	1,992
Balance, end of year	$ -	$ 70,696	$ 128,285	$ 5,589	$ 19,837	$ 51,065	$ 275,472
Net amount at the end of the year	$ 286,501	$ 611,259	$ 126,383	$ 6,260	$ 5,055	$ 51,437	$ 1,086,895

Depreciation expenses is appropriated in accordance with the straight line method and the years of useful life illustrated below:

Buildings	5 to 48 years
Leasehold improvement	5 to 10 years
Machine and equipment	2 to 10 years
Transportation equipment	5 to 10 years
Furniture and fixtures	2 to 10 years
Other equipment	2 to 10 years

The amount of real estate, plant and equipment registered for secured loan, please refer to Note 27.

14. Lease agreement

(1) Right-of-use assets.

	December 31, 2023	December 31, 2022
Carrying amount of the right-of-use asset		
Land	$ 17,888	$ 18,607
Buildings	3,996	14,749
Transportation equipment	3,138	1,703
	$ 25,022	$ 35,059

	2023	2022
Addition of right-of-use assets	$ 3,659	$ -
De-recognition of right-of-use assets	$ 1,292	$ -
Depreciation expense of the right-of-use asset		
Land	$ 414	$ 415
Buildings	9,492	10,805
Transportation equipment	2,223	2,549
	$ 12,129	$ 13,769

The sub-subsidiary of the Company, Taiyi (Jiangxi) Electronic Technology Co., Ltd., acquired the land use right of the original factory site from Anfu County Industrial Construction Investment Development Co for RMB 4,493 thousand in 2020 and proceeded to improve the factory and establish the production line. The state-owned land use rights of the People's Republic of China have been obtained for the above-mentioned lands with 50 years of economic life, the use rights of which will expire in January 2068.

Except for the aforesaid added and recognized depreciation expenses, the right-of-use assets of the consolidated company have not been significantly subleased or impaired as of 2023 and 2022.

(2) Lease liability

	December 31, 2023	December 31, 2022
Carrying amount of the lease liabilities		
Current	$ 3,243	$ 13,798
Non-current	$ 4,023	$ 4,399

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	2.00%～5.00%	2.00%～5.00%
Transportation equipment	2.00%	2.00%

(3) Other lease information

	2023	2022
Short-term lease expense	$ 1,202	$ 19
Low-value asset lease expense	$ 384	$ 427
Total cash of leases (outflow)	($ 15,221)	($ 15,747)

15. Intangible assets

	2023	2022
Cost		
Balance, beginning of year	$ 26,467	$ 23,662
Increase in current period	3,901	3,248
Decrease for the year	(2,559)	(892)
Reclassification	1,552	255
Net exchange differences	(244)	194
Balance, end of year	$ 29,117	$ 26,467
Accumulated amortization		
Balance, beginning of year	$ 19,316	$ 17,217
Amortized in current period	4,083	2,869
Decrease for the year	(2,559)	(892)
Net exchange differences	(157)	122
Balance, end of year	$ 20,683	$ 19,316
Net amount at the end of the year	$ 8,434	$ 7,151

Intangible assets composed mainly by computer software and amortized over 3-10 years of useful life.

16. Borrowings

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans		
Credit loan	$ 26,011	$ 44,094

The bank borrowing rates were 3.80% and 3.85% on December 31, 2023 and 2022.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured loan (Note 27)		
Bank's debt	$ 198,040	$ 212,680
Less: Amount due in one year	14,640	14,640
Long-term borrowings	$ 183,400	$ 198,040

A bank loan of NTD 220,000 thousand was granted to and used by the consolidated company for the period of 2022, with a floating interest rate of 2.41% and 2.29% on December 31, 2023 and 2022, respectively; therefore, the monthly repayment was NTD 1,220 thousand. The loan amount is applied for the purchase of land and buildings.

(3) The information of consolidated company registered as mortgage for long-term secured loan, please refer to Note 27.

(4) The information of endorsement guarantee provided by consolidated company, please refer to Note 29.

17. Other payables

	December 31, 2023	December 31, 2022
Current		
Salaries payable	$ 52,027	$ 57,436
Insurance and housing fund payable	53,639	45,471
Processing expenses payable	37,010	41,454
Temporary employee service payable	792	1,052
Commission and marketing expense	789	1,025
Other payable	24,434	31,021
Equipment payables	4,114	18,092
Others	2,797	6,809
	$ 175,602	$ 202,360

18. Corporate bonds payable

	December 31, 2023	December 31, 2022
The second domestic unsecured convertible corporate bond	$ -	$ 169,100
The third domestic unsecured convertible corporate bond	139,200	200,000
	139,200	369,100
Less: Domestic second unsecured convertible corporate bonds amount net of depreciation	-	(2,281)
Domestic third unsecured convertible corporate bonds amount net of depreciation	(4,740)	(10,914)
	(4,740)	(13,195)
Less: Amount due in one year	(134,460)	(166,819)
	$ -	$ 189,086

(1) The Board of directors approved to issue unsecured convertible bond in Taiwan for the second time on June 19, 2020. The issuance is approved by Letter No. Financial-Supervisory-Securities-Corporate-10903517761 of the Financial Supervisory Commission. The unsecured convertible bond is issued in Taiwan for the second time on September 1, 2020 with terms below,

1. Total Issued: NTD 220,000 thousand.
2. Par value and issue price: NTD 100 thousand each; issued at 100.5% of the par value.
3. Stated rate: annual interest 0%
4. Duration: 3 years; September 1, 2020 to September 1, 2023.
5. Redemption method of the Company:
   (1) Redemption at maturity date:

   The convertible bonds except be redeemed, buy-back, or converted, the Company repay with bond face value by cash at the maturity date.

   (2) Redeem before maturity date:

   From the next date after issuance of 3 months to the 40 days before the maturity date, if the common stock closing price exceed 30% of conversion price for continuous 30 trade days, the Company could collect all bonds at face value by cash.

   From the next date after issuance of 3 months to the 40 days before the maturity date, if the outstanding balance is lower than 10% of total issuance amount, the Company could collect all bonds at face value by cash.
6. Sell back:

The bond holder could ask the Company to redeem the convertible bond hold at face value plus interest compensation after 2 years of issuance.

7. Conversion:
   (1) Conversion period:

   Start from the next date after issuance of 3 months and end at the maturity date.

(2) Conversion price:

The conversion price is set by choosing one of the simple arithmetic average closing prices of the Company's common shares over the period of one, three or five business day(s) prior to the record date to be the benchmark price, multiplied by the conversion premium rate of 105% as the basis of the calculation. The conversion price is set at NTD 64.89 per share upon issuance. As the Company distributed cash dividends in 2023, the conversion price of the Company's bonds has been adjusted to NTD 52.66 per share in accordance with the terms of the contract.

(3) Conversion price adjustment:

After the conversion price defined before the actual issuance date, the conversion price should be adjusted in accordance with the price adjustment formula if ex-rights or ex-dividend exists.

8. The convertible bond issued on September 1, 2020 includes liability and equity component. The equity component is presented as additional paid-in capital-Stock option under equity. The effective interest rate of liabilities components is initially recognized at 2.06%.

Issuance price (deduct transaction cost NTD 4,327 thousand)	$ 216,773
Equity component	(9,210)
Financial liabilities-conversion and sell-back	(583)
Liability component at issuance date	206,980
Interest calculated at the effective rate of 2.06%	11,535
Conversion of bonds payable into common shares	(24,942)
Execution of puttable rights on bonds payable	(30,473)
Redemption of corporate bonds	(163,100)
Liability component on December 31, 2023	$ -

In September 2022, of the second issuance of unsecured convertible bonds, a total par value of NTD 31,100 thousand (plus NTD 312 thousand interest compensation) was sold back. Total loss incurred by bond buyback was NTD 939 thousand (recognized under other profit and loss) in 2022. A forfeiture of convertible warrant of NTD 1,302 thousand was recognized and was deducted from the convertible warrant under the equity component of convertible bond in the capital surplus.

On September 1, 2023, the Company redeemed the remaining convertible corporate bonds in face value of NTD 163,100 thousand, and transferred Capital Surplus - Convertible corporate bond equity constituents - stock options to Capital Surplus - Lapsed stock options NTD 6,828 thousand.

(2) The Board of directors approved to issue unsecured convertible bond in Taiwan for the third time on May 6, 2022. The issuance is approved by Letter No. Financial-Supervisory-Securities-Corporate-11103468261 of the Financial Supervisory Commission. The unsecured convertible bond is issued in Taiwan for the second time on August 12, 2022 with terms below,

1. Total Issued: NTD 200,000 thousand.
2. Par value and issue price: NTD 100 thousand each; issued at 100% of the par value.
3. Stated rate: annual interest 0%
4. Duration: 3 years; August 12, 2022 to August 12, 2025.
5. Redemption method of the Company:

(1) Redemption at maturity date:

The convertible bonds except be redeemed, buy-back, or converted, the Company repay with bond face value by cash at the maturity date.

(2) Redeem before maturity date:

From the next date after issuance of 3 months to the 40 days before the maturity date, if the common stock closing price exceed 30% of conversion price for continuous 30 trade days, the Company could collect all bonds at face value by cash.

From the next date after issuance of 3 months to the 40 days before the maturity date, if the outstanding balance is lower than 10% of total issuance amount, the Company could collect all bonds at face value by cash.

6. Sell back:

The bond holder could ask the Company to redeem the convertible bond hold at face value plus interest compensation after 2 years of issuance.

7. Conversion:

(1) Conversion period:

Start from the next date after issuance of 3 months and end at the maturity date.

(2) Conversion price:

The conversion price is set by choosing one of the simple arithmetic average closing prices of the Company’s common shares over the period of one, three or five business day(s) prior to the record date to be the benchmark price, multiplied by the conversion premium rate of 105.1% as the basis of the calculation. The conversion price is set at NTD 48.50 per share upon issuance. As the Company distributed cash dividends in 2023, the conversion price of the Company’s bonds has been adjusted to NTD 44.35 per share in accordance with the terms of the contract.

(3) Conversion price adjustment:

After the conversion price defined before the actual issuance date, the conversion price should be adjusted in accordance with the price adjustment formula if ex-rights or ex-dividend exists.

8. The convertible bond issued on August 12, 2022 includes liability and equity component. The equity component is presented as additional paid-in capital-Stock option under equity. The effective interest rate of liabilities components is initially recognized at 2.17%.

Issuance price (deduct transaction cost NTD 2,825 thousand)	$ 197,175
Equity component	(8,872)
Financial liabilities-conversion and sell-back	(789)
Liability component at issuance date	187,514
Interest calculated at the effective rate of 2.17%	5,116
Conversion of bonds payable into common shares	(58,170)
Liability component on December 31, 2023	$ 134,460

As of December 31, 2023, of the third issuance of unsecured convertible bonds, a total par value of NTD 60,800 thousand was converted to 1,329 thousand common shares.

19. Retirement benefits plan

The pension system of the "Labor Pension Act" that is applicable to the Consolidated Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance. The pension costs for the defined contribution plan recognized by the Consolidate Company for the years 2023 and 2022 were NTD 2,793 thousand and NTD 2,750 thousand, respectively.

The subsidiaries registered in P.R.C contribute 13% of total salary to endowment insurance in accordance with local endowment insurance plan. The pension fund management is the responsibility of management. The company's responsibility is contribution monthly without further obligations. The defined contributed pension cost recognized in 2023 and 2022 is NTD 29,228 thousand and NTD 31,024 thousand per previous pension plan.

20. Equity

(1) Share Capital

	December 31, 2023	December 31, 2022
Authorized number of shares (thousand shares)	100,000	100,000
Authorized capital	$ 1,000,000	$ 1,000,000
Number of shares issued with fully paid-in capital (thousand shares)	35,640	34,197
Outstanding capital	$ 356,403	$ 341,969

The Company on May 6, 2022 through the approval of the Board meeting, has resolved to raise new cash capital via new shares issuance. The proposal was deemed approved by FSC through the application on July 12, 2022. The Company decided to issue 2,000 thousand shares for cash capital increase on July 21, 2022, and had it issued at a premium of NTD 36 per share on August 11, 2022. The base date for capital increase and stock subscription is scheduled on August 26, 2022.

Of the proposed new issuance mentioned above, 200 thousand shares will be reserved for employee stock option on May 2022. Accordingly, an employee compensation (under salary expense) and capital surplus of NTD 1,720 thousand were recognized, based on the fair value of the equity right instrument measured on the granted date.

On the "Second Domestic Unsecured Convertible Bonds" and the "Third Domestic Unsecured Convertible Bonds" issued by the Company from January 1 to December 31, 2023 and 2022, the bondholders used 668 and 57 convertible bonds for conversion to the issued 1,443 and 99 thousand new shares.

(2) Capital surplus

	December 31, 2023	December 31, 2022
May be applied to cover accumulated deficit, distributed in cash or transferred to capital.		
Other capital surplus of shares	$ 812,286	$ 759,598
Lapsed stock options	8,465	1,637
May not be used for any purpose.		
Convertible corporate bond equity constituents - stock options	6,176	15,952
	$ 826,927	$ 777,187

The additional paid-in capital from premium on stock issuance can be used to offset deficit. When the Corporation incurs no loss the additional paid-in capital may be transferred to capital or distributed in cash, but the transfer to capital is limited to designated portion of paid-in capital.

(3) Retained earnings and Dividend Policy

The Company has authorized the board of directors to handle earnings distribution related matters, and has dividends and bonuses paid in cash entirely or partially; also, has it reported in the latest shareholders' meeting.

According to the Company's Articles of Incorporation, if there are any retained earnings at the year-end, in addition to covering the accumulated deficit, the remaining earnings shall be retained or distributed in accordance with the resolution of the Board of Directors. Please refer to Note 21-(7) for the Company's policy on the distribution of remuneration to employees, directors and supervisors.

According to the Articles of Incorporation, based on the capital expenditure, business expanding, improve financial plan and sustainable development requirements as the Company is at the growing phase, the dividend policy is to distribute cash or stock dividend based on capital expenditure budget and capital requirement.

Except restricted by public company related laws, the earnings, if any, after closing account every year, the Board of Directors should propose earning distribution plan to shareholders' meeting as method and priority below,

(a) Payment of tax and duty;

(b) Covering of accumulated loss of prior years (if any);

(c) Set aside 10% as the legal reserve per public company related laws, unless the legal reserve has achieved the Corporation's paid-in capital.

(d) Set the special reserve per public company related laws or Authority's request;

(e) The earnings of the year after deducting item (a) to (d) previous mentioned, adding the accumulated undistributed earnings of prior year is the distributable earnings. The earnings shall be distributed after the plan proposed by the Board of directors and approved by the stockholders' meeting. The dividend can be distributed in cash or stock. To be consistent with Cayman Islands laws, the minimum dividend should be 10% of earnings of the year after deducting item (a) to (d) previous mentioned, and the cash dividend percentage is no lower than 10% of total stockholders' dividend and the upper limit is 100%.

The Company shall recognize and reverse special reserve in accordance with the law and regulations, and the "FAQ on the applicability of the recognition of special reserve after the adoption of IFRSs" by the Company.

The Company's 2022 and 2021 earnings distributions are planned as follows:

	2022	2021
Legal reserve appropriated	$ 23,131	$ 21,818
Appropriation (reversal) of special reserve	($ 25,295)	$ 7,186
Cash dividends	$ 136,788	$ 128,391
Cash dividend per share (NTD)	$ 4	$ 4

The cash dividend for the years 2022 and 2021 was resolved by the Board of Directors on March 13, 2023, and March 15, 2022, respectively. The earnings distribution for the years 2022 and 2021 was resolved in the shareholder's meeting on May 31, 2023, and May 31, 2022, respectively.

The Company had resolved in the board meeting the earnings distribution of 2023 on March 14, 2024 as follows:

	2023
Legal reserve appropriated	$ 11,852
Appropriation of special reserve	$ 23,220
Cash dividends	$ 102,463
Cash dividend per share (NTD)	$ 2.75

The cash dividend above has resolved by the board meeting and is pending for the resolution for the distribution from the shareholders' meeting on May 31, 2024.

(4) Other equity

1. Exchange differences on Translating the financial statements of foreign operations

	2023	2022
Balance, beginning of year	($ 33,519)	($ 60,198)
Exchange differences from financial statements of foreign operating entities	(23,219)	26,679
Balance, end of year	($ 56,738)	($ 33,519)

2. Unrealized gain on financial assets at fair value through other comprehensive profit or loss

	2022
Balance, beginning of year	$ 1,386
Unrealized gain or loss of equity instrument of current period	3,914
Disposition of subsidiary measured at fair value through other comprehensive income	(5,300)
Balance, end of year	$ -

(5) Non-controlling interest

	2023	2022
Balance, beginning of year	$ 9,276	$ 9,342
Net loss for the year	(205)	(66)
Balance, end of year	$ 9,071	$ 9,276

21. Consolidated net income

(1) Interest revenue

	2023	2022
Bank deposits	$ 18,111	$ 7,195

(2) Other income

	2023	2022
Rental income	$ 4,010	$ 3,383
Government grants (Note 24)	29,242	29,333
Others	10,889	6,552
	$ 44,141	$ 39,268

(3) Other gains and losses

	2023	2022
Net (loss) gain on disposal and obsolescence of property, plant and equipment	($ 2,594)	$ 20
Net foreign exchange gain (loss)	5,560	43,898
Gain (loss) on financial assets and liabilities at fair value through profit and loss	875	177
Lease modification gain	126	-
Loss on buyback of bond payable	-	(939)
Others	(44)	(36)
	$ 3,923	$ 43,120

(4) Financial cost

	2023	2022
Bank's debt	$ 5,999	$ 4,226
Interest on the convertible bonds	5,818	5,411
Interest on lease liabilities	428	1,023
Total	$ 12,245	$ 10,660

(5) Depreciation, and amortization

	2023	2022
Property, plant, and equipment	$ 65,587	$ 59,135
Right-of-use assets.	12,129	13,769
Intangible assets	4,083	2,869
Total	$ 81,799	$ 75,773
Depreciation expense summary by function		
Operating cost	$ 41,222	$ 37,869
Operating expenses	36,494	35,035
	$ 77,716	$ 72,904
Amortization expense summary by function		
Operating cost	$ 280	$ 35
Operating expenses	3,803	2,834
	$ 4,083	$ 2,869

(6) Employee benefits expenses

	2023	2022
Short-term employee benefits		
Salaries and wages	$ 296,566	$ 313,027
Labor insurance and national health insurance	13,713	13,386
Share-based payment transaction - equity-settled	-	1,720
Retirement benefits	32,021	33,774
Other employee benefits	14,962	15,138
Total employee benefits expenses	$ 357,262	$ 377,045
Summary by function		
Operating cost	$ 212,296	$ 236,859
Operating expenses	144,966	140,186
	$ 357,262	$ 377,045

(7) Remuneration to employees, Directors and Supervisors

According to the Articles of Incorporation, the remuneration to employees and Directors' is calculated by the income before tax and the remuneration to employees and Directors' with rate no lower than 1.5% and higher than 2%. The compensation of employees and remuneration to Directors and Supervisors assessed for 2023 and 2022 were adopted by a resolution of the Board of Directors on March 14, 2024 and March 13, 2023, respectively as follows:

Estimate on ratio

	2023	2022
Remuneration to employees	4%	2.5%
Remuneration to directors/supervisors	2%	2%

Amount

	2023	2022
	Cash	Cash
Remuneration to employees	$ 5,186	$ 6,134
Remuneration to directors/supervisors	$ 2,593	$ 4,907

If there are still changes in the amount specified in the consolidated financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

The actual amount for remuneration to employees and Directors and Supervisors in 2022 and 2021 did not vary from the amount recognized in the consolidated financial statements of 2022 and 2021.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the Consolidated Company, visit the “MOPS” website of Taiwan Stock Exchange Corporation.

22. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense (profit) are as follows:

	2023	2022
Income tax expenses in the current period		
Incurred during the year	$ 56,457	$ 139,748
Additional 5% tax levied on undistributed earnings	1,588	-
Prior year adjustment	(4,210)	5,862
	53,835	145,610
Deferred tax		
Incurred during the year	4,115	(32,837)
Income tax expense recognized in the profit or loss	$ 57,950	$ 112,773

(2) Income tax expense calculated by net income before tax per book and tax rate regulated by laws adjusted as below:

	2023	2022
Profit before income tax	$ 176,261	$ 338,720
Income tax expense of net income before tax at the statutory tax rate (25%)	$ 44,065	$ 84,680
Non-deductible expenses and losses for tax purposes	1,231	108
Non-taxable income	(11,222)	(9,832)
Additional levy on undistributed earnings	1,588	-
Withholding tax for overseas earnings remittance	7,540	25,182
Unrecognized temporary differences	16,275	5,884
Others	96	34
Income tax expense of prior years adjusted in the current year	(4,210)	5,862
Effect of variation in taxation rates on the consolidation of the group and individual entities.	2,587	855
Income tax expense recognized in the profit or loss	$ 57,950	$ 112,773

Because the parent company, Power Logic Holdings Inc., United Strategy Inc. and Sunny Sharp International Limited registered in Cayman and Samoa, there is no income tax.

The income tax rate subjected to 25% for subsidiaries in China per the income tax laws in P.R.C. The income tax rate subjected to 20% for subsidiaries in Taiwan per the income tax laws in R.O.C. Further, the dividend income of Power Logic Holdings Inc. and United Strategy Inc. is subjected to 10% tax rate per the income tax laws in P.R.C.

(3) Current income tax asset and liability

	December 31, 2023	December 31, 2022
Current income tax asset		
Tax refund receivable	$ 10,582	$ 8,336
Current Tax Liability		
Payable income tax	$ 21,743	$ 80,366

(4) Deferred income tax assets and liabilities

2023

	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Deferred income tax assets				
Temporary difference				
Financial and tax difference for cost of goods sold	$ 10,134	$ 1,725	($ 205)	$ 11,654
Falling price of inventory	25,153	(1,532)	(374)	23,247
Allowance for losses	754	218	(5)	967
Deferred income	9,117	(402)	(145)	8,570
Provisions	-	43	(1)	42
Unrealized exchange loss	-	882	-	882
Loss carryforwards	532	16	-	548
	$ 45,690	$ 950	($ 730)	$ 45,910
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gain	$ 993	($ 993)	$ -	$ -
Financial and tax difference for sales revenue	21,352	(1,483)	(330)	19,539
Tax payable for overseas earnings remittance	82,488	7,541	-	90,029
	$ 104,833	$ 5,065	($ 330)	$ 109,568

2022

	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Deferred income tax assets				
Temporary difference				
Unrealized exchange loss	$ 51	($ 51)	$ -	$ -
Financial and tax difference for cost of goods sold	3,600	6,515	19	10,134
Falling price of inventory	12,034	13,003	116	25,153
Right-of-use assets.	37	(37)	-	-
Allowance for losses	384	365	5	754
Deferred income	-	9,169	(52)	9,117
Loss deduction	820	(288)	-	532
	$ 16,926	$ 28,676	$ 88	$ 45,690
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gain	$ -	$ 993	$ -	$ 993
Financial and tax difference for sales revenue	6,460	14,875	17	21,352
Tax payable for overseas earnings remittance	102,517	(20,029)	-	82,488
	$ 108,977	($ 4,161)	$ 17	$ 104,833

(5) Income tax audit

The tax filings for the Company and the subsidiaries verified by the tax collection agency are as followed:

	Year verified
POWER LOGIC TECH. INC	2021
SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	2021
CICHENG TECHNOLOGY CO., LTD.	2021

23. Earnings per share

Unit: NTD per share

	2023	2022
Basic earnings per share	$ 3.40	$ 6.90
Diluted earnings per share	$ 3.03	$ 6.27

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net profit for the year

	2023	2022
The net income applied to calculate basic earnings per share	$ 118,516	$ 226,013
Effect of dilutive potential common stock:		
Net interest on convertible bonds	5,818	5,411
Net profits for the calculation of diluted earnings per share	$ 124,334	$ 231,424

Number of Shares Held

Unit: Thousand shares

	2023	2022
Weighted average common stock shares used to calculate basic earnings per share	34,888	32,761
Effect of dilutive potential common stock:		
Remuneration to employees	131	167
Convertible corporate bonds	5,953	3,972
Weighted average common stock shares used to calculate diluted earnings per share	40,972	36,900

If the consolidated company may choose to have the employee compensation distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted

effect. When diluted EPS is calculated in the next year resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

24. Government grant

(1) In July 2019, the consolidated company entered into an investment agreement with the People's Government of Anfu County, Jiangxi Province, in which subsidies amounting to RMB 3,681 thousand and RMB 3,523 thousand were paid for land use rights and buildings, respectively; in addition, subsidies amounting to RMB 2,123 thousand were paid for building-related improvements, for a total of approximately NTD 40,411 thousand. Therefore, the above-mentioned government grants are classified as asset-related subsidies and are recorded as deferred income, and a gain or loss of NTD 1,603 thousand and NTD 1,607 thousand is recognized in fiscal year 2023 and 2022 under other income on a systematic basis over the depreciation period (recorded under other income).

(2) The Consolidated Company received subsidies for taxes and logistics and other government grants for the years 2023 and 2022 totaling NTD 27,639 thousand and NTD 27,726 thousand, respectively (recorded as other income).

25. Financial instruments

(1) Information on fair value – financial instruments at fair value on repetition.

1. Fair value level

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
Sell-/buy-back of convertible bonds	$ -	$ -	$ 14	$ 14

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
Sell-/buy-back of convertible bonds	$ -	$ -	$ 900	$ 900

2. Financial instruments are adjusted according to Level 3 fair value.

2023

Financial liabilities	Financial liabilities at fair value through profit and loss Derivatives
Balance, beginning of year	$ 900
Recognized in profit and loss (Other profit or loss)	(875)
Delisting of convertible corporate bonds	(11)
Balance, end of year	$ 14

2022

Financial assets	Financial assets at fair value through other comprehensive profit or loss Equity instruments
Balance, beginning of year	$ 2,086
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	3,914
Disposition	(6,000)
Balance, end of year	$ -

Financial liabilities	Financial liabilities at fair value through profit and loss Derivatives
Balance, beginning of year	$ 288
Addition due to issuance of new debt	789
Recognized in profit and loss (Other profit or loss)	(177)
Balance, end of year	$ 900

3. Evaluation techniques and an input value of Level 3 fair value measurement

For selling-/buying-back of convertible bonds, the binary tree–based model for convertible bond valuation is used to estimate the fair value and the stock price volatility is used as significant unobservable inputs. When share price volatility increases, the fair value of these derivatives will increase. The stock price volatility adopted as of December 31, 2023 and 2022 was 27.81% and 35.77, respectively.

(2) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets based on cost after amortization (Note 1)	$ 1,200,706	$ 1,453,073
Financial liabilities		
The held-for-trade assets measured at fair value through profit or loss	$ 14	$ 900
Measured at amortized cost (Note 2)	685,254	958,872
	$ 685,268	$ 959,772

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable-net, refundable deposits and other receivables, and other financial assets measured at amortized cost.

Note 2: The balance includes short-term borrowings, notes and accounts payable, other payables, long-term borrowings due within one year, corporate bonds payable, and financial liabilities measured at amortized cost, such as corporate bonds payable and long-term borrowings.

(3) Financial risk management purpose and policies

The financial instruments of the consolidated company are account receivable, account payable, corporate bonds payable and lease liability included. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The managements monitor risk and execute policy to reduce risk exposure according to its' authority.

1. Market Risk

The major financial risk faced by the consolidated company resulted from the operating activities include foreign exchange rate risk [see (1) below] and interest rate risk [see (2) below].

There is no change in the consolidated company's related financial instruments market risk exposure and the way the consolidated company manages and assesses the exposure.

(1) Exchange rate risk

The consolidated company is exposure to exchange rate fluctuation because its' subsidiaries sell and purchase in foreign currency.

Please refer to Note 28 for the consolidated company's monetary assets and monetary liabilities book value (including the written-off monetary items that are measured with non-functional currency on the consolidated financial statements) that are measured with non-functional currency on the balance sheet date.

Sensitivity analysis

Influences to the consolidated companies mainly arise from fluctuations in USD.

The consolidated company's sensitivity analysis for New Taiwan Dollar (functional currency) to each relevant foreign currency exchange rates that increased or decreased by 5% is illustrated in the following table. The 5% sensitivity is used internally for reporting the exchange rate risk to management and is the assessment by management regarding the reasonable and possible changes in foreign exchange rates. The sensitivity analysis includes only the outstanding monetary items in foreign currency; also, the translation at year-end is adjusted in accordance with the changes in exchange rates by 5%. The table below indicates the income before tax increase amount when NTD devalued 5% against other related currencies; the income before tax decrease the same amount when NTD appreciated 5% against other related currencies.

	Impact of USD	
	2023	2022
Profit and loss	$ 16,093	$ 27,071

(2) Interest rate risk

The interest rate exposure is from the entities within the consolidated company borrowing with fixed and floating rates.

The book value of financial liability belonged to consolidated company exposed to interest rate as of balance sheet date is as below,

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
- Financial liabilities	$ 26,011	$ 44,094
With cash flow interest rate risk		
- Financial liabilities	198,040	212,680

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The change in interest rate reported internally to management is the interest rate plus or minus 50 BPS, which represents management's assessment of the reasonable and possible changes in interest rates.

If the interest increase 50 BPS and other variables remain unchanged, the income before tax of consolidated company decrease NTD 990 thousand and NTD 1,063 thousand in 2023 and 2022. It is mainly caused by the floating borrowing rates.

2. Credit Risk

Credit risk refers to the counterparty's default on contractual obligations resulting in financial loss to the Group. As of balance sheet date, the maximum financial loss credit risk exposure of financial loss on obligation unfulfilled by the transaction party and financial guarantee provided by consolidated company is mainly from the book value of financial asset recognized in consolidated balance sheet.

The consolidated company rates the important customers with publicly obtained financial information and transaction record. The consolidated company continuously monitor the credit exposure and transaction parties' credit ratings and scatters the total transaction amount to credit rating qualified customers. The credit facility of transaction party is reviews and approved yearly by accounting departments to control credit exposure.

The credit risk of the consolidated company is from its' biggest customer. The total account receivable portion from that customer is 22% and 27% as of December 31, 2023 and 2022 respectively.

3. Liquidity Risk

The consolidated company has supported the Group's business operation and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The consolidated company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is an important source of liquidity to the consolidated company. As of December 31, 2023 and 2022, the financing facility of the consolidated company, please refer to financing facility explanation (II) below.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company's undiscounted cash flow (including principal and estimated interest) of financial liabilities on the possible earliest repayment date upon request. Therefore, the consolidated company may be required to immediately repay the bank loan is illustrated in the following table without considering the probability that the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

For the cash flow of the interest paid in accordance with the floating rate, the undiscounted interest amount is deduced from the yield rate curve on the balance sheet date.

December 31, 2023

	Payment on demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~5 years	Over 5 years
Non-derivative financial liabilities					
Notes and account payables	$ 34,200	$ 77,501	$ 39,440	$ -	$ -
No interest-bearing liabilities	-	-	139,200	-	-
Lease liability	331	661	2,373	4,084	-
Floating rate instruments	1,220	2,440	10,980	58,560	124,840
Fixed interest rate	-	26,011	-	-	-
	$ 35,751	$ 106,613	$ 191,993	$ 62,644	$ 124,840

December 31, 2022

	Payment on demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~5 years	Over 5 years
Non-derivative financial liabilities					
Notes and account payables	$ 22,245	$ 74,706	$ 46,882	$ -	$ -
No interest-bearing liabilities	169,100	-	-	200,000	-
Lease liability	1,249	2,497	10,467	4,502	-
Floating rate instruments	1,220	2,440	10,980	58,560	139,480
Fixed interest rate	-	22,047	22,047	-	-
	$ 193,814	$ 101,690	$ 90,376	$ 263,062	$ 139,480

(2) Financing facilities

	December 31, 2023	December 31, 2022
Guaranteed bank loan amount		
- The amount expensed	$ 224,051	$ 256,774
- The amount not yet expensed	539,956	628,334
	$ 764,007	$ 885,108

26. Related party transactions

Remunerations to the management

	2023	2022
Short-term employee benefits	$ 22,946	$ 24,667
Retirement benefits	139	125
Share-based payment	-	378
	$ 23,085	$ 25,170

27. Pledged assets

Below assets are collaterals for bank borrowings:

	December 31, 2023	December 31, 2022
Land, buildings and architecture	$ 445,649	$ 450,268

28. Information on exchange rates of financial assets and liabilities denominated in foreign currencies

The following information is presented in foreign currency other than the functional currency of each entity of the Consolidated Company. The disclosed exchange rate refers to the exchange rate that such foreign currency converting into the functional currency. Foreign currency assets and liabilities with significant influence as follows:

December 31, 2023

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary item			
USD	$ 10,937	30.705 (USD : NTD)	$ 335,823
USD	695	7.0827 (USD : CNY)	$ 21,340
Foreign currency liabilities			
Monetary item			
USD	1,147	30.705 (USD : NTD)	$ 35,211
USD	3	7.0827 (USD : CNY)	$ 95

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary item			
USD	$ 16,905	30.710 (USD : NTD)	$ 519,148
USD	1,193	6.9646 (USD : CNY)	$ 36,634

(Continued on next page)

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Foreign currency liabilities	Foreign currency	Exchange rate	Book value
Monetary item			
USD	$ 398	30.710 (USD : NTD)	$ 12,235
USD	70	6.9646 (USD : CNY)	$ 2,123

The consolidated company mainly take the foreign currency exchange risk other than the US dollar. The following information is presented in the functional currency of each entity possessing foreign currency. The disclosed exchange rate refers to the exchange rate of such functional currency converting into the presentation currency. Foreign currency gains/losses of material impact (including realized and unrealized):

	2023		2022	
Functional currency	Functional currency exchanges for presentation currency	Net gain (loss) on foreign exchange	Functional currency exchanges for presentation currency	Net gain (loss) on foreign exchange
NTD	1 (NTD: NTD)	$ 1,764	1 (NTD: NTD)	$ 22,431
CNY	4.424 (CNY: NTD)	3,796	4.435 (CNY: NTD)	21,467
		$ 5,560		$ 43,898

29. Notes of disclosure

(1) Material transactions(2) and transfer investment information:

1. The Loaning of funds: Attached table 1.
2. Endorsement and Guarantee: Attached table 2.
3. Securities held at period end (excluding investment in subsidiaries, affiliate, and Joint Ventures equities): None.
4. The accumulated amount of purchasing or selling the same securities reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate properties amounting to more than NTD 300 million or 20% of paid up capital: None.
6. Disposition of real estate properties amounting to more than NTD 300 million or 20% of paid up capital: None.
7. Purchase and sales transactions with related party amount over NTD 100 million or 20% and above of paid-in capital: Attached table 3.
8. Related party receivables amounting to more than NTD 100 million or 20% of paid up capital: Attached table 4.

9. Information on investees: Attached table 5.

10. Engagement in derivative trade: Note 7 and 25.

11. Business relationship and significant transactions between the Parent Company and Subsidiaries: Attached table 6.

(3) Information regarding investment in the territory of mainland china

1. The names of investees in China, operation items, paid-in capital, investment method, fund remittance –in and out, share-holding proportion, investment profit or loss, book value of investment of period end, wired-back investment profit or loss and investment limitation in China: Attached table 7.

2. The significant transactions conducted with the investee company in China directly or indirectly, and the price, payment terms, and unrealized profit and loss:

(1) Purchase amount and percentage and the related payables ending balance and percentage: Attached table 3 and 6.

(2) Sale amount and percentage and the related receivables ending balance and percentage: Attached table 3, 4 and 6.

(3) Property transaction amount and the profit and loss arising from the acquisitions: None.

(4) Notes endorsement and guarantee, or the provided collateral ending balance and its purpose: Attached table 2.

(5) The maximum financing balance, ending balance, interest rate interval, and total interest amount: Attached table 1.

(6) Others transactions with significant influences on the profit and loss or financial position, such as, the offer or acceptance of labor services: None.

(4) Information on major shareholders: Name, number and percentage of shares held by shareholders with at least 5% of ownership. (Attached table 8)

30. Capital risk management

The consolidated company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation.

The consolidated company capital structure is composed by the net liability of the consolidated company (e.g. loan deducted cash and cash equivalent) and equity.

The consolidated company is not required to comply with other external capital requirements.

31. Segment information

The consolidated company is operated for cooling fan production, purchase and sale mainly. The major business decision maker evaluate the operating performance based on the whole operating result. Therefore, the consolidated company is a single operating department and mainly operated in China. The operating department information and consolidated financial statements are consistent for 2023 and 2022.

(1) Main revenues from products and service

The major product and service revenue of the consolidated company analyzed as below:

	2023	2022
Cooling fan	$ 1,376,996	$ 1,632,089
Others	5,214	26,499
	$ 1,382,210	$ 1,658,588

(2) Information by areas

The territory information of consolidated company is as below. The revenue is classified per customers' geographic location and the non-current asset is classified per asset's geographic location.

Area	2023	2022
Revenue from external customers		
China	$ 1,164,918	$ 1,404,285
Taiwan	79,578	52,573
Others	137,714	201,730
Total	$ 1,382,210	$ 1,658,588
Non-current assets:		
China	$ 630,261	$ 633,831
Taiwan	507,652	521,236
Others	80	245
Total	$ 1,137,993	$ 1,155,312

Non-current asset exclude deferred tax asset.

(3) Information on key customers

Income generated from a single customer for more than 10% of the consolidated company's total income is as follows:

	2023	2022
Customer A	$ 239,184	$ 388,678
Customer B	238,443	339,688
	$ 477,627	$ 728,366

SUN MAX TECH LIMITED and its subsidiaries

The Loaning of Funds

2023

Attached table 1

Unit: Unless otherwise stated, NTD Thousand

No.	The lender of fund	The borrower of fund	Transaction title	Are they related parties	Maximum balance – current period	Balance, ending	The actual amounts disbursed	Interest rate collars	Nature of financing	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of provision for bad debts	Collateral		Limit of financing particular beneficiary (Note)	Total limit of financing (Note)	Remarks
													Name	Value			
1	POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Other receivables - related parties- Other	Yes	$ 5,000	$ -	$ -	1.9%	The necessity of short-term financing	$ -	Operation turnover	$ -	-	-	$ 35,395	$ 70,789	
2	POWER LOGIC HOLDINGS INC.	Sun Max Tech Limited	Other receivables - related parties- Other	Yes	16,213 (USD 500)	15,353 (USD 500)	- (USD -)	5.0%	The necessity of short-term financing	-	Operation turnover	-	-	-	193,838	193,838	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	13,552 (RMB 3,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	45,173 (RMB 10,000)	43,352 (RMB 10,000)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	45,173 (RMB 10,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	31,621 (RMB 7,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	

Note: Should fill in the operating procedure of lending company's money to others, lending limitation for individual party and total lending amount.

1. The total lending amount to others can't exceed 20% of latest net financial statements recently audited or reviewed by CPA. The lending to 100% direct or in-direct owned subsidiaries is not subjected to the limitation, but the highest amount can't exceed 40% of latest net financial statements.
2. Business related company or entity: The total lending amount can't exceed 10% of latest net financial statements recently audited or reviewed by CPA. The individual lending amount can't exceed the transaction amount of recent year. The transaction amount is the purchase or sale amount which is higher.
3. Business related company or entity with short-term loan requirement to the Company: the total lending amount can't exceed 10% of latest net financial statements recently audited or reviewed by CPA and the individual lending amount can't exceed 5% of latest financial statements net value recently audited or reviewed by CPA. The lending to 100% direct or in-direct owned subsidiaries is not subjected to the limitation, but the highest total lending amount and individual lending amount can't exceed 40% of latest net financial statements.
4. The total amount of subsidiaries lending to others can't exceed 40% of subsidiary's latest financial statements net value.
5. Business related company or entity with subsidiary, the total lending amount can't exceed 20% of subsidiary's latest net financial statements. The individual lending amount can't exceed the transaction amount of recent year. The transaction amount is the purchase or sale amount which is higher.
6. Business related company or entity with short-term loan requirement to the subsidiary: the total lending amount can't exceed 20% of subsidiary's latest net financial statements. The individual lending amount can't exceed 10% of latest subsidiary's net financial statements. The net value is based on the latest financial statement audited or reviewed by CPA.
7. The intercompany loan between 100% direct or in-direct owned domestic subsidiaries is not subjected to the previous three limitation, but the highest total lending amount and individual lending amount can't exceed 40% of subsidiary's latest net financial statements.
8. The intercompany loan between 100% direct or in-direct owned foreign subsidiaries is not subjected to the previous four limitation, but the highest total lending amount and individual lending amount can't exceed Subsidiary's latest net financial statements.
9. The amendment to the Procedures for Loaning of Funds to Others was approved in the shareholders' meeting on June 22, 2018.

SUN MAX TECH LIMITED and its subsidiaries

Endorsement and Guarantee

2023

Attached table 2

Unit: Unless otherwise stated, NTD Thousand

No. (Note 1)	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		The limit of endorsements and/or guarantees to a single business entity	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/or guarantees	The actual amounts disbursed	The endorsements and/or guarantees secured with property	Ratio of cumulative endorsement and guarantee to net worth in the most recent financial statement (%)	The upper limit of an endorsement and/or guarantee	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	Guarantee and endorsement in Mainland China	Remarks
		Company name	Relation											
0	Sun Max Tech Limited	POWER LOGIC HOLDINGS INC.	Parent Company and Subsidiaries	Note 2	$ 90,105 (USD 3,000)	$ - (USD -)	$ - (USD -)	$ -	0%	Note 3	Y	N	N	
0	Sun Max Tech Limited	DONG GUAN DONG LI DIAN ZI CO. LTD	Parent Company and Sub-subsidiary	Note 2	36,139 (RMB 8,000)	34,682 (RMB 8,000)	- (RMB -)	-	2%	Note 3	Y	N	Y	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	40,000	40,000	-	-	2%	Note 3	Y	N	N	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	20,000	-	-	-	0%	Note 3	Y	N	N	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	162,125 (USD 5,000)	153,525 (USD 5,000)	- (USD -)	-	9%	Note 3	Y	N	N	
0	Sun Max Tech Limited	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Parent Company and Sub-subsidiary	Note 2	225,867 (RMB 50,000)	216,761 (RMB 50,000)	26,011 (RMB 6,000)	-	12%	Note 3	Y	N	Y	

Note 1: The column for numbering is elaborated below:

(1) Fill in 0 for the issuer.

(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The endorsement guarantee amount to individual company by the Company do not exceed 10% of latest net financial statements audited by CPA: 1,775,261×10%=177,526, but the endorsement guarantee amount to 100% direct or in-direct owned company by the Company is not subjected to the previous limitation. The endorsement guarantee amount to individual company do not exceed 150% net value of the Company: 1,775,261×150%=2,662,892.

Note 3: The total endorsement guarantee amount by the Company do not exceed 20% of latest net financial statements audited by CPA: 1,775,261×20%=355,052, but the endorsement guarantee amount to 100% direct or in-direct owned company by the Company is not subjected to the previous limitation. The total endorsement guarantee amount do not exceed 150% net value of the Company: 1,775,261×150%=2,662,892.

SUN MAX TECH LIMITED and its subsidiaries

The purchase or sale with the related party for an amount exceeding NTD 100 million or 20% of paid-in capital

2023

Attached table 3

Unit: Unless otherwise stated, NTD Thousand

Purchasing (selling) company	Name of Counterparty	Relation	Transaction				Trading terms different from general trade and reasons		Account receivable(payable)		Remarks
			Purchas (Sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage to total account receivable(payable)	
SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	$ 183,939	24.76%	Payment term is due 90 days from the invoice date	-	-	$ 42,529	18.06%	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH（BVI）	Affiliate	Sales	525,141	39.08%	Payment term is due 90 days from the invoice date	-	-	141,316	28.17%	
DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	165,787	85.10%	Payment term is due 90 days from the invoice date	-	-	29,124	77.19%	
POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	108,646	98.79%	Payment term is due 90 days from the invoice date	-	-	14,892	98.94%	

Note: the sales and account receivable is eliminated from this consolidated statement.

SUN MAX TECH LIMITED and its subsidiaries

Accounts receivable-related party reaching NTD 100 million thousand or more than 20% of the Paid-in shares capital

December 31, 2023

Attached table 4

Unit: Unless otherwise stated, NTD Thousand

The company booked in the receivables	Name of Counterparty	Relation	Receivables from related party	Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Provision for loss allowance
					Amount	Process		
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Affiliate	$ 141,316	3.24 times	$ -	-	$ 115,685	$ -

Note: the receivables from related parties is eliminated from this consolidated statement.

SUN MAX TECH LIMITED and its subsidiaries

The information of the invested company, the location, and so on

2023

Attached table 5

Unit: Unless otherwise stated, NTD Thousand

Investor	Investee's name (Note 1, 2)	Location	Principal business	Initial investment amount		Ending shareholding			Invested company's profit and loss	Investment profit/loss recognized in the current period	Remarks
				Current yearend	Last yearend	Number of Shares Held	Proportion	Book value			
Sun Max Tech Limited	POWER LOGIC TECH. INC	Taiwan	Sales of cooling fan	$ 219,200	$ 219,200	21,920	100	$ 358,767	$ 17,883	$ 17,883	
Sun Max Tech Limited	POWER LOGIC HOLDINGS INC.	Samoa	Investment in holding company and sales of cooling fan	134,548 (USD 4,445)	248,602 (USD 8,245)	3,050	100	186,774	6,062	6,062	
Sun Max Tech Limited	UNITED STRATEGY INC.	Samoa	Investment holding	511,021 (USD 16,960)	511,021 (USD 16,960)	3,025	100	1,251,461	64,375	64,375	
Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	BVI	Investment in holding company and sales of cooling fan	46,741 (USD 1,550)	46,741 (USD 1,550)	490	100	160,485	57,994	56,374 (Note 4)	
POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Taiwan	Sales of cooling fan	40,000	40,000	4,000	80	36,285	(1,027)	(821)	

Note 1: If the public company is foreign holding company registered and takes the consolidated statements as the major statement according local laws, it is acceptable to disclose to the holding company only for foreign invested disclosure.

Note 2: Fill in by following regulations if not belongs to Note 1:

(1) Columns of "Investee name", "Area", "Operating items", "Original investment amount" and "Shares-holding at period end" should be filled in order according to the (public) Company reinvestment and the reinvestment of investee. The relationship between the (public) Company and investee is required to be indicated in the remarks column (e.g. it is a subsidiary or subordinate).

(2) "The investee income" column should be filled in with profit or loss amount of investee of the period.

(3) "The investee income" column is filled in with the recognized direct invested subsidiaries and investee profit and loss under equity of the Company only. No need to fill in other than these two. The subsidiary profit and loss included re-investment profit and loss to be recognized according to the regulations should be confirmed when filling in the "Recognized direct invested subsidiary profit and loss of the period".

Note 3: The details information of investee in China, please refer to the Attached table 7.

Note 4: Including unrealized gross from intercompany transactions.

SUN MAX TECH LIMITED and its subsidiaries

The business relationship between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts

2023

Attached table 6

Unit: Unless otherwise stated, NTD Thousand

No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount	Terms and conditions	The ratio of consolidated total income or assets (Note 3)
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	$ 108,646	Note 4	7.86%
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	14,892	Note 4	0.57%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	183,939	Note 4	13.31%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	42,529	Note 4	1.62%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	165,787	Note 4	11.99%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	29,124	Note 4	1.11%
4	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	23,715	Note 4	1.72%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	DONG GUAN DONG LI DIAN ZI CO. LTD	3	Sales revenue	22,086	Note 4	1.60%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Sales revenue	525,141	Note 4	37.99%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Accounts receivable	141,316	Note 4	5.39%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Financial expenses	47,557	Note 4	3.44%
6	CICHENG TECHNOLOGY CO., LTD.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Sales revenue	15,257	Note 4	1.10%

Note 1: The information of business operation between the parent company and its subsidiaries should be documented in the respectively numbered column as follows:

(1) Fill in "0" for parent company.

(2) The subsidiaries are sequentially numbered from 1 and so forth.

Note 2: The relationship with the traders is classified into three categories, which should be specified (the transaction conducted between the parent company and its subsidiaries or between two subsidiaries need not be disclosed in duplication). Such as: if the parent company has the transaction with the subsidiaries disclosed, the subsidiaries need not to have it disclosed in duplication. If one of the two subsidiaries has the transaction disclosed, the other subsidiary needs not to have it disclosed in duplication).

(1) The Company to the Subsidiary.

(2) The Subsidiary to the Bank.

(3) The Subsidiary to the Subsidiary.

Note 3: Calculate the ratio of the transaction amount to consolidate the total income or total assets. For the assets and liabilities account, calculate the ratio of the ending balance to the consolidated total assets. For the profits and losses account, calculate the ratio of the interim cumulated amount to the consolidated total income.

Note 4: The transaction term is no apparent difference existed for related and non-related party.

Note 5: The transaction above and over 10 million.

SUN MAX TECH LIMITED and its subsidiaries

Information regarding investment in the territory of mainland china

2023

Attached table 7

Unit: Unless otherwise stated, NTD Thousand

Names of investees in China	Principal business	Paid-in shares Capital	Mode of investments (Note 1)	Accumulated amount of investment remitted from Taiwan at beginning	Amount of investment remitted or recovered in current period		Accumulated amount of investment remitted from Taiwan at ending	Invested company's profit and loss	Ratio of shareholding of investment directly or indirectly made by the Company	Investment profit/loss recognized in current period (Note 2)	Book value of investment at ending	The investment income received at the end of the current period	Remarks
					Outward remittance	Recover							
POWER LOGIC TECH (TAI YI) CO., LTD	Production and sale of cooling fan	$ 126,746 (CNY 27,500)	2 (POWER LOGIC HOLDINGS INC.)	$ -	$ -	$ -	$ -	$ 7,552	100.00	$ 7,333 (Note 4)	$ 175,720 (Note 4)	$ -	
DONG GUAN DONG LI DIAN ZI CO. LTD	Production and sale of cooling fan	88,456 (HKD 21,000)	2 (UNITED STRATEGY INC.)	-	-	-	-	(52,533)	100.00	(52,520) (Note 4)	138,270 (Note 4)	-	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Production and sale of cooling fan	688,394 (CNY 150,000)	2 (UNITED STRATEGY INC.)	-	-	-	-	120,541	100.00	120,412 (Note 4)	1,027,210 (Note 4)	-	

Accumulated investment from Taiwan to Mainland China at ending	Amount of investment approved by Investment Commission of MOEA	Compliance with the limit of investment in Mainland China set forth by Investment Commission of MOEA
Not applicable	Not applicable	Not applicable

Note 1: There are three types of investments labeled by the respective number:

(1) Direct investment in China.

(2) Investment in China through the third region (please indicate the invested company in the third region).

(3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

(1) Please mark out if there has no investment gain or loss yet because the investment is still under planning.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out.

A. Financial statements audited by international firm cooperated with accounting firm in R.O.C.

B. Financial statements audited by the CPAs who audit the parent company in Taiwan.

C. Others.

Note 3: All figures presented in new Taiwan dollars.

Note 4: including the un-realized gross profit from inter-company transaction.

Sun Max Tech Limited

Major shareholder information

December 31, 2023

Attached table 8

Name of Principle shareholder	Shares	
	Shareholding (shares)	Ratio of Shareholding
The investment account of Hsin Ting Holdings Ltd. is managed by Taishin International Commercial Bank.	6,673,245	18.72%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares of book-entry securities (including treasury stocks). The number of shares recorded in the consolidated financial statements and the actual number of delivered book-entry securities may differ depending on the calculation basis for preparation.

V. Recent annual individual financial report and accountant verification report

The company was established in the British Cayman Islands on November 28, 2013. The Cayman local regulations do not require the preparation of individual financial reports and the dividend distribution is based on the consolidated statements, so it is based on the 103.01.13 gold management certificate. In the letter of 10200546801, the company is exempt from the preparation of individual financial reports.

VI. If the company or its affiliated enterprises have experienced financial difficulties during the most recent fiscal year or the current fiscal year up to the date of printing of annual report, the annual report shall explain how said difficulties will affect the company's financial status: Not applicable.

VII. Review of financial status, business performance, and risk management

I. Comparative analysis of financial condition:

Unit: NTD thousands

Year / Item	2023	2022	Variation	
			Amount	%
Current assets	1,440,052	1,742,443	(302,391)	(17.35)
Property, plant, and equipment	1,092,586	1,086,895	5,691	0.52
Right-of-use assets.	25,022	35,059	(10,037)	(28.63)
Intangible assets	8,434	7,151	1,283	17.94
Other assets	57,861	71,897	(14,036)	(19.52)
Total assets	2,623,955	2,943,445	(319,490)	(10.85)
Current liabilities	533,811	674,515	(140,704)	(20.86)
Non-current liabilities	331,611	532,875	(201,264)	(37.77)
Total liabilities	865,422	1,207,390	(341,968)	(28.32)
Share Capital	356,403	341,969	14,434	4.22
Capital surplus	826,927	777,187	49,740	6.40
Retained earnings	622,870	641,142	(18,272)	(2.85)
Other equity	(56,738)	(33,519)	(23,219)	69.27
Treasury shares	0	0	0	NA
Non-controlling interest	9,071	9,276	(205)	(2.21)
Total shareholders' equity	1,758,533	1,736,055	22,478	1.29

Description of major changes:
(The amount changes by more than 10%, and the amount reaches 1% of the total assets of the year, that is, NT$ 26,240 thousand yuan)

1. Decrease in current assets: The decrease was mainly due to a decrease in cash and cash equivalents resulting from the payment of cash dividends and redemption of bonds.
2. Decrease in total assets: The decrease in total assets was mainly due to a decrease in current assets.
3. Decrease in current liabilities: The decrease in current liabilities was mainly due to a decrease in income tax payable as a result of the decrease in earnings, as well as the repayment of short-term loans, long-term debt due within one year, and bonds payable.
4. Decrease in non-current liabilities: Convertible bonds were reclassified from non-current liabilities to current liabilities due to redemption rights, resulting in a decrease in non-current liabilities.
5. Decrease in total liabilities: The decrease was mainly due to redemption of bonds and repayment of loans.

Source: consolidated audited financial statements

II. Comparison and analysis of financial performance:

1. Financial performance analysis

Unit: NTD thousands

Item \ Year	2023	2022	Variation	
			Amount	%
Operating revenue	1,382,210	1,658,588	(276,378)	(16.66)
Operating cost	991,237	1,143,081	(151,844)	(13.28)
Gross profit	390,973	515,507	(124,534)	(24.16)
Operating expenses	268,642	255,710	12,932	5.06
Operating income	122,331	259,797	(137,466)	(52.91)
Non-operating expenses	53,930	78,923	(24,993)	(31.67)
Profit before income tax	176,261	338,720	(162,459)	(47.96)
Income tax expense	57,950	112,773	(54,823)	(48.61)
Net profit of current period	118,311	225,947	(107,636)	(47.64)
Current period other comprehensive income	(23,219)	30,593	(53,812)	(175.90)
Current period other comprehensive income (Gross)	95,092	256,540	(161,448)	(62.93)

Description of major changes:
(The change ratio before and after the period is more than 20%, and the amount of change exceeds NT$10 million)

1. Decrease in gross profit: The decrease in gross profit decreased due to the impact of global inflation on the end consumer market.
2. Decrease in operating income: Decrease in operating income was due to a decrease in gross profit and a small difference in operating expenses.
3. Decrease in non-operating expenses: The significant appreciation of the U.S. dollar in 2022 resulted in foreign exchange gains, but not in the current period, resulting in a decrease in non-operating income and expenses for the period.
4. Decrease in profit before income tax: The decrease in operating revenue resulted in a decrease in gross profit. In addition, the decrease in profit before income tax was due to a decrease in non-operating income.
5. Decrease in income tax expense: The decrease in income tax expense was due to a decrease in profit before income tax for the period.
6. Decrease in net income for the period: The decrease in net income for the period was due to a decrease in operating revenue and gross profit.
7. Decrease in Other comprehensive income for the period: The depreciation of the Renminbi resulted in a decrease in exchange differences arising from the translation of the financial statements of foreign operations by the investment in Mainland China subsidiaries.
8. Decrease in total comprehensive income for the period: The decrease in total comprehensive income for the period was mainly due to a decrease in net income and other comprehensive income for the period.

Source: consolidated audited financial statements

2. Expected sales volume and the related reference

The Company's expected sales volume is based on the market forecast of major customers, the sales status of past products, the expected growth rate of products, the development of new customers and the business growth of existing customers, while taking into account the material conditions of major raw materials and the capacity of suppliers. Set the shipping target by factors such as delivery time.

3. Possible impact on the company's future financial business and its response plan

The company has a stable growing operation and a stable source of customers, will steadily increase capital expenditure to bring new business opportunities for the company.

Also, the company will continue to deepen and operational management reasonable cost control of each subsidiary to promote the company's business growth and improve profitability; No significant potential impact on the company's future financial business.

III. Cash flow analysis:

1. Cash flow analysis in the most recent year (2023)

Unit: NTD thousands; %

Item \ Year	2023	2022	Variation	
			Amount	%
Operating activities	112,181	547,244	(435,063)	(79.50)
Investing activities	(43,127)	(346,992)	303,865	(87.57)
Financing activities	(345,818)	331,921	(677,739)	(204.19)
Change analysis: (1)Decrease in cash provided by operating activities: Revenue and profit for the year decreased due to lower global demand, resulting in a decrease in cash provided by operating activities. (2)Decrease in cash used in investing activities: As the operating revenue for the year decreased, only general production equipment replacement was carried out, which cost less than the capital expenditure on the purchase of Taipei office in the previous year, resulting in a decrease in cash used in investing activities for the year. (3)Decrease in cash provided by financing activities: The Company issued its third convertible bonds and made a long-term loan on Taipei Office in the previous year, and redeemed the second convertible bonds in the current period, resulting in a shift from cash inflows to outflows in financing activities.				

Source: consolidated audited financial statements

2. Plans to improve liquidity: None.

3. Liquidity analysis for the next year (2024)

Beginning of year cash balance (1)	Net cash flow from operating activities for the year (2)	Annual cash outflow (3)	Cash surplus (deficit) (1)+(2)-(3)	Financing of cash deficits	
				Investment	Wealth management
627,497	149,796	168,800	608,493	-	-
1. Analysis of anticipated cash flow changes in 2024: (1) Estimated cash inflow from business activities: NT$ 149,796 thousand. (2) The estimated cash outflow from investment activities is NT$51,147 thousand, which is primarily attributable to the acquisition of production and R&D equipment. (3) A cash out flow of NT$117,653 thousand under financing activities was for 2023 dividend distribution. 2. Responsive measures and liquidity analysis on cash flow deficits: None.					

IV. Material capital expenditures in the latest year and impacts on business performance:

Unit: NTD thousand

Plans	Actual and expected funding source	Actual and expected completion date	Total funds required	Actual or expected uses of funds			
				2019	2020	2021	2022
Property, plant and buildings	Self capital and fund raising	January 2020	RMB 91,273	RMB 30,527	RMB 26,034	RMB 17,356	RMB 17,356
Property, plant and buildings	Proprietary funds and bank loans	May 2022	NTD 277,580				NTD 277,580

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

1. The Company's investment policy

The Company’s current reinvestment policy focuses on investment relating to fundamental business and does not involve in any reinvestment unrelated to fundamental business, where the relevant units are bound by Rules Governing Acquisition and Disposal of Assets and Rules Governing Oversight and Management of Subsidiaries stipulated by the Company, and in accordance with the investment cycle policy under the internal control system. Each subsidiary shall comply with the Company’s rules and shall conduct proper internal control considering local laws and actual operation.

2. The main reasons for the profit or loss of investment in the most recent year (2023):

Unit: NTD thousand

Transfer investment	Investment gains and losses	Remark
United Strategy Inc.	64,375	Good operating condition
POWER LOGIC HOLDINGS INC.	6,062	Good operating condition
Sunny Sharp International Ltd.	56,374	Good operating condition
POWER LOGIC TECH. INC	17,883	Good operating condition
DONG GUAN DONG LI DIAN ZI CO. LTD	(52,520)	Decrease in revenue and shipment volume and insufficient capacity utilization resulted in the loss for the year.
POWER LOGIC TECH (TAI YI) CO., LTD.	7,333	Good operating condition
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	120,412	Good operating condition
CICHENG TECHNOLOGY CO., LTD.	(821)	The volume of orders received was not enough to harmonize the production capacity, so there was still a loss. In the future, we will continue to explore the market to increase revenue.

VI. Risk management and assessment:

(I) Risk factor

1. Impacts of interest rates, exchange rates, and inflation to The Company’s earnings, and the responsive measures

(1) Interest rate changes and response measures

The interest income of the Company for the year of 2022 and 2023 was NT$ 7,195 thousand and NT$ 18,111 thousand, respectively, accounting for 0.43% and 1.31% of the combined net operating income for the year, respectively, and the interest expenses for 2022 and 2023 were NT$ 10,660 thousand and NT$ 12,245 thousand, respectively, accounting for 0.64% and 0.89% of the combined net operating income for the year, had little impact on the company's revenue and profit. The Company's future response measures: The Company will pay attention to the changes in the financial interest rate at any time, and adjust the use of funds in a timely manner to meet the financial risks that may arise from changes in interest rates. In the future, the company's capital planning is still based on sound principles, and the first allocation of funds is safely managed. Considering the future development of the company, different funding sources and costs will be adopted in addition to maintaining good relations with banks, and different financing methods will be chosen for future growth.

(2) Exchange rate changes and response measures

The company primarily collects payments in New Taiwan dollars, US dollars, and renminbi and purchases materials in New Taiwan dollars, US dollars and renminbi. The natural risk-hedging effect is produced by offsetting receipts and payments in the same currency to reduce exchange demand. The net exchange loss in 2022 is NT$ 43,898 thousand and the net exchange gain in 2023 is NT$ 5,560 thousand, representing 2.65% and 0.40% of the consolidated net operating income, respectively. This is primarily due to the fluctuating value of the US dollar and is intended to mitigate the impact of exchange rate fluctuations on the company’s profit and loss. The specific measures of the company in response to exchange rate changes are as follows:

A. Financial staff should collect real-time currency information at any time, make judgments based on the trend of future exchange rates, maintain adequate foreign exchange reserves and provide a business as a reference basis for quotation.

B. Adjust the foreign currency deposit position according to the exchange rate change situation. Considering the pre-purchase or pre-sale forward foreign exchange contract for the purpose of hedging and the method of borrowing foreign debt to reduce the exchange rate risk if necessary.

C. Adopt the method of automatic hedging of foreign exchange receipts and payments to reduce the foreign currency net assets by offsetting the foreign currency receipts and payments generated by foreign sales and foreign purchases.

D. According to Article 36-1 of the Securities and Exchange Act, the “Procedures for Financial Derivatives Transactions” is established as the basis for engaging in derivative commodity transactions, so that the foreign exchange losses of daily operations are limited to a controllable range.

(3) Inflation response measures

The Company has considered the risk of inflation in the planning of the annual operating plan. The past profit and loss of the Company has not been significantly affected by inflation. If the purchase cost increases due to inflation, the Company will also keep abreast of the price of upstream goods. Changes are timely reflected in costs and quotations to reduce the profit and loss impact on the company due to cost changes.

2. Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future

(1) Based on prudent principles and pragmatic business philosophy, the company has not engaged in high-risk and highly leveraged investment except in the fields of the company's business.

(2) The Company has set has "Regulations Governing of loans to other", "Regulations Governing of Endorsements/Guarantees", "acquisition or disposal of asset disposal program," "derivative commodity transaction processing" and other measures. The company will comply with the above procedures, so the relevant risks should be limited.

3. R&D plan in the future and projected investment

R&D expenses for 2022 and 2023 were NT$63,709 thousand and NT$68,551 thousand, respectively, or 3.84% and 4.96% of total revenue. R&D expense is budgeted according to the product roadmap. We have planned a R&D budget of NT$81,711 thousand for 2024 to cater various development projects.

R&D projects	2024 R&D budget by project item
Cooling fans for graphic cards, NB and gaming	Approximately NT$81,711 thousand
Telecom/AI, servers	
Vehicle fans	

In response to the needs of multiple research and development projects (graphics card cooling fans, NB cooling fans, LED gaming cooling fans, smart and power-saving appliance, telecom/5G servers, vehicle fans, and AI fan promotion), in addition to laboratories expansion, purchase of relevant testing equipment, increasing professional research and development ability, cultivating research and development talents, and close cooperation with buyers, the Company also uses our technology in designing innovative products and developing new manufacturing techniques to improve the Company’s competitiveness and expand non-computer, smart fan and server applications. It develops new market applications and increases the overall profits.

4. The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

The company is registered in the Cayman Islands and the main place of operation is Mainland China. The implementation of the company's various businesses is handled in accordance with important domestic and international policies and laws, and it is important to pay attention to important policies and legal changes in the countries and regions. Information, and prepare for prevention through various pipelines. If there are any changes, consult with lawyers, accountants and other relevant units, or appoint them to evaluate and plan the corresponding measures, and timely respond to market changes and take appropriate measures. The Company has not had significant influence on the financial operations of the Company due to

significant policy and legal changes in the Cayman Islands and the major operating countries.

5. Effects of technological (including cyber security risks) and industrial changes to the company's financial and business performance, and the responsive actions

The Company keeps abreast of the changes in technology and product demand in the industry, keeps abreast of the latest market information, and assesses its impact on the company's operations. The evaluation and research and development of various products have met the market demand, and the latest annual and annual reports are printed. At the end of the day, the company has no major technological changes or industrial changes, which has caused significant impact on the company's financial business.

To implement information security management, the Company stipulates Rules Governing Information Security Management and relevant operational procedures, which shall be the basis of implementing information work plans. The Company strictly restricts the use and safety maintenance of information, establishes firewalls, encryption systems and personal information storage to restrict and audit access and records to reduce risks to information security.

6. Impacts of changes in corporate image to the company's crisis management, and the responsive measures

Since the establishment of the company, the company has a good corporate image, complies with relevant laws and regulations, actively researches and develops new products and obtained patent certification, while maintaining harmonious labor and local relations, in order to maintain a good corporate image, so this crisis has not happened yet.

7. The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures

The Company has no plan for merger and acquisition with any other company in the prospectus was printed, and will take caution in evaluation of any possible merger and acquisition in the future with overall assessment on the synergy after the merger to ensure the rights of the shareholders.

8. The expected result, possible risk of capacity expansion, and the response

In the Board of Directors' meeting on July 18, 2019, the Company passed a proposal for 100% owned sub-subsidiary Taiyi (Jiangxi) Electronic Technology Co., Ltd. to purchase the right-of-use of land and factory buildings in the industrial park in Anfu County, Jiangxi Province. Prior to the acquisition, the above two production facilities were leased. The cost of factory rent and labor increased annually. The Anfo Industrial Park land use right and real estate factory were acquired as the group's integrated production base in consideration of long-term management and reduced operational costs. The transfer of ownership was finalized on January 13, 2020. The Company's purchase of factories is assessed fully, carefully and professionally. Material capital expenditures are required to be submitted to be reviewed by the Board of Directors. Investment return and potential risks are also taken into consideration.

9. Risks of concentrated purchases or sales, and responsive measures to such risks

(1) Risks of concentrated purchases, and responsive measures to such risks:

The main customer of the company is Taiwan Computer Display Card System Factory. Due to customer's requirements for quality, the main raw materials such as PBT/PC plastic materials, rolling bearings, enameled wire, tin

wire, tin bar, square wire, integrated circuit, etc. Raw materials such as silicon steel sheets, iron shells, magnetic strips, copper, electronic components, power cords, packaging materials, shaft cores, etc., are used in a variety of ways to purchase goods from multiple manufacturers to increase bargaining space and reduce the risk of material shortage. Or according to changes in the product structure of the company's sales, there is no risk of concentration of purchases.

(2) Risks of concentrated sale, and responsive measures to such risks:

The revenue of the Company's largest sales customers in 2023 and 2022 was 17.30% and 23.43%, respectively, while the top ten customers accounted for 76.14% and 79.42% respectively, and the revenue of the first customer was In the case of a high proportion, the Company will strengthen the control of its credit limit. If the order quantity is greater than the credit limit granted and the sum of the receivables, the company will suspend the shipment and will also periodically check accounts receivable with customers, timely collection to avoid bad debt. In addition, in order to spread the risk of sales, the company will actively look for new customers and new business opportunities to spread the source of customers, such as the development of vehicles, network communication, industrial control, home appliances and other different product areas of customer orders. With the wave of AI technology ignited by Chat GPT, and emerging applications such as Vehicle-to-everything, Internet of Things, and Metaverse are on the rise, coupled with the fact that governments are actively promoting infrastructure such as smart cities, smart grids/charging piles and energy storage systems, etc., we will continue to explore a diverse range of markets and to develop the design and application of cooling fans for various industries. The company shall continue to actively expand the product market of high-end niche cooling fans, which is expected to achieve gradual growth and disperse the risk of sales concentration.

10. The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks

In the most recent year and the end of the annual report, the directors of the Company and the majority shareholder holding 10% of the shares did not have a significant transfer of equity.

11. The influence and risk from the change hands of the management, and the response

The company has not changed its management rights in the most recent year and up to the date of publication of the annual report. The company has strengthened various corporate governance measures. Directors shall be appointed by nomination. The Audit Committee shall be made up of three independent directors in order to strengthen the protection of shareholders' rights and interests. In addition, company's operations rely on the professional managers' sound operating performance, which should be supported by shareholders. Complete internal control systems and relevant management regulations have been set up. Changes in management rights, if any, shall not subject the company operations to detrimental impacts.

12. List out the legal proceedings or non-contentious matters, or administrative actions, involving the Company, the Directors, Supervisors, President, the deputy agent, or dominant shareholders holding more than 10% of the shares issued by the Company and its subsidiaries, concluded with rulings or still pending, the result of which may cause significant influence on the shareholders equity or stock price of the Company. Disclose the factual account of the contention, the starting date of the proceedings, the parties concerned, and the action taken by the Company to the date this report was printed: None.

13. Other significant risks and responsive measures:

(1) Risk of rapid market changes

The Company pays attention to the change and development in technologies in the industry, as well as new products launched by international brands, to quickly grip the trend and propose a response plan. We also proactively expand the market applications by continuously developing new clients in different industries to reduce operational risks and by obtaining more orders from clients to reduce risks of industrial changes. Therefore, risks are diversified in the unstable economy and our income source is relatively stable. The Company has always operated conservatively and stably to effectively reduce the risks posed by economy changes.

(2) Risk of shareholder equity protection

The company's registered Cayman Islands law has many differences with the Republic of China. Although the company has not touched the laws of the Isle of Man, it is subject to the regulations of the Taiwan Stock Exchange Co., Ltd. The National Shareholders' Rights Protection Matters Checklist amends the company's articles of association. However, there are still many differences between the two local laws and regulations on the operation of the company. Investors cannot guarantee the investment in the legal rights of the Republic of China company, and apply it to the Cayman invested. In an archipelago company, investors should know and consult with experts to invest in whether the Cayman Islands company can obtain effective shareholder rights protection. Please refer to pages 192 to 199 of this annual report for the differences between the articles of association and the checklist of shareholders' rights and interests' protection.

(II) Other important notes:

Please refer to pages 225 to 238 of this annual report for an explanation of the significant differences between these shareholder protection regulations and those of the ROC.

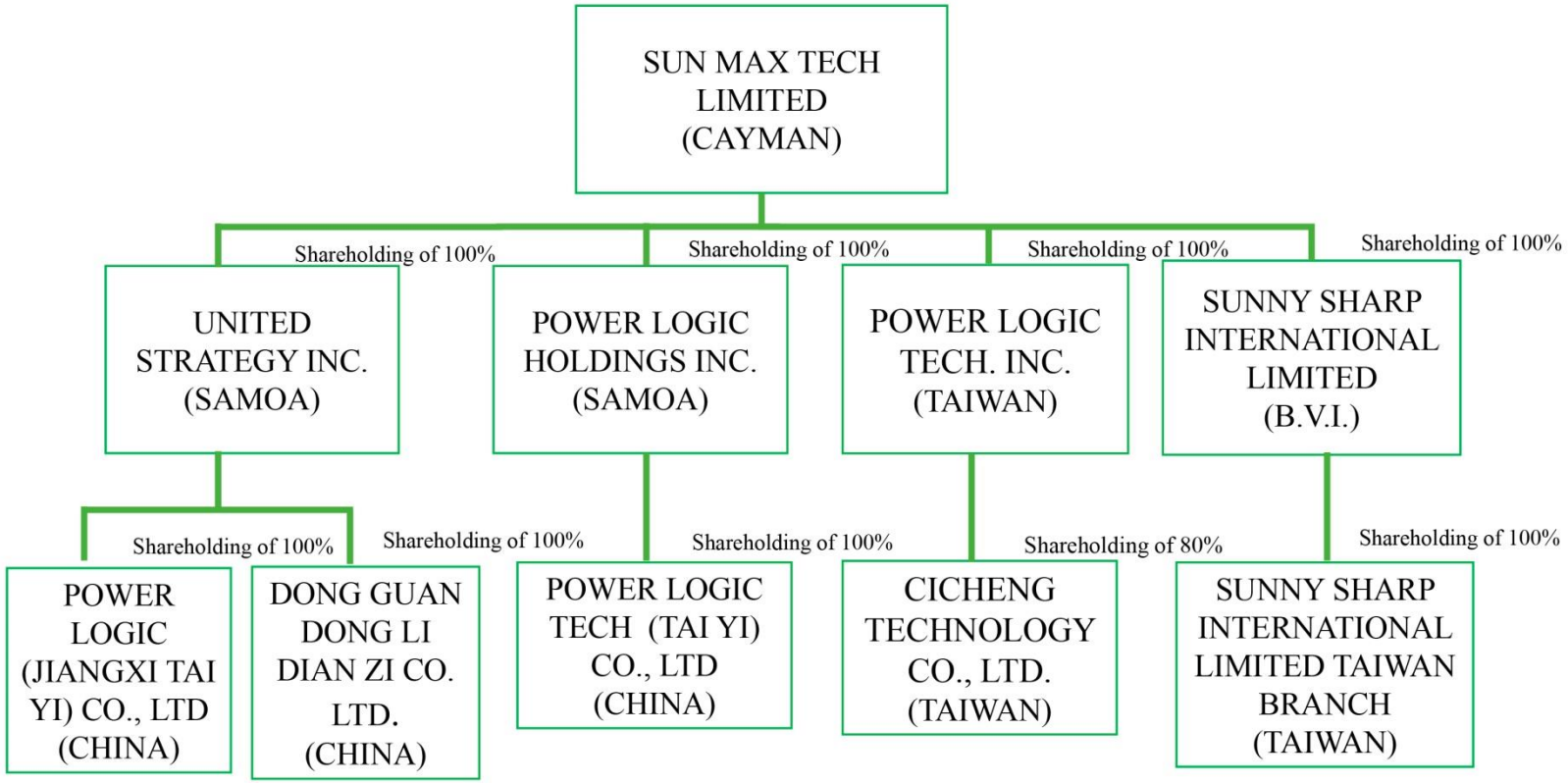
VIII. Special remarks

I. Information regarding the affiliated enterprises

(I) Information regarding the affiliated enterprises

1. Organization chart for affiliates:

(1) Organization chart for affiliates:



(2) Presumption of Controlled and Subordinate Company in accordance with Article 369 (3) of the Company Law: None

(3) Subsidiary companies that directly or indirectly control personnel, finance or business operations in accordance with the second paragraph of Article 369-2 of the Company Law: None

2. Basic information of affiliated enterprises:

December 31, 2023 Unit: NT$ thousand

Name of affiliated enterprises	Date of establishment	Address	Paid-in shares Capital	Major operations
United Stragegy INC.	2003/07/01	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US$16,960	Investment holding
POWER LOGIC HOLDINGS INC.	2008/08/21	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US$4,445	Investment holding
Power Logic Tech. Inc.	1998/04/04	9F, 9-1F, No. 166, Jian 1st Rd., Zhonghe Dist., New Taipei City	NT$219,200	Sales of electronic components
Sunny sharp International Limited	2015/11/11	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US$1,550	Investment holding
DONG GUAN DONG LI DIAN ZI CO. LTD	2003/12/10	No. 13, Tianheng Road, Tianwei Village, Changping Town, Dongguan City, Guangdong Province, China	HK$21,000	Sales of electronic components
POWER LOGIC TECH (TAI YI) CO., LTD.	2014/07/31	Room 101, Building 1, No. 19, Tianheng Road, Tianwei Village, Changping Town, Dongguan City, Guangdong Province, China	RMB27,500	Production and sales of electronic components
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	2019/06/26	Anfu Industrial Park, Jiangxi Province	RMB150,000	Production and sales of electronic components
CICHENG TECHNOLOGY CO., LTD.	2021/02/03	No. 9, Ln. 39, Sec. 2, Zhongshan Rd., Guanyin Dist., Taoyuan City	NT$50,000	Production and sales of electronic components

3. Information on the same group of shareholders presumed as under control and in subordinated relation: None

4. The industries housed in the same business location of the whole Affiliated Enterprises:

   The business of the Company and its related companies includes the molding, injection molding, painting and assembly of 3C products.

5. Information on directors, supervisors, and general managers of affiliated enterprises:

December 31, 2023

Name of affiliated enterprises	Title	Company name or representative	Status of shareholding	
			Number of Shares	Ratio of Shareholding
United Stragegy INC.	Director	HSU Wen-Faung	3,025,000	100%
POWER LOGIC HOLDINGS INC.	Director	HSU Wen-Faung	3,050,000	100%
Power Logic Tech. Inc.	Executive Director	HSU Wen-Faung	21,920,000	100%
Sunny sharp International Limited	Director	HSU Wen-Faung	490,000	100%
DONG GUAN DONG LI DIAN ZI CO. LTD	Executive Director Supervisor	HSU Wen-Faung LAI, Jen-Chung	Capital HK$21,000,000	100%
POWER LOGIC TECH (TAI YI) CO., LTD.	Executive Director Supervisor	HSU Wen-Faung LAI, Jen-Chung	Capital RMB27,500,000	100%
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Executive Director Supervisor	HSU Wen-Faung LAI, Jen-Chung	Capital RMB150,000,000	100%
CICHENG TECHNOLOGY CO., LTD.	Chairman Supervisor	Yen His-Fen Chang Chi-Jen	1,000,000 0	20% 0%

(II) Business Performance of Affiliated Enterprises:

Financial status and operating results of each related company: December 31, 2023

Unit: NTD thousands, except Earnings Per Share (NTD)

Name of affiliated enterprises	Capital	Total assets	Total liabilities	Net value	Operating revenue	Profit (loss) from operations	Current period profit (after tax)	Earnings per share (After tax)
United Stragegy INC.	90,705	1,314,396	62,935	1,251,461	0	(365)	64,375	Note 1
POWER LOGIC HOLDINGS INC.	91,543	193,601	6,827	186,774	366	(303)	6,063	Note 1
Power Logic Tech. Inc.	219,200	572,930	214,163	358,767	109,975	25,832	17,883	0.82
Sunny sharp International Limited	15,190	46,192	0	46,192	0	(134)	(116)	Note 1
DONG GUAN DONG LI DIAN ZI CO. LTD	88,456	168,064	29,794	138,270	194,822	(52,127)	(52,533)	Note 2
POWER LOGIC TECH (TAI YI) CO., LTD.	126,746	177,086	1,148	175,938	24,081	12,018	7,552	Note 2
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	688,394	1,390,187	362,849	1,027,338	1,343,707	154,307	120,540	Note 2
CICHENG TECHNOLOGY CO., LTD.	50,000	51,281	5,926	45,355	16,075	(1,375)	(1,026)	(0.21)
Note 1: It is not applicable to overseas companies. Note 2: It is a mainland limited company, not applicable.								

(III) Relationships Business Consolidated Financial Statements: Please refer to the "Consolidated Financial Reporting and Accountant Verification Report" in "Land, Financial Overview".

(IV) Affiliation Report: None.

II. Private placement of securities during the latest year up till the publication date of this annual report: none.

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other supplementary information: None.

V. Explanation of significant differences with the provisions of the shareholders' rights and interests of the Republic of China:

Due to the slight inconsistency between the British Cayman Islands Act and the Republic of China Act, the Taiwan Stock Exchange Co., Ltd. recently amended the "Registration Form for the Protection of Shareholders' Rights and Interests of Foreign Issuer Registration Countries" (hereinafter referred to as "shareholders' rights protection" The "List of Events" does not apply to the Company of course. The following list shows the differences between the Company's currently valid Articles of Association (the "Articles of Association") and the protection of shareholders' interests due to the provisions of the British Cayman Islands Act, and the Company. The provisions of the charter.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
The Company repurchased its own shares for assignment to its employees with the restriction of no transfer within the specific period of time. Such period could not be longer than 2 years.	The contents of this requirement are stated in Article 40D of the Articles of Incorporation, read as "Unless Article 40E of the Articles of Incorporation and the laws governing the listing on the TWSE or TPEx provide otherwise, the treasury shall be disposed in accordance with the provisions and conditions determined by the Board. If the repurchase of treasury shares shall be subject to assignment to employees under applicable laws governing the listing on the TWSE or TPEx, the	According to Article 1 of the Articles of Incorporation, Treasury Shares as referred to shall be those shares issued in accordance with the Articles of Incorporation, the company law of the Cayman Islands, and applicable laws governing the listing on the TWSE but repurchased or redeemed, or repossessed through any other means by the Company without cancellation. As such, the requirement of this	Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	employees concerned shall promise not to transfer these shares within a stipulated period no longer than 2 years. (Note: The above is the extract in Chinese)	section is provided by Article 40D of the Articles of Incorporation. According to the lawyers of the Cayman Islands, “the restrictions agreed between the transferor and transferee is a contractual matter between themselves.”	
The following matters shall be listed and explained in the convening of the shareholders' meeting, and shall not be proposed in a temporary motion; the main contents of the following matters shall be placed at the securities counter trading center or the stock exchange or the company's designated website, and their website shall be stated. In the call for notice: (1) The election or dismissal of directors, supervisors; (2) Amendments to the Company Corporate Charter (Articles of Incorporation); (3) Decapitalization; (4) Application for discontinuation of public offering: (5) Company dissolution, merger, share conversion, division; (6) Entering into, alteration, or	The contents of requirement in this section are stated in Article 50 of the Articles of Incorporation and specified as, “The following shall be cited in the notice of the Shareholders Meeting, and cannot be proposed as extemporary motions: (a) Election or relief of Directors or Supervisors (where applicable); (b) Alteration of the MOU and/or the Articles of Incorporation; (c) Dissolution of the Company, transfer of shares (defined by applicable laws governing the listing on the TWSE or TPEx), merger, or spinoff; (d) Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party; (e) Assignment of all or the principal business operation or assets; (f) Acceptance of business operation or assets assigned by a third party that caused	1. Amendments to Article 50 of the company’s Articles of Incorporation have been completed in accordance with the updated provisions “The main contents may be uploaded to the Taipei Exchange website, Taiwan Stock Exchange website, or a website designated by the company. The website IP addresses shall be stated in the Notice of Meeting Convention”, “Capital Reduction” and “Application for Termination of Public Offering” in the left column of the “Checklist for Shareholders’ Rights and Interests Protection in the Foreign Issuer’s Country of Registration” announced by the Taiwan Stock Exchange	1. Amendments to Article 50 of the company’s Articles of Incorporation have been completed at the 2019 shareholders meeting in accordance with the updated provisions in the left column of the “Checklist for Shareholders’ Rights and Interests Protection in the Foreign Issuer’s Country of Registration” announced by the Taiwan Stock Exchange Corporation on November 30, 2018. 2. Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party. (7) Transfer the entire or the main part of business or assets; (8) Acceptance of business operation or assets assigned by a third party that caused significant influence on the operation of the Company; (9) Offering of equity securities through private placement; (10) The engagement of the Directors in business prohibited under the rule of no competition; (11) Payment of dividends and bonuses in whole or in part through the offering of new shares. (12) Appropriation of the legal reserve or additional paid-in capital or as gifts for capitalization into new shares payable to the original shareholders in whole or in part.	significant influence on the operation of the Company; (g) Offering of equity securities through private placement; (h) The engagement of the Directors in business prohibited under the rule of no competition; (i) Payment of dividends and bonuses in whole or in part through the offering of new shares; (j) Appropriation of legal reserve or additional paid-in capital or as gifts for capitalization into new shares or in cash payable to the original shareholders in whole or in part; (k) According to the Company Act, payment of dividends and bonuses in whole or in part through the offering of new shares; (l) The Company may assign treasury shares to the employees; Shareholders may propose motions at the convention of the Shareholders Meeting unless the Company Act or the Articles of Incorporation provide otherwise but only confined to the scope of the original motions. (Note: The above is the extract in Chinese)	Corporation on November 30, 2018. 2. The operation in the Cayman Islands has no specific rules and regulations governing extemporary motions. According to the lawyer of the Cayman Islands, the Company shall explicitly state the content of the meeting for discussion and provide related information for the shareholders in the meeting notice in the aspect of extemporary motion. However, “Miscellaneous motions” will usually be included in the meeting notice of the Shareholders Meeting. In general, these motions are informal and insignificant so that the Chairman (Presiding Officer) cannot include major issues in this category. In case of major issues, meetings shall be called under the agenda for further discussion and resolution. In case of an emergency where the issue must be resolved in	misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
		the convention of the Shareholders Meeting, the substantive content of these issues must be presented in the next session for ratification. Nevertheless, extemporary motion is not regulated under the laws of the Cayman Islands. Yet, the lawyer of the Cayman Islands recommended not to bring up any extemporary motion in the convention of a Shareholders Meeting.	
If balloting could be made by correspondence or electronic means, the method must be elaborated in the notice of Shareholders Meeting. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, and waived his or her rights to the extempore motion and amendments to existing proposals at the shareholders' meeting.	This item is stipulated in Article 67 of the Articles of Association: "In addition to the provisions of the Listing Cabinet Act, when the company convened a shareholders meeting, the electronic method shall be listed as one of the channels for the voting rights of the shareholders' meeting, and may be adopted in writing. The exercise of voting rights shall be stated in the method of convening the shareholders' meeting. And Article 68: “Shareholders electing to cast their votes by correspondence or via electronic means as stated in the previous article shall be deemed the appointment of the	The Cayman Company Law has no special provisions on the protection of the shareholders' rights and interests on the left, so it is stipulated in Articles 67 and 68 of the Articles of Association. According to the opinion of Cayman’s lawyer, the shareholders vote in writing as the chairman of the shareholders' meeting. Therefore, in accordance with Cayman's lawyer's opinion, the second paragraph of the second paragraph is stipulated in Article 68 of the Articles of Association.	In Article 68 of the Articles of Incorporation, it is suggested that when the Chairman (Presiding Officer) acts on behalf of and in the names of the shareholders in casting the votes for decision as per the instructions of these shareholders by correspondence or via electronic means, he or she cannot exercise the right to vote not specified in the aforementioned correspondence or electronic document. This practice does not cause unfavorable and significant

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	Chairman (Presiding Officer) of the session of the Shareholders Meeting to exercise the right to votes as per the instruction of the aforementioned correspondence or electronic document. However, the balloting of these shareholders by correspondence or electronic means shall be construed as their abstention from the balloting on extemporary motions or amendments to the motions proposed in the session. The act of the aforementioned appointment shall not be construed as the appointment of proxy under the rules and regulations governing the listing on the TWSE or TPEx. Once appointed by the aforementioned shareholders, the Chairman (Presiding Officer) cannot exercise the right to vote beyond the scope inscribed in the aforementioned correspondence or electronic documents. During the period when the shares of the Company have been registered in Xinggui or listed at the securities counter trading center or the stock exchange, the company shall appoint a financial management committee, a securities counter trading center or a stock exchange in the territory of the Republic of China when the shareholders'		influence on shareholder equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	meeting is held outside the Republic of China. Shares of approved service agencies to deal with administrative matters relating to the meeting of shareholders (including but not limited to accepting shareholders vote matters). ” (Note: The above is the extract in Chinese)		
If, after having exercised the voting rights in writing or electronically, a shareholder intends to attend the shareholders' meeting in person, he or she shall revoke the prior expression of intent on exercise of voting rights in the same manner as how he or she has exercised the voting rights two days before the shareholders' meeting. If the revocation is not made within the specified time limit, exercise of voting rights in writing or electronically shall prevail.	The contents of the requirements of this section are inscribed in Article 70 of the Articles of Incorporation, and specified as “Where the shareholders may desire to attend the session of the Shareholders Meeting in person after expressing the intent of voting by correspondence or electronic means, they shall revoke the previous expression of intent of voting by correspondence or electronic means at least 2 days prior to the meeting date. The revocation of the voting by correspondence or electronic means shall constitute the revocation of the appointment to the Chairman (Presiding Officer) in exercising the right to vote as stated in Article 68”. If the shareholders expressed the intent of revoking the previous intent of voting by correspondence or electronic means as stated Article 67 after the aforementioned deadline, the previous expression of intent of voting by	The Cayman Company Law has no special provisions on the protection of the shareholders' rights and interests on the left. Therefore, it is stipulated in Article 70 of the Articles of Association. According to Cayman's lawyer, under the Common Law, the principal can revoke its proxy by attending the meeting in person, due to written or electronic Shareholders who exercise their voting rights are deemed to have entrusted the chairman of the shareholders' meeting to exercise their voting rights at the shareholders' meeting on the basis of the instructions in the written or electronic documents. Therefore, the protection of shareholders' rights and interests on the left may not be enforceable.	Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	correspondence or electronic means shall stand and the Chairman (Presiding Officer) shall be appointed for casting the votes on behalf of and in the names of these shareholders as stated in Article 68. Where the shareholders may change their mind after expressing the intent of voting by correspondence or electronic means as stated in Article 67 by the appointment of proxies to attend the session of the Shareholders Meeting, it shall be construed as the revocation of the previous appointment of the Chairman (Presiding Officer) for voting on their behalf and in their names in Article 68. Accordingly, the votes cast by the proxies in the session shall stand. (Note: The above is the extract in Chinese)		
After serving the proxy to the Company, the shareholders who wish to attend the meeting of the shareholders in person or to vote in writing or by electronic means shall notify the Company in writing to revoke the proxy two days prior to the meeting of the shareholders. If the proxy is not revoked before the deadline, the vote by proxy shall prevail.	The contents of the requirements are inscribed in Article 62B of the Articles of Incorporation, which are specified as “If the shareholders desire to attend the meeting in person, or exercise the right to vote by correspondence of electronic means after the delivery of the power of attorney to the Company, they shall notify the Company for revocation of the power of attorney previous made at least 2 days prior to the meeting date. The attendance by	The Cayman Company Law has no special provisions on the collection of power of attorney or power of attorney; therefore, the protection of the shareholders' rights and interests listed in the left column is stipulated in Article 62B of the Articles of Association. According to Cayman's lawyer, under the Common Law, the principal is revoke its proxy by attending the meeting in person, so the left	Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	proxy to exercise the right to vote shall stand if notification cannot be made by the aforementioned deadline. (Note: The above is the extract in Chinese)	shareholder's equity Protection matters may not be enforceable (not enforceable).	
The following motions involve the rights and privileges of the shareholders in materiality and shall be passed by the Shareholders Meeting in a session attended by shareholders representing more than two third of the outstanding shares and a simple majority of the votes from the shareholders in session. If the presence of shareholders in this session cannot qualify for a quorum, the motion could be passed by the presence of shareholders representing more than half of the outstanding shares and a two third majority of the votes cast by the shareholders in the session: 1. Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party, assignment of all or the principal business operation	Paragraphs 1 and 4 of this paragraph, paragraph 5 and paragraph 6 are respectively specified in Article 32(a)(b)(c)(d)(f)(g) of the Articles of Association, as follows: "The Company may also adopt a Type A Special Resolution or a Type B Special Resolution: (a) conclude, vary or terminate an agreement to lease all of its business, entrusted operations or co-operation with others; (b) transfer all or any major part thereof (c) a person who has significant influence on the operation of the company by the transfer of all business or property of others; (d) division of the company in accordance with the Listing Act; (e) permission of directors to engage in non-compete activities; f) pursuant to section 17B to require issuers to limit employees' rights shares; and (g) to issue new shares assign some or all of the dividend or distribution; in order to avoid controversy, on the basis of Article 129 to set aside staff remuneration and directors remuneration issued by	According to the lawyer of the Cayman Islands: (i) The articles of incorporation of the operation in the Cayman Islands must comply with the mandatory requirements of the Company Act of the Cayman Islands. In case of contradiction, the Company Law of the Cayman Islands shall stand; (ii) “Special Resolution” is a legal term under the Company Law of the Cayman Islands. Issues required for “Special Resolution” under the Company Law of the Cayman Islands shall be decided by shareholders under “Special Resolution” but the minimum votes shall not fall below the requirements under the “Special Resolution” under the Company Law of the Cayman Islands. As such, the Articles of Incorporation shall set a higher standard.	Article 32(a)(b)(c)(d)(f)(g) and Article 33 (a) of the Articles of Incorporation (voluntary dissolution of the Company in case of insolvency) were amended in accordance with the Protection of Shareholders Equity Checklist generally. Under the mandatory requirement of the Company Law of the Cayman Islands, the Articles of Incorporation (including the amendment to circumstances that may jeopardize the rights of the shareholders of preferred shares), dissolution (situations beyond voluntary dissolution of the Company due to insolvency), and merger must be passed under “Special Resolution” and cannot be changed only under the Articles of Incorporation. The intensity for the

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
or assets, acceptance of business operation or assets assigned by a third party that caused significant influence on the operation of the Company 2. Amendment to the Articles of Incorporation 3. If the amendment to the Articles of Incorporation may jeopardize the rights of the holders of preferred shares, the resolution for approval by the meetings of the preferred shareholders is necessary. 4. Payment of dividends or bonuses in whole or in part by issuing new shares. 5. Decision of dissolution, merger or spinoff 6. The issuance of restricted stock	the New shares do not require a special resolution of type A or a special resolution of type B. (Note: The above is the extract in Chinese) The requirement in Section 2 is presented in Article 157 of the Articles of Incorporation and is specified as "Unless the Company Act and the Articles of Incorporation specify otherwise, the Company may change the MOU and/or the Articles of Incorporation in whole or in part under a special resolution. (Note: The above is the extract in Chinese) Subparagraph 3 of this section is presented in Article 18 of the Articles of Incorporation and specified as "The Company may split up its equity capital into different categories of shares (such as common shares or preferred shares) at any time. Any unfavorable and significant change or revocation of the rights (including without limitation to any amendment to the Articles of Incorporation that may jeopardize the rights of any of the shareholders of preferred shares) of any category of shares (except the conditions for the offering of specific categories of shares specify otherwise) shall be made under (I) the special resolution of the		protection of the rights of the shareholders provided by the Articles of Incorporation and the Protection of Shareholders Equity Checklist are relevant on the basis of a "Special Resolution" and the means of resolution stated in the Protection of Shareholders Equity Checklist.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	Shareholders Meeting (of common shares); and (II) the special resolution of a separate shareholders Meeting of a specific category of shares (such as preferred shares). (Note: The above is the extract in Chinese) The requirement of section 5 in the aspect of dissolution of the organization is presented in Article 33 of the Articles of Incorporation and is specified as "Unless the Company Act, the Articles of Incorporation, and applicable laws governing the listing on the TWSE or TPEx specify otherwise in attendance, the Company shall (a)resolve to voluntary dissolution in case of insolvency for settlement of debts upon due under Special Resolution A or Special Resolution B; or (b) resolve to voluntary dissolution in case of other incidents beyond insolvency under special resolution for the dissolution of the Company. (Note: The above is the extract in Chinese) Subparagraph 5 of this section in the aspect of merger is presented in Article 31 (c) of the Articles of Incorporation and is specified as "the Company may (c) proceed to merger in accordance with the applicable laws governing listing on the		

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	TWSE or TPEx through special resolution. (Note: The above is the extract in Chinese)		
Related regulations of the Supervisors.	The Company does not establish seats of Supervisors. No amendment to the Articles of Incorporation is necessary.	There is no specific requirement of Supervisors under the Company Law of the Cayman Islands. The Company established the position of Independent Director to substitute for Supervisor, and has also established the Audit Committee and Remuneration Committee seated by the Independent Directors.	According to Article 14-4 Paragraph 1 of the Securities and Exchange Act of the ROC, public companies may select either the system of Audit Committee or Supervisor. The SUN MAX company charter stipulates that the company should set up an audit committee; therefore, SUN MAX does not have a supervisory person's effect on shareholders' equity that does not appear to have a material adverse effect.
1. The company continues to hold more than six months the total issued shares of more than one per cent shareholder, by written request supervisor of the company filed a lawsuit against directors and to Taiwan Tai first instance court of competent jurisdiction for the Northern District Court. 2. If the Supervisor declines to institute legal action within 30 days after the	The contents of the requirements in this Paragraph 2 are included in Article 123 of the Articles of Incorporation and are specified as "under the laws of the British Cayman Islands, shareholders who hold 1% or more of the outstanding shares issued by the Company for more than 6 months consecutively may petition with any of the Independent Directors of the Audit Committee in writing for suing the Directors and institute the action with a court of legal jurisdiction (including Taipei District	1. Amendments to Article 123 of the company's Articles of Incorporation have been completed in accordance with the provisions in the first item of the left column "shareholders holding more than 1% of the company's total shares issued for a period of more than six months" of the "Checklist for Shareholders' Rights and Interests Protection in the Foreign	1. Amendments to Article 123 of the company's Articles of Incorporation have been completed at the 2019 shareholders meeting in accordance with the provisions in the first item of the left column of the "Checklist for Shareholders' Rights and Interests Protection in the Foreign Issuer's Country of Registration"

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
shareholder has petitioned for legal action, the shareholder may institute legal action for the Company and submit the jurisdiction of the first instance to Taipei District Court of Taiwan.	Court of Taiwan, where applicable). If the Independent Director of the Audit Committee who accepted the petition of the shareholders declined to or rejected to institute legal action within 30 days after receiving the petition from the shareholders as mentioned in the previous paragraph, the shareholders may institute legal action for the Company with a court of legal jurisdiction (including Taipei District Court of Taiwan, where applicable) unless the laws of the British Cayman Islands provide otherwise. (Note: The above is the extract in Chinese)	Issuer's Country of Registration" announced by the Taiwan Stock Exchange Corporation on November 30, 2018. 2. There is no special requirement or prohibition inscribed in the Articles of Incorporation of the Cayman Company. According to the laws of the Cayman Islands, shareholders may institute legal action for the Company in the following circumstances: (i) an act of offense under law or abusive use of power without authorization of the Company and lacked the ratification of the shareholders; or (ii) An act of fraud against minority shareholders (the parties petitioned for remedy are the majority shareholders. These majority shareholders will not permit the Company to give leeway for the complainant in the petition for remedy through legal action. If the cause under this	announced by the Taiwan Stock Exchange Corporation on November 30, 2018. 2. Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
		paragraph is the cause of legal action, prove that the fraud and illegal activities are committed by those who have control over the Company). Any act within the authority of the Company or the abusive use of power was ratified by the shareholders and is the will of the majority of shareholders, the court of the Cayman Islands tends not to interfere into the internal affairs of the Company. The lawyer of the Cayman Islands went further that Article 123 of the Articles of Incorporation must be in compliance with the legal requirements of the Cayman Islands. Accordingly, it is not the obligation of the Directors to respond to the request of shareholders holding more than 3% of the outstanding shares of the Company to institute legal action against the other Directors if these Directors hold that the institution of legal action is not for the	

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
		interest of the Company.	
1. The Directors of the Company owe a fiduciary duty of care and shall be held responsible to all the damages to the Company for their failure to perform such duty. If an act was committed by directors on their own will or in favor of a third party, the Shareholders Meeting may resolve to take the income from such act as the income of the Company. 2. If the performance of the assigned duties of the Company by the Directors is in violation of applicable laws the extent to which damage is caused to a third party, the Directors shall assume joint and several liabilities of the damages to the third party and the Company. 3. The managers and Supervisors of the Company shall, within the scope of duties, be responsible for the same joint and several liabilities of damages of the Directors.	The content of requirement in this paragraph is presented in Article 97B of the Articles of Incorporation and is specified as "All Directors owe a fiduciary duty to the Company under the law of the Cayman Islands and applicable laws to the listing on the TWSE or TPEx, and such fiduciary duty shall include without limitation the observation of honesty and good will, and avoidance of conflict between obligation and personal interest. If any Director violates the aforementioned obligation of honesty, such Director shall assume responsibility of the damage thereof under the law of the British Cayman Islands and applicable laws for listing on the TWSE or TPEx. According to the law of British Cayman Islands and applicable laws for listing on the TWSE or TPEx, any Director who violates the aforementioned obligation of honesty for self-interest or a third party, the Shareholders Meeting may take any income for the above act as the income of the Company. If any Director of the Company has caused damage to a third party in performing the assigned duties of the Company, this Director	According to the Company Law of the Cayman Islands, Directors owe fiduciary duties to the Company, and any violation which causes damage to the Company may result in a court ruling for assuming liability for the damage. If there is an act of breach of honesty by the Director for self-interest or a third party with the return of benefit, the court may rule to return the benefit. According to the law of the Cayman Islands, if a Director has caused damage to a third party in performing the assigned duties of the Company, such third party may claim for the damage against the Company. Likewise, the Company may claim for the loss due to the damage claimed by the third party against the Director. From the perspective of the law of the Cayman Islands, the third party cannot make a claim directly against the Director even though the Articles of Incorporation specify that Directors shall assume joint and several liabilities with	Based on the opinion of Cayman's lawyers, it is recommended that this section be fully disclosed in the annual report to avoid misunderstandings by the public or company shareholders. If it can be fully disclosed, there is no significant adverse impact on shareholders' equity.

The protection of shareholder equity	Apply for company charter	Cause of variation	Influence on shareholder equity
	shall assume joint and several liabilities to the third party and the Company under the law of the British Cayman Islands and applicable laws for listing on the TWSE or TPEx. Under such circumstance, the Director shall respond to the claim for damage instituted by the third party. According to the law of the British Cayman Islands and applicable laws regarding the TWSE or TPEx, the managers and the Supervisors of the Company (where applicable) shall, within their respective scopes of assigned duties, assume the same responsibilities with the Directors as mentioned in preceding paragraphs. (Note: The above is the extract in Chinese)	the Company.	

IX. Occurrences of events defined under Article 36-3-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

SUN MAX TECH LIMITED

Chairman：SINOTEAM HOLDINGS INC.

Representative: HSU Wen-Faung