

Tainergy Tech. Co., Ltd.

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Chapter I. Letter to Shareholders

I. 2023 business results

Our company was incorporated in May 2007 and is engaged in the R&D, design, manufacture and sales of solar cells, modules and related systems. In recent years, the industry has faced a number of challenges including: U.S. Section 201, China's June 1 New Deal, India's defensive tariff, and the lifting of minimum import price (MIP) on China for European solar products, resulting in a sharp decline in the overall supply chain prices. The Company's revenue and profitability were significantly impacted as a consequence. The Company has adjusted its capacity utilization and taken orders in a strictly selective way, working tirelessly to meet customers' needs. The consolidated revenue of 2023 was NTD 2,145,122 thousand. The operating performance of 2023 is summarized as follows:

(I) Business plan and implementation

Item	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	2,145,122	100	2,221,436	100	(76,313)	(3)
Operating gross profit	250,910	12	159,859	7	91,051	57
Operating profit (loss)	(285,812)	(13)	(246,699)	(11)	(39,113)	16
Net profit (loss) before tax	(190,536)	(9)	(36,751)	(2)	(153,785)	418

(II) Status of budget implementation

The Company was not required to disclose its financial forecast in 2023.

(III) Revenues, expenses, and profitability analysis

expenses, and profitability analysis

Unit: NTD thousand					
Item		2023	2022	% of increase (decrease)	
Revenues and expenses	Operating revenue		2,145,122	2,221,436	(3)
	Operating gross profit		250,910	159,859	57
	Net profit (loss) before tax		(190,536)	(36,751)	418
Profitability	Return on assets (%)		(5.68)	(0.49)	1,048
	Return on equity (%)		(7.93)	(1.71)	364
	Ratio to paid-up capital (%)	Operating profit	(12.70)	(10.96)	16
		Net income before tax	(8.47)	(1.63)	418
	Net profit margin (%)		(8.87)	(1.65)	437
	EPS (NTD)		(0.13)	0.49	(126)

(IV) Performance in research and development

1. Technological level of the Company's business

During the initial stage of our company's operations, we introduced high-quality, advanced, and high-capacity automated solar cell production

equipment from abroad. This was complemented by the rich academic and professional background of our R&D manager, as well as a robust management system and process development. Our objective is to achieve optimal yield rates and conversion efficiency in the shortest possible time, while reducing production costs and maximizing our production capacity.

Our company has established a research and development laboratory and introduced advanced processes such as back contact and bifacial technologies, which are currently in trial production. We actively engage in information, technology, and experience exchanges with relevant industries or academic units both domestically and internationally. Additionally, we participate in government-funded technology projects, establish cooperative partnerships, and aim to synchronize with the world's advanced solar high-efficiency manufacturing processes.

2. Research and development

The following is a list of development projects for important technologies of the Company:

Technology project	Project details
Optimization of process technologies	01.High-absorption surface structure 02.Optimization of metal conductors 03.Introduction of distributed electrodes
New product development	01.Addition of ultra-thin passivation layer 02.High-resistance conductive layer 03.Metal penetration through the cell
Application of new materials	01.Development of silicon wafer surface additives 02.Introduction of high-contact conductive silver paste 03.Implementation of a new backside layout

In light of the above, the Company's expert team will help the management obtain key technologies and understand the direction of their development, while also actively seeking cooperation with well-known domestic and foreign research institutions in development to ensure sustainable business management. Looking forward, the competitiveness of a company lies in continued innovation, research and development. In the future, the Company will continue to engage in the R&D of prospective technologies and innovation applications, research on mass production and systematic management in order to strengthen the leading position of the Company in core competitiveness. Creating continuous profits for shareholders is the goal that the Company strives to achieve.

II. Summary of the business plan for 2024

(I) Operational guidelines

1. To ensure continuous operation to achieve the purpose of the Company's business philosophy "prosperous company, happy employees," and to combine the existing technology area "protect the environment, look after the earth, development green products," we make every effort to increase the product competitiveness while creating social and economic prosperity.
2. We are proactively expanding our solar cell production line in Vietnam and will continue to increase production capacity in accordance with market needs to meet market competitiveness and customer demand.
3. By recruiting talented personnel, we are able to satisfy the needs of production capacity. The quality of our products will be our priority while at the same time being committed to reducing production costs, becoming the most advanced and innovative green energy technology company globally.

(II) Expected sales volume and its basis

The Company expects that, for 2024, the major products will be high-efficiency and high-quality solar cell products. The estimated sales volume for 2024 is based on the actual sales volume in 2023 as well as the current trend of demand in related industries.

(III) Key marketing policies

1. Take part in domestic and international exhibitions to increase the exposure of the Company and its products to further develop new markets and new sources of customers.
2. Uninterrupted and enhanced contact with existing customers. By keeping in touch with our customers, our products will satisfy customers' demand.
3. Increase PERC mono-crystal production lines to fulfill growing needs and enable the Company to achieve economic scale.
4. Product development is based on finding more outstanding suppliers to reduce the cost of raw materials. Meanwhile, through the improvement of production technology, we are able to reduce our product unit prices.

III. Future development strategy

- (I) We will make every effort to expand new markets and develop new customers, and produce high-efficiency batteries and reduce efficiency degradation through R&D and process technology improvements.
- (II) High-efficiency and new color products will be developed to open up the blue ocean market which will differentiate our new products and widen the gap in similar products.
- (III) Establish upstream, midstream and downstream strategic alliances so that the supply of upstream raw materials will not run out, while downstream sales channels will remain smooth. We will also strengthen cooperative relationships with partners at all stages of the industry chain to increase competitiveness.

IV. The impact among the environments of external competition, legal ambiance, and overall business operations

As government subsidies in many countries are gradually decreasing year by year, gross profit also decreases. With cost being more competitive nowadays, our practical management experience enables us to be more competitive than our peers in terms of cost of plant, equipment, production management and operation. At the same time, thanks to the accumulated experience our parent company, KENMEC, gained on automation equipment over the years, as well as its developed solar system operations, it helps reduce cost and increase sales when combined with our strategies. Moreover, through KENMEC's expansion of production capacity, we are able to reduce production cost, improve product quality and open up the regional markets globally in a balanced manner. By taking these approaches we will reduce risks caused by economic downturns in a single region as a means to further expand our global market shares to ensure the sustainable growth of the Company.

Chapter II. Company Profile

I. Date of Incorporation

May 14, 2007

II. Company milestones

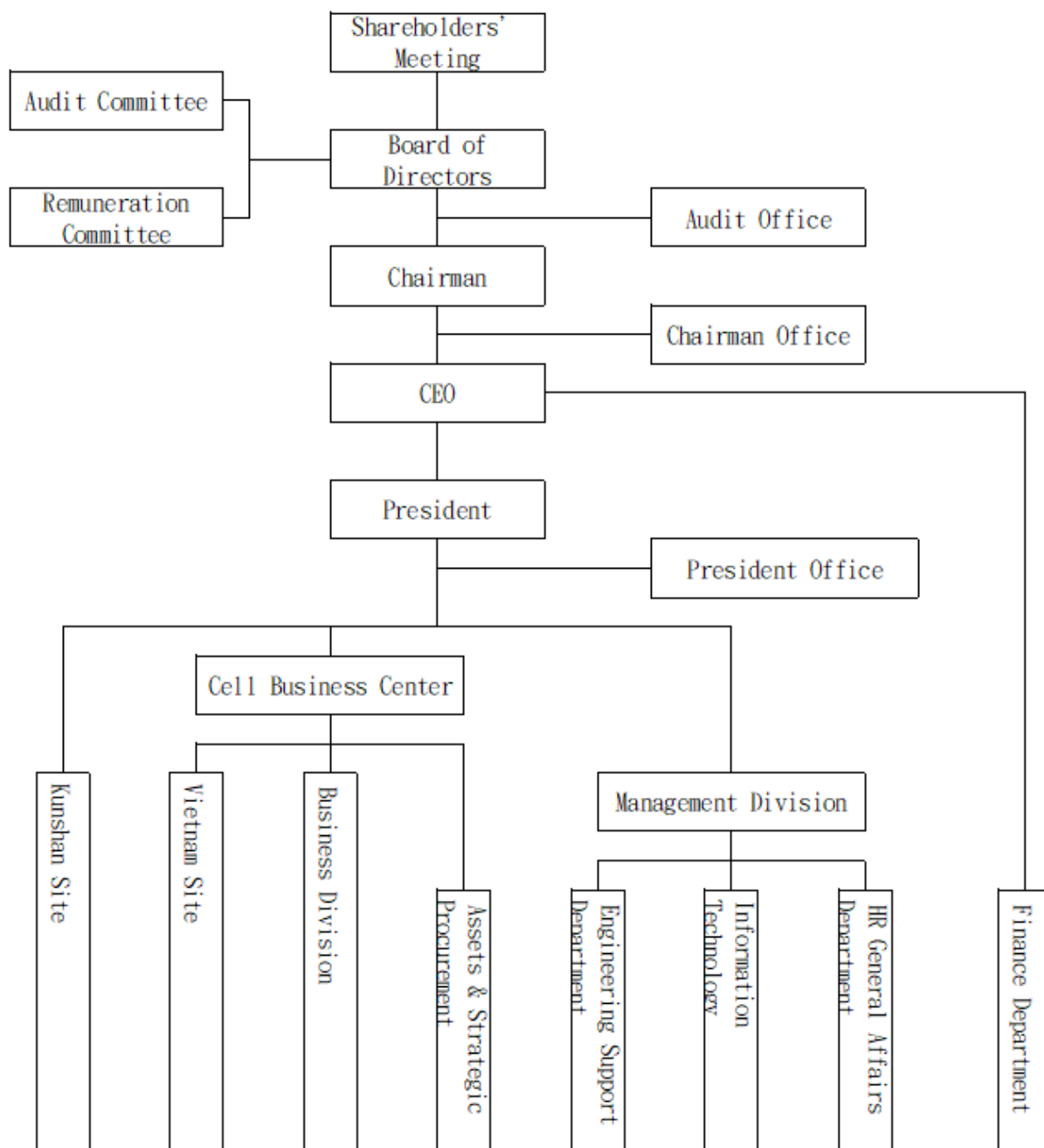
Month Year	Important Events
May 2007	Tainergy Tech. Co., Ltd. was established with a registered capital of NTD 1,000,000 thousand, and a paid-in capital of NTD 5,000 thousand.
September 2007	Capital was increased by cash of NTD 534,880 thousand, the paid-in capital after the capital increase was NTD 539,880 thousand.
March 2008	(1)Capital was increased by cash of NTD 160,120 thousand, the paid-in capital after the capital increase was NTD 700,000 thousand. (2)Tainergy Tech. Co., Ltd. (Kunshan) was approved for investment through KENMEC TECHNOLOGY HOLDING (SAMOA) Co., Ltd. under approval from the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No.09700100570.
August 2008	Trial production for the first production line began.
September 2008	(1)The first production line was put into mass production. (2)Achieved the target of break-even in one month.
April 2009	KENMEC TECHNOLOGY HOLDING (SAMOA) Co., Ltd. changed its name to Tainergy Tech Holding (Samoa) Co., Ltd.
May 2009	Passed ISO9001: 2000 certification.
June 2009	Capital was increased by earnings of NTD 105,000 thousand, the paid-in capital after the capital increase was NTD 805,000 thousand.
November 2009	The board of directors resolved to purchase related equipment for the second production line.
December 2009	Capital was increased by cash of NTD 20,000 thousand, the paid-in capital after the capital increase was NTD 825,000 thousand.
January 2010	Approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan to be a publicly listed company.
March 2010	Listed as an emerging stock company; the Company's stock was trading on the emerging stock market.
April 2010	Trial production for the second production line began.
May 2010	(1)The second production line was put into mass production. (2)The board of directors resolved to purchase related equipment for the third production line.
June 2010	Capital was increased by earnings of NTD 82,500 thousand, the paid-in capital after the capital increase was NTD 907,500 thousand.
July 2010	Capital was increased by cash of NTD 100,000 thousand, the paid-in capital after the capital increase was NTD 1,007,500 thousand.
August 2010	The board of directors resolved to purchase related equipment for the fourth production line.
October 2010	The third production line was put into mass production.
November 2010	The board of directors resolved to purchase related equipment for the production line in Plant 2.
December 2010	Capital was increased by cash of NTD 200,000 thousand, the paid-in capital after the capital increase was NTD 1,207,500 thousand.
April 2011	Trial production for the fourth production line began.
August 2011	(1)The fourth production line was put into mass production. (2)Capital was increased by cash of NTD 132,200 thousand, the paid-in capital after the capital increase was NTD 1,339,700 thousand. (3)Our stock was officially listed for trading. (4)A module-related department has been set up
October 2011	Capital was increased by earnings of NTD 120,750 thousand, the paid-in capital after the capital increase was NTD 1,460,450 thousand.
December 2011	Trial production began at Plant 2

Month Year	Important Events
March 2012	Capital was increased by cash of NTD 600,000 thousand, the paid-in capital after the capital increase was NTD 2,060,450 thousand
June 2012	Plant 2 was put into mass production.
December 2012	The module production line was put into mass production.
March 2013	Established CHENG YANG ENERGY, CO., LTD.
November 2013	Common stocks were privately placed for NTD 250,000 thousand, the paid-in capital after the capital increase was NTD 2,310,450 thousand.
December 2013	Established Tainergy Tech. Japan Co., Ltd.
April 2014	Capital was increased by cash of NTD 1,044,225 thousand, the paid-in capital after the capital increase was NTD 2,765,450 thousand.
September 2014	Established VIETENERGY COMPANY LIMITED.
October 2014	Was awarded the 8th Annual Excellent Enterprise Award in Taoyuan.
November 2014	Awarded 2 stars in “Management Quality Excellence by Chinese Security for Quality Award.”
May 2015	Capital was increased by cash of NTD 400,000 thousand, the paid-in capital after the capital increase was NTD 3,165,450 thousand.
May 2016	Capital was increased by cash of NTD 400,000 thousand, the paid-in capital after the capital increase was NTD 3,565,450 thousand.
June 2016	Set up the Audit Committee and appointed independent directors as its members.
December 2016	Was awarded the “Taiwan Excellent PV.”
October 2017	Established Kunshan Kunfu Energy Development Co., Ltd.
March 2018	Tainergy Technology (Ma-an-shan) Co., Ltd.
June 2018	Established Star Solar New Energy Co., Ltd.
November 2019	Liquidated Tainergy Technology (Ma-an-shan) Co., Ltd.
November 2019	Kunshan Kunfu Energy Development Co., Ltd. changed its name to Kunshan SENSIC Electronic Materials Co., Ltd.
December 2019	Decreased its capital by NTD 1,565,450 thousand, the paid-in capital after the capital reduction was NTD 2,000,000 thousand.
April 2020	Disposed of CHENG YANG ENERGY, CO., LTD.
June 2020	Established TAISIC MATERIALS CO., LTD.
June 2021	Established Kunshan Jichang Energy Technology Co., Ltd. Subsidiary TAISIC MATERIALS CO., LTD. has completed a cash capital increase of NTD 400,000 thousand, resulting in a paid-up capital of NTD 430,000 thousand after the capital increase.
October 2021	Capital was increased by cash of NTD 250,000 thousand, the paid-in capital after the capital increase was NTD 2,250,000 thousand.
July 2022	Subsidiary TAISIC MATERIALS CO., LTD. has completed a cash capital increase of NTD 70,000 thousand, resulting in a paid-up capital of NTD 500,000 thousand after the capital increase.
August 2022	Kunshan SENSIC Electronic Materials Co., Ltd. changed its name to Kunshan Kunfu Electronic Materials Co., Ltd.
October 2022	Subsidiary TAISIC MATERIALS CO., LTD. has filed for public offering and received regulatory approval.
February 2023	Deregistered Kunshan Jichang Energy Technology Co., Ltd.
December 2023	Established TAI VISION CO., LTD.

Chapter III. Corporate Governance Report

I. The Company's organizational structure

(I) Organizational structure



(II) Operations of main divisions

Department	Main responsibilities
Chairman Office	<ol style="list-style-type: none"> 1. Responsible to all shareholders for the resolutions made by the board of directors. 2. Proposes the Group's overall business goals and executive plans. 3. Ensures the Group's operation and future development direction. 4. Approves the Group's major decisions and signs important contracts.
President Office	<ol style="list-style-type: none"> 1. Proposes the Company's overall business goals and executive plans. 2. Ensures the Company's operation and future development direction. 3. Approves the Company's major decisions and signs important contracts.
Audit Office	<ol style="list-style-type: none"> 1. Examines and evaluates whether the Company's internal control system is intact, reasonable and effective. 2. Investigates and assesses the efficiency of the plans or policies of each unit and their assigned functions.
Materials & Strategic Procurement Department	<ol style="list-style-type: none"> 1. Implement medium- and long-term production and material demand planning based on annual plans and sales forecasts. 2. Short-term production planning, execution and tracking. 3. Integration and coordination of product production and sales activities. 4. Inventory control of raw materials, in-process products and finished goods. 5. Warehouse storage and transportation management.
HR General Affairs Department	<ol style="list-style-type: none"> 1. Formulates and implements the HR policy. 2. Carries out human resource functions such as selection, employment, development and retention. 3. Maintains employee relations. 4. Plant general administration and fixed assets management.
Information Technology Department (IT)	<ol style="list-style-type: none"> 1. Planning, managing, and maintaining information equipment such as computer servers, monitors, printers, scanners, network switches, etc. 2. Assisting with troubleshooting operating system issues, software installation and configuration, network security, and establishment of system documentation. 3. Supervising low-voltage engineering projects (network setup, telephone wiring, surveillance systems, access control installations), coordinating with departments and vendors, and evaluating equipment specifications. 4. Maintenance and installation of equipment and systems in the information equipment room. 5. Maintenance of hardware for factory and surveillance systems, access control, and attendance. 6. Evaluation and recommendation of specifications for purchasing information products.
Engineering Support Department	<ol style="list-style-type: none"> 1. Handles inspection, repair, maintenance and abnormality of the plant system. 2. Functions involving planning, contracting, supervision and acceptance of the plant. 3. Operation management of all public systems, including budget control, operation cost control, stability and safety control.

Department	Main responsibilities
Business Division	<ol style="list-style-type: none"> 1. Market analysis and competitor analysis. 2. Develops potential customers in Taiwan and overseas and develops new markets. 3. Expands business and increases company and product awareness. 4. Sets sales plans and targets. 5. Follows up product quality and customers' opinions. 6. Provides existing customers with their product demand and assist in their future development
Finance Department	<ol style="list-style-type: none"> 1. Business analysis and management report preparation. 2. Capital control. 3. Handles daily accounting affairs and prepares financial statements on a regular basis. 4. Plans annual budget and follows up the control. 5. Capital structure management and financial planning. 6. Stock affairs.

II. Information concerning the Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, and department and branch managers

(I) Information about directors

May 03, 2023; Unit: shares; %

Title	Nationality or place of	Name	Age and Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate director	Taiwan	KENMEC MECHANICAL ENGINEERING CO., LTD.	—	2022.06.23	3 years	2007.04.26	61,132,856	27.17	61,132,856	27.17	0	0	0	0	None	None	None	None	None	
Corporate director representative	Taiwan	CHING-FU HSIEH	Male 71–80 years old	2022.06.23	3 years	2007.04.26	0	0	0	0	0	0	0	0	EMBA, National Chengchi University	Note 1	Director	MING-CHIH HSIEH	Father-son	Note

Title	Nationality or place of	Name	Age and Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate director representative	Taiwan	LI-CHUAN SHEN	Female 51-60 years old	2022.06.23	3 years	2022.06.23	0	0	4,100	0	0	0	0	0	EMBA National Taipei University Accountant, Secretary, Section Chief, Deputy Manager of Management Department, Manager, Deputy General Manager, Vice President of Operations Management Center of KENMEC MECHANICAL ENGINEERING CO., LTD.	Director of TeraSolar Energy Materials Corp. (Legal Representative) Director of United Information System Service Co., Ltd. (Legal Representative) Director of Tao Garden Hotel Co., Ltd. (Legal Representative) Supervisor of Chief Global Logistics Co., Ltd. Supervisor of TAI VISION CO., LTD. General Manager of Operations Management Center of KENMEC MECHANICAL ENGINEERING CO., LTD.	None	None	None	
Director	Taiwan	MING-CHIH HSIEH	Male 41-50 years old	2022.06.23	3 years	2019.06.21	522	0	522	0	0	0	0	0	Graduated from the Department of Information of Christchurch Polytechnic Institute of Technology Assistant Manager, Manager, Deputy General Manager of KENMEC MECHANICAL ENGINEERING CO., LTD. Deputy manager, assistant vice president, vice President of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Director of Ming-Kai Investment Co., Ltd. Director of Kai-Xuan Investment Co., Ltd. Director of Suzhou KENMEC Property Development Ltd. Director of TKT CORPORATION Deputy of Anhui Rongyun Property Co., Ltd. Deputy Director Guangyun Machinery Engineering (Stock) Company General Manager of the Automation Business Group	Chairman	CHING-FU HSIEH	Father-son	

Title	Nationality or place of	Name	Age and Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Taiwan	CHIEN-LIANG CHEN	Male 41-50 years old	2022.06.23	3 years	2013.06.28	0	0	0	0	0	0	0	0	Master, Business Administration, National Chengchi University Department of Business Management and Human Resources, Queensland University of Technology, Australia	Chairman of Visual Photonics Epitaxy Co., Ltd. Supervisor of Yuchuan Precision Materials Technology (Stock) Company	None	None	None	
Independent director	Taiwan	YAO-JUNG KAN	Male 51-60 years old	2022.06.23	3 years	2012.06.28	0	0	0	0	0	0	0	0	Master, Business Administration, National Chengchi University Executive Vice President and President of Singapore, Hong Leong/Millennium & Copthorne Hotels in Taiwan Chief of Staff and Spokesperson of MarkWell Group & Wei-Ta Cloud Telecom, Co., Ltd. Assistant vice president in the President office, Pacific Securities	President of Hong Leong Hotel Development Ltd. President of Millennium & Copthorne Hotels in Taiwan Independent director of CCMG	None	None	None	
Independent director	Taiwan	CHIA-HSIANG WANG	Male 41-50 years old	2022.06.23	3 years	2013.06.28	0	0	0	0	0	0	0	0	M.B.A. in Accounting, Gardner Webb University Master, Business Accountant, Delaware, USA Accountant in Taiwan Director of KPMG Assistant vice president of PAN CHINA (TW) CPAS Assistant vice president of Crowe (TW) CPAS	Partners and Directors of Crowe (TW) CPAS Chairman of Jing-Ye Enterprise Management Consulting (Shanghai) Co., Ltd. Chairman of R&W Asset Management Limited Corporate director representative of Zagg Taiwan Co., Ltd. Independent Director of Visual Photonics Epitaxy Co., Ltd.	None	None	None	

Title	Nationality or place of	Name	Age and Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent director	Taiwan	FU-LING YEH	Female 41-50 years old	2022.06.23	3 years	2013.06.28	0	0	0	0	0	0	0	0	University of Pittsburgh MBA Master of Urban Planning, University of Pennsylvania Manager of Investor Relations/Acting Spokesperson of CoAdna Holdings, Inc. Special Assistant of Chairman Office, Zenitron Corporation ASUS Computer Business Manager Representative: DK Media Group Corporation representative Corporate Chairman of CHOICE BIOTECH INC. Vice President of Industrial Technology Investment Corporation Director of Song-Lin Investment Co., Ltd.	Independent Director of Zenitron Corporation	None	None	None	

Note 1:01.Longzi Industrial Co., Ltd. Chairman 02.Shunsheng Investment Co., Ltd. Chairman 03.Shunzhong Investment Co., Ltd. Chairman 04.Guangyun Machinery Engineering Co., Ltd. Chairman 05.Taiji Energy Technology (Kunshan) Co., Ltd. Chairman and General Manager 06.Guangyun Mechanical and Electrical (Suzhou) Co., Ltd. Chairman 07.Guangyun Technology (Suzhou) Co., Ltd. Chairman 08.Guangyun International Holdings (British Virgin Islands) Co., Ltd. Chairman 09.Guangyun Communication Holdings (British Virgin Islands) Co., Ltd. Chairman 10.Taiji Technology Holdings (Samoa) Co., Ltd. Chairman 11.Guangyun Vietnam Co., Ltd. Chairman 12.Shunzhong Asset Management Co., Ltd. Chairman 13.Mingxuan Development Co., Ltd. Chairman 14.Chengfeng Asset Management Co., Ltd. Chairman 15.Jinyun Technology Co., Ltd. Chairman and General Manager 16.Weixin Investment Co., Ltd. Chairman 17.Guangyun Automation Engineering (Kunshan) Co., Ltd. Chairman 18.Kunshan Kunfu Electronic Materials Co., Ltd. Chairman and General Manager 19.Mingxuan Investment Co., Ltd. Chairman 20.Suzhou Guangyi Real Estate Development Co., Ltd. Chairman and General Manager 21.Shengxin Materials Technology Co., Ltd. Legal Representative

Note: Where the chairperson of the Board of Directors and the President or person of an equivalent post (the highest-level managerial officer) of a company are the same person, spouses, or relatives within the first degree of kinship:None.

(II) Major shareholders of corporate shareholders

April 02, 2024

Corporate Shareholders (Note 1)	Major shareholders of corporate shareholders	Shareholding ratio (Note 2)
KENMEC MECHANICAL ENGINEERING CO., LTD.	Weixin Investment Co., Ltd.	8.03%
	CHING-FU HSIEH	5.72%
	Zhaocheng Investment Co., Ltd..	5.22%
	YUEH-CHEN LIN	4.06%
	ZHOU-HUANG BAI	2.47%
	MING-KAI HSIEH	0.88%
	YONG-CHANG CAI	0.56%
	DONG-XUE HONG	0.49%
	RU-XIN DU	0.46%
	DA-CHENG LAI	0.38%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Shun-Cheng Investment Co., Ltd.	Shen-Cai Investment Co., Ltd.	40.00%
	Ming-Kai Investment Co., Ltd.	19.05%
	Kai-Xuan Investment Co., Ltd.	18.57%
	Bak Technology Co., Ltd.	18.00%
	QIAO-AN HSIEH	2.22%
	CHING-FU HSIEH	2.16%

Note 1: If the Director or Supervisor is the representative of a corporate shareholder, please fill in the name of the corporate shareholder.

Note 2: Please fill in the name of the major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding percentage. If the major shareholder is a corporate shareholder, please refer to the following table.

(III) Major shareholders who are legal entities

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Wei Xin Investment Co., Ltd.	CHING-FU HSIEH	50.00%
	YUEH-CHEN LIN	40.00%
	MING-KAI HSIEH	10.00%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Mega City Investment Co., Ltd.	CHOU-HUANG PAI	46.15%
	TUNG-HSUEH HUNG	53.85%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Shen-Cai Investment Co., Ltd.	FANG-YI BAI	45.45%
	ZHEN-YU BAI	45.45%
	ZHOU-HUANG BAI	4.55%
	DONG-XUE HONG	4.55%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Ming-Kai Investment Co., Ltd.	Kai-Xuan Investment Co., Ltd.	100.00%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Kai-Xuan Investment Co., Ltd.	MING-KAI HSIEH	33.33%
	MING-CHIH HSIEH	33.33%
	QIAO-AN HSIEH	33.33%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Bak Technology Co., Ltd.	MING-KAI HSIEH	33.33%
	MING-CHIH HSIEH	33.33%
	QIAO-AN HSIEH	33.33%

Note 1: If the major shareholder in Table 1 is a corporate shareholder, please fill in their name.

Note 2: Please fill in the name of major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding percentage.

Note 3: If a corporate shareholder is not a corporate organization, the name of the shareholder and the shareholding ratio disclosed in the preceding paragraph shall be the name of the contributor or donor and the ratio of contribution or contribution.

(IV) Disclosure of information on professional qualifications of directors and independence of directors

The Company promotes and respects a policy of the diversity for directors. As a means to strengthen corporate governance while promoting the sound development of the Board's composition and structure, we believe diversity guidelines help improve the Company's overall performance. The principle for the selection of the Board members is based on their capabilities in different industries that complement each other's professionalism, including the basic composition (e.g. age, gender, nationality) and their respective industrial experience and related skills (e.g. mechanical, electronic, engineering, hospitality, accounting and finance, and biotechnology), as well as their ability in business judgment, management, leadership in decision-making, and crisis management.

1. Disclosure of information on professional qualifications of directors and independence of directors:

Qualifications Name and Position:		Professional competence	State of independence (Note)	Number of public companies in which concurrently serves as an independent director
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	1.For the professional qualifications and experience of the directors, please refer to the "Section II. (1) Introduction of Board Members" in this annual report.	Not applicable.	0
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: LI-CHUAN SHEN			0
Director	MING-CHIH HSIEH			0
Director	CHIEN-LIANG CHEN			0
Independent director	YAO-JUNG KAN	2.None of the directors have any of the circumstances listed in Article 30 of the Company Law. (Note 1)	All independent directors meet the following criteria: 1.Comply with the provisions of Article 14-2 of the Securities and Exchange Act and the "Regulations Governing the Appointment of Independent Directors and Matters to be Complied with by Public Companies" issued by the Financial Supervisory Commission. (Note 2) 2.Neither the director personally, nor through others, their spouse, or minor children, hold any shares of the company. 3.Have not received any remuneration from the company or its affiliated enterprises for providing business, legal, financial, accounting, or other services in the past two years.	1
Independent director	CHIA-HSIANG WANG			1
Independent director	FU-LING YEH			1

Note1:According to the regulations provided, the following conditions must be met for individuals to be eligible as company managers. Individuals who do not meet these conditions cannot serve as managers, and if they are already in such roles, they must be relieved of their duties:

- 1.Individuals convicted of crimes specified under the Organized Crime Prevention Act, with a final guilty verdict that has not been executed, has not yet been fully executed, or has been executed but has not exceeded five years since the probation period ended or they were granted amnesty.
- 2.Individuals convicted of fraud, breach of trust, or embezzlement, sentenced to imprisonment of more than one year, with a final guilty verdict that has not been executed, has not yet been fully executed, or has been executed but has not exceeded two years since the probation period ended or they were granted amnesty.
- 3.Individuals convicted of offenses under the Anti-Corruption Act, with a final guilty verdict that has not been executed, has not yet been fully executed, or has been executed but has not exceeded two years since the probation period ended or they were granted amnesty.
- 4.Individuals subject to bankruptcy declarations or court-ordered liquidation procedures that have not been restored.
- 5.Individuals whose use of negotiable instruments has been refused and not yet reached the expiration of the specified period.
- 6.Individuals without legal capacity or with restricted legal capacity.
- 7.Individuals subject to assistance declarations that have not been revoked.

Note2:To summarize the eligibility criteria for managers according to the provided regulations:

- 1.Must not be a government official, legal entity, or their representative as defined under Company Law Article 27.
- 2.Cannot concurrently serve as an independent director in more than three publicly traded companies.
- 3.Must not have had any of the following circumstances within the past two years before selection or during the term of office:
 - (1)Employment with the company or its related enterprises.
 - (2)Holding positions as a director or supervisor in the company or its related enterprises.
 - (3)The individual, their spouse, minor children, or individuals holding more than 1% of the company's total issued shares or within the top ten shareholders through direct or indirect ownership.
 - (4)Immediate family members (up to second-degree relatives) of listed managers or individuals listed under (2) and (3) above.
 - (5)Holding more than 5% of the company's total issued shares directly, within the top five shareholders, or being appointed as a director or supervisor by a legal person shareholder who serves as a director of the company under Company Law Article 27.
 - (6)Being under the control of the same person who controls the majority of the director seats or voting rights in the company's shares, as directors, supervisors, or employees of another company.
 - (7)Holding the same position as the company's chairman, general manager, or equivalent, or being a spouse of such a person in another company or organization where they serve as directors, supervisors, or employees.
 - (8)Having financial or business dealings with specific companies or institutions that have relationships with the company, including directors, supervisors, managers, or shareholders holding more than 5% of the shares.
 - (9)Providing audit or related services to the company or its related enterprises for a cumulative remuneration exceeding NT\$500,000 within the last two years as a professional, sole proprietor, partner, director, supervisor, manager, or their spouse. However, this does not apply to members of the company's compensation committee.

2. Diversity and Independence of the Board:

Name		Qualifications	Basic composition						Professional competence							
									Industrial experience				Professional competence			
			Nationality	Gender	With employee status	Age			Years of service of independent	Over 9 years	6-9 years	Business and supply	Mechanical and engineering	Financial affairs and finance	Hotel management	Biological Technology
40-50 years old	51-60 years old	61-70 years old														
Taiwan	Male	Female				Male	Male	Male	Male	Male	Female					
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	Director				Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: LI-CHUAN SHEN	Director	MING-CHIH HSIEH	Director	CHIEN-LIANG CHEN	Independent director	YAO-JUNG KAN	Independent director	CHIA-HSIANG WANG	Independent director	FU-LING YEH

- (1) Board Composition: The election of directors in our company follows the nomination system under Article 192-1 of the Company Law, with the shareholders' meeting appointing directors from the candidate list. The board of directors meets at least once every quarter, with the flexibility to convene in case of emergency. In accordance with our corporate governance guidelines, the composition of the board of directors emphasizes diversity, including not only the required knowledge and skills but also diverse professional backgrounds and experiences in different industries. The average tenure of our directors is 9.6 years, with director Shen Lijuan serving for less than 3 years.

All members are nationals of our country. The composition structure consists of 3 independent directors, accounting for 42.86% of the board, and 1 director (14.29%) holding an employee position. The age distribution includes 4 directors aged 41-50, 2 directors aged 51-60, and 1 director aged 71-80.

In addition to the above, our company places importance on gender equality in the board composition. The current board members include 2 female members (independent directors), accounting for 28.57% of the female directors. We will continue to strive for increasing the representation of women on the board.

- (2) Required Capabilities of the Board as a Whole: Considering the members of our board of directors, they possess the following capabilities as a whole: 1. Operational judgment, 2. Accounting and financial analysis, 3. Management and leadership, 4. Crisis management, 5. Industry knowledge, 6. International market understanding, 7. Leadership skills, and 8. Decision-making abilities. Specifically, Chairman Xie Qingfu, Director Shen Lijuan, Director Xie Mingzhi, and YAO-JUNG KAN have relevant experience in the field of machinery and engineering. Director Shen Lijuan, Director Chen Jianliang, Independent Director Kan Yaorong, and Independent Director Wang Jiaxiang have expertise in finance and financial matters. Director Chen Weidi has made significant contributions to public welfare. Independent Director Kan Yaorong also has experience in hotel management, and Independent Director Ye Dilin previously served as the chairman of a biotechnology company. Independent Director Wang Jiaxiang holds a professional qualification as an accountant and has practical experience in auditing, management, and teaching.
- (3) Board Diversity: To strengthen corporate governance and promote the sound development of board composition and structure, our company passed the "Corporate Governance Practice Guidelines" in 2023. Article 24, Paragraph 3, "Policy on Board Member Diversity," states that the composition of the board of directors should consider diversity. Except for directors concurrently serving as company executives, who should not exceed one-third of the total number of directors, appropriate diversity policies should be formulated based on the company's operations, business models, and development needs. This should include, but is not limited to, the following two major criteria:
 - a. Basic conditions and values: Gender, age, nationality, and culture, with a target of achieving one-third representation of female directors.
 - b. Professional knowledge and skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
- (4) Independence: Our current board of directors consists of 7 members, including 3 independent directors, accounting for 42.86% of the board. The independent directors comply with the regulations of the Financial Supervisory Commission's Securities and Futures Bureau concerning independent directors. There are no circumstances among the directors or independent directors that would violate Articles 26-3, 3rd and 4th paragraphs of the Securities and Exchange Act. The board of directors in our company demonstrates independence. For more information, please refer of this annual report, section "1. Professional Qualifications of Directors and Disclosure of Independence Information of Independent Directors."

(V) Information concerning the Presidents, Vice Presidents, Assistant Vice Presidents, and department and branch managers:

March 29, 2024; Unit: shares; %

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Academic and Career Achievements	Concurrent positions in other companies	Spouse or second-degree relative acting as managers		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
CEO	Taiwan	CHING-FU HSIEH	Male	2008.01.01	0	0	0	0	0	0	EMBA, National Chengchi University	Note 1	None	None	None
President	Taiwan	YI-KUANG CHEN	Male	2023.05.03	0	0		0	0	0	Master of Social Welfare, National Chung Cheng University Manager of Tainergy Tech. Co., Ltd.	President of Vietnergy Co., Ltd.	None	None	None
Accounting supervisor	Taiwan	HSIU-CHEN YU	Female	2011.10.18	29,087	0.01	0	0	0	0	Major or accounting, Hsing Wu University Section manager of accounting department, KENMEC MECHANICAL ENGINEERING CO., LTD.	Supervisor of Star Solar New Energy Co., Ltd.	None	None	None

Note 1: 01.Longzi Industrial Co., Ltd. Chairman 02.Shunsheng Investment Co., Ltd. Chairman 03.Shunzhong Investment Co., Ltd. Chairman 04.Guangyun Machinery Engineering Co., Ltd. Chairman 05.Taiji Energy Technology (Kunshan) Co., Ltd. Chairman and General Manager 06.Guangyun Mechanical and Electrical (Suzhou) Co., Ltd. Chairman 07.Guangyun Technology (Suzhou) Co., Ltd. Chairman 08.Guangyun International Holdings (British Virgin Islands) Co., Ltd. Chairman 09.Guangyun Communication Holdings (British Virgin Islands) Co., Ltd. Chairman 10.Taiji Technology Holdings (Samoa) Co., Ltd. Chairman 11.Guangyun Vietnam Co., Ltd. Chairman 12.Shunzhong Asset Management Co., Ltd. Chairman 13.Mingxuan Development Co., Ltd. Chairman 14.Chengfeng Asset Management Co., Ltd. Chairman 15.Jinyun Technology Co., Ltd. Chairman and General Manager 16.Weixin Investment Co., Ltd. Chairman 17.Guangyun Automation Engineering (Kunshan) Co., Ltd. Chairman 18.Kunshan Kunfu Electronic Materials Co., Ltd. Chairman and General Manager 19.Mingxuan Investment Co., Ltd. Chairman 20.Suzhou Guangyi Real Estate Development Co., Ltd. Chairman and General Manager 21.Shengxin Materials Technology Co., Ltd. Legal Representative

Note: Where the chairperson of the Board of Directors and the President or person of an equivalent post (the highest-level managerial officer) of a company are the same person, spouses, or relatives within the first degree of kinship:None

III. Recent annual remuneration for directors, supervisors, general manager, and deputy general manager, and others.

(I) Remuneration to general directors and independent directors

December 31, 2023; Unit: NTD thousand

December 31, 2023, Unit: NT\$ thousand

Title	Name	Remuneration to directors						Sum of A, B, C, and D as Percentage of Net Income (Note 10)		Remuneration to Employees Holding Concurrent Positions								Sum of A, B, C, D, E, F and G as Percentage of Net Income (Note 10)		Remuneration from parent company or invested businesses other than subsidiaries (Note 11)		
		Remuneration (A) (Note 2)		Retirement pension (B)		Remuneration from earnings distribution (C) (Note 3)				Business execution expenses (D) (Note 4)		Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company		All the companies included in the financial reports (Note 7)		The Company	All the companies included in the financial reports (Note 7)			
														Amount of cash bonus	Amount of share bonus	Amount of cash bonus	Amount of share bonus					
Chairman	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	600	600	—	—	—	—	25	25	(2.1871)	(2.1871)	6,510	6,510	—	—	—	—	—	—	(24.9676)	(24.9676)	44,107
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: LI-CHUAN SHEN	360	360	—	—	—	—	30	30	(1.3647)	(1.3647)	—	—	—	—	—	—	—	—	(1.3647)	(1.3647)	17,205

Title	Name	Remuneration to directors								Sum of A, B, C, and D as Percentage of Net Income (Note 10)		Remuneration to Employees Holding Concurrent Positions								Sum of A, B, C, D, E, F and G as Percentage of Net Income (Note 10)		Remuneration from parent company or invested businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Remuneration from earnings distribution (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company		All the companies included in the financial reports (Note 7)		The Company	All the companies included in the financial reports (Note 7)	
Amount of cash bonus	Amount of share bonus															Amount of cash bonus	Amount of share bonus					
Director	MING-CHIH HSIEH	360	360	—	—	—	—	12	12	(1.3017)	(1.3017)	—	—	—	—	—	—	—	—	(1.3017)	(1.3017)	2,476
Director	CHIEN-LIANG CHEN	360	360	—	—	—	—	30	30	(1.3647)	(1.3647)	—	—	—	—	—	—	—	—	(1.3647)	(1.3647)	—
Independent director	YAO-JUNG KAN	600	600	—	—	—	—	30	30	(2.2046)	(2.2046)	—	—	—	—	—	—	—	—	(2.2046)	(2.2046)	—

Title	Name	Remuneration to directors								Sum of A, B, C, and D as Percentage of Net Income (Note 10)		Remuneration to Employees Holding Concurrent Positions								Sum of A, B, C, D, E, F and G as Percentage of Net Income (Note 10)		Remuneration from parent company or invested businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Remuneration from earnings distribution (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company	All the companies included in the financial reports (Note 7)	The Company		All the companies included in the financial reports (Note 7)		The Company	All the companies included in the financial reports (Note 7)	
Amount of cash bonus	Amount of share bonus															Amount of cash bonus	Amount of share bonus					
Independent director	CHIA-HSIANG WANG	600	600	—	—	—	—	24	24	(2.1836)	(2.1836)	—	—	—	—	—	—	—	—	(2.1836)	(2.1836)	—
Independent director	FU-LING YEH	600	600	—	—	—	—	20	20	(2.1696)	(2.1696)	—	—	—	—	—	—	—	—	(2.1696)	(2.1696)	—
<p>1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: The Company’s remuneration to independent directors includes reimbursement for carrying out work duties, travel allowances and remuneration distributed to directors. The Company must pay a fixed amount regardless of earnings or losses in accordance with the Charter. The remuneration is handled according to the Company’s “Regulations for remuneration to directors.” The remuneration distribution of the Company’s annual profit is determined by reference to the number of times directors attend board meetings or his/her contribution to the Company (including, but not limited to, the number of the Company’s shares held and providing endorsement/guarantee for the Company) during his/her term. Therefore, the policy and determination of remuneration to directors is positively linked to operating performance and risk exposure. The Company has purchased liability insurance for directors and supervisors to minimize the risk of them being charged for their due execution of duties by shareholders or other related parties.</p> <p>2. In addition to what is disclosed in the above table, the remuneration to the Company’s directors for providing services (such as assuming a non-employee advising post) for all the companies included in the financial report in the most recent year: None.</p>																						

Range of Remuneration

Range of remuneration to each director	Director name			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial reports (Note 9) H	The Company (Note 8)	The parent company and all affiliated investment ventures. (Note 9) I
Below NTD 1,000 thousand	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH, LI-CHUAN SHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH, LI-CHUAN SHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: LI-CHUAN SHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: LI-CHUAN SHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH
NTD 1,000 thousand (inclusive) – NTD 2,000 thousand (exclusive)	-	-	-	-
NTD 2,000 thousand (inclusive) – NTD 3,500 thousand (exclusive)	-	-	-	-
NTD 3,500 thousand (inclusive) – NTD 5,000 thousand (exclusive)	-	-	-	-
NTD 5,000 thousand (inclusive) – NTD 10,000 thousand (exclusive)	-	-	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH
NTD 10,000 thousand (inclusive) – NTD 15,000 thousand (exclusive)	-	-	-	-
NTD 15,000 thousand (inclusive) – NTD 30,000 thousand (exclusive)	-	-	-	-
NTD 30,000 thousand (inclusive) – NTD 50,000 thousand (exclusive)	-	-	-	-
NTD 50,000 thousand (inclusive) – NTD 100,000 thousand (exclusive)	-	-	-	-
Over NTD 100,000 thousand	-	-	-	-
Total	7	7	7	7

- I. Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representatives are stated separately), whereas the amount of benefits and allowances are presented in aggregate sums. If a director is also a president or vice president, this table and the table (3) below shall be filled in.
- II. Refers to remuneration to directors in the last year (including salaries, allowances, severance pay, various bonuses and incentives, etc.)
- III. Refers to the amount of directors' remuneration that the Board has proposed as part of the latest earnings appropriation.
- IV. Refers to remuneration to directors for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.
- V. Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as a President, vice President, managerial officer or other employee). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.
- VI. Refers to any remuneration that the director has received (in cash or in shares) in the last year for assuming the role of an employee (such as President, vice President, managerial officer or other employees). The amount of employee remuneration proposed by the Board of Directors in the last year has been disclosed (where the amount could not be estimated, the actual amount paid in the last year was presented instead). Table(IV) Names of the managers receiving employee remuneration and the distribution thereof.

VII. The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's directors.

VIII. The amount of remuneration paid by the Company to each director has been disclosed in ranges. The name of the director must also be disclosed.

IX. The details represent the range of remuneration paid by the consolidated entity (including the Company) to each director. The name of the director must also be disclosed.

X. Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

XI. a. This field represents all forms of remuneration that directors received from the Company's invested businesses other than subsidiaries

b. For directors who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column J of the remuneration brackets table. In which case, column I will be renamed "The parent company and all affiliated investment ventures."

c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the director received for serving as directors, supervisors or managerial officers in invested businesses other than subsidiaries.

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

(II) Remuneration to the President and Vice President

December 31, 2023; Unit: NTD thousand

December 31, 2023; Unit: NT\$ thousand

Title	Name (Note 1)	Salary (A) (Note 2)		Retirement pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee remuneration amount (D) (Note 4)				Sum of A, B, C, and D as Percentage of Net Income (Note 8)		Remuneration from parent company or invested businesses other than
		The Company	All the companies included in the financial reports	The Company	All the companies included in the financial reports	The Company	All the companies included in the financial reports	The Company		All the companies included in the financial reports (Note 5)		The Com pany	All the companies included in the financial reports (Note 5)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	CHING-FU HSIEH	3,960	3,960	-	-	-	-	2,550	2,550	-	-	-	-	-
President	MING-KAI HSIEH (NOTE1)	567	3,841	34	41	188	344	-	-	-	-	-	-	-
President	YI-KUANG CHEN (NOTE2)	1,396	3,841	72	72	1,967	2,073	-	-	-	-	-	-	-

Note 1: MING-KAI HSIEH was relieved of the position of General Manager due to organizational restructuring on May 3, 2023.

Note 2: YI-KUANG CHEN was promoted to the position of General Manager on May 3, 2023.

All positions equivalent to General Manager or Deputy General Manager (e.g., President, CEO, Managing Director, etc.) should be disclosed regardless of job titles.

Range of Remuneration

Range of remuneration to the General Manager and Vice General Manager	Names of the General Manager and Vice General Manager	
	The Company (Note 6)	All the companies included in the financial statements (Note 7) (E)
Below NTD 1,000 thousand	MING-KAI HSIEH	-
NTD 1,000 thousand (inclusive) – NTD 2,000 thousand (exclusive)	-	MING-KAI HSIEH
NTD 2,000 thousand (inclusive) – NTD 3,500 thousand (exclusive)	YI-KUANG CHEN	
NTD 3,500 thousand (inclusive) – NTD 5,000 thousand (exclusive)	-	YI-KUANG CHEN
NTD 5,000 thousand (inclusive) – NTD 10,000 thousand (exclusive)	CHING-FU HSIEH	CHING-FU HSIEH
NTD 10,000 thousand (inclusive) – NTD 15,000 thousand (exclusive)	-	-
NTD 15,000 thousand (inclusive) – NTD 30,000 thousand (exclusive)	-	-
NTD 30,000 thousand (inclusive) – NTD 50,000 thousand (exclusive)	-	-
NTD 50,000 thousand (inclusive) – NTD 100,000 thousand (exclusive)	-	-
NTD 10,000 thousand and above	-	-
Total	3	3

Note 1: The names of the Presidents and vice Presidents are required to be presented separately; the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table and table above shall be filled in.

Note 2: Refers to salaries, allowances, and severance pay made to the Presidents and vice Presidents in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the Presidents and vice Presidents. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 4: Represents the amount of employee remuneration provided for the Presidents and vice Presidents (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table (IV) (IV) Names of the managers receiving employee remuneration and the distribution thereof.

Note 5: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's Presidents and vice Presidents.

Note 6: The amount of remuneration made by the Company to its Presidents and vice Presidents; the names of Presidents and vice Presidents have been disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company's Presidents and vice Presidents; the names of Presidents and vice Presidents have been disclosed separately in ranges.

Note 8: Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 9: a. This field represents all forms of remuneration that the Presidents and vice Presidents received from the Company's invested businesses other than subsidiaries.

- b. For President and vice Presidents who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses have been added to column E of the remuneration brackets table. In which case, Column E will be renamed “The parent company and all affiliated investment ventures.”
- c. Remuneration refers to any returns, remuneration (including remunerations received as an employee, director and supervisor) and professional service fees which the Company’s President and vice Presidents received for serving as directors, supervisors, or managerial officers in invested businesses other than subsidiaries.

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

(III) Top 5 executives with the highest remuneration:

December 31, 2023; Unit: NTD thousand

December 31, 2023, Unit: NT\$ thousand														
Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee remuneration amount (D) (Note 4)				Sum of A, B, C, and D as Percentage of Net Income (Note 6)		Remuneration from invested businesses other than subsidiaries or the parent company (Note 7)
		The Company	All the companies included in the financial reports (Note 5)	The Company	All the companies included in the financial reports (Note 5)	The Company	All the companies included in the financial reports (Note 5)	The Company		All the companies included in the financial reports (Note 5)		The Company	All the companies included in the financial reports	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	CHING-FU HSIEH	3,960	3,960	-	-	2,550	2,550	-	-	-	-	(22.7806)	(22.7806)	44,107
Spokesperson	MING-KAI HSIEH (NOTE1)	1,701	3,861	103	123	1,063	1,531	-	-	-	-	(10.0325)	(19.2987)	7,340
Assistant vice president	YI-KUANG CHEN (NOTE2)	2,094	2,952	108	108	2,301	2,460	-	-	-	-	(15.7574)	(19.3162)	-
Accounting supervisor	HSIU-CHEN YU	1,327	1,327	86	86	675	675	-	-	-	-	(7.3066)	(7.3066)	-

Note 1: MING-KAI HSIEH was relieved of the position of General Manager due to organizational restructuring on May 3, 2023.

Note 2: YI-KUANG CHEN was promoted to the position of General Manager on May 3, 2023.

Note 1: The “executives” in the so-called “top 5 executives with the highest remuneration” refer to managers of the Company. The criteria for the determination of managers are in accordance with the scope of “managers” as stipulated in the Order Letter Tai-Cai-Zheng-(3)-Zi 0920001301 dated March 27, 2003, issued by the former Securities and Futures Commission, Ministry of Finance. The determination for the calculation of the “top 5 executives with the highest remuneration” is based on the total amount of salaries, pensions, bonuses and special allowances received by the managers from all companies included in the consolidated financial reports, as well as the amount of remuneration to employees (the total of A+B+C+D), and then ranked by the highest paid executives). If a director is also a supervisor listed above, this table and the table above shall be filled in.

Note 2: Refers to salaries, allowances, and severance pay made to the top 5 executives with the highest remuneration in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicles or other in-kind benefits paid to the top 5 executives. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 – “Share-based Payment”. Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration provided for the top five executives with the highest remuneration (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year’s payout ratio). Table (IV) Names of the managers receiving employee remuneration and the distribution thereof.

Note 5: The disclosure shall include all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company’s top 5 executives with the highest remuneration.

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

Note 7: a. This field represents all forms of remuneration that the company’s top 5 executives with the highest remuneration received from invested businesses other than subsidiaries or the parent company (if none, please fill in “none”).
b. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor or manager) and professional service fees which the director received for serving as the top five highest paid executives in invested businesses or the parent company other than subsidiaries.

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

(IV) Names of the managers receiving employee remuneration and the distribution thereof

Unit: NTD thousand

	Job title (Note 1)	Name (Note I)	Amount paid in shares	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Managers	CEO	CHING-FU HSIEH	Note III			
	Executive Assistant / Spokesperson	MING-KAI HSIEH (Note I)				
	General Manager	YI-KUANG CHEN (Note II)				
	Finance and Accounting Manager	HSIU-CHEN YU				

Note I: MING-KAI HSIEH was relieved of the position of General Manager due to organizational restructuring on May 3, 2023.

Note II: YI-KUANG CHEN was promoted to the position of General Manager on May 3, 2023.

Note III: As of the end of fiscal year 2023, the company has accumulated losses, therefore no employee bonuses are proposed..

Note 1: Names and titles have been disclosed separately, whereas the amount of remuneration has been disclosed in aggregate.

Note 2: Represents the amount of employee remuneration provided for the managerial officers (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-3-0920001301 dated March 27, 2003; the role of managerial officers covers the following positions:

1. President or other equivalent position
2. Vice President or other equivalent position
3. Assistant vice president or other equivalent position.
4. Chief finance officer
5. Chief accounting officer
6. Others with the right to manage affairs and sign for the Company

Note 4: If the directors, president and vice president have received employee remuneration (including stock and cash), other than filling in remuneration to directors, independent directors, supervisors, president and vice president, this Table must also be filled in.

(V) Analysis of remuneration paid to Directors, Supervisors, Presidents and Vice Presidents by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

Title	Remuneration as a percentage of net income after tax			
	2023		2022	
	The Company	All the companies included in the financial statements	The Company	The Company
Director	(35.56%)	(35.56%)	7.83%	7.83%
Names of the President and Vice President	(37.56%)	(43.02%)	6.44%	8.82%

The percentage for distribution of remuneration of directors and managers is calculated according to the Company's Articles of Incorporation which states that 1%–3% of the profit for the year is appropriated as remuneration of directors and managers. To regularly evaluate remuneration to directors and managers, remuneration of directors and managers is determined on the degree of their participation in the Company's operations as well as their personal performance and contribution. The evaluation items are: Occurrence of moral hazard events or other risk events that adversely affect the Company's image and goodwill, internal mismanagement, or personnel

malpractice. To provide a reasonable remuneration, we also take into account their achievement of targets, profitability, operational efficiency, and contribution, while reviewing the director and manager remuneration system in a timely manner according to the actual business conditions and related laws and regulations.

IV. Corporate governance implementation

(I) Functionality of the Board of Directors:

1. Information on the functionality of the Board of Directors

The board of director held 4 meetings (A) during 2023; the attendance of directors/supervisors is summarized as follows:

Title	Name (Note 1)	Actual Attendance B	Attendance by proxy	Actual Attendance Rate (%) [B/A]	Remarks
Chairman	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD. – CHING-FU HSIEH		0	100%	
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD. –LI-CHUAN SHEN		0	100%	
Director	MING-CHIH HSIEH		0	100%	
Director	CHIEN-LIANG CHEN		0	100%	
Independent director	YAO-JUNG KAN		0	100%	
Independent director	CHIA-HSIANG WANG		1	75%	
Independent director	FU-LING YEH		0	100%	

Other matters to be stated:

1. Matters listed in Article 14-3 of the Securities and Exchange Act and for board of directors' meetings, state the date, session, the discussed agenda. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing, and how the company has responded to such opinions: None.
2. Directors' avoidance of the proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: None.
3. Listed and over-the-counter companies should disclose information about the board of directors' self-assessment (or peer evaluation), including the evaluation cycle and period, evaluation scope, methods, and evaluation content. Additionally, companies should provide details regarding the execution status of the board of directors' evaluation, as outlined in Section 4(1)2 of the regulatory guidelines..
4. Assessment of Goals and Execution Status in Strengthening the Board's Functions for the Current Year and Recent Years: The board of directors has authorized the establishment of an Audit Committee and a Compensation Committee to assist in fulfilling its oversight responsibilities. Both committees are composed entirely of independent directors. Each committee regularly reports its activities and decisions to the board of directors.

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

Note 2:(1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) If there is a reelection of directors and supervisors before the end of the year, the new and old directors and supervisors must be stated in the Remarks field, and indicate if such director and supervisor is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors' meetings held during active duty and the number of actual (proxy) attendance.

2. Evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Annually	2023/1/1 - 2023/12/31	Performance evaluation of the Board of Directors, individual directors, and functional committees	The company conducted the evaluation through questionnaires as part of the Board of Directors' evaluation and self-evaluation process for the fiscal year 2023. The company reported to the Board of Directors on March 06, 2024. °	<p>1.Performance evaluation of the Board of Directors, including the following five aspects:</p> <ol style="list-style-type: none"> 1.Participation in company operations. 2.Improvement of the Board of Directors' decision-making quality. 3.Composition and structure of the Board of Directors. 4.Selection and continuous professional development of directors. 5.Internal control. <p>2.Performance evaluation of individual directors (self-evaluation or peer evaluation), including the following six aspects:</p> <ol style="list-style-type: none"> 1.Understanding of company goals and objectives. 2.Awareness of director responsibilities. 3.Participation in company operations. 4.Management of internal relationships and communication. 5.Professional expertise and continuous development of directors. 6.Internal control. <p>3.Performance evaluation of functional committees, including the following five aspects:</p> <ol style="list-style-type: none"> 1.Participation in company operations. 2.Awareness of functional committee responsibilities. 3.Enhancement of functional committee decision-making quality. 4.Composition and member selection of functional committees. 5.Internal control.
Every 3 years	2021/1/1 - 2021/12/31	Composition, guidance, authorization, supervision, communication, and self-discipline of the Board of Directors, as well as internal control and risk management	For the fiscal year 2021, the company commissioned an external professional and independent organization, the "Taiwan Investor Relations Association," to conduct on-site investigations for the Board of Directors' evaluation and self-evaluation. The evaluation was carried out by evaluators: Guo Zonglin, Yao Wenjun, and Su Weiguo. The organization and the evaluators have no business relationship with the company, ensuring independence. The company reported to the Board of Directors on March 16, 2022.	<p>The recommendations from external experts are as follows:</p> <p>Recommend the establishment of "Corporate Governance Best Practices Guidelines."</p> <p>Plan to add an independent director position.</p> <p>Recommend early distribution of board meeting materials.</p> <p>Establish systems to facilitate new directors' quick understanding of the company.</p> <p>Establish multiple communication channels to strengthen interaction and engagement with stakeholders.</p> <p>Suggest the establishment of a functional committee for sustainable development.</p> <p>Fulfill corporate social responsibility by planning and preparing a corporate sustainability report.</p> <p>Plan ESG-related training courses for board members.</p> <p>Integrate ESG issues into board strategy discussions and provide regular progress updates.</p> <p>Improvements made by the company:</p> <p>The company has progressively addressed the above recommendations by promoting corporate sustainability development in 2023.</p>
Annually	2023/1/1 - 2023/12/31	Performance Evaluation of the Board of Directors, Individual Directors, and Functional Committees (including the Audit Committee and Compensation Committee):	For the fiscal year 2023, the company conducted the Board of Directors' evaluation and self-evaluation using questionnaires before the end of the year. The company reported to the Board of Directors on March 6, 2024.	<p>1.Performance evaluation of the Board of Directors, including the following five aspects:</p> <ol style="list-style-type: none"> 1.Participation in company operations. 2.Improvement of the Board of Directors' decision-making quality. 3.Composition and structure of the Board of Directors. 4.Selection and continuous professional development of directors.

				<p>5.Internal control.</p> <p>2.Performance evaluation of individual directors (self-evaluation or peer evaluation), including the following six aspects:</p> <p>1.Understanding of company goals and objectives.</p> <p>2.Awareness of director responsibilities.</p> <p>3.Participation in company operations.</p> <p>4.Management of internal relationships and communication.</p> <p>5.Professional expertise and continuous development of directors.</p> <p>6.Internal control.</p> <p>3.Performance evaluation of functional committees, including the following five aspects:</p> <p>1.Participation in company operations.</p> <p>2.Awareness of functional committee responsibilities.</p> <p>3.Enhancement of functional committee decision-making quality.</p> <p>4.Composition and member selection of functional committees.</p> <p>5.Internal control.</p>
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Our company has completed the self-evaluation of the Board of Directors/Individual Directors/Functional Committees (including the Audit Committee and Compensation Committee) for the fiscal year 2023 and submitted the report to the Board of Directors in the first quarter of the fiscal year 2024 for review and improvement purposes.

The overall average score for the Board of Directors' self-evaluation is 4.47 out of 5 points, indicating a strong performance. Specifically, the average score for "Board Composition and Structure" is 4.63 points, demonstrating effective implementation of board member diversity policies.

The overall average score for individual director self-evaluation is 4.92 out of 5 points, indicating excellent performance and effective operation of the board overall.

The overall average score for the Audit Committee's self-evaluation is 4.63 out of 5 points, with a perfect score of 5 points for "Engagement in Company Operations."

Similarly, the overall average score for the Compensation Committee's self-evaluation is 4.63 out of 5 points, also achieving a perfect score of 5 points for "Engagement in Company Operations."

These positive evaluation results reflect the commitment and effectiveness of our board and committees in fulfilling their roles and responsibilities in overseeing company operations and governance. The feedback provided will serve as a basis for continuous improvement and enhancement of our corporate governance practices.

(II) The state of the audit committee or the state of supervisors participating in the operation of the board of directors

1. Functionality of the Audit Committee

The Company's Audit Committee is made up of three independent directors. The purpose of the Audit Committee is to provide assistance to the Board of Directors in carrying out procedures regarding the quality and integrity of accounting, audits and financial reporting and financial controls.

The Audit Committee held 4 meetings in 2023; primary matters for reviews included:

- (1) Audit of financial statements and accounting policies and procedures
- (2) The internal control system and related policies and procedures
- (3) Material assets or derivatives transaction
- (4) Material loaning of funds and endorsement/guarantee
- (5) Raising or issuing marketable securities
- (6) Derivatives and cash investments
- (7) Statutory compliance
- (8) Company risk management
- (9) Qualifications, independence and performance evaluation of CPAs

- (10) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (11) Implementation of Audit Committee Responsibilities
- (12) Audit Committee performance self-evaluation questionnaire

Review of financial reports

We, the Undersigned Supervisors, hereby acknowledge that the Board of Directors has prepared and submitted hereto the Business Report, Consolidated Financial Statements, and Proposed Allocation of Earnings of KENMEC Mechanical Engineering Co., Ltd. of 2023 and that among them, the Financial Statements have been duly audited by the Deloitte & Touche Taiwan as duly delegated by the Board of Directors which already issued the Audit Report. These statements have been audited by the Audit Committee to be accurate.

Evaluation of the internal control system effectiveness

The Audit Committee evaluates the effectiveness of the policies and procedures (including control measures on finance, operation, risk management, information security, outsourcing and statutory compliance) of the Company's internal control system. It also reviews the periodic reports of the Company's Audit Department and CPAs as well as management, including risk management, and statutory compliance. With reference to the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee believes that the Company's risk management and internal control system is effective and that the Company has adopted the control mechanisms necessary to monitor and correct non-compliance.

Appointment of CPAs

The Audit Committee is given the responsibility of overseeing the independence of the accounting firm to ensure the integrity of the financial statements.

In general, other than tax-related services or specially approved items, the accounting firm must not provide other services to the Company. All services provided by the accounting firm must be approved by the Audit Committee.

In order to ensure the independence of the CPAs, the Audit Committee has formulated an independence evaluation form in accordance with Article 47 of the Certified Public Accountant Act and the contents of Bulletin No. 10 "Integrity, Impartiality, Objectivity and Independence" to evaluate the independence, professionalism and appropriateness of the CPAs, while also assessing Has they are related parties or have business or financial interest with the Company. The Audit Committee meeting held and the Board meeting held on March 08 2023 reviewed and approved that Jui-Chuan Chih and Hui-Ming Chen, of Deloitte Touche Taiwan, met the independence evaluation criteria and are qualified to serve as the Company's financial and tax CPAs.

In the most recent year (2023), the Audit Committee had 4 meetings (A), the attendance is as follows:

Title	Name	Actual attendance count (B)	Attendance by proxy	Actual Attendance Rate (%) [B/A]	Remarks	Election date
Independent director	CHIA-HSIANG WANG	4	0	100.00%	Re-elected	
Independent director	YAO-JUNG KAN	4	0	100.00%	Re-elected	
Independent director	FU-LING YEH	4	0	100.00%	Re-elected	

Other matters to be stated:

- (1) If the Audit Committee encounters any of the following situations, details should be provided regarding the date, session, agenda, content, any dissenting opinions from independent directors, reservations or significant recommendations, decisions made by the Audit Committee, and how the company addressed the opinions of the Audit Committee:

a) Matters listed in Article 14-5 of the Securities and Exchange Act

Audit Committee Date/session	Contents of motions	Resolution of the Audit Committee	The Company's handling of the Audit Committee's resolution
March 08, 2023 5th meeting of the 3rd term	Item 1: The review of the effectiveness of the Company's 2022 internal control system and the declaration of internal control system. Item 2: Motion for the appointment of the Company's CPAs and the evaluation of their independence. Item 3: Passed the motion for 2022 business report and financial statements. Item 5: Execution status of private placement of common shares for the 2022. Item 6: Cash capital increase and issuance of new shares through private placement.	After explanation and consultation, the motion was passed with no objection raised by attending Audit Committee members	Executed according to the resolution
May 03, 2023 6th meeting of the 3rd term	Item 1: Ratification of the motion for the Company's consolidated financial statements for Q1 2023. Item 2: Proposal to establish the "Procedures for Pre-Approval of Auditors Providing Non-Assurance Services" within our company.	After explanation and consultation, the motion was passed with no objection raised by attending Audit Committee members	Executed according to the resolution
August 4, 2023 7th meeting of the 3rd term	Item 1: Ratification of the motion for the Company's consolidated financial statements for Q2 2023 Item 2: Proposed capital loan to subsidiary Taisic Materials Co., Ltd. for an amount of NTD150 million. Item 3: Seeking approval for the endorsement guarantee of USD 3.5 million by the subsidiary Vietnergy Limited Liability Company.. Item 4: Retroactive recognition of derivative instruments conducted for trading purposes.	After explanation and consultation, the motion was passed with no objection raised by attending Audit Committee members	Executed according to the resolution
November 02, 2022 8th meeting of the 3rd term	Item 1: Ratification of the motion for the Company's consolidated financial statements for Q3 2023. Item 2: Formulate the 2024 annual audit plan. Item 3: Retroactive recognition of derivative instruments conducted for trading purposes. Item 4: Proposal to provide a loan of NT\$65 million to Changhong New Energy Co., Ltd., an equity method investee company. Item 5: Proposal to provide a loan of USD 2 million to the subsidiary Vietnergy Limited Liability Company.	After explanation and consultation, the motion was passed with no objection raised by attending Audit Committee members	Executed according to the resolution

- b) Apart from the aforementioned matters, there are no decisions approved by more than two-thirds of the entire Board of Directors without prior approval from the Audit Committee.: None.

- (2) For the implementation and state of independent directors' recusal: None
- (3) State of communication between independent directors, chief internal auditor and CPA (such as significant items, methods and results of communications on the Company's finances and business status)

a) Communication Policy between Independent Directors, Internal Audit Manager, and Accountants:

I. Hold at least one meeting per quarter with the Internal Audit Manager and Accountants to discuss completed internal audits and external audit findings for the year, and communicate on addressing audit deficiencies. Record communication outcomes for reporting to the Board of Directors.

II. The Internal Audit Manager regularly reports to the Audit Committee on:

- Annual internal audit plans
- Annual professional training plans for audit personnel
- Execution status of internal audit operations reported regularly to the Audit Committee

III. Accountants attend the Audit Committee at least annually to report on the audit results for the year.

IV. Other: In the event of significant abnormal issues or matters deemed necessary for independent communication by the Independent Directors, Internal Audit Manager, and Accountants, meetings can be convened at irregular intervals as needed.

b) Communication between independent directors and chief internal auditor:
The internal audit supervisor shall report progress on a quarterly basis. In the event of a material issue, a meeting may be convened at any time to report to the independent directors.

Date	Key Matter	The discussion outcome
March 08, 2023	Implementation of the audit plan for 2022 Q4	No opinions were expressed during this meeting.
May 03, 2023	Implementation of the audit plan for 2023 Q1	No opinions were expressed during this meeting.
August 04, 2023	Implementation of the audit plan for 2023 Q2	No opinions were expressed during this meeting.
November 02, 2023	Implementation of the audit plan for 2023 Q3	No opinions were expressed during this meeting.

c) Communication between independent directors and CPAs:

Independent directors and CPAs shall communicate fully with each other each quarter. In the event of a material issue, a meeting may be convened at any time.

Date	Key Matter	The discussion outcome
March 08, 2023	Explanation of profit and loss for the 2022, material accounting issues and major issues discussed with management	Submitted to the board of directors after deliberation.
May 03, 2023	Explanation of profit and loss, material accounting issues, and major issues discussed with management for the first quarter of 2023	Submitted to the board of directors after deliberation.
August 04, 2023	Explanation of profit and loss for the first half of 2023, material accounting issues and major issues discussed with management	Submitted to the board of directors after deliberation.
November 02, 2023	Explanation of profit and loss for the first three quarters of 2023, material accounting issues and major issues discussed with management	Submitted to the board of directors after deliberation.

Note 1: If an independent director resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during the term of the Audit Committee and the number of meetings actually attended during active duty.

Note 2: If there is a reelection of an independent director before the end of the year, the new and old independent directors must be stated, and indicate if such independent director is old, new, or re-elected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Audit Committee meetings held during active duty and the number of actual (proxy) attendance.

2. Participation of supervisors in Board meetings: Not applicable, as the Company has established an Audit Committee.

(III) Corporate governance implementation and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and reasons

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		Our company has established the "Corporate Governance Guidelines" based on the "Corporate Governance Best Practice Principles for Listed and Over-the-Counter Companies" formulated by the Taiwan Stock Exchange and the Taiwan Securities Association. These guidelines have been made available on our company's website for shareholders' reference. In addition to complying with legal requirements and our articles of incorporation, our corporate governance system has been effectively structured to ensure a robust corporate governance framework, protect shareholders' rights, strengthen the functions of the board of directors, respect the rights of stakeholders, and enhance information transparency.	Our corporate governance practices are in line with the standards set by the Corporate Governance Best Practice Principles for Listed and Over-the-Counter Companies.
II. Equity structure and shareholders' equity				
(I) Does the company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company has a spokesperson and acting spokesperson system, and cooperates with professional stock agencies to address the issues listed.	(I) No significant differences yet
(II) Does the company have control over the list of major shareholders and the controlling parties of such shareholders?	V		(II) Through the actual information that can be provided by the stock agency, the Company discloses the major shareholders and the list of ultimate controllers of major shareholders as required by law.	(II) No significant differences yet
(III) Has the company established and implemented risk control mechanism and firewall between the Company and its affiliates?	V		(III) The Company has formulated written regulations for financial operations with its affiliates, while supervising the management, financial operations and audit management of its subsidiaries.	(III) No significant differences

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary	
(IV) Has the company established internal regulations prohibiting insider trading against non-public information?	V		(IV) The Company has established internal regulations prohibiting insider trading.	yet (IV) No significant differences yet
III. Composition and responsibilities of the Board of Directors				
(I) Has the company established and implemented guidelines for diversity of the composition of the board of directors?	V		(I) The Company's board has been composed in a diversified manner. When appointing a director, not only should their personal professional backgrounds be taken into account, the diversity of the directors is an equally important factor. The professional backgrounds of the members shall cover management and finance and shall have multiple backgrounds in industry, academia and knowledge, which is helpful in enhancing the Company's performance and efficiency.	(I) No significant differences yet
(II) Other than establishing a remuneration committee and an audit committee as required by the law, has the company established other functional committees voluntarily?			(II) The Company has set up a remuneration committee as required by the law. Other types of functionals may be set up voluntarily in accordance with the law and actual needs.	(II) No significant differences yet
(III) Has the company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?	V		(III) Board of Directors' self-evaluation or peer evaluation has been established and implemented since January 1, 2020.	(III) No significant differences yet

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary	
(IV) Does the company carry out assessments on the independence of the certified public accountant(s)?	V		<p>(IV) Our Audit Committee conducts regular annual evaluations of the independence of the external auditors and reports the evaluation results to the Board of Directors. The most recent evaluation was conducted on March 06, 2024, and was approved by the Audit Committee and the Board of Directors on the same date.</p> <p>The evaluation mechanism includes the following:</p> <ol style="list-style-type: none"> 1.Confirming that the external auditors of the company are not related parties to the company or its directors. 2.Adhering to the rotation requirements for external auditors as specified in the Corporate Governance Best Practice Principles. 3.Obtaining regular independent representation letters from the auditors. 4.Obtaining information on the 13 Audit Quality Indicators (AQIs) provided by the auditing firm and evaluating the audit quality of the auditing firm and the engagement team based on the "Interpretation of Audit Quality Indicators (AQIs) Guidelines" issued by the regulatory authority. <p>The evaluation results are as follows:</p> <ol style="list-style-type: none"> 1.The independence of the external auditors from the company complies with the relevant regulations of the Republic of China's Accountants Act, Code of Professional Ethics for Accountants, and PCAOB. 2.The company has not engaged the same external auditors for five consecutive years. 3.The auditors and the firm have demonstrated superior audit 	(IV) No significant differences yet

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof																	
	Yes	No	Summary																		
			experience and training hours compared to industry averages. Additionally, they have been incorporating digital audit tools over the past three years to enhance audit quality.																		
IV. Has the Company established a full- or part-time corporate governance unit or personnel to oversee corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders’ meetings according to laws, handling corporate registration and amendment registration, producing (or recording) minutes of board meetings and shareholders’ meetings)?	V		<p>The Company’s Board meeting held on March 10, 2021 resolved to appoint HSIU-CHEN YU as the head of corporate governance, who was originally the head of finance. Ms. Yu is responsible for protecting the rights of shareholders and strengthening Board functions. Ms. Yu has more than 3 years of experience serving as a finance manager in a public company. Her main duties are handling matters associated with Board meetings and shareholders’ meetings, preparing minutes of Board meetings and shareholders’ meetings, assisting directors and supervisors in their appointment of office and continuing education, providing directors and supervisors with necessary information for them to carry out duties as well as assisting directors and supervisors in following the laws and regulations.</p> <table><tr><th>Training Date</th><th>Course</th><th>Training Hours</th><th>Annual Total Training Hours</th></tr><tr><td>2023/04/13</td><td>2023 Anhui Leadership Academy Forum: Business</td><td>3</td><td rowspan="4">18</td></tr><tr><td>2023/06/02</td><td>Opportunities and Challenges in the Net Zero Trend 2023 Taishin Net Zero Power Summit</td><td>3</td></tr><tr><td>2023/07/04</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr><tr><td>2023/08/04</td><td>Decoding Crisis - How to Thrive in the Black Swan Era</td><td>3</td></tr></table>	Training Date	Course	Training Hours	Annual Total Training Hours	2023/04/13	2023 Anhui Leadership Academy Forum: Business	3	18	2023/06/02	Opportunities and Challenges in the Net Zero Trend 2023 Taishin Net Zero Power Summit	3	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	2023/08/04	Decoding Crisis - How to Thrive in the Black Swan Era	3	No significant differences yet
Training Date	Course	Training Hours	Annual Total Training Hours																		
2023/04/13	2023 Anhui Leadership Academy Forum: Business	3	18																		
2023/06/02	Opportunities and Challenges in the Net Zero Trend 2023 Taishin Net Zero Power Summit	3																			
2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6																			
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Evaluation Item	States of operation (Note 1)							Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary					
				2023/11/03	Analyzing Practical Operations of Boards of Directors and Shareholders' Meetings through Indicative Cases	3		
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), establishment of investors' relations office on websites and proper response to stakeholders' concerns of corporate social responsibility?	V		We have established a spokesperson and acting spokesperson as the Company's communication channels with stakeholders, and have set up a section on the Company's official website dedicated to stakeholders to provide answers to stakeholders' concerns on corporate social responsibility.					No significant differences yet
VI. Has the company entrusted professional organizations for handling shareholder meeting matters?	V		A professional agency has been commissioned for matters regarding shareholders meetings.					No significant differences yet
VII. Information Disclosure								
(I) Has the company established a website to disclose information concerning financial affairs and corporate governance?	V		(I) Our business information has been disclosed on the Company website (http://www.tainergy.com) for shareholders and the public.					(I) No significant differences yet
(II) Has the company adopted other means for disclosure, such as setting up an English website, appointing personnel to gather and disclose relevant information, properly implementing the spokesperson system, and posting the meetings minutes with institutional investors on websites?	V		(II) The Company has appointed dedicated personnel to be responsible for the disclosure of important information, which is released on the MOPS and the Company website.					(II) No significant differences yet
(III) Does the company publicly announce and file the annual financial report within two months after the close of the fiscal year and announce and file the		V	(III) The Company releases its financial report in accordance with the prescribed period, and has never released it ahead of the prescribed period.					(III) No significant differences

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary	
financial reports of the first, second, and third quarters and the monthly operation status prior to the regulated deadline?				yet
VIII. Is 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 continuing education for 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 is helpful in understanding the corporate governance operation of the Company?	V		<ol style="list-style-type: none"> 1. The Company has planned to arrange continuing education courses for the directors, while at the same time informing directors/supervisors of updates of corporate governance laws. 2. The Company has appointed dedicated personnel to be in charge of risk management and measurement standards, and the implementation is good. 3. At Tainergy, we keep an open communication channel with our customers, and the implementation is good. 4. We also take out liability insurance for our directors and the attendance of the directors at the board meetings is good. 	No significant differences yet
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. We, as a company, strive for the development of sustainability in economic, environmental and social aspects, and will continue to uphold our core corporate values of integrity, while holding the long-term sustainable responsibility to our stakeholders and society. Matters pending improvement have been addressed as priorities for gradual improvement.				

Note 1: Regardless of ticking "yes" or "no" for the state of operation, it should be explained in the summary field.

Note 2: The term "corporate governance self-evaluation report" refers to the report on the current operation and performance of the Company under corporate governance self-evaluation items.

(IV) If the company has established a remuneration committee, its composition, duties and state shall be disclosed.

The establishment of the Company's remuneration committee was resolved by the board of directors' meeting held on August 19, 2011. The committee must be composed of with at least three members and the appointment is determined by the board. One of the members must be an independent director who will also serve as the convener. The Compensation Committee of the company, composed of all three independent directors, shall faithfully perform the following duties with the duty of care of a prudent manager:

1. Periodically review the yearly and long-term performance goal of the Directors and managers of the Company, and the policy, system, standard and structure of the remuneration.
2. Periodically evaluate the remuneration to directors and managers.

When the Committee exercises the above duties, it shall follow the guidelines as per below:

1. With respect to the performance assessment and remuneration of directors and managers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
2. Directors and manager officers shall not engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.
3. With respect to the time to distribute bonus in proportion with the short-term performance of directors and senior managers, or remuneration that is partially variable, the Company shall consider the characteristics of the industry and the business nature to decide the proper time to pay.

"Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.

If decision-making and handling of any matter relating to the remuneration of directors and managers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the parent company, the parent company's remuneration committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

1. Information about remuneration committee members

Identity (Note 1)	Qualifications Name	Years of service of independent directors		Industrial experience (Note 2)					Professional competence (Note 2)		State of independence (Note 3)	Number of public companies in which concurrently serves as an independent director
		6-9 years	Over 9 years	Business and supply	Mechanical and engineering	Financial affairs and finance	Hotel management	Biological Technology	Financial affairs	Risk management		
Independent director	CHIA-HSIANG WANG			V	-	V	V	-		V	<p>All members of the Compensation Committee of our company meet the following criteria:</p> <p>1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Establishment and Exercise of Functions of Compensation Committees of Companies Listed on the Stock Exchange or Engaging in Securities Business" issued by the Financial Supervisory Commission.</p> <p>2. As of March 29, 2024, the committee members themselves, their spouses, and relatives within the second degree hold a total of 0 shares of our company's stock, representing 0.00% of the company's outstanding shares.</p> <p>3. Have not received any compensation for providing business, legal, financial, or accounting services to our company or its affiliated enterprises in the past two years, and have not served as directors, supervisors, or employees of companies with specific relationships to our company.</p>	1
Independent director	YAO-JUNG KAN	-	V	V	-	V	-	-	V	V		1
Independent director	FU-LING YEH	-	V	V	-	-	-	V	-	V		1

Note: In the two years prior to appointment and during tenure, none of the following conditions should apply:

- (1) Employee of the company or its affiliated enterprises.
- (2) Director or supervisor of the company or its affiliated enterprises.
- (3) Myself, spouse, minor children, or any natural person shareholder holding 1% or more of the company's issued shares or within the top ten shareholders.
- (4) Spouse or relatives within the second degree or direct blood relatives within the third degree of the

aforementioned managers, directors, or supervisors.

- (5) Director, supervisor, or employee of a legal person shareholder who directly holds 5% or more of the company's issued shares, is within the top five shareholders, or serves as a company director according to Article 27 of the Company Act.
- (6) Directors, supervisors, or employees of another company who control more than half of the voting rights or hold board seats in the company.
- (7) Directors, supervisors, or employees of another company or organization where the chairman, general manager, or equivalent position is the same person or spouse as in our company.
- (8) Directors, supervisors, managers, or shareholders holding 5% or more of specific companies or institutions with financial or business transactions with our company.
- (9) Professionals, sole proprietors, partners, company owners, partners, directors, supervisors, managers, or their spouses providing audit or related services to the company or its affiliated enterprises and receiving accumulated remuneration exceeding NT\$500,000 in the past two years. However, this does not apply to members of the Compensation Committee of our company.

Note 1: Please provide specific details in the table regarding the work experience, professional qualifications, experience, and independence of each member of the Remuneration Committee. If any member is an independent director, please indicate that you can refer to Annex 1 for relevant information on directors and supervisors. Please indicate their role as an independent director or other (if the person is the convener, please make a note).

Note 2: Professional qualifications and experience: Please specify the professional qualifications and experience of each Remuneration Committee member.

Note 3: Independence status: Please specify the independence status of Remuneration Committee members, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the members themselves, their spouses or second-degree relatives (or in the name of others); whether the members serve as directors, supervisors or employees of companies with which the Company has a specific relationship (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for commercial, legal, financial and accounting services provided to the Company or its affiliates in the past two years.

2. Information on the functionality of the Remuneration Committee:

(1) The Company's Remuneration Committee is made up of three members.

(2) From July 4, 2022 to June 22, 2025; the Committee held 3 meetings (A) during 2023, and the qualifications and attendance of the members are as follows:

Title	Name	Actual Attendance B	Attendance by proxy	Actual attendance rate [B/A]	Remarks
Convener	CHIA-HSIANG WANG		0	100.00%	
Committee member	YAO-JUNG CHUEH		0	100.00%	
Committee member	FU-LING YEH		0	100.00%	

Other matters to be stated:

- (I) If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the Board meeting, contents of the proposals, meeting resolutions, and the Company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board of Directors is higher than that suggested by the Remuneration Committee, the deviation and causes thereof shall be specified): None.
- (II) If any member objects or expresses qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, the date and session of the meeting, contents of the proposal, the entire members' opinions, and how their opinions are addressed shall be specified: None.

Note:

- (I) If a member of the Remuneration Committee resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during the term of the Remuneration Committee and the number of meetings actually attended during active duty.
- (II) If there is a reelection of the Remuneration Committee before the end of the year, the new and old members of the Remuneration Committee must be stated, and indicate if such member is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Remuneration Committee meetings held during active duty and the number of actual (proxy) attendance.

3. Discussions and resolutions by the remuneration committee

Remuneration committee	Motion content and follow-up	Resolution	The handling of the Company
2th meeting of the 5th term March 08, 2023	(I) Discuss the company's 2022 employee compensation and director compensation case.	Approved unanimously after discussion among the committee members.	The motion was submitted to the Board of Directors' meeting and approved by all directors present at the meeting.
4th meeting of the 5th term November 02, 2023	(I) Review the policies, systems, standards, and structures for evaluating the performance and remuneration of directors and executives. (II) Discussion on the principles for the disbursement of year-end bonuses for executives and above for the year 2023.	Approved unanimously after discussion among the committee members to continue using the existing comprehensive policy of the company.	The motion was submitted to the Board of Directors' meeting and approved by all directors present at the meeting.

(V) Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Tainergy's management vision is "protect the earth, benefit mankind and develop green products". Based on this notion, we proactively promote many environmental protection policies and dedicate ourselves to increasing the environmental awareness of all our employees, while at the same time ensuring that our products are in compliance with environmental protection regulations.

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the board of directors and is supervised by the board of directors?	V		<p>Establishment of the "Corporate Sustainable Development Implementation Task Force," abbreviated as the ESG Task Force, as the highest-level decision-making center for sustainable development within the company. The Chairman serves as the head, responsible for overseeing the company's sustainable development and ESG management policies. The ESG Task Force submits reports annually to confirm the implementation and performance of the management team regarding sustainable development and achievement of targets, aiming to strengthen the corporate resilience. The ESG Task Force is responsible for coordinating and integrating corporate resources to promote sustainable projects, facilitating cross-departmental communication and coordination, providing improvement suggestions, and regularly reporting on the group's sustainable implementation progress to ensure the direction of sustainable business is implemented.</p> <p>The ESG Task Force continuously monitors and assesses domestic and international corporate sustainable development, conducts risk assessments in response to international trends, and oversees four functional subgroups: "Environmental Sustainability," "Social Responsibility," "Corporate Governance," and "Economic Implementation." These cross-functional subgroups consist of representatives assigned by various departments within the company, including HR, Environment, Health & Safety, Sales, project managers, procurement, etc. They form the company's sustainable governance structure to promote corporate social responsibility and fulfill the company's</p>	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>social responsibilities. Each subgroup has a leader who identifies sustainable issues relevant to the company's operations and stakeholders through monthly subgroup meetings, formulates corresponding strategies and work policies, allocates budgets related to organizational and sustainable development, plans and executes annual programs, and is responsible for setting sustainable strategic goals and tracking performance. The focus is on ESG issues and continuous improvement to ensure the full implementation of sustainable development strategies in the company's daily operations, collaborating with stakeholders to create win-win outcomes.</p> <p>During the annual board meetings, the Board provides professional opinions to the management team, reviews the possibilities of strategies based on the report content, and offers timely recommendations to the management team.</p>	
II. Has the company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation and established relevant risk management policies or strategies based on the principle of materiality? (Note 2)	V		<p>Our company conducts regular significant analysis investigations based on six systematic steps to understand issues of concern to internal and external stakeholders. These steps involve analyzing the characteristics of the solar photovoltaic industry, international trends reports, customer feedback, and data from previous surveys to select the company's key topics of concern. We use this information to determine the major issues for our sustainability report, establish the boundaries for data collection, and identify stakeholders. Additionally, we develop risk management mechanisms for major issues to strengthen the operational resilience and sustainable value of the company, meeting the expectations of stakeholders for Taiji Energy.</p> <p>We adhere to the GRI Sustainability Reporting Standards and AA1000SES Standard, using a significant topics identification process to pinpoint the internal and external issues with the greatest impact and concern for the company and stakeholders. After review and confirmation by the ESG</p>	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof										
	Yes	No	Summary											
			<div>Sustainable Development Implementation Team, this information is submitted to the Chairman for approval, serving as a critical basis for defining the scope, focus, and sustainable strategy formulation for this report.</div> <table><tr><th>Orientation</th><th>key issues</th><th>Summary</th></tr><tr><td rowspan="3">Environmental Protection</td><td>Climate Change and Energy Management (GRI 302 Energy)</td><td>Positive Actual Impacts:<ul style="list-style-type: none">◦ Reduction of greenhouse gas emissions◦ Promotion of renewable energy developmentNegative Actual Impacts:<ul style="list-style-type: none">◦ Carbon emissions and energy consumption◦ Waste management◦ Rising energy costsPotential Negative Impacts:<ul style="list-style-type: none">◦ Carbon pricing</td></tr><tr><td>Water Resource Management (GRI 303 Water and Effluents)</td><td>Positive Actual Impacts:<ul style="list-style-type: none">◦ Water resource conservationNegative Actual Impacts:<ul style="list-style-type: none">◦ Wastewater discharge and pollution◦ Unstable water resource supply</td></tr><tr><td>Waste Management (GRI 305 Emissions)</td><td>Positive Actual Impacts:<ul style="list-style-type: none">• Resource recycling and reuse• Environmental protectionNegative Actual Impacts:<ul style="list-style-type: none">• Environmental pollution risks• Compliance requirements• Resource and cost managementPotential Positive Impacts:<ul style="list-style-type: none">• Enhanced reputation and image</td></tr></table>	Orientation	key issues	Summary	Environmental Protection	Climate Change and Energy Management (GRI 302 Energy)	Positive Actual Impacts: <ul style="list-style-type: none">◦ Reduction of greenhouse gas emissions◦ Promotion of renewable energy development Negative Actual Impacts: <ul style="list-style-type: none">◦ Carbon emissions and energy consumption◦ Waste management◦ Rising energy costs Potential Negative Impacts: <ul style="list-style-type: none">◦ Carbon pricing	Water Resource Management (GRI 303 Water and Effluents)	Positive Actual Impacts: <ul style="list-style-type: none">◦ Water resource conservation Negative Actual Impacts: <ul style="list-style-type: none">◦ Wastewater discharge and pollution◦ Unstable water resource supply	Waste Management (GRI 305 Emissions)	Positive Actual Impacts: <ul style="list-style-type: none">• Resource recycling and reuse• Environmental protection Negative Actual Impacts: <ul style="list-style-type: none">• Environmental pollution risks• Compliance requirements• Resource and cost management Potential Positive Impacts: <ul style="list-style-type: none">• Enhanced reputation and image	
Orientation	key issues	Summary												
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Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof		
	Yes	No	Summary			
				Potential Negative Impacts: • Resource and cost management		
			Social Responsibility	Occupational Health and Safety (GRI 403 Occupational Health and Safety)		Actual Positive Impacts: • Employee safety and well-being • Regulatory compliance and risk management • Employee recruitment and retention Potential Positive Impacts: • Employee health and safety Actual Negative Impacts: • Costs and resource allocation • Workplace accidents and injuries
				Labor Practices and Employee Benefits (GRI 401 Employment) (GRI 402 Employment) (GRI 405 Diversity and Equal Opportunity)		Actual Positive Impacts: • Good compensation and benefits retain talent and motivate employees to contribute more to the company Actual Negative Impacts: • Poor compensation and benefits affect willingness of employees to join the company Potential Negative Impacts: • Unfriendly workplace affecting employee attendance
				Talent Development and Training (GRI 404 Training and Education)		Actual Positive Impacts: • Enhanced attractiveness to talented individuals • Improved professional skills of employees Actual Negative Impacts: • Risk of talent attrition

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
				<ul style="list-style-type: none"> ◦ Training costs and time <p>Potential Positive Impacts:</p> <ul style="list-style-type: none"> ◦ Talent pipeline and development ◦ Increased employee participation and loyalty
			Corporate Governance :	<p>Economic Performance (GRI 201 Economic Performance)</p> <p>Actual Positive Impacts:</p> <ul style="list-style-type: none"> ◦ Robust financial performance ◦ Increased stock value <p>Actual Negative Impacts:</p> <ul style="list-style-type: none"> ◦ Economic downturn ◦ Increased costs, reduced profit margins ◦ Legal and regulatory risks ◦ Market competitive pressures <p>Potential Positive Impacts:</p> <ul style="list-style-type: none"> ◦ Improved production efficiency, optimized cost management, enhanced competitiveness <p>Potential Negative Impacts:</p> <ul style="list-style-type: none"> ◦ Fluctuations in resource prices ◦ Market competition
			Corporate Governance and Sustainable Development (General Standard Disclosure / GRI 201)	<p>Actual Positive Impacts:</p> <ul style="list-style-type: none"> ◦ Efficient operations and performance ◦ Risk management and compliance ◦ Stakeholder relationship management <p>Potential Positive Impacts:</p> <ul style="list-style-type: none"> ◦ Technological innovation and competitiveness ◦ Increased renewable energy supply <p>Actual Negative Impacts:</p> <ul style="list-style-type: none"> ◦ Supply chain and raw material risks

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<div> <div> <ul style="list-style-type: none"> Information security Regulatory compliance risks </div> <div>Potential Negative Impacts:</div> <div> <ul style="list-style-type: none"> Resource and energy consumption Potential supply chain issues </div> </div> <div> <div>Custom Theme (General Standard Disclosure)</div> <div> <div>Actual Positive Impacts:</div> <ul style="list-style-type: none"> Improved energy conversion efficiency, cost reduction Emerging markets or regions, exploring new application areas </div> <div>Potential Positive Impacts:</div> <ul style="list-style-type: none"> Climate change challenges <div>Actual Negative Impacts:</div> <ul style="list-style-type: none"> Competitive pressures <div>Potential Negative Impacts:</div> <ul style="list-style-type: none"> Funding requirements </div> <div> <div>Supply Chain Management (GRI 204 Procurement Practices) (GRI 308 Supplier Environmental Assessment) (GRI 414 Supplier Social Assessment)</div> <div> <div>Actual Positive Impacts:</div> <ul style="list-style-type: none"> Enhanced supply chain transparency Optimized supplier relationships </div> <div>Potential Positive Impacts:</div> <ul style="list-style-type: none"> Improved production and delivery efficiency <div>Actual Negative Impacts:</div> <ul style="list-style-type: none"> Supply chain risks </div>	
III. Environmental issues (I) Has the company implemented environmental policies suitable for the	V		(I) The Company has established an environmental management system suitable for the Company's industry characteristics, such as the promotion of the 6S system.	In line with the "Corporate Social Responsibility Best-Practice Principles for

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
Company's industry characteristics?				TWSE/TPEX Listed Companies".
(II) Is the company committed to enhancing the use of energy efficiency and use recycled materials that pose low impact on the environment?	V		(II) The Company dedicates itself to increasing employees' environmental protection awareness and ensuring that the Company's products are in compliance with environmental protection policies. We have been making an effort in increasing the utilization of resources, such as the facilitation of e-operations, plant waste reduction, and resource recycling in order to seek the maximum efficiency of resources.	
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	V		(III) We have evaluated the current and future potential risks and opportunities of climate change posed on the Company and incorporated it into risk management. At the same time, we proactively promote energy saving and carbon reduction, and have installed a solar power system and smart power saving control system.	
(IV) Does the Company gather statistics of the greenhouse gas emissions, water consumption and the gross weight of waste in the past two years and establish policies for the reduction of greenhouse gas emissions and water consumption or other waste management?	V		(IV) We continue to promote energy-saving and carbon reduction strategies to effectively reduce greenhouse gas (GHG) emissions and water consumption. We have set improvement objectives for ourselves and will make gradual improvements in the future. Other specific measures include adding smart current indicators to facilitate electricity control, replacing old lighting with energy-saving lighting, replacing old air conditioners with energy-saving ones, installing water-saving valves to reduce unnecessary waste of resources, and installing solar power systems. Our products harness the infinite power of sunlight from the natural world, embodying the concepts of energy efficiency and environmental sustainability. By	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			utilizing solar energy, we strive to fulfill our role as responsible global citizens and fulfill our social responsibility towards the Earth..	
IV. Social issues (I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	V		(I) In order to fulfill our corporate social responsibility and safeguard the basic human rights of all employees, customers, and stakeholders, we adhere to the principles outlined in international human rights conventions such as the United Nations Global Compact and the Universal Declaration of Human Rights. We respect internationally recognized fundamental human rights and abide by labor-related laws and regulations in the countries where we operate. Our human rights policy applies to our company, domestic and international subsidiaries, joint ventures, and other group-related entities under our substantial control. The summary of our human rights management policy and specific measures are as follows: 1.Diversity and equal employment opportunities: We comply with national labor laws, prohibit child labor and forced labor, and eliminate employment discrimination. We are committed to creating a diverse, inclusive, equal, and harassment-free work environment. We strictly prohibit any human rights violations. Our employees are not subject to differential treatment or any form of discrimination based on personal gender (including sexual orientation), race, class, age, marital status, language, ideology, religion, political affiliation, birthplace, appearance, facial features, disabilities, etc. 2.Safe and healthy working environment: We provide a safe and healthy working environment, protect labor rights, foster	In line with the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>harmonious labor-management relations, ensure fair employment, compensation, benefits, training, performance evaluation, and promotion opportunities. We establish effective and appropriate grievance mechanisms to prevent and respond to any matters that may harm employee rights. We provide necessary health and safety measures and facilities, mitigate hazards that may affect employee health and safety, and reduce occupational risks. We actively monitor and manage abnormal workloads, prevent overtime work, and provide regular free health check-ups for employees. We also organize health management seminars.</p> <p>3.Respect for freedom of assembly and association: We respect the basic human rights of employees to freedom of assembly and association. We enhance the care of labor rights and provide diversified communication mechanisms. We establish open communication channels and hold regular labor-management meetings to ensure a harmonious win-win relationship between labor and management.</p> <p>4.Employee education and training: We regularly conduct labor safety-related education and training, including fire safety training, first aid training, and general safety and health education. New employees receive orientation on relevant regulations, ensuring humane treatment and providing a healthy and safe environment.</p> <p>5.Prevention of sexual harassment: To create a quality workplace, we provide a work and service environment free</p>	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Does the company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and reflect the corporate business performance or achievements in the	V		<p>from sexual harassment. We have established channels for reporting sexual harassment incidents and take appropriate preventive, corrective, disciplinary, and remedial measures in accordance with the provisions of the Gender Equality in Employment Act Article 13, Guidelines for Measures for Complaints and Disciplinary Actions in Sexual Harassment Prevention in the Workplace, Sexual Harassment Prevention Act Article 7, and Guidelines for Sexual Harassment Prevention. We have also established a complaint channel in accordance with the "Complaint Handling Guidelines" to protect employee rights when their legitimate interests are violated or cannot be reasonably resolved. In 2023, we conducted a one-hour sexual harassment prevention training for all employees, and all employees completed the training. In the future, we will continue to pay attention to human rights protection issues, promote relevant education and training, and raise awareness of human rights protection to reduce the likelihood of related risks.</p> <p>(II) We have a rigorous system in place with comprehensive management rules, including salary management rules and leave management rules, to clearly specify regulations regarding remuneration, leave and employee benefits. Employees also receive an annual health examination, three major festival allowances, wedding and bereavement support payment, and group insurance. For newcomers, we also provide special leave that is better than the provisions prescribed in the Labor Standards Act. In addition, we allocate 5% to 15% of our profits as remuneration to employees, so</p>	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
employee remuneration?			that the remuneration and the Company's business are growing together. By taking such an approach, we also promote a harmonious labor-management relationship and fulfill corporate social responsibility.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) We To prevent workplace accidents, provide a friendly working environment, and ensure the safety of employees and contractors, we regularly conduct annual employee health checks and periodic labor safety first aid training. Additionally, we have established an internal epidemic response unit and developed an epidemic response plan to provide a safe and healthy working environment for employees. We also provide relevant health information on the intranet to enhance employees' safety and health knowledge. Before outsourcing contractors perform construction work in our related facilities, we conduct occupational safety and health education and toolbox meetings to ensure a safe and healthy working environment. We also hold regular fire safety drills to establish immediate response mechanisms. In the fiscal year 112, no fire-related incidents occurred within our company, with zero casualties and no injuries among employees, representing 0% of the total workforce.	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		(IV) KENMEC has formulated the "Employee Development Plan Rules", and passed the Taiwan Training Quality System (TTQS) standards. We conduct systematic and structured talent cultivation and enhance the career development of our employees in a planned manner to help improve the Company's business performance. Professional training for functions is provided depending on the needs of different duties. We hold exchange activities for newcomers, annual supervisor training courses for middle management cadres, and	

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
<p>(V) Does the company comply with relevant laws and international standards with regard to issues of customer health and safety, privacy, marketing and labeling in relation to products and services and establish relevant policies and complaint procedures to protect the rights of consumers or customers?</p> <p>(VI) Has the company established the supplier management policy to require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?</p>	V		<p>annual strategy-based activities for senior management.</p> <p>(V) We comply with applicable laws and regulations and international standards in respect of the marketing and labeling of our products and services. We have attained the ISO9001 2008 quality management verification and we comply with confidentiality agreements and personal data protection laws when it comes to the privacy of our customers. To ensure consumer rights, we have a customer service unit in place and an outlet for stakeholders to make complaints.</p> <p>(VI) We have established a "Supplier Management Policy" that includes provisions on environmental regulations, intellectual property rights, and integrity clauses in contracts with our key suppliers. This is done to safeguard the interests of all stakeholders. We have also developed a "Supplier Evaluation Survey" that requires suppliers to comply with relevant norms in environmental protection, occupational health and safety, and labor rights. We maintain good communication and interaction with our suppliers, aiming to establish a cooperative partnership and achieve mutual benefits. Additionally, we conduct regular assessments of our suppliers, and the evaluation scores impact the purchasing volume. This strengthens the cooperation aspects of our supply chain vendors and collectively contributes to enhancing corporate social responsibility.</p>	
V. Has the company taken reference from the		V	We comply with the regulations and requirements of the competent authorities in carrying out our corporate sustainability initiatives. The company has The	Our Sustainability Report is being planned

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
internationally accepted reporting standards or guidance when preparing sustainability reports to disclose non-financial information? Has the report mentioned above been assured, verified, or certified by a third party?			company complies with relevant regulations and guidelines set by regulatory authorities for corporate sustainability practices. We have established a Corporate Social Responsibility (CSR) section on our website and prepared the 2022 sustainability report in accordance with regulations, which was published on our website and the Public Information Observation System in 2023. We disclose relevant information based on actual operational practices.	and will be prepared in accordance with laws and regulations.
VI. If the company has established its own Sustainable Development Best-Practice Principles based on the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancies between the principles and their implementation: None.				
VII. Other important information to facilitate better understanding of the company’s practices toward the promotion of sustainable development implementation: <p>(I) Sustainable management: We set high ethical standards for ourselves alongside the Company’s management philosophy “ethical management and compassionate service”, and adhere to the labor and retirement laws and regulations of the government and competent authorities. Our employees all sign an “Integrity Commitment” and comply with the principles of integrity, confidentiality obligations and avoid conflict of interest. Our employees perform corporate activities upholding the concept of “prosperous company and happy employees” to fulfill CSR.</p> <p>(II) Human capital: KENMEC provides a motivating reward system, performance bonus, year-end bonus, comprehensive and open promotion channel; provides employees with a healthy and safe workplace with a breastfeeding room in place; plans annual health examinations, health education consultation and labor safety and health management to prevent occupational disasters and diseases; and organizes all-inclusive employee activities, such as departmental dinners, year-end meals, domestic and overseas employee trips, birthday parties, and special store discounts.</p> <p>(III) Environmental management: We conduct maintenance on water, electricity and air-conditioning equipment each year to save energy and reduce carbon emissions so that they stay on top form. At each plant, we promote environmental operation such as garbage classification, food waste recycling and recycling of waste scraps, and have installed a solar power system on the roof or ground to cut down power consumption. We do our utmost to implement environmental protection policies while at the same time raising employees’ environmental awareness.</p> <p>(IV) In addition to cooperating with social welfare organizations in the three festivals, the company purchased gift boxes to give to employees,</p>				

Promotion item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>and also donated its own solar modules and systems to social welfare organizations, and Tai Chi was responsible for the follow-up 20 years of maintenance. The company's purchase amount from social enterprises in 2023 was NTD101 thousand.</p> <p>(V) Supply chain management: Internally: We arrange a labor-management meeting on a quarterly basis and performance appraisal interviews every six months for supervisors to review work performance and communicate with employees regarding work issues. By doing so, we establish communication channels for our employees and at the same time we also encourage our employees to directly talk to management. Externally: Sufficient business and financial information is disclosed on the Company website and MOPS for investors or stakeholders.</p> <p>(VI) Product features: Through our green manufacturing capabilities, we are engaged in green product manufacturing. We install solar power systems on roofs of office buildings and plants, public agencies, schools, outlying islands and residential homes as well as developing streetlight integrated solar power systems. We care very much about environmental protection and are doing what we can to save energy and reduce carbon, steadily creating value.</p>	

Note 1: If “Yes” is selected for the implementation, please explain the key policies, strategies and measures taken and their implementation; if “No” is selected for the implementation, please explain the difference and reason in the “Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof” column, and explain any policy, strategy and measure planned for the future.

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

(VI) Company's practice of ethical corporate management and measures adopted

Implementation of ethical corporate management and deviations from Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons thereof

Evaluation Item	States of operation (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Enactment of ethical corporate management policy and program				
(I) Has the company established an ethical corporate management policy that was passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) We have established the "Corporate Sustainability Implementation Task Force" and the "Corporate Governance Committee" to promote the group's integrity, anti-corruption, anti-bribery, and compliance matters. They are responsible for reporting their implementation status to the Board of Directors on an annual basis. The "Code of Conduct for Integrity" is implemented after being reviewed and approved by the Audit Committee and the Board of Directors. The Board of Directors of our company has a duty of care and oversight to prevent dishonest behavior and ensure the implementation of the integrity policy.	(I) No significant differences yet
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article 7 Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) To prevent dishonest behavior, the company has established a "Procedure for Handling Reports of Illegal, Unethical, or Dishonest Conduct" and requires employees to commit to avoiding conflicts of interest or ethical concerns. The company regularly analyzes and assesses business activities with higher risks of dishonest behavior through internal controls to prevent illegal and dishonest actions.	(II) No significant differences yet

Evaluation Item	States of operation (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?	V		(III) The company has developed the "Code of Business Integrity" and "Operating Procedures and Behavioral Guidelines for Business Integrity" to outline the relevant systems and procedures for preventing dishonest conduct. In 2023, all company employees signed the Integrity Service Code, demonstrating a commitment to ethical practices. Furthermore, to enhance the promotion of integrity principles, the company clearly states its business philosophy on its official website and conducts regular monthly awareness campaigns to foster a strong sense of ethics among employees and establish a positive corporate culture. The same level of integrity is also expected from suppliers and customers.	(III) No significant differences yet
II. Implementation of ethical business (I) Does the company have the integrity record of the trading counterparty assessed and the clauses of ethical conduct expressed in the contract signed between them? (II) Does the Company establish a specific unit for the board of directors to promote corporate ethical business and regularly (at least once a year) report the ethical corporate management policy, prevention program of unethical conduct and implementation status of supervision to the board of directors?	V V		(I) Before engaging in transactions with counterparties, the Company carries out a number of evaluations, including ethical conduct evaluation in order to avoid dealing with companies with an unethical conduct history. Ethical conduct terms are also specified in the contract signed between the Company and counterparties. (II) The company has established an "Enterprise Sustainability Promotion Team" and a "Corporate Governance Team" to drive the group's integrity and business ethics. These teams are responsible for promoting and overseeing the company's commitment to ethical practices. They report to the Board of Directors on an annual basis to provide updates on the progress and implementation of integrity and business ethics initiatives within the company. The execution status of the integrity operation in 2023 is as follows:.	(I) No significant differences yet (II) No significant differences yet

Evaluation Item	States of operation (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons								
	Yes	No	Summary									
(III) Has the company formulated a conflict of interest prevention policy, provided appropriate reporting channels, and implemented it?	V		<table><tr><td>Supplier Commitments:</td><td>1.Implementation of Supply Chain Code of Conduct. 2.Suppliers signing the Integrity and Anti-Corruption Commitment.</td></tr><tr><td>Education and Training:</td><td>1.New employee training: 203 participants, totaling 629 hours. 2.Annual training for all employees: 2,245 participants, totaling 6,226 hours.</td></tr><tr><td>Commitments:</td><td>1.Employee signing of the Employee Integrity Service Code upon joining, with a 100% completion rate. 2.Directors and senior managers signing the Integrity and Business Ethics Statement.</td></tr><tr><td>Promotion and Awareness:</td><td>1.Monthly integrity reading for all employees. 2.Whistleblowing system - Reporting and Complaints Procedure available at http://www.tainergy.com/c_notice_main.asp</td></tr></table> <p>(III) When a new employee signs the labor contract, we ask them to make a commitment that they will not be involved in any illegal business conducts. There is also “Rules for Handling Cases of Reporting Illegal and Unethical or Dishonest Conducts” in place for employees to make a complaint (Tel: 03-4555807; e-mail: tainergy@tainergy.com).</p>	Supplier Commitments:	1.Implementation of Supply Chain Code of Conduct. 2.Suppliers signing the Integrity and Anti-Corruption Commitment.	Education and Training:	1.New employee training: 203 participants, totaling 629 hours. 2.Annual training for all employees: 2,245 participants, totaling 6,226 hours.	Commitments:	1.Employee signing of the Employee Integrity Service Code upon joining, with a 100% completion rate. 2.Directors and senior managers signing the Integrity and Business Ethics Statement.	Promotion and Awareness:	1.Monthly integrity reading for all employees. 2.Whistleblowing system - Reporting and Complaints Procedure available at http://www.tainergy.com/c_notice_main.asp	(III) No significant differences yet
Supplier Commitments:	1.Implementation of Supply Chain Code of Conduct. 2.Suppliers signing the Integrity and Anti-Corruption Commitment.											
Education and Training:	1.New employee training: 203 participants, totaling 629 hours. 2.Annual training for all employees: 2,245 participants, totaling 6,226 hours.											
Commitments:	1.Employee signing of the Employee Integrity Service Code upon joining, with a 100% completion rate. 2.Directors and senior managers signing the Integrity and Business Ethics Statement.											
Promotion and Awareness:	1.Monthly integrity reading for all employees. 2.Whistleblowing system - Reporting and Complaints Procedure available at http://www.tainergy.com/c_notice_main.asp											
(IV) Does the Company establish an effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Is the compliance of the prevention program for the unethical	V		<p>(IV) The Company has set up an effective accounting system and internal control system to closely and strictly monitor risks of unethical conducts to ensure the enforcement of ethical corporate management. The audit office reviews the compliance of the system on a regular basis.</p>	(IV) No significant differences yet								

Evaluation Item	States of operation (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>conduct audited accordingly by the audit office or committed accountants?</p> <p>(V) Does the company organize regular internal and external education and training for corporate ethical corporate management?</p>	V		(V) The Company has formulated the “Integrity and Confidentiality Policy” and has built integrity into its corporate culture, which is promoted from time to time in all meetings for implementation.	(V) No significant differences yet
<p>III. The operation of reporting system</p> <p>(I) Has the company established reporting and reward systems, convenient reporting channels and had a representative assigned to handle such issues?</p> <p>(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?</p> <p>(III) Has the company adopted measures for protecting whistle-blowers from inappropriate disciplinary actions due to whistle-blowing?</p>			<p>(I) Has proposed a reporting and reward system and set up a reporting channel (Tel: 03-4555807, e-mail: tainergy@tainergy)</p> <p>(II) In the event of an integrity violation, the Company convenes a material disciplinary committee made up of senior executives from across departments to review the matter. If the integrity violation is significant, the Company will report the matter to the Board of Directors’ meeting in accordance with related laws and operating procedures, while enforcing related the confidentiality mechanism.</p> <p>(III) The Company agrees on protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing, and is willing to discuss relevant cooperative protection measures.</p>	No deviation
<p>IV. Enhancing Information Disclosure</p> <p>Does the company have the contents of the Ethical Corporate Management Best-Practice Principles and its implementation disclosed on the website and MOPS?</p>			The Company has set up a company website to disclose the Company’s profile, and basic and financial information. The Company’s ethical corporate management rules and its implementation effectiveness are also disclosed on the MOPS in a timely, open and transparent manner on a regular basis.	No deviation

Evaluation Item	States of operation (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
V. For companies who have established Ethical Corporate Management Best-Practice Principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe the current practice and any deviations from the code of conduct: The company's Board of Directors approved and reported to the shareholders' meeting on June 27, 2023, the "Code of Conduct," which all employees, managers, and board members must adhere to.				
VI. Other material information that helps understand the practice of ethical corporate management of the company (e.g. the company’s determination regarding ethical corporate management, policies and invitations to business partners to participate in education and training, review of the company’s code of ethical corporate management practices): The company will make timely revisions and amendments to its "Code of Conduct" based on the needs of business development and in compliance with relevant integrity and ethical business regulations.				

Note 1: Regardless of ticking “yes” or “no” for the state of operation, it should be explained in the summary field.

(VII) For companies that have the Corporate Governance rules and relevant regulations stipulated, the inquiry method of the Corporate Governance rules and relevant regulations shall be disclosed:

http://www.tainergy.com/investor/c_investor.asp

(VIII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance:

The Company has formulated internal operating procedures for handling material information. The system has been announced to all employees, managerial officers and directors to avoid violations and insider trading.

(IX) Implementation of the internal control system:

(1) Statement on Internal Control System: Please refer to page 65.

(2) If an accountant is entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: N/A.

(X) List of discipline, significant deficit and improvement status of violation of internal control system in most recent year and as of the publication date of the annual report:

None.

Tainergy Tech. Co., Ltd.

Statement on Internal Control System

Date: March 06, 2024

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

- (I) The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board of the directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security), reliable financial reporting, and regulatory compliance.
- (II) There are inherent limitations to even the most well-designed internal control system. Therefore, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- (III) The Company has assessed the effectiveness of its internal control policy design and implementation in accordance with the criteria determining the effectiveness of the internal control policies provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The determination criteria of the internal control policies adopted in "the Regulations" consist of five major elements depending on the management control process: 1. Environment control, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
- (IV) The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and execution.
- (V) Based on the result of the preceding assessment, the Company finally determined the effectiveness of the design and implementation of our internal control policy as of December 31, 2023 (including the supervision and management of subsidiaries) regarding the awareness of business results and target accomplishments, the reliability of reports and compliance with relevant laws and regulations. This policy provided reasonable assurance that the above objectives have been achieved.
- (VI) This statement constitutes part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- (VII) The Statement was passed unanimously without objection by all six directors present at the directors' meeting dated March 06, 2024.

Tainergy Tech. Co., Ltd.

Chairman: CHING-FU HSIEH (Signature and Seal)

President: YI-KUANG CHEN (Signature and Seal)

(XI) Material resolutions of a shareholders' meeting or a Board of Directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. The Company's 2023 Annual General Meeting was held on June 27, 2023. Resolutions made by the shareholders present at the meeting and the status of implementation are as follows:

Item	Resolutions made by shareholders' meeting	Implementation status
1	Recognition of the motion for 2022 business report and financial statements	The approval of the fiscal year 111 (Republic of China calendar year) operating report and financial statements was acknowledged. The consolidated revenue for the year was approximately NT\$2,221,436 million, with a net loss after tax of approximately NT\$36,735 million, resulting in an earnings per share of NT\$0.49.
2	Recognition of the motion for 2022 loss allowance	Due to the fiscal year 111 ending with a pre-tax loss, employee compensation and director's remuneration were not distributed in accordance with the company's articles of incorporation.
3	Amendment to the Company's "Articles of Incorporation"	The resolution was passed and processed according to the established procedures.
4	Motion for issuing new shares by way of cash capital increase through private placement	The implementation is pending.
5	To confirm, the company ratified the decision to waive its subscription to the cash capital increase of its subsidiary, TAISIC MATERIALS CO., LTD., for the year 2022.	This matter was approved by shareholder vote and passed as proposed.

2. The following is a summary of the significant resolutions made by the Company's Board of Directors from January 1, 2023 to the publication of the annual report:

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
2023-1 March 08, 2023	1. Assessment of the effectiveness of the internal control system and the internal control system statement for the year 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	2. Appointment of auditing accountants and assessment of their independence.	None	Accountant Li Li-Huang and Manager Huang Xian-Chen of Ernst & Young were absent from the meeting due to conflicts of interest. After consulting with the Chairman, all attending directors had no objections and the motion was passed.

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	3. Business report and financial statements for the year 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	4. Discussion on the allocation of employee remuneration and director remuneration for the year 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	5. Discussion on the offsetting of losses for the year 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	6. Execution status of the private placement of common shares in 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	7. Issuance of new shares through private placement.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	8. Recognition of related party transactions, specific company transactions, and group company transactions for the year 2022.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	9. Approval of the budget for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	10. Amendment of certain articles of the company's articles of incorporation.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	11. Amendment of certain articles of the Insider Trading Prevention Management Regulations.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	12. Amendment of certain articles of the Standard Operating Procedures for Handling Director Requests.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	13. Amendment of certain articles of the Code of Ethics.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	14. Amendment of certain articles of the Sustainable Development Practices Guidelines.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	15. Amendment of certain articles of the Corporate Governance Practices Guidelines.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	16. Amendment of the Code of Conduct and the Code of Conduct Operational Procedures and Behavioral Guidelines.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	17. Convening the 2023 Annual General Meeting of Shareholders and related matters regarding the acceptance of proposals from shareholders holding more than 1% of the shares.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	18. Extension/New application for financial institution credit limits.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	19. Development of a greenhouse gas inventory and verification timeline plan for the company's group (including subsidiaries).	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	20. Evaluation of overdue receivables and amounts not arising from normal business activities (including "other receivables," "prepayments," and "refundable deposits") to determine if they are in the nature of fund loaning.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
2023-2 MAY 03, 2023	1. Approval of the Company's consolidated financial statements for the 1st quarter of the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	2. Proposed Draft: "Audit Procedures for Pre-Approval of Non-Assurance Services by External Auditors" This proposal outlines the	None	Passed unanimously after the Chairman sought the opinions of all attending directors.

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	procedures for pre-approving non-assurance services to be provided by external auditors..		
	3. Appointment of Mr.YI-KUANG CHEN as General Manager of the Company	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	4. Extension or Addition of Credit Facility Application	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	5. Motion for the evaluation of whether the Company's overdue receivables and amounts not arising from normal business activities (including "other receivables," "prepayments" and "refundable deposits") are in the nature of fund loaning.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
2023-3 August 04, 2023	1. Approval of the Company's consolidated financial statements for the second quarter of the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	2. Proposal for a fund loan of NTD 150 million to subsidiary TAISIC MATERIALS CO., LTD.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	3. Recognition of Vietnergy Co., Ltd., a subsidiary, for endorsing a guarantee of USD 3.5 million.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	4. Recognition of Derivative Instruments for "Trading" Purposes.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	5. Extension/Addition of Credit Facility Application to Financial Institutions.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	6. Evaluation of Overdue Receivables and Non-operational Funds (including "Other Receivables," "Prepayments," "Deposits for	None	Passed unanimously after the Chairman sought the opinions of all attending directors.

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	Guarantees") for Determination of Fund Lending Nature.		
2023-4 November 02, 2023	1. Approval of the Company's consolidated financial statements for the third quarter of the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	2. Review of Performance Evaluation, Compensation Policies, Systems, Standards, and Structures for Directors and Executives of the Company.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	3. Discussion on Principles for the Distribution of Year-end Bonuses for Assistant General Managers and Above for the Fiscal Year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	4. Establishment of the 2024 Audit Plan.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	5. Recognition of Derivative Instruments Used for "Trading" Purposes.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	6. Extension of Credit Facility for Taipei Enterprise Nan'gang Branch, Authorization for Director Li-Chuan Shen to Sign Relevant Documents for this Credit Facility.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	7. Proposal to Provide Funding to Equity Method Investee Changhong New Energy Co., Ltd. for NT\$65,000,000.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	8. Proposal to Provide Funding to Subsidiary Vietnergy LLC for USD 2,000,000.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	9. Evaluation of Overdue Receivables and Non-operational Funds (including "Other Receivables," "Prepayments," "Deposits for	None	Passed unanimously after the Chairman sought the opinions of all attending directors.

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	Guarantees") to Determine if They Qualify as Fund Lending Cases.		
2024-1 March 06, 2024	1. Assessment of the effectiveness of the internal control system and the internal control system statement for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	2. Appointment of auditing accountants and assessment of their independence.	None	Accountant Li Li-huang and Manager Tsai Tsung-yuan from KPMG left the meeting due to conflicts of interest. After consulting with all attending directors and receiving no objections, the resolution was passed as proposed.
	3. Business report and financial statements for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	4. Discussion on the allocation of employee remuneration and director remuneration for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	5. Discussion on the offsetting of losses for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	6. Execution status of the private placement of common shares in 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	7. Issuance of new shares through private placement.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	8. Recognition of related party transactions, specific company transactions, and group company transactions for the year 2023.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	9. Approval of the budget for the year 2024.	None	Passed unanimously after the Chairman sought the opinions of all attending

Year - session and date of meeting	Resolution	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
			directors.
	10. Drafting of certain provisions of the "Risk Management Policy and Procedures" for the company.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	11. Amendment of certain articles of the "Organization Regulations of the Remuneration Committee" for the company.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	12. Revision of certain articles of the "Self-Evaluation Method of the Board of Directors" for the company.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	13. Revision of certain articles of the "Rules of Procedure of the Board of Directors" for the company.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	14. Convening the 2023 Annual General Meeting of Shareholders and related matters regarding the acceptance of proposals from shareholders holding more than 1% of the shares.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	15. Extension/New application for financial institution credit limits.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	16. Proposed funding to subsidiary company TAISIC MATERIALS CO., LTD. in the amount of NT\$170 million.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.
	17. Evaluation of overdue receivables and amounts not arising from normal business activities (including "other receivables," "prepayments," and "refundable deposits") to determine if they are in the nature of fund loaning.	None	Passed unanimously after the Chairman sought the opinions of all attending directors.

(XII) Any other documented objections or qualified opinions raised by directors or supervisors against board resolutions in relation to matters in most recent year and as of the publication date of the annual report: None.

(XIII) Resignation or discharge of the company's chairman, President and managerial staff of accounting, finance, internal audit, corporate governance personnel and research and development in most recent year and as of the printed date of the annual report:

Title	Name	Date of appointment	Date discharged	Reasons for leaving or discharge
President	MING-KAI HSIEH	November 03, 2011	MAY 02, 2023	Group adjustment of duties

V. Independent Auditor Fee Information

(I) Information on CPAs' fees

Unit: NTD thousand

Accounting firm name	Name of CPA	Audit period	Audit Fee	Non-audit remuneration					Total	Remarks
				System design	Corporate registration	Human Resources	Other (Note)	Subtotal		
Deloitte & Touche Taiwan	LI-HUANG LI	January 1 - December 31, 2023	4,300	-	-	-	293	293	4,593	Non-audit fees - Others: Transfer pricing: NTD251 thousand Maintenance fees for holding company: NTD20 thousand Tax consultation: NTD20 thousand Business trip expenses: : NTD22 thousand
	JUI-CHUAN CHIH									

Note: If the Company has changed the CPAs or the accounting firm this year, please indicate the audit period separately, and explain the reason for the replacement in the Remarks field and disclose the audit and non-audit profession fees and other information. Services of non-audit fees shall be listed in the Remarks column.

- (II) Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.
- (III) Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

VI. Information on Replacement of CPA

Year		Name of CPA firm	Name of CPA	Reason for change
2018	Former	Deloitte & Touche Taiwan	JUI-CHUAN CHIH And HUI-MING CHEN	In line with the firm's internal organizational restructuring
	Succession	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	
2021	Former	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	
	Succession	Deloitte & Touche Taiwan	LI-HUANG LI and JUI-CHUAN CHIH	
2024	Former	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	
	Succession	Deloitte & Touche Taiwan	LI-HUANG LI and WAN-YI LIAO	

VII. Any of the Company's chairman, President, or managerial officer in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year

None

VIII. Changes in shareholding and shares pledged by directors, supervisors, managers and shareholders with 10% shareholdings or more in most recent year and as of the publication date of the annual report

(I) Any change in equities of directors, supervisors, managerial officers, and major shareholders

Unit: shares

Title	Name	2023		By March 29 of 2024	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Corporate director	KENMEC MECHANICAL ENGINEERING CO., LTD.	-	-	-	-
Corporate director representative	CHING-FU HSIEH	-	-	-	-
Corporate director representative	LI-CHUAN SHEN	-	-	-	-
Director	CHIEN-LIANG CHEN	-	-	-	-
Director	MING-CHIH HSIEH	-	-	-	-
Independent director	YAO-JUNG KAN	-	-	-	-
Independent director	CHIA-HSIANG WANG	-	-	-	-
Independent director	FU-LING YEH	-	-	-	-
CEO	CHING-FU HSIEH	-	-	-	-
President	YI-KUANG CHEN	(2,000)	-	-	-
Accounting supervisor	HSIU-CHEN YU	(3,000)	-	-	-

(II) Information on the related party who is the counterparty of any equity transfer by a director, supervisor, manager, or major shareholder:

None.

(III) Information on any related party who is the counterparty of a pledge of equity by a director, supervisor, managerial officer, or major shareholder:

None.

IX. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship

March 29, 2024; share unit: shares

Name	Shares held by the shareholder		Shareholdings of spouse and underage children		Total shares held in the names of others		Names and relationship of top 10 shareholders who are related parties, spouses or within second-degree of kinship to each other under Statements of Financial Accounting Standards – 6 (Note 3)		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Title (or name)	Relationship	
1. KENMEC MECHANICAL ENGINEERING CO., LTD.	61,132,856	27.17	—	—	—	—	—	—	—
Representative: CHING-FU HSIEH	—	—	—	—	—	—	—	—	—
2. CITIBANK CUSTODY BARCLAYS CAPITAL SBL/PB INVESTMENT ACCOUNT	1,585,865	0.70	—	—	—	—	—	—	—
3. CHIH-CHUNG HSU	1,202,000	0.53	—	—	—	—	—	—	—
4. SHUN SHENG INVESTMENT CO., LTD.	1,060,189	0.47	—	—	—	—	—	—	—
5. SHU-FEN CHANG	946,000	0.42	—	—	—	—	—	—	—
6. CHU-LIN YEH	888,000	0.39	—	—	—	—	—	—	—
7. SU-WEN WU	863,845	0.38	—	—	—	—	—	—	—
8. MIAO-HSUEH SHIH	860,000	0.38	—	—	—	—	—	—	—
9. RONG-CHEN LIAO	770,000	0.34	—	—	—	—	—	—	—
10. CHI-TSAN HUNG	686,000	0.30	—	—	—	—	—	—	—

Note 1: The top 10 shareholders should be listed, and the names of corporate shareholders and their representatives should be listed separately if they are corporate shareholders.

Note 2: The calculation of proportion of shareholding shall be the holding by the person, spouse, and dependents or in the name of a third party separately.

Note 3: The aforementioned shareholders for disclosure shall include institutional shareholders and natural persons, with the relations between the shareholders as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Number of shares held and shareholding percentage of the Company, the Company's directors, supervisors, managerial officers and directly or indirectly controlled entities on the same investee

December 31, 2023; Unit: shares; %

Invested enterprise (Note)	Invested by the Company		Investment by directors, supervisors, and managerial officers, or by directly or indirectly controlled enterprises		Aggregate investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	—	100.00	—	—	—	100.00
Tainergy Technology (Kunshan) Co., Ltd.	—	—	—	100.00	—	100.00
Kunshan Kunfu Electronic Materials Co., Ltd.	—	—	—	100.00	—	100.00
Suzhou Kenmec Property Development Ltd.	—	—	—	31.75	—	31.75
Star Solar New Energy Co., Ltd.	500,000	35.71	70,000	5.00	570,000	40.71
VIETENERGY COMPANY LIMITED	—	100.00	—	—	—	100.00
TAISIC MATERIALS CO.	23,828,000	47.66	2,887,000	5.77	26,715,000	53.43
TAI VISION CO., LTD.	2,400,000	80.00	200,000	6.77	2,600,000	86.77

Note: No shareholding as it is a limited company.

Chapter IV. Financing Status

I. Capital and shares

(I) Equity capital sources

1. Formation of capital: Changes in capital for the most recent year and up to the date of publication of the annual report.

Unit: shares/NTD

Month Year	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Equity capital sources	Offset by any property other than cash	Others
May 2007	NTD 10	100,000,000	1,000,000,000	500,000	5,000,000	Established capital	None	Note 1
October 2007	NTD 25	100,000,000	1,000,000,000	53,988,000	539,880,000	Cash capital increase	None	Note 2
March 2008	NTD 25	100,000,000	1,000,000,000	70,000,000	700,000,000	Cash capital increase	None	Note 3
July 2009	NTD 10	100,000,000	1,000,000,000	80,500,000	805,000,000	Capital increase by earnings	None	Note 4
December 2009	NTD 25	100,000,000	1,000,000,000	82,500,000	825,000,000	Cash capital increase	None	Note 5
June 2010	NTD 10	100,000,000	1,000,000,000	90,750,000	907,500,000	Capital increase by capital reserve	None	Note 6
July 2010	NTD 35	150,000,000	1,500,000,000	100,750,000	1,007,500,000	Cash capital increase	None	Note 7
December 2010	NTD 40	150,000,000	1,500,000,000	120,750,000	1,207,500,000	Cash capital increase	None	Note 8
August 2011	NTD 21.5	150,000,000	1,500,000,000	133,970,000	1,339,700,000	Cash capital increase	None	Note 9
October 2011	NTD 10	150,000,000	1,500,000,000	146,450,000	1,460,450,000	Capital increase by earnings	None	Note 10
April 2012	NTD 15	250,000,000	2,500,000,000	206,045,000	2,060,450,000	Cash capital increase	None	Note 11
November 2013	NTD 19	250,000,000	2,500,000,000	231,045,000	2,310,450,000	Private placement of common stock	None	Note 12
April 2014	NTD 22.95	300,000,000	3,000,000,000	276,545,000	2,765,450,000	Cash capital increase	None	Note 13
May 2015	NTD 17.34	400,000,000	4,000,000,000	316,545,000	3,165,450,000	Cash capital increase	None	Note 14
April 2016	NTD 17.33	400,000,000	4,000,000,000	356,545,000	3,565,450,000	Cash capital increase	None	Note 15
November 2019	NTD 10	400,000,000	4,000,000,000	200,000,000	2,000,000,000	Capital reduction for offsetting losses	None	Note 16
October 2021	NTD 29.10	400,000,000	4,000,000,000	225,000,000	2,250,000,000	Cash capital increase	None	Note 17

Note 1: Approved registration date: Fu-Jian-Shang-Zi No. 09684603100 on May 14, 2007.

Note 2: Approved registration date: Jing-Shou-Shang-Zi No. 09601250830 on October 15, 2007.

Note 3: Approved registration date: Jing-Shou-Shang-Zi No. 09701076500 on March 28, 2008.

Note 4: Approved registration date: Jing-Shou-Shang-Zi No. 09801154590 on July 16, 2009.

Note 5: Approved registration date: Jing-Shou-Shang-Zi No. 09801285360 on December 11, 2009.

Note 6: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990024645 dated May 14, 2010; Approved registration date: Jing-Shou-Shang-Zi No. 09901131420 on June 24, 2010.

Note 7: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990001371 dated January 26, 2010; approved by the Financial Supervisory Commission with the order letter: No. 0990008548 dated February 26, 2010; approved by the Financial Supervisory Commission with the order letter: No. 0990028586 dated June 2, 2010; approved registration date: Jing-Shou-Shang-Zi No. 09901172870 on July 30, 2010.

Note 8: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990053764 dated October 5, 2010; approved by the Financial Supervisory

Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990059380 dated November 10, 2010; Approved registration date: Jing-Shou-Shang-Zi No. 10001009360 on January 17, 2011.

- Note 9: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng(1) Zi No. 1000032822 dated July 14 2011; Approved registration date: Jing-Shou-Shang-Zi No. 10001200240 on August 26, 2011.
- Note 10: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1000044437 dated September 14, 2011; Approved registration date: Jing-Shou-Shang-Zi No. 10001248890 on October 31, 2011.
- Note 11: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1010000994 dated February 2, 2012; Approved registration date: Jing-Shou-Shang-Zi No. 10101058810 on April 6, 2012.
- Note 12: Approved registration date: Jing-Shou-Shang-Zi No. 10201243560 on November 29, 2013.
- Note 13: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1030007417 dated March 21, 2014; Approved registration date: Jing-Shou-Shang-Zi No. 10301072450 on April 22, 2014.
- Note 14: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1040013073 dated April 27, 2015; Approved registration date: Jing-Shou-Shang-Zi No. 10401103350 on June 4, 2015.
- Note 15: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1050008133 dated March 25, 2016; Approved registration date: Jing-Shou-Shang-Zi No. 10501095630 on May 11, 2016.
- Note 16: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1080335179 dated November 14, 2019; Approved registration date: Jing-Shou-Shang-Zi No. 1080335179 on December 9, 2019.
- Note 17: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1100348965 dated July 30, 2021; Approved registration date: Jing-Shou-Shang-Zi No. 11001195880 on November 26, 2021.

2. Types of shares

Unit: Shares

Types of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered stocks	225,000,000 (Note 1)	275,000,000	500,000,000 (Note 2)	Listed stocks

Note 1: Including 14,023,475 shares of private placement stock.

Note 2: 2,000,000 shares are for the subscription of stock warrants, preferred shares with stock options or stock option bonds.

3. General information about the reporting system:

None.

(II) Composition of shareholders

March 29, 2024

Shareholder structure number	Government Agency	Financial Institution	Other Corporate Entities	Individual	Foreign Institutions and Foreigners	Total
Number of Persons	0	0	193	52,227	45	52,465
Number of shares held	0	0	63,072,023	158,938,661	2,989,316	225,000,000
Shareholding percentage	0.00%	0.00%	28.03%	70.64%	1.33%	100.00%

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

(III) Distribution of equity

March 29, 2024; common stock; NTD 10 par value per share

Range of Shareholding	Number of Shareholders	Number of shares held	Shareholding ratio
1 to 999	31,067	1,664,287	0.74
1 thousand to 5 thousand	16,054	33,622,347	14.94
5,001 to 10 thousand	2,755	21,545,704	9.58
10,001 to 15 thousand	824	10,458,137	4.65
15,001 to 20 thousand	541	10,006,605	4.45
20,001 to 30 thousand	433	11,120,316	4.94
30,001 to 40 thousand	206	7,444,843	3.31
40,001 to 50 thousand	149	6,905,581	3.07
50,001 to 100 thousand	258	18,119,941	8.05
100,001 to 200 thousand	115	15,397,940	6.84
200,001 to 400 thousand	37	10,163,728	4.52
400,001 to 600 thousand	10	4,831,734	2.15
600,001 to 800 thousand	8	5,180,082	2.30
800,001 to 1,000 thousand	4	3,557,845	1.58
1 thousand,001 shares and above	4	64,980,910	28.88
Total	52,465	225,000,000	100.00

(IV) List of major shareholders (shareholders holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders)

March 29, 2024; Unit: shares

Name of major shareholder/shareholding	Number of shareholding	Shareholding percentage (%)
KENMEC MECHANICAL ENGINEERING CO., LTD. Representative: CHING-FU HSIEH	61,132,856	27.17
CITIBANK CUSTODY BARCLAYS CAPITAL SBL/PB INVESTMENT ACCOUNT	1,585,865	0.70
CHIH-CHUNG HSU	1,202,000	0.53
SHUN SHENG INVESTMENT CO., LTD.	1,060,189	0.47
SHU-FEN CHANG	946,000	0.42
CHU-LIN YEH	888,000	0.39
SU-WEN WU	863,845	0.38
MIAO-HSUEH SHIH	860,000	0.38
RONG-CHEN LIAO	770,000	0.34
CHI-TSAN HUNG	686,000	0.30

(V) Market price, net value, earnings, and dividends in the most recent two years and information

thereof

Unit: NTD

Item		Year	2022	2023	By March 31 of 2024 (Note 8)
Market price per share (Note 1)	Highest		40.90	42.20	27.75
	Lowest		20.70	25.60	24.00
	Average		28.62	34.04	25.90
Net value per share	Before distribution		9.66	9.39	9.19
	After distribution (Note 2)		-	-	-
EPS	Weighted average number of shares (thousand shares)		205,833	225,000	225,000
	EPS (Note 3)	Before retrospective adjustment	0.49	(0.13)	(0.29)
		After retrospective adjustment	-	-	-
Dividends per share	Cash dividend		-	-	-
	Stock bonus	Dividends from earnings	-	-	-
		Dividends from capital reserve	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
ROI analysis	P/E ratio (Note 5)		58.41	(261.85)	(89.31)
	P/D ratio (Note 6)		-	-	-
	Cash dividend yield (Note 7)		-	-	-

*If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year, and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolution of the general meeting of shareholders of next year.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E ratio = Average closing price per share in current year/earnings per share.

Note 6: P/D ratio = Average closing price per share in current year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share in current year.

Note 8: The data of net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs as of the printed date of the annual report; the remaining columns shall fill in the current year's data as of the publication date of the annual report.

(VI) The Company's dividend policy and implementation status

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

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for

decision after taking into account the actual funding situation of the Company. Profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

2. The proposed dividend distribution for the year: The Company has proposed to not distribute shareholder bonuses, employee bonuses and remuneration to directors/supervisors as the Company suffered a loss in 2022.

(VII) The impact of stock bonus issuance on business performance, EPS, and shareholder return rate:
Not applicable.

(VIII) Employee bonuses and remuneration to directors, and supervisors

1. The percentage or scope of employee bonuses and remuneration to directors and supervisors as set forth in the Articles of Incorporation:
If there is a profit for the year, the Company shall first pay taxes and cover previous losses, then set aside 10% as the legal reserve. As required by the law or competent authorities, a special reserve shall also be set aside. The remaining is then used for earnings distribution which is proposed by the board of directors and recognized by the shareholders' meeting. Among the earnings, 5%–15% is allocated as remuneration to employees, whereas remuneration to directors and supervisors is allocated at 1%–3% of the current year's pre-tax net income. Also, employees who are entitled to receive the Company's stock must be the Company's employees who meet certain criteria.
2. The accounting of the difference between the estimates of bonus to employees, directors and supervisors, the basis for the calculation of distribution of shares and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:
As the Company suffered a loss for the year, remuneration to employees, directors and supervisors was not allocated. If there is any change in the amount on the date of resolution made by the shareholders' meeting, the changed amount shall be treated as a change in accounting estimates and accounted for in the year of resolution made by the shareholders' meeting. If there is still a change in the amount, it is adjusted into the accounts on the shareholders' meeting the following year.
3. Distribution of the remuneration approved by the Board of Directors:
 - (1) The amount of remuneration to employees, directors and supervisors distributed in cash or shares. If there is a discrepancy between the estimated amount and the recognized expenses, the differences, reasons and treatment shall be disclosed: None.
 - (2) Amount of employee remuneration distributed in shares and percentage of total net income after tax and total employee remuneration in separate financial report: None.
4. Actual distribution of bonus of employees and remuneration to directors and supervisors:
The actual allotment situation is the same as the original resolution and the number of lines recognized, and there is no difference.

(IX) Repurchase of shares: None.

II. Issuance of corporate bonds

None.

III. Issuance of preferred stock

None.

IV. Global Depositary Receipts

None.

V. Issuance of employee stock option certificates

None.

VI. Issuance of restricted stock awards for employees

None.

VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company

None.

VIII. Implementation of Capital Utilization Plan

The analysis of the previous cash capital increase, merger or acquisition, issue of new shares in connection with the acquisition of shares of another company, or plan of utilization of capital from issuance of corporate bonds: The Company did not engage in merger, the acquisition of shares of another company to issue new shares or issue corporate bonds, and the implementation of the previous cash capital increase plan is as follows:

(I) Private placement of common stocks in November 2013 (completed in 2013 Q4)**1. Project details**

(1) Approval by the board of directors and shareholders' meeting: The proposal to request the annual general meeting to authorize the board of directors to handle the motion of private placement of common stocks resolved by the board of directors on March 28, 2013. On June 28, 2013, the annual general meeting approved the motion for private placement of common stocks; on November 8, 2013, matters in relation to the pricing of the private placement of common stocks were approved by the board of directors.

(2) Fund required for the plan: NTD 475,000 thousand.

(3) Source of capital: Private placement of 25,000 thousand common shares at NTD 10 per share, an issue price of NTD 19 per share, raising NTD 475,000 thousand.

(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced:

A. Capital utilization plan and its progress

Unit: NTD thousand

Plan	Scheduled completion date	Total amount of fund required	Estimated fund utilization progress
			2013 Q4
Repayment of bank loans	2013 Q4	300,000	300,000
Enrich working capital	2013 Q4	175,000	175,000
Total		475,000	475,000

Information source: Provided by Tainergy

B. Possible benefits to be produced

Through the private placement, we hope to reduce capital costs, strengthen the Company's competitiveness while improving operational efficiency. The Company's financial structure is expected to be improved, posing positive effect on shareholders' equity.

2. Implementation status

Unit: NTD thousand

Plan	Implementation		As of 2013 Q4	Reasons for advance progress or progress falling behind and improvement plan
Repayment of bank loans	Amount spent	Estimated	300,000	The plan to issue common stocks by way of private placement was completed in 2013 Q4.
		Actual	300,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	
Enrich working capital	Amount spent	Estimated	175,000	
		Actual	175,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	
Total	Amount spent	Estimated	475,000	
		Actual	475,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	

Information source: Provided by Tainergy

The Company's plan to issue common stocks by way of private placement in 2013 has been fully paid on November 14, 2013. The proceeds from the private placement were used to repay bank loans and enrich working capital upon receipt. The plan was completed in 2013 Q4 and has been disclosed on the MOPS as required.

3. Benefit evaluation

Unit: %

Item	Year	End of 2012	End of 2013 Q3	End of 2013
Liability ratio		52.46%	46.12%	34.92%
Owned capital ratio		47.54%	53.88%	65.08%
Long-term capital to fixed assets ratio		112.13%	131.09%	156.48%
Current ratio		58.91%	71.90%	100.73%
Quick ratio		47.01%	64.34%	67.87%

Information source: The information for the end of 2012 and 2013 is based on the separate financial reports audited by the CPAs and the statements prepared by the Company for the end of 2013 Q3.

Given that the solar industry hit rock bottom in 2012, the Company's financial structure and solvency were relatively weak. Not only was the liability ratio at 52.46%, but the current ratio and quick ratio were only at 58.91% and 47.01%, respectively. As the Company's operations began to bounce back in 2013, the financial structure improved at the end of 2013 Q3 from the end of 2012, with the liability ratio dropping to 46.12% and the long-term capital to fixed assets ratio raising to 131.09%. However, the current ratio and quick ratio remained weak. Through the injection of private placed funds, in 2013 Q4, our Company was able to repay bank loans and enrich working capital. In 2013, the overall liability ratio decreased to 34.92%, long-term assets to fixed assets ratio also increased to

156.48%, and current ratio and quick ratio increased to 100.73% and 67.87%, respectively. Together with the decrease in the Company's interest expense of NTD 7,050 thousand in 2013 Q4, from NTD 8,888 thousand in 2013 Q3 – a decrease of NTD 1,838 thousand – indicating the benefits of the private placement of common stocks.

(II) First cash capital increase in 2014 (completed in April 2014, the plan for 2014 Q2 was completed)

1. Project details

- (1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1030007417 dated March 21, 2014.
- (2) Total funds required for the plan: NTD 1,044,225 thousand.
- (3) Source of funds: Cash capital increase by issuing 45,500 thousand shares at NTD 10 per share, at an issue price of NTD 22.95 per share, raising NTD 1,044,225 thousand.
- (4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2014 Q2
Repayment of loans	2014 Q2	605,243	605,243
Enrich working capital	2014 Q2	438,982	438,982
Total		1,044,225	1,044,225
Possible benefits to be produced	<p>(I) Repayment of bank loans In the fund-raising plan, NTD 605,243 thousand was expected to repay loans to reduce the amount of loans borrowed from financial institutions and other institutions as well as to reduce the interest burden. Based on the current interest rate of loans to be repaid, it is estimated that NTD 9,114 thousand of interest expense can be saved in 2014. The saving will adequately reduce the Company's financial burden and enhance its solvency while strengthening its financial structure, posing benefits on the Company's overall operating development.</p> <p>(II) Enrich working capital In the fund-raising plan, NTD 438,982 thousand was used to enrich working capital to meet the increased demand for working capital as a result of operational growth. The raised funds will replace bank financing, which helps increase the stability of long-term capital, enhance short-term solvency, strengthen capital flexibility and improve financial structure while also saving interest expenditures and increasing the Company's operating competitiveness. Based on the average interest rate of 2.28% of short-term loans, with the raised funds replacing bank financing, an amount of NTD 10,009 thousand is expected to be saved each year in the future.</p>		

2. Implementation status

Unit: NTD thousand; %

Plan	Implementation		As of 2014 Q2	Reasons for advance progress or progress falling behind
Repayment of loans	Amount spent	Estimate	605,243	Completed in 2014 Q2 as planned.
		Actual	605,531	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.05%	
Enrich working capital	Amount spent	Estimate	438,982	
		Actual	447,829	
	Execution progress (%)	Estimate	100.00%	
		Actual	102.01%	
Total	Amount spent	Estimate	1,044,225	
		Actual	1,053,360	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.87%	

Information source: Provided by Tainergy

The cash capital increase for issuing new shares was completed in April 2014. The execution was also completed by 2014 Q2 as planned. The securities underwriter of the cash capital increase has been asked to express their opinion on the use of the funds and has disclosed the information on MOPS as required.

3. Benefit evaluation

Unit: %

Item \ Period	2013 (before fund-raising)	First half of 2014 (after fund-raising)
Liability ratio	34.92%	20.03%
Current ratio	100.73%	228.27%
Quick ratio	67.87%	175.09%

Information source: The Company's 2013 separate financial report was audited by the CPAs and the financial statements for the first half of 2014 were self-closed.

After the funds for cash capital increase were in place in April 2014, they were used to repay bank loans and replenish working capital. This project was completed in Q2, 2014. Judging from the Company's financial statements as of the end of 2014 Q2 when the cash capital increase plan was completed, the Company's liability ratio decreased from 34.92% in 2013 to 20.03% in the first half of 2014; the current ratio increased from 100.73% in 2013 to 228.27% in the first half of 2014; the quick ratio increased to 175.09% in the first half of 2014 from 67.87% of 2013 – indicating that the financial structure and solvency had significantly improved. In terms of interest savings, the Company's interest expenses for the first half of 2014 were NTD 11,229 thousand, which translates into a full-year amount of NTD 22,458 thousand and compared to the interest expenses of NTD 34,779 thousand in 2013, an amount of NTD 12,321 thousand was saved. In summary, the cash capital increase has been beneficial in terms of the improvement of the Company's financial structure as well as saving interest expenses.

(III) First cash capital increase in 2015 (completed in May 2015, the plan for 2015 Q2 was completed)

1. Project details

(1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-

Fa-Zi No. 1040013073 dated April 27, 2015.

(2) Total funds required for the plan: NTD 693,600 thousand.

(3) Source of funds: Cash capital increase by issuing 40,000 thousand shares at NTD 10 per share, at an issue price of NTD 17.34 per share, raising NTD 693,600 thousand.

(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2015 Q2
Repayment of loans	2015 Q2	550,000	550,000
Enrich working capital	2015 Q2	143,600	143,600
Total		693,600	693,600
Possible benefits to be produced	<p>1. Repayment of bank loans</p> <p>In the fund-raising plan, NTD 550,000 thousand was expected to repay loans to reduce the amount of loans borrowed from financial institutions and other institutions as well as to reduce the interest burden. Based on the current interest rate of loans to be repaid, it is estimated that NTD 12,559 thousand of interest expense can be saved in 2015. The saving will adequately reduce the Company's financial burden and enhance its solvency while strengthening its financial structure, posing benefits on the Company's overall operating development.</p> <p>2. Enrich working capital</p> <p>In the fund-raising plan, NTD 143,600 thousand will be used to enrich working capital to meet the increased demand for working capital as a result of operational growth. The raised funds will replace bank financing, which helps increase the stability of long-term capital, enhance short-term solvency, strengthen capital flexibility and improve financial structure while also saving interest expenditures and increasing the Company's operating competitiveness. Based on the average interest rate of 2.28% of short-term loans, with the raised funds replacing bank financing, an amount of NTD 3,274 thousand is expected to be saved each year in the future.</p>		

2. Implementation status

Unit: NTD thousand; %

Plan	Implementation		As of 2015 Q2	Reasons for advance progress or progress falling behind
Repayment of loans	Amount spent	Estimate	550,000	Completed in 2015 Q2 as planned.
		Actual	550,000	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	
Enrich working capital	Amount spent	Estimate	143,600	
		Actual	143,600	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	
Total	Amount	Estimate	693,600	

Plan	Implementation		As of 2015 Q2	Reasons for advance progress or progress falling behind
	spent	Actual	693,600	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	

The cash capital increase for issuing new shares was completed in May 2015. The executed was also completed by 2015 Q2 as planned. The securities underwriter of the cash capital increase has been asked to express their opinion on the use of the funds and has disclosed the information on MOPS as required.

3. Benefit evaluation

Unit: %

Item \ Period	2014 (before fund-raising)	First half of 2015 (after fund-raising)
Liability ratio	25.73	18.40
Current ratio	191.11	248.49
Quick ratio	152.15	189.74
Ratio of long-term capital to fixed assets	254.07	304.33

Information source: The Company's 2014 separate financial report was audited by the CPAs and the financial statements for the first half of 2015 were self-closed.

After the funds for cash capital increase from 2015 were in place in May 2015, they were immediately used to repay bank loans and replenish working capital. This project was completed in Q2, 2015. Judging from the Company's financial statements as of the end of 2015 Q2 when the cash capital increase plan was completed, the Company's liability ratio decreased from 25.73% in 2014 to 18.40% in the first half of 2015; the current ratio increased from 191.11% in 2014 to 248.49% in the first half of 2015; the quick ratio increased from 152.15% in the first half of 2014 to 189.74% in the first half of 2015. Also, the ratio of long-term capital to fixed assets increased from 254.07% to 304.33% in 2014. It has indicated that the financial structure and solvency had significantly improved. In terms of interest savings, the Company's interest expenses for the first half of 2015 were NTD 7,028 thousand, which translates into a full-year amount of NTD 14,056 thousand and compared to the interest expenses of NTD 18,558 thousand in 2014, an amount of NTD 4,502 thousand was saved. In summary, the cash capital increase has been beneficial in terms of the improvement of the Company's financial structure as well as saving interest expenses.

(IV) First cash capital increase in 2016 (completed in April 2016, the plan for 2016 Q4 was completed)

1. Project details

- (1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1050008133 dated March 25, 2016.
- (2) Total funds required for the plan: NTD 693,200 thousand.
- (3) Source of funds: Cash capital increase by issuing 40,000 thousand shares at NTD 10 per share, at an issue price of NTD 17.33 per share, raising NTD 693,200 thousand.
- (4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Scheduled completion date	Total amount of fund required	Estimated fund utilization progress		
			2016 Q2	2016 Q3	2016 Q4
Investment in Vietnenergy Co., Ltd.	2016 Q4	787,600	580,003	172,633	34,964

(5) Possible benefits to be produced

The capital increase will be used to invest in Vietnenergy Limited (Tainergy Vietnam), a wholly owned company by the Company. The fund is for the expansion of the plant of Tainergy Vietnam as well as the purchase of machinery and equipment. It is expected to increase operating revenue, gross margin and net profit by NTD 13,833,666 thousand, NTD 1,383,368 thousand and NTD 830,021 thousand, respectively, which poses large benefits to the Company's future operation from 2016 to 2019.

(V) First cash capital increase in 2021 (completed in July 2021, the plan for 2021 Q4 was completed)

1. Project details

(1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1100348965 dated July 30, 2021.

(2) Total funds required for the plan: NTD 727,500 thousand.

(3) Source of funds: Cash capital increase by issuing 25,000 thousand shares at NTD 10 per share, at an issue price of NTD 29.10 per share, raising NTD 727,500 thousand.

(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Item	Scheduled completion date	Total amount of fund required	Estimated fund utilization progress
			2021
			Q4
Repayment of bank loans	2021 Q4	190,000	190,000
Investment in Vietnenergy Co., Ltd.	2021 Q4	126,698	126,698
Enrich working capital	2021 Q4	410,802	410,802
Total		727,500	727,500

(5) Possible benefits to be produced

A. Repayment of bank loans

In the fund-raising plan, NTD 190,000 thousand was used to repay bank loans. Based on the amount of repayment and interest rate of the loan, an interest expenditure of NTD 944 thousand was expected to be saved in 2021, reducing interest expenses of NTD 3,776 thousand every year thereafter. This adequately reduces the Company's financial burden and dependence on financial institutions, posing a positive factor to the Company's overall operational development.

B. Investment in Vietnenergy Co., Ltd.

In the fund-raising plan, NTD 126,698 thousand was used to invest in the wholly owned subsidiary, Tainergy (Vietnam) to partially contribute to modification of existing machines and purchase of new machines. Tainergy (Vietnam) is the Group's

major production base. Tainergy Group's sales adopt a triangle trading marketing strategy, meaning that the parent company, Tainergy Tech., receives an order and then entrusts Tainergy (Vietnam) to carry out the processing and production of solar cells, which are then sold to end customers by the parent company, Tainergy Tech. As the sales orders received through the parent company, Tainergy Tech., are internally transferred as the price of sale between Tainergy (Vietnam) and the parent, transactions between the parent and subsidiaries are written off upon consolidation, and the actual benefits should be the price of sale to end customers. The increase in investment in Tainergy (Vietnam) will pose positive effects on the Company's overall net profit; therefore, the sales value, gross profit and net operating profit were estimated based on the Group's estimated values for Group consolidation. By investing in modification of existing machines and purchase of new machinery and equipment, mass production is expected to begin in September 2021, which will increase production efficiency and capacity, allowing annual production capacity to reach 850MW. The benefits expected to be generated by the Company are as follows.

Unit: NTD thousand

Estimated benefits on the Company by the production capacity of Tainergy (Vietnam)					
Year \ Item	Production capacity (thousand pieces)	Sales volume (thousand pieces)	sales value	Operating gross profit	Operating profit
September – December 2021	23,608	23,608	869,903	20,410	(15,960)
2022	132,126	132,126	3,454,055	159,568	52,057
2023	132,126	132,126	3,419,514	157,298	51,635
2024	132,126	132,126	3,385,319	154,032	51,118
2025	132,126	132,126	3,317,613	149,293	50,096
2026	132,126	132,126	3,251,261	144,681	49,094
Total	684,238	684,238	17,697,665	785,282	238,040

Information source: Provided by the Company

Note 1: The production capacity is calculated by the OEM production capacity of Tainergy (Vietnam).

Note 2: Sales volume, sales value, and operating gross profit are estimated on an individual basis of the Company.

Note 3: Operating profit is estimated on an individual basis of the parent company, Tainergy Tech. less operating expenses of Tainergy (Vietnam).

C. Enrich working capital

In the fund-raising plan, NTD 410,802 thousand was used to enrich working capital to support operating needs to replace bank financing. By doing this, not only can the long-term fund stability be increased and the Company's operating competitiveness enhanced, but the financial structure and solvency are also improved, while decreasing interest expenditures. Based on the current estimated weighted average interest rate of 1.9874%, NTD 8,164 thousand on interest expenditures can be saved each year.

Chapter V. Business Operation

I. Business Items

(I) Business scope

1. Main content of the operated businesses:
 - (1) Manufacture of Batteries and Accumulators.
 - (2) Manufacture of Power Generation, Transmission and Distribution Machinery
 - (3) Electronics Components Manufacturing.
 - (4) Energy Technical Services
 - (5) International Trade.
 - (6) Research, develop, design, manufacture and sales the following products:
 - A. Solar cells and related system.
 - B. Solar power module.
 - C. International trade in relation to the aforementioned products.
 - (7) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Operating weight:

The operating weight of the Company's major products:

Unit: NTD thousand

Major product category	2022		2023	
	Net revenue	Operating weight	Net revenue	Operating weight
Solar cell	2,193,225	98.73		98.23
Solar module	1,871	0.08		0.03
Others	26,340	1.19		1.74
Total	2,221,436	100.00		100.00

3. Current products (services): R&D of solar cells, production, sales and OEM services.
4. New product (service) planned to be developed: Back Contact and Bifacial Solar Cells.

(II) Overview of the industry

1. Current situation and development of the industry:

In recent years, with the escalating impact of global warming and extreme weather events, human survival and development face unprecedented threats. Countries and regions around the world have successively set carbon neutrality targets and are committed to promoting green energy policies, which has led to rapid growth in the solar energy market, one of the renewable energy sources. The continuous optimization of solar power generation costs has made it more competitive than conventional energy sources in many regions. Additionally, the introduction of solar development policies and incentives by many countries and regions has contributed to the expansion of the solar energy market. According to statistics, the global installation demand reached 358 gigawatts in 2022, with an annual growth rate as high as 56%.

However, research institutions mentioned in a report earlier this year that the growth of the global solar energy market may follow a typical S-curve pattern. Over the past 4 to 5 years, the economic growth of photovoltaics has rapidly climbed along the steepest part of the curve. As the solar energy market matures, the growth rate is expected to slow down. It is predicted that starting from 2023,

the industry will officially pass a turning point, and the growth pattern will slow down, particularly during the period from 2023 to 2027, when the annual growth rate will enter a consolidation phase, and the global annual installation volume will roughly stabilize. Nevertheless, we should still view the development of the solar energy market from a relatively optimistic perspective. The current global annual solar installation volume is many times larger than it was a few years ago, and such demand is expected to continue, leading the world towards the goal of net-zero carbon emissions..

- (1)China: Due to inadequate overall investment in grid infrastructure, the world's largest photovoltaic market, China, may experience a slight contraction in growth in 2023. Despite years of explosive growth in generating capacity, China's photovoltaic industry still requires additional storage capacity to match. Additionally, the growth of distributed solar energy will slow down due to the cancellation of certain subsidies and changes in compensation plans.
- (2)Europe: Following global trends, the solar energy market in the European Union achieved significant growth of 38% and 26% in 2021 and 2022, respectively. Over the next five years, the annual growth rate on the European continent is expected to decrease to around 4%. The urgency caused by the energy crisis triggered by the Russia-Ukraine conflict has diminished with a 40% decrease in retail energy market prices last year. However, this also means that the distributed solar energy market in several European regions will be suppressed, impacting the overall installation demand in Europe. The growth of utility-scale centralized solar energy is limited by the capacity of grid infrastructure. Notably, during the COVID-19 pandemic and before the Russia-Ukraine conflict, excessive procurement of solar modules led to significant inventory accumulation in Europe in 2022. Some of this inventory remains unsold, and the market demand is expected to gradually recover. Furthermore, in February 2023, the EU finalized the content of the new Net-Zero Industry Act (NZIA), laying the groundwork for clean energy (including solar) domestic manufacturing. This preliminary legislation, symbolic in nature, represents the EU's first legislation under the initiative to promote European manufacturing, partly in response to the U.S. Inflation Reduction Act (IRA) of 2021, which aimed to reduce reliance on imports from China and potentially attract EU manufacturers to invest in the United States. The implementation of NZIA will further solidify the resistance of both the European and American markets to imported photovoltaic products from China.
- (3)United States: Since the fourth quarter of 2022, the U.S. solar market has entered an unusual downturn due to severe oversupply in the market, compounded by multiple interest rate hikes by the Federal Reserve since the latter stages of the COVID-19 pandemic, resulting in increased financing costs and plummeting returns on solar projects. Particularly affected are rooftop markets that prefer higher-priced and high-end products, where loan interest rates have significantly extended payback periods, severely dampening customer installation intentions. The downstream market is in a state of wait-and-see. Research institutions estimate that under optimistic conditions, the U.S. solar installation volume in 2023 will be approximately 38 GW, representing a 17% growth

compared to 2022, but significantly lower than the robust 51% growth from 2021 to 2022. The full implementation of the Inflation Reduction Act (IRA) is expected to gradually take effect in 2023, with an estimated 40 GW of module production capacity coming online by the end of the year, nearly doubling from the previous year. However, despite plans for U.S. solar module production capacity to grow to 120 GW by 2025 under the IRA, actual module manufacturing capacity has only increased by a few GW since the law's inception, due to complex factory construction processes and time-consuming equipment procurement, transport, and installation. Overall, research predicts a neutral average annual growth rate of around 6% in the U.S. solar market from 2023 to 2027, significantly lower than the 27% average growth rate from 2018 to 2022. Given that 2023 is a presidential election year in the U.S., uncertainty and a wait-and-see attitude prevail in the solar policy and trade barriers. The timing of the Federal Reserve's interest rate cuts, the release schedule of domestic manufacturing capacity in the United States, and tariff policies on imported products will closely affect the overall solar installation volume in the United States in 2023 and the proportion of demand supplied by domestic capacity.

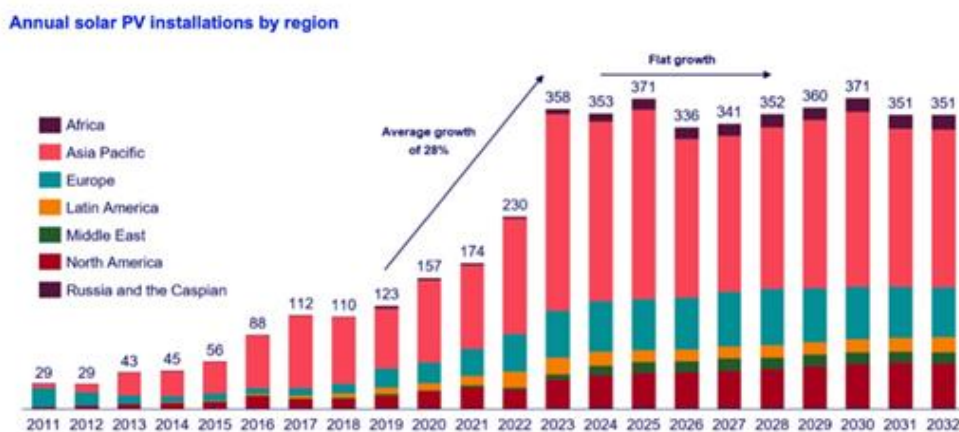
- (4) India: In order to achieve its ambitious renewable energy target of 337 GW by 2025-2026, with solar energy accounting for 186 GW, the Indian government has introduced various demand stimulation policies in recent years. These include the CPSU government producer program Phase-II (government funding feasibility gap financing for government agencies or public enterprises to build ground-mounted power stations), solar park and ultra-mega solar project development programs (national subsidies managed by India's state-owned solar energy company SECI, with state governments allocating project sites and selecting developers for solar park construction), PM-KUSUM farmer energy security and development program (subsidies for constructing solar power stations on agricultural land, installing solar power irrigation pumps on agricultural land, and converting 3.5 million grid-connected pumps to solar power), and PM-Surya Ghar Prime Minister's solar home program (subsidies aiming to achieve a cumulative rooftop decentralized installation capacity of 40 GW by 2025). As of the end of 2022, India's cumulative solar installation capacity reached 73.3 GW, still far from the policy target of 186 GW for solar energy. The slower growth in the early stages was mainly due to difficulties in acquiring land, administrative delays, and the high cost of solar energy that most residents still cannot afford even with subsidies. Overcoming these challenges to rapidly increase installation volumes in the short term is challenging. However, in the long run, India is moving towards increased investment and simplified implementation of reforms. As the policy environment matures and in conjunction with demographic dividends and economic momentum, India's long-term demand and installation volumes are expected to continue to rise. In terms of encouraging domestic manufacturing, India currently imposes a Basic Customs Duty (BCD) of 25% on imported cells and 40% on modules. Additionally, a new ALMM module list favoring Indian suppliers is expected to be re-implemented in the second quarter of 2023. To strengthen the domestic solar supply chain, manufacturers are encouraged

to establish vertically integrated capacity beyond modules and cells through the PLI capacity bidding program. While these measures align with the Indian government's support for the domestic photovoltaic industry, the impact of BCD tariffs on curbing imports of Chinese photovoltaic products is gradually diminishing due to significant price reductions in Chinese modules after 2022. It is expected that in the coming years, the domestic installation volume in India will gradually increase due to the competition between imported and domestic products. The solar installation volume in India in 2023 is estimated to be between 17-20 GW.

(5) In addition to the demand in the four major regional markets mentioned earlier, the solar market in the Americas outside of the United States, particularly in sun-rich Brazil, has surged in the past two years. Solar installation volumes and market shares have even surpassed those of India. In 2022, Brazil imported a significant amount of modules from China, totaling 20.6 GW throughout the year, which represents an increase of 15% compared to 2018 (17.9 GW), accounting for approximately 80% of the total imported module volume from China to the Americas.

The enthusiasm in the Brazilian market is mainly attributed to Law No. 14,300, which came into effect in January 2022. This law introduced a new institutional framework for distributed generation, triggering a rush to install solar projects. However, as the deadlines for installations stipulated in the law expire and the impact of the 9.6% solar module import tariff implemented at the beginning of 2023 takes effect, Brazil's installation volume in 2023 may struggle to maintain the same growth rate as in 2022. In other regions such as Japan, the Middle East, Southeast Asia, and Africa, the photovoltaic industry continues to develop steadily. Particularly notable are countries in the Middle East like Saudi Arabia and nations in South America within Africa, where solar module installation demand and procurement volumes in 2022 far exceeded half of the region's total. These regions are expected to perform well in 2023 as well..

Taking an overall view, research firm Wood Mackenzie forecasts that the global solar installation capacity will reach 353 GW in Year 113. Looking ahead, the distribution and share of global solar market installations over the coming years are depicted in the chart below:



From: Wood Mackenzie

2. Upstream, midstream, and downstream of the industry

(1) Silicon Material Supply Situation

Although there was a severe shortage of silicon material in the photovoltaic sector between 110 and 111, keeping overall prices in the supply chain at high levels for over a year, the capacity of the silicon material segment has seen significant growth in the past two years. By the end of 111, upstream silicon material manufacturers' capacity surpassed 500 GW, with a substantial additional capacity landing in 112, showing a year-on-year growth rate of 69%. The increase in silicon material output led to a noticeable decline in overall supply chain prices. On the other hand, with the continuous optimization of N-type solar technology in 112, the rise of TOPCon cells, and capacity expansion, the dominance of Mono PERC cells in the market has gradually declined. However, the production of TOPCon cells requires high-quality N-type silicon wafers, and currently, most silicon material outputs are unable to quickly meet the material requirements for N-type crystal pulling. This has led to a "local supply-demand contradiction" between silicon materials and silicon wafers, where there is a surge in demand for N-type silicon wafers but a relative shortage of silicon materials meeting their quality requirements. This shifts the market from what seemed like an oversupply of raw materials to N-type silicon wafer producers competing for high-quality N-type silicon materials, while demand for the significant capacity of P-type silicon materials rapidly diminishes. Overall, Chinese silicon material prices are expected to rebound slightly during the Chinese New Year period in February but then stabilize briefly, followed by a slight decline in the second quarter due to fundamental supply-demand issues. The fate of silicon materials with low quality under the N-type wave may face a decline. Although silicon material supply is stabilizing, the ability to reduce costs on the manufacturing side has almost reached a bottleneck, and prices are expected to show a trend of gradual stabilization and decline, with occasional short-term price fluctuations due to maintenance or early stocking..

(2) Silicon Wafer Supply Situation

The capacity of silicon wafers has expanded significantly in recent years, and there is no apparent easing in the past two years. With silicon wafer manufacturers accelerating expansion, global capacity reached 960 GW by the end of 112, representing a year-on-year increase of about 60%, leading to an oversupply situation. While the overall capacity of silicon materials still falls short, with the continuous release of capacity from major silicon material leaders and numerous new plants in 113, silicon materials will no longer be a bottleneck in the industry chain's development. The supply of silicon materials and wafers respectively far exceeds the global downstream installation demand, even resulting in a significant oversupply. It is expected that silicon wafer prices will follow a similar trend as silicon material prices, gradually declining. Another noteworthy trend is the sharp increase in the proportion of N-type silicon wafer production. By the end of 112, most silicon wafer manufacturers had raised their N-type output targets to over 50% of their capacity share, with a few companies even focusing almost 100% on producing N-type silicon wafers. By early 113, the penetration rate of N-type silicon wafers had reached 55% in the

industry, expected to exceed 75% in the second quarter of 113. With the gradual increase in N-type silicon wafer output, it indirectly highlights the relatively tight supply of high-quality silicon materials needed for N-type crystal pulling, supported by strong pricing.

(3)Market Supply-Demand Situation

In recent years, the continuous rise in solar market demand has stimulated rapid expansion across various segments of the photovoltaic supply chain. However, compared to the global market installation volume of only about 350 GW throughout 113, China's photovoltaic main supply chain (silicon materials, silicon wafers, cells, modules) has a solar module manufacturing capacity exceeding 1 TW, approximately three times global demand. Therefore, inevitably, such a vast capacity cannot be fully utilized, with capacity utilization dropping from 70% in 110 to less than 40% in 112. This oversupply situation was one of the reasons why solar module prices hit historic lows in 112. Although supply-demand imbalances will lead to survival competition within the industry, it is foreseeable that the overall market will experience a period of oversupply in the short to medium term, with intense price competition in the supply chain. In terms of bargaining power, the initiative is gradually transitioning from the upstream silicon wafer and silicon material segments to the downstream cell and module segments.

3. Development Trends of Products

(1)Continued Evolution Towards Larger Silicon Wafers and Production

Equipment: The transition in the solar industry towards larger-sized silicon wafers/cells from 111 to 112 has not slowed down. Currently, most PV manufacturers in China have opted to produce products in 182mm and 210mm sizes, while smaller sizes like 158.75mm and 166mm have largely declined. By 112, modules based on the 182mm size have taken a dominant market position, followed by modules in the 210mm size range. There is minimal demand in the market for 166mm size products, and 158.75mm size single-crystal products have almost disappeared. Although the size transition in overseas markets, mainly in Europe and America, is slower, with some early established production lines only capable of producing products below 166mm, and considering the convenience of installation in European and American residential rooftop markets, many early projects still require smaller modules for maintenance and replacement. However, pressure from the Asian manufacturing supply side to transition to larger sizes is gradually transferring downstream. European and American module manufacturers are forced to retrofit, establish new lines, or close down if they cannot obtain sufficient supply of small-size cells or if their prices become too high to sustain. Currently, the market share of smaller sizes (below 166mm) has dropped to below 5%, while sizes of 182mm and above occupy over 95% of the market share.

(2)Rapid Rise of N-Type Products: Despite mono PERC cells dominating the market in recent years due to their better performance in yield and cost, the profitability of PERC products is gradually decreasing due to technological development and efficiency nearing bottlenecks under competitive conditions. N-type technologies represented by TOPCon, HJT, and XBC have become the focus of enterprise layout. With reduced production costs and improved yield, N-type cells are expected to surpass

P-type cells and become the new mainstream in the market between 112 and 113. After years of competition among different N-type cell technologies, leading manufacturers mostly choose processes that can align with PERC and plan for significant expansion with TOPCon technology that matches the cost of PERC. Statistics show that the shipment of high-efficiency N-type products in 111 reached approximately 20GW, with a market share exceeding 7%. By the end of 112, TOPCon capacity was reportedly at 560GW, while HJT and XBC capacities reached 45GW and 48GW, respectively. Existing PERC capacity is around 512GW and gradually declining. This indicates that in 113, the capacity share of high-efficiency N-type battery technology will fully surpass PERC and accelerate the replacement of PERC capacity.

- (3) Continuous Thinning of Silicon Wafers: Since around 108, the advancement of larger sizes has kept silicon wafer thickness at 170-180um for over three years. However, since 110 due to silicon material shortages and the continuous rise in prices, along with the introduction of large-size advanced equipment, thinning has suddenly accelerated. In just over a year, silicon wafer thickness has decreased by over 15um and continues to decline. Faced with high silicon material prices, the most direct and effective measure to reduce costs at the silicon wafer end is to save on silicon material usage. Thinning silicon wafers is a specific method to save materials and stands out in cost reduction in the industry chain. Currently, mainstream P-type 182mm and 210mm silicon wafer manufacturers have reduced thickness to below 150um, while N-type silicon wafers on the market are even thinner, at only 130um, and some are as thin as 110um. Overall, there is an increasing demand in the market for thinner silicon wafers, accelerating the switch to thinner products both at the silicon wafer and cell ends. Thinning technology has already broken through, and even if silicon material prices decline, the thickness of silicon wafers is unlikely to revert due to cost considerations. However, excessive thinning of silicon wafers can increase breakage rates during cell and module processing, so it is expected that the trend of thinning will slow down when it reaches a bottleneck in development.

4. Competition Situation

Overall, China, leveraging its vast vertical integration manufacturing capabilities, will continue to export photovoltaic products globally, further impacting markets like the United States and India that are attempting to establish domestic supply chains. Due to the low-cost competition from Chinese exports and the stringent test of investment returns, many facilities planned for capacity build-outs in the United States, India, and even Europe are inevitably unable to materialize. As capacity utilization rates decline, many existing factory facilities may struggle to remain operational. Even in China, several announcements of canceled factory setups in recent months have affected manufacturers' production costs, forcing some suppliers' profits to drop to zero.

Despite a series of investment announcements for factory construction in the U.S. solar manufacturing industry in 112 supported by the Investment Tax Credit (ITC), 113 will test which companies have the confidence and financial resources to continue pushing forward. It is well known that the solar manufacturing industry is a challenging field, but over the years, the industry has grown to an unprecedented scale. With global demand growth slowing

down, manufacturers must continue to innovate and excel to sustain operations..

(III) Overview of the Technology and R&D

1. Technological level of the Company's business

During the initial stage of our company's operations, we introduced high-quality, advanced, and high-capacity automated solar cell production equipment from abroad. This was complemented by the rich academic and professional background of our R&D manager, as well as a robust management system and process development. Our objective is to achieve optimal yield rates and conversion efficiency in the shortest possible time, while reducing production costs and maximizing our production capacity.

Our company has established a research and development laboratory and introduced advanced processes such as back contact and bifacial technologies, which are currently in trial production. We actively engage in information, technology, and experience exchanges with relevant industries or academic units both domestically and internationally. Additionally, we participate in government-funded technology projects, establish cooperative partnerships, and aim to synchronize with the world's advanced solar high-efficiency manufacturing processes..

2. Research and development

The Company's development plans for 2023 key technologies are as follows, with R&D expenses accounting for approximately 8.99% of revenue

Technology project	Project details
Optimization of process technologies	01.High-absorption surface structure 02.Optimization of metal conductors 03.Introduction of distributed electrodes
New product development	01.Addition of ultra-thin passivation layer 02.High-resistance conductive layer 03.Metal penetration through the cell
Application of new materials	01.Development of silicon wafer surface additives 02.Introduction of high-contact conductive silver paste 03.Implementation of a new backside layout

3. R&D personnel and their education

The solar cell process requires a combination of technologies from various industries. The Company's R&D team mostly possess professional experience in panel, PCB and semiconductor processes, plant construction, equipment, power generation and production management. Their academic qualifications are as follows:

Education distribution \ Year	End of 2022		End of 2023		End of March 2024	
	Number of Persons	%	Number of Persons	%	Number of Persons	%
Doctoral Degree	4	6.35	4	5.88	4	5.71
Master's degree	10	15.87	10	14.71	10	14.29
University/college	49	77.78	54	79.41	56	80.00
Total	63	100.00	68	100.00	70	100.00

4. R&D expense of the most recent 5 yearsUnit:

NTD: thousand; %

Item	2019	2020	2021	2022	2023	Q1 2024
R&D expense	19,572	39,186	92,041	156,923	192,927	35,762
Total operating revenue	2,328,813	2,194,280	1,584,431	2,221,436	2,145,122	71,131
as a percentage of revenue	0.84%	1.79%	5.81%	7.06%	8.99%	50.28%

CPA's responsibility for the audit of the consolidated financial reports

5. Technologies or products successfully developed

Given that solar cell conversion efficiency is a key indicator of technological development in the solar industry, our company's research and development efforts focus on improving solar cell conversion efficiency and developing new processes for cost-effective product design. To enhance our product portfolio, we leverage existing process technologies and our R&D and engineering capabilities. We have successfully developed the 182+ solar cell. Additionally, our company has successfully developed high-efficiency and PID & LID FREE solar cells and modules, which have passed IEC 62804, TUV, UL, PI-BERLIN, and other international certification tests. Furthermore, we have successfully introduced products featuring distributed printing and cost competitiveness.

Efficiency over the years are as follows:

Year	R&D results
2008	The average conversion efficiency of 6-inch polycrystalline solar cells has increased to 15.8%.
2009	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 16.1%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 16.0%.
2010	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 16.5%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 16.3%.
2011	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 17.1%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.4%. The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 17.8%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 18.2%.
2012	The average conversion efficiency of 6-inch polycrystalline silicon PID FREE cells increased to 17.6% The average conversion efficiency of 6-inch polycrystalline silicon high-efficiency solar cells has increased to 18.2%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.6%. The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 18%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 18.64%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 19.2%. The maximum power of 6*10 polycrystalline silicon high-efficiency solar module has increased to 260W.

Year	R&D results
2013	<p>The average conversion efficiency of 6-inch polycrystalline silicon PID FREE cells increased to 18.0%</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon high-efficiency solar cells has increased to 18.4%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.6%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 18.2%.</p> <p>The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 18.8%.</p> <p>The average conversion efficiency of 6-inch monocrystalline silicon solar cells has increased to 19.6%.</p> <p>The maximum power of 6*12 polycrystalline silicon high-efficiency solar module has increased to 320W.</p>
2014	<p>Passed the “Trench-type copper electrode solar cell technology development project” by the Bureau of Energy in 2014.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.0%.</p> <p>The average conversion efficiency of 6-inch monocrystalline silicon solar energy PID resistant cells has increased to 19.6%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon solar PERC cells has increased to 18.5%.</p> <p>The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 20.2%.</p> <p>The maximum power of 6*10 monocrystalline silicon high-efficiency solar modules has increased to 280W.</p> <p>PID passed the dual 85 96hr test.</p>
2015	<p>4BB New product development</p> <p>Passed the “Coated type double-sided solar cell development project” by the Bureau of Energy in 2015.</p>
2016	<p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.2%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 19.8%.</p> <p>The average conversion efficiency of coated double-sided 6” polycrystalline silicon solar PERC cells has been increased to 19.0%.</p> <p>The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 20.4%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 18.6%.</p>
2017	<p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.5%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 20.1%.</p> <p>The average conversion efficiency of coated double-sided 6” polycrystalline silicon solar PERC cells has been increased to 19.4%.</p> <p>The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 21.1%.</p> <p>The 6*10 polycrystalline silicon high-efficiency solar module VPC-275W is registered and certified.</p> <p>The 6*10 monocrystalline silicon high-efficiency solar module VPC-290W is registered and certified.</p>
2018	The average conversion efficiency of 6-inch polycrystalline silicon solar

Year	R&D results
	<p>energy PID resistant cells has increased to 18.6%.</p> <p>The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 20.9%.</p> <p>The average conversion efficiency of coated double-sided 6" polycrystalline silicon solar PERC cells has been increased to 20.4%.</p> <p>The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 21.8%.</p> <p>The 6*10 monocrystalline silicon high-efficiency solar module VPC-305W is registered and certified.</p> <p>The 6*12 monocrystalline silicon high-efficiency solar module VPC-375W is registered and certified.</p>
2019	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.82%.
2020	Double-sided 158.75 mm mono-crystalline silicon cells have an average conversion efficiency of 22.80% with a 70% generating efficiency of the back side > front side
2021	<p>9BB, No Busbar differentiated product development</p> <p>Double-sided M6 Cell mass production</p>
2022	<p>150um Thin Wafer Implementation</p> <p>9BB Bifacial Solar Cells</p> <p>MWT Back Contact Solar Cells</p>
2023	<p>M10+ large-size solar cells</p> <p>10BB bifacial solar cells</p>

(IV) Long-term and Short-term Business Development Plans

Our company actively seeks to develop the solar cell and module market to expand production scale, reduce production costs, enhance quality, and thereby increase market share and develop new markets, ensuring sustainable growth for the enterprise.

1. The Company's short-term business strategy

- (1) Enhance production equipment and technology to continuously improve the photovoltaic conversion efficiency of solar cells to meet the growing industry demands. We will make every effort to expand new markets and develop new customers, and produce high-efficiency batteries and reduce efficiency degradation through R&D and process technology improvements.
- (2) Actively expand into new markets, develop new customers, and continue to broaden the customer base.
- (3) Research and develop high-efficiency products; continuously improve cell efficiency through R&D and process technology to minimize efficiency degradation.
- (4) Implement zero-defect quality management.
- (5) Reduce production costs to gain price advantages.

2. Long-term business strategy

- (1) Prepare contingency plans in response to the new US anti-circumvention measures on Chinese PV products and the Southeast Asia anti-avoidance investigations; closely monitor global market changes and actively develop emerging markets to mitigate the impact of market fluctuations.
- (2) Strengthen integration of group resources, establish mutual support and efficient production management models among subsidiary companies to enhance market competitiveness.

- (3) Establish upstream and downstream material quality and technology exchanges to enhance conversion efficiency and increase product value, thereby improving competitiveness.
- (4) Maintain a steady financial structure to reduce operational risks and ensure business performance.
- (5) Establish strategic alliances with industry chain partners to ensure a stable upstream supply of raw materials and smooth downstream sales channels, enhancing overall competitiveness.
- (6) Optimize the construction of the Vietnam plant to meet diverse customer needs and develop new markets; products from the Vietnam plant will directly supply overseas markets and meet local growing demands.
- (7) Complete the configuration of the manufacturing plant in mainland China to meet the increasing domestic demand, provide close services to customers, improve customer satisfaction, achieve economies of scale, further reduce costs, and increase revenue.

II. Market and Sales Overview

(I) Market analysis

1. Sales (provision) of major products (services) regions

Unit: NTD thousand; %

Sales regions \ Year		2022		2023	
		Amount	Proportion	Amount	Proportion
Domestic market		102,252	4.60	133,848	6.24
Export	Asia	581,493	26.18	742,891	34.63
	Europe	16,750	0.75	24,465	1.14
	Others	1,520,941	68.47	1,243,918	57.99
	Subtotal	2,119,184	95.40	2,011,274	93.76
Total		2,221,436	100.00	2,145,122	100.00

2. Market share

The primary operations of our company involve the production, research, and sales of crystalline silicon solar cells and modules. According to market research, with the global solar installation reaching 358GW in 112, our company's solar product sales for the year totaled approximately 488MW, representing a global market share of around 0.14%.

3. Market future supply, demand and growth

- (1) After many years dominated by monocrystalline P-type PERC products, monocrystalline N-type TOPCon products took over in 112, quickly establishing themselves as the market mainstream. Currently, most expansion plans by cell manufacturers are centered around N-type TOPCon technology.
- (2) With the transformation of old equipment and the release of new production capacity in the industry, the market share of N-type cells is rapidly rising. Statistics show that in 112, P-type and N-type market shares were approximately 71% and 27%, respectively. However, it is estimated that by the end of 113, the market landscape will shift significantly, with N-type technology encompassing most of the solar market at nearly 79% market share.
- (3) As silicon wafer sizes increase, solar cells are also evolving towards larger sizes to provide more wattage at the same conversion efficiency.

4. Competitive niche

- (1) The two mainstream products with the highest market acceptance—P-type PERC cells and N-type TOPCon cells—meet the needs of the US market in terms of product size, transitioning gradually from G1 (158.75mm) and M6 (166mm) sizes to predominantly M10 (182mm) cells.
 - (2) To meet the demand for large-size products like M10 (182mm), we are upgrading existing small-size production lines and outsourcing the production of bifacial products to contract manufacturers, selling to our long-standing customer base.
 - (3) Flexibility in scheduling—Taiji's production capacity is moderate, allowing for more agile adjustments in response to market volatility or crises.
 - (4) Leveraging third-party production advantages (Vietnam)—Given trade barriers and protection policies in certain countries and regions (such as US tariffs on Chinese solar products and Taiwan's prohibition on importing Chinese-manufactured solar cells and modules), Taiji could leverage its production capacity in third-party locations to potentially gain a relative price advantage and increase profitability opportunities.
 - (5) Stable operational strategy—In addition to cost reduction and prudent evaluation of future developments, our company continues to seek strategic partners for long-term collaboration in the market to achieve sustainable development and mutual prosperity.
5. Favorable factors and possible challenges for the development vision and measures

(1) Favorable Factors - Vibrant Development in the US Solar Market

- A. The Investment Tax Credit (ITC) has been a key driver of solar installation growth in the US over the past decade. Despite several policy changes, the US government planned to phase out the ITC starting from 2022 and eliminate tax credits for residential solar installations from 2024 onwards. However, after the August 2022 enactment of the Infrastructure Investment and Jobs Act (IRA), this subsidy policy was extended for another 10 years, with the 30% tax credit reduction now delayed until 2033. This will sustain domestic solar installation momentum in the US, especially with state and local government incentives and a stable supply of solar products, ensuring steady growth in installation demand over the next decade.
- B. Under President Biden's governance, there's an \$2.25 trillion infrastructure plan that includes investments in clean energy research, construction of wind and solar power plants, etc. It outlines a long-term strategy towards net-zero emissions by 2050, achieving 100% clean electricity by 2035, and reducing greenhouse gas emissions by 50% by 2030.
- C. Estimated US solar installations to be around 38GW in 2024, with stable demand growth of at least 6% annually from 2024 to 2030.
- D. New opportunities arising from the US-China trade war: The Biden administration's national security strategy still prioritizes countering China. In the solar industry, US tariffs on Chinese PV products (crystalline silicon solar cells, modules, etc.) remain significant, including under Section 301, Section 201, and anti-dumping/countervailing duties. With these tariff barriers, direct export of Chinese crystalline silicon cell products to the US becomes

challenging, potentially leading to a shift in solar cell/module sourcing to Southeast Asia such as Vietnam, Thailand, etc.

(2) Adverse Factors - Potential Challenges and Responses

- A. Since the second half of 2021, US Withhold Release Orders (WROs) and detention orders on products from China's Xinjiang region have impacted the demand for photovoltaic products, as a significant portion of the world's polysilicon used in manufacturing solar cells and modules comes from Xinjiang. Based on the signed Uyghur Forced Labor Prevention Act, the US has prohibited the import of goods or products made from materials originating from China's Xinjiang Uyghur Autonomous Region since June 2022. This requires providing effective traceability proof for exporting solar products to the US.
- B. Due to petitions from US domestic module manufacturers, the US Department of Commerce initiated investigations in March 2022 into whether four Southeast Asian countries (Malaysia, Cambodia, Thailand, Vietnam) were circumventing US anti-dumping and countervailing duties on Chinese crystalline silicon solar cells (and modules made from them). This investigation's uncertainty led to a significant reduction in US imports of solar panels from Southeast Asia, severely impacting the raw material supply for constructing large domestic solar projects in the US and resulting in lower-than-expected solar installations in 2022 compared to 2021. The Department of Commerce made a final ruling on this investigation in August 2023, confirming that the four Southeast Asian countries were indeed circumventing anti-dumping/countervailing duties. In the future, solar cells and modules directly exported from these countries to the US will be subject to duties unless they meet the Department of Commerce's defined material conditions (such as using non-Chinese produced silicon wafers or having at least four out of six module auxiliary materials not manufactured in China), with importers facing the original anti-dumping duties on products exported from China.
- C. Upstream silicon material producers and leading wafer manufacturers are controlling raw material prices, particularly for small-size or P-type silicon wafers, coupled with traceability requirements under the US Xinjiang laws, leading to inflated prices for non-Xinjiang silicon wafers and influencing downstream market dynamics.
- D. Overall, the solar industry still faces oversupply, especially with significant new capacity added across the supply chain in 2023, resulting in evident capacity surplus. This has led to suppliers competing to lower prices, continuous product price declines, and severe compression of profit margins for businesses.
- E. Increasing vertical integration among major solar companies enhances supply chain collaboration efficiency to gain cost advantages and bargaining power. Integrated manufacturers like Longi and Jinko highlight technological, cost, and brand advantages, leading to better module shipments and gross profits, thereby intensifying competition pressure on specialized manufacturers

within the supply chain.

(3) Responses:

- A. Establish long-term strategic partnerships with different customers; if necessary, have customers supply key materials (like silicon wafers) that meet their requirements, and produce cells through contract manufacturing to mitigate operational risks under US non-Xinjiang or even non-Chinese material demands.
- B. Develop deep strategic cooperation with specific customers to jointly develop and produce customized products, ensuring order volume and sales margin during market downturns.
- C. Actively negotiate with suppliers or secure competitive supply prices through long-term contracts to reduce production costs and achieve mutually beneficial outcomes.
- D. Establish upstream and downstream material quality control models and technical exchange channels to improve cell conversion efficiency, increase product value, and enhance competitiveness.
- E. Utilize the transshipment effect brought by US anti-dumping policies, fulfilling demand in third-party locations, producing legally compliant solar cells, and supplying them to US domestic module manufacturers to support US solar demand while forming regional supply advantages to elevate strategic positions.
- F. Actively seek high-quality customers in different geographic regions and establish long-term cooperative relationships to diversify risks and enhance competitiveness.
- G. With continuous technological innovation and product iteration in the solar industry, closely monitor global investment environments, market changes, and tariff policies, carefully evaluate the feasibility of investing in next-generation product production or establishing new plants, and devise optimal strategies accordingly..

(II) Important Purposes and Production Processes of Main Products

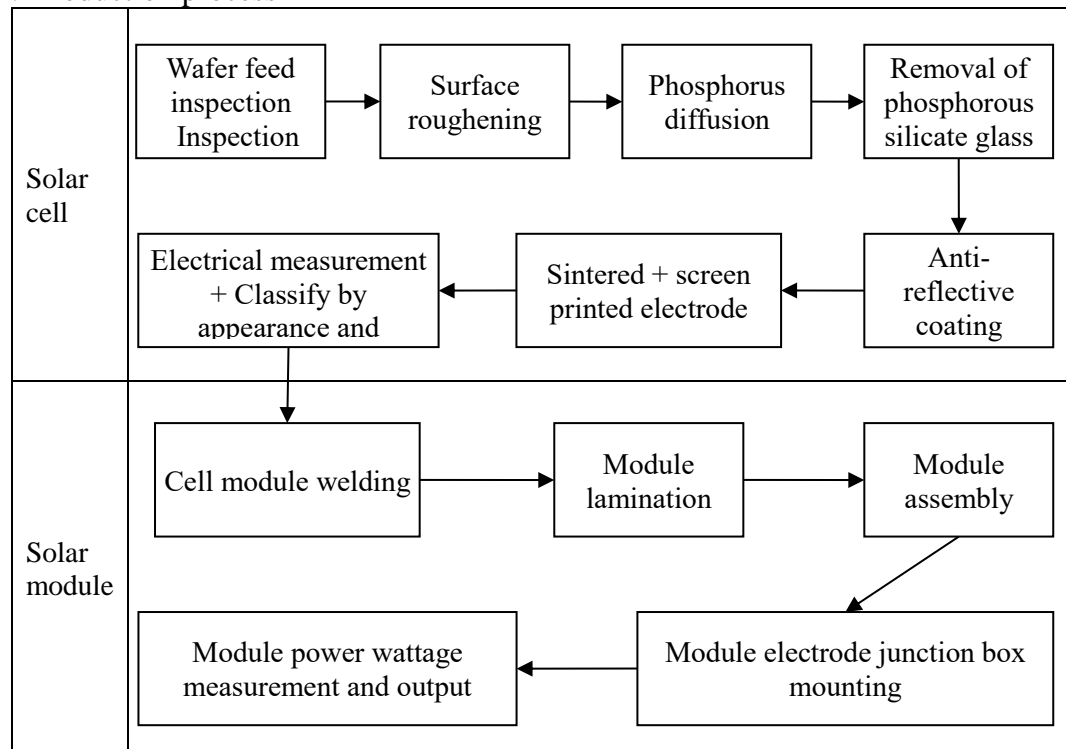
1. Important purposes of major products

Solar cells convert light directly into electricity without using fuel and there are no waste or pollution problems. As solar cells have no rotating parts, they do not generate noise when operating, and under normal use, the product life can reach more than over 20 years. The outer diameter of the cells can be changed according to needs from – small: consumer electronic products such as watches, small computers, battery chargers, solar vehicles and residential power supply; to large: independent power plants, providing extensive use of applications.

Field	Application
Power plant	5MW independent power plant or 10 MW independent power plant.
Building	Solar power building 100KW or 300KW power supply systems, residential power supply systems, emergency power supply systems, emergency lighting systems, curtain walls, sunshades, skylight panels, roof tiles.
Outlying islands, remote areas	PV-electrochemical devices for repeaters, PV systems for outlying islands, PV systems for mountain regions

Field	Application
Livelihood	Radios, meters, watches, calculators, solar cameras, flashlights, battery chargers, camping lights.
Roads, traffic	Street lights, traffic signs, road signs, sign lights, solar electric vehicle charging stations, highway emergency telephones, remote road emergency telephones, parking meters, parking lot control gate systems, highway soundproof wall PV systems, highway rest area PV systems, solar vehicles, level crossing signs, bus shelter PV systems, station roof-type PV systems.
Agriculture, forestry, fisheries and livestock	Farmhouse electricity, greenhouse cultivation PV systems, agricultural irrigation, automatic watering systems, electric fence for livestock, cow milk refrigeration, fish farming, aeration, automatic feeders.
Communication	For wireless communication, base stations/repeaters, emergency telephone repeaters, telephone communication PV systems, radio receiving PV systems, microwave repeaters.

2. Production process



(III) Supply Status of Main Materials

Main raw materials	Supplier	Supply condition
Silicon wafer materials	Company BR, Company CW, Company BH	Good
Paste	Company CO	Good
Chemicals	Company CU	Good

(IV) Main suppliers and customers

1. Recent two-year primary supplier information

Unit: NTD thousand

Item	2022				2023				As of 2024 Q1			
	Name	Amount	Ratio to annual net procurement (%)	Relationship with the issuer	Name	Amount	Ratio to annual net procurement (%)	Relationship with the issuer	Name	Amount	Ratio to net purchase in current year to the end of the previous quarter (%)	Relationship with the issuer
1	BR	545,334	32.21	Non	BR	419,209	34.08	Non	DA	21,836	24.51	Non
2	BS	282,725	16.70	Non	CW	149,866	12.18	Non	CW	12,593	14.13	Non
3	CS	172,901	10.21	Non	BH	128,611	10.46	Non	DC	9,092	10.20	Non
	Others	692,054	40.88	Non	Others	532,261	43.28	Non	Others	45,577	51.16	Non
	Net procurement	1,693,014	100.00		Net procurement	1,229,947	100.00		Net procurement	89,098	100.00	

Note: List the names of suppliers with a purchase amount exceeding 10% of the total purchase amount in the last two fiscal years, along with their purchase amount and proportion. However, if contractually obligated not to disclose the supplier's name or if the counterparty is an individual and not a related party, use a code name.

Reasons for changes: In Q4 of 2023, production shifted to M6 and M10 non-Xinjiang materials; in Q1 of 2024, some manufacturers switched to N-type products, hence adjustments in procurement suppliers.

2. Recent Two-Year Sales Data of Major Customers

Unit: NTD thousand

Item	2022				2023				As of 2024 Q1			
	Name	Amount	Ratio to annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio to annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio to net sales in current year to the end of the previous quarter (%)	Relationship with the issuer
1	CF	750,530	33.79	None	CF	753,312	35.12	None	DE	11,635	16.36	None
2	CH	668,496	30.09	None	CZ	410,371	19.13	None	DF	11,552	16.24	None
3					CH	251,068	11.70	None	DG	8,096	11.38	None
	Others	802,410	36.12	None	Others	730,371	34.05	None	Others	39,848	56.02	None
	Net sales	2,221,436	100.00		Net sales	2,145,122	100.00		Net sales	71,131	100.00	

Note: List the names of customers with a sales amount exceeding 10% of the total sales amount in the last two fiscal years, along with their sales amount and proportion. However, if contractually obligated not to disclose the customer's name or if the counterparty is an individual and not a related party, use a code name.

Reasons for changes: The company actively developed new customers, and CZ Company started placing orders for solar cells in the 2023 fiscal year. In the 2024 fiscal year, the company carried out solar cell production line modifications and optimizations to meet the demand for large-size M10 cells in the market and is currently undergoing certification with major customers.

(V) Production Volume and Value in the Most Recent Two Years

Unit: thousand pieces; NTD thousand

Year Major products	2022			2023		
	Production capacity (thousand pieces)	Production volume (thousand pieces)	Production value (NTD thousand)	Production capacity (thousand pieces)	Production volume (thousand pieces)	Production value (NTD thousand)
Solar cell	109,851	109,851	2,011,397	80,134	80,134	1,616,530
Solar module	-	-	-	-	-	-
Others	11	6	61,579	11	4	72,864
Total	109,862	109,857	2,072,976	80,144	80,138	1,689,394

Note 1: Production capacity refers to the amount of production under normal operation produced by the company using existing production equipment after measuring factors such as stoppages and holidays.

Note 2: Production capacity of products that are substitutable may be combined in the calculation.

(VI) Sale Volume and Value in the Most Recent Two Years

Unit: thousand pieces; NTD thousand

Main product \ Year	2022				2023			
	Domestic market		Export		Domestic market		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Solar cell	2,195	75,540	104,750	2,117,686	3,089	98,321	79,262	2,008,857
Solar module	-		6	1,855	7	589	-	
Other	12,202	25,947	231	392	12,176	31,684	807	5,671
Total	14,403	103,342	104,981	2,118,094	15,272	130,594	80,069	2,014,528

III. Number of employees employed for the two most recent years, and during the current year as of the date of publication of the annual report

Unit: person; year: %

Year		End of 2022	End of 2023	End of May 3, 2024
Number of employees	Managers	31	23	24
	General employees	574		443
	Total	605	519	467
Average age		31.46	33.16	33.40
Average years of service		4.02	5.94	6.03
Education distribution	Doctoral Degree	0.66	0.77	0.86
	Master's degree	5.12	6.36	7.07
	University/college	94.22	92.87	92.07

IV. Information on environmental expenditure

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

1. Application for the pollution facility installation permit or pollution discharge permit

Type	Environmental protection-related permits and regulations	Acquisition date	Remarks
Water pollution prevention	Wastewater consent certificate	January 11, 2008	Zhong-Zong-Zi No. 0975140026
	Water pollution prevention program Approval review	March 5, 2008	Fu-Huan-Shui-Zi No. 0970700481
	Attained the certificate for the completion of the management center's wastewater (sewage) pipeline connection	October 29, 2008	Zhong-Zong-Zi No. 0975141813

Type	Environmental protection-related permits and regulations	Acquisition date	Remarks
	Letter of approval for Class B wastewater special personnel setup	November 24, 2008	Fu-Huan-Shui-Zi No. 0970075946
	Change of water pollution prevention license	April 20, 2011	Fu-Huan-Shui-Zi No. 1000021000
	Certificate of consent for waste connection	September 15, 2011	Zhong-Zong-Zi No. 1005142017
	Change of water pollution prevention license	December 26, 2011	Fu-Huan-Shui-Zi No. 1000079806
	Letter of approval for Class A wastewater special personnel setup	November 2, 2012	Fu-Huan-Shui-Zi No. 1010076229
	Application for the extension of change of water pollution prevention license	December 4, 2017	Fu-Huan-Shui-Zi No. 1060291874
	Change of water pollution prevention license	August 20, 2015	Fu-Huan-Shui-Zi No. 1040218974
Stationary pollution source prevention	Stationary pollution source installation license	April 17, 2008	Fu-Huan-Kong-Zi No. 0970602769
	Letter of approval for Class A air pollution special personnel setup	March 11, 2009	Fu-Huan-Kong-Zi No. 0980013567
	Stationary source operating license	October 30, 2009	Fu-Huan-Kong-Zi No. 0980013574
	Alteration of operating license for stationary pollution sources	November 6, 2010	Fu-Huan-Kong-Zi No. 0990037552
	Change of stationary pollution source installation license	May 20, 2011	Fu-Huan-Kong-Zi No. 1000020999
	Change of stationary source operating license	December 8, 2011	Fu-Huan-Kong-Zi No. 1000041875
	Letter of approval for Class A air pollution special personnel setup	November 20, 2012	Fu-Huan-Kong-Zi No. 1010080426
	Change of stationary pollution source installation license	March 17, 2015	Fu-Huan-Kong-Zi No. 1040064935
	Application for the extension of stationary source operating license	November 21, 2016	Fu-Huan-Kong-Zi No. 1050288704
Business waste management	Letter of approval for business waste removal plan	January 28, 2008	Fu-Huan-Fei-Zi No. 0970002603
	Alteration of letter of approval for business waste removal plan	January 8, 2010	Fu-Huan-Fei-Zi No. 0990000862
	Change of letter of approval for business waste removal plan	May 21, 2010	Fu-Huan-Fei-Zi No. 0990017091
	Change of letter of approval for business waste removal plan	January 11, 2011	Fu-Huan-Fei-Zi No. 0990079455
	Change of letter of approval for business waste removal plan	June 24, 2011	Fu-Huan-Shi-Zi No. 1000038317
	Change of letter of approval for business waste removal plan	June 11, 2012	Fu-Huan-Shi-Zi No. 1010025334
	Change of letter of approval for business waste removal plan	April 24, 2014	Fu-Huan-Shi-Zi No. 1030094981
	Change of letter of approval for business waste removal plan	August 24, 2015	Fu-Huan-Shi-Zi No. 1040221267
	Letter of approval for class A waste treatment technician setup	September 5, 2016	Fu-Huan-Shi-Zi No. 1050220236
	Change of letter of approval for business waste removal plan	November 2, 2017	Fu-Huan-Shi-Zi No. 1060264462
Toxic chemical	Approval for toxic chemical operations (dibutyl phthalate)	July 24, 2008	Fu-Huan-Ji-Zi No. 0970048489

Type	Environmental protection-related permits and regulations	Acquisition date	Remarks
substance management	Cancellation for toxic chemical operations (dibutyl phthalate)	December 30, 2010	Fu-Huan-Ji-Zi No. 0990087970

2. Pollution prevention fees should be paid, and the payment details
 - (1) The Company pays a quarterly sewage treatment fee to Zhongli Industrial Park.
 - (2) The Company pays a monthly fee to an outsourced waste treatment sector.
 - (3) The Company reports its payments each year in January, April, July and October and pays the fees within the due dates in accordance with Article 3 of the "Air Pollution Control Fee Collection Regulations."
3. Dedicated environmental protection personnel shall be set up and its state shall be disclosed
 There is one dedicated person each for wastewater treatment, waste, occupational safety and health, fire prevention management.

- (II) Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced

March 29, 2024

Equipment name	Quantity	Acquisition date	The use purpose and the possible effects to be produced
Volatile organic waste gas treatment system	1 unit	October 2008, June 2009, September 2010, December 2010, January 2011, February 2011, October 2011, December 2011, March 2012, April 2012, June 2012	Treats exhaust gas to meet environmental emission criteria
Acid-alkali wastewater treatment system	1 unit	November 2008, February 2009, April 2009, June 2009, December 2009, January 2011, July 2011, August 2011, October 2011, November 2011, December 2011, March 2012, June 2012, September 2013, June 2014, December 2014	Treats production effluent to meet environmental emission criteria
Acid-alkali waste gas treatment system	1 unit	April 2009, December 2009, December 2010, January 2011, October 2011, December 2011, March 2012, June 2012, August 2012, October 2014, January 2015	Treats exhaust gas to meet environmental emission criteria
General exhaust system	1 unit	April 2009, June 2009, December 2009, June 2012	Prevents air pollution to comply with environmental laws
Local Scrubber	16 units	December 2009, March 2011, December 2012	Prevents air pollution to comply with environmental laws

- (III) During the current fiscal year up to the date of publication of the annual report, the losses caused by environmental pollution (including compensation) and total amount of penalties. The future countermeasures (including improvement plans) shall also be disclosed (including the

estimated amount of losses, penalties and compensation that may occur if countermeasures are not taken. If it cannot be reasonably estimated, facts of the reason shall be given): None.

V. Relations between employers and employees

- (I) Various employee welfare measures, continuous education, training, retirement systems and their implementation status; agreements between employers and employees and various measures for protecting the interests of employees

1. Employee welfare

Our company operates in compliance with labor laws and values the relationship between labor and management. Regular labor-management meetings are held, and all operations are guided by the Labor Standards Act. The labor-management relationship in the company is harmonious.

In accordance with relevant regulations, we allocate employee welfare funds and establish an Employee Welfare Committee to plan, supervise, and implement employee welfare matters. We provide annual company trips, department gatherings, festival gift vouchers (cash), year-end bonuses, regular movie tickets, and subsidies for marriage, funeral, hospitalization, and childbirth, to take care of our employees' well-being. In addition to labor insurance and health insurance as required by labor laws, we also provide employees with group medical insurance and accident insurance, offering them additional life protection.

2. Employees' continuing education and training

To help new employees adapt to their roles quickly, we provide pre-employment training tailored to different job categories. Colleagues from respective departments assist new employees in understanding the company's industry positioning and future development direction. We also arrange appropriate internal training courses based on actual needs for on-the-job training. This allows employees to receive updated professional skills and enhance their process and research and development capabilities through technical seminars. Furthermore, we arrange employees to participate in training courses organized by consulting firms, training institutions, government agencies, and business organizations to enhance their professional competence in various functional areas.

The performance of 2023 education and training:

Item	Number of courses	Total participants	Total hours	Total amount (NTD)
1. New employee training	57	203	629	-
2. Promotional functional training	121	1,379	3,851	221,405
3. General training	77	622	1,745	191,722
4. Self-inspired training	-	-	-	-
Total	255	2,204	6,225	413,127

Note: The lecturers are the Company's employees, so there are no expenses.

3. The retirement system and its implementation

(1) In order to stabilize the lives of employees after retirement, our company

has established a Labor Retirement Regulations according to the law and set up a Labor Retirement Reserve Supervisory Committee. We regularly allocate retirement reserves at a rate of 2% of the total payroll expenses each month and deposit them into a dedicated account at the Central Trust of Taiwan to protect the rights of employees.²

- (2) Starting from July 1, 2005, our company has adopted a new retirement system. We allocate 6% of the total salary income of employees to individual retirement accounts. Additionally, for those who voluntarily contribute to their retirement funds, the contribution amount is deducted from their monthly salary and remitted to the individual retirement account managed by the Bureau of Labor Insurance.

Retirement Pension System	Old System:	New System
Applicable Legal Sources	Labor Standards Act	Labor Pension Act
Explanation	the employee retirement plan is a defined benefit plan. A contribution of 2% of the employee's total monthly salary is allocated and deposited in an account under the company's name at Taiwan Bank (formerly Central Trust of Taiwan).	the employee retirement plan is a defined contribution plan. A contribution of 6% based on the employee's insurance level is allocated to the individual retirement account managed by the Bureau of Labor Insurance.

4. Agreement between labor and management

Our company operates in compliance with the Labor Standards Act and attaches great importance to labor-management relations. Regular labor-management meetings are held, and all operations follow the standards set by the Labor Standards Act. We also conduct employee satisfaction surveys every six months and develop improvement plans based on employee feedback. The communication channels between labor and management are smooth, and as of now, the labor-management relationship in the company is harmonious.

5. Work environment and employees' personal safety

- (1) We have established the "Safety and Health Work Guidelines" to prevent occupational accidents, protect the safety and health of workers, and enforce regulations such as wearing helmets and maintaining orderly storage of items within the factory premises. We aim to create a safe, healthy, comfortable, and friendly working environment.
- (2) Strengthening the implementation of various safety and health education, training, and promotion activities, conducting periodic labor safety and first aid training, and regularly holding fire safety drills to establish an immediate response mechanism. This effectively enhances employees' awareness, intelligence, and response capabilities regarding operational safety, ensuring their safety.
- (3) Conducting annual employee health checks and promoting workplace health promotion activities, establishing an internal epidemic response unit, and developing an epidemic response plan. Additionally, providing relevant health information on the intranet to enhance employees' safety and health knowledge, caring for and improving their physical and mental

well-being, and providing a safe and healthy working environment for employees.

(4) Access Control and Security:

- A. We have implemented access control measures within the factory premises and supplemented them with surveillance systems to ensure the safety of the environment and employees.
- B. We have engaged professional security companies to station 24-hour guards at the main entrance of the factory to manage vehicle and personnel access and safeguard company property.

(5) Maintenance and Inspection of Equipment:

We conduct regular maintenance and self-inspections of high and low voltage electrical equipment, air conditioning systems, drinking water dispensers, fire protection equipment, and other facilities.

6. Code of conduct and ethics for employees

(1) We have formulated the “Work Rules” as the standard of conduct for our employees to follow and its main contents are follows:

- A. The Company’s employees shall faithfully perform their duties, comply with all reasonable rules and regulations of the Company.
- B. Employees shall not use their authority to benefit themselves or others.
- C. Employees shall not take advantage of their duty or go against the performance of their duties to accept hospitality, gifts, kickbacks or other unlawful benefits.
- D. Employees shall exercise due diligence in the matter of confidentiality of business secrets or duty secrets, important documents, technology or information, and shall report any breach of confidentiality to their superiors for promoting handling.

(2) The “Employee Appraisal Measures” have also been formulated and our employees are well-informed of the related regulations.

(3) Internal and external education and training regarding ethical corporate management organized by the Company

In 2023, we organized internal and external education training courses in relation to ethical corporate management issues (ethical management statutory compliance, accounting system and internal control system courses); a total of 58 people participated, totaling 196 hours.

No.	Course type	Participants	Hours of the course	Remarks
1	ethical corporate management statutory compliance	29	58	Including integrity promotion for newcomers
2	Accounting system and internal control	29	138	

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

- 1. In the past two years and up until now, the Company’s labor–management relations have been sound as no significant labor disputes have occurred, and

there has been no loss arising from labor disputes.

2. Current and possible future measures:

(1) Fully comply with labor laws and regulations and reinforce benefit measures.

(2) Establish open and honest labor communication and complaint channels.

(3) Establish an operation management system for all employees to take part in.

3. Estimate of possible expenses that could be incurred currently and in the future:

The Company upholds harmonious and ethical corporate management policies, and if there are no other external changes, labor-management will remain peaceful and no monetary losses will occur.

VI. Cyber Security Management

(I) Cyber Security Management Strategy and Structure:

1. Cyber Security Risk Management Structure

Since its establishment, the company's information department has been responsible for the formulation and implementation of information security and protection policies, in coordination with internal audits and external auditor requirements. A dedicated security personnel is assigned, and regular security meetings are held to review security policies, evaluate protection measures, ensure the effectiveness of information security management, and report to the board of directors annually.

2. Cyber Security Policy

To effectively implement security management, the information department follows the Plan-Do-Check-Act (PDCA) management cycle to review the applicability and effectiveness of information security policies and protection measures, regularly reporting to supervisors on the outcomes.

3. Cyber Security Management Program:

The company recognizes the potential threats of malicious attacks from third parties that can disrupt the company's computer systems. Therefore, regular local and off-site data backups and periodic full system backups are performed..

(1) Regulatory Measures: Establish company information security regulations as guidelines for information security management and employee usage.

(2) Environment Setup: Allocate an annual budget of NTD 175,000 for multi-layered security defense architecture, including firewall, intrusion detection, antivirus, and anti-hacking measures. Regular internal control mechanisms such as vulnerability scanning and patching are conducted to enhance security defense capabilities.

(3) Education and Training: Regularly issue information security notices and utilize company-wide meetings to explain the company's security policies, reinforcing employee awareness of security and reducing the risk of malicious program infections and attacks.

(4) Policy Review: Promote continuous improvement in information security, using detection software to proactively identify threats and prevent them, ensuring the sustainable operation of the company.

(5) Software Updates: Regularly audit and update antivirus software virus definitions for the company and individuals to prevent security risks caused by outdated products.

(II) Specific Management Measures:

Multi-layered Information Security Protection	
Network Security	.Implement advanced technologies for computer scanning, system updates, and software updates. .Strengthen network firewalls and network controls to prevent the spread of computer viruses.
Device Security	.Implement endpoint antivirus measures based on computer and business types to enhance detection of malicious software behavior. .New computer devices must undergo protection system installation and virus scanning in isolated areas before being deployed.
Application Security	.Continuously strengthen application code controls and integrate them into the development process and platforms. .Establish application security detection mechanisms and integrate them into the development process and platforms.
Data Security	.Control USB storage media. .Implement email controls.
Review and Continuous Improvement	
Education and Training	.Increase employee awareness of email social engineering attacks and implement phishing email defense and detection. .Conduct regular employee information security education and training to enhance employee awareness of information security.

(III) Losses, possible impacts and countermeasures as a result of major cyber security incidents:

During this period, the Company only detected sporadic scan attempts, which were addressed by performing source blocking and internal scans for viruses and worms. There were no major cyber security incidents.

VII.Important Contract

Nature of Contract	Counterparty	Commencement Date of the Contract	Contents	Restrictive Clauses
Material Supply Contract	Tainergy Tech. Co., Ltd.	September 14, 2007 – December 31, 2023	Silicon wafer supply	None
	Sino-American Silicon Products Inc.			
Development Contract	TAISIC MATERIALS CO.	July 15, 2020 – December 31, 2025	SIC technology development	None
	National Chung-Shan Institute of Science and Technology			
Development Contract	TAISIC MATERIALS CO.	July 07, 2022 – June 30, 2025	Development of 8-	None

Nature of Contract	Counterparty	Commencement Date of the Contract	Contents	Restrictive Clauses
	KENMEC MECHANICAL ENGINEERING CO., LTD		inch semi-insulating silicon carbide crystal growth equipment and validation development of key materials.	
Rental contract	Kunshan Huan-Shen-Zhi-Gu Technology Industrial Park Management Co., Ltd.	May 28, 2021 – May 27, 2036	Plant and office leasing	None
	Tainergy Technology (Kunshan) Co., Ltd.			
Lease Contract	Tainergy Tech. Co., Ltd.	November 1, 2020 – October 31, 2025	Plant and office leasing	None
	KENMEC MECHANICAL ENGINEERING CO., LTD.			
Lease Contract	TAISIC MATERIALS CO.	November 1, 2020 – October 31, 2025	Plant and office leasing	None
	KENMEC MECHANICAL ENGINEERING CO., LTD.			

Chapter VI. Overview of Finances

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

(I) Condensed Balance Sheet

1. The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)					Financial information as of 2024 Q1 (Note 3)
		2019	2020 (Restatement)	2021 (Restatement)	2022	2023	
Current assets		1,451,381	1,435,730	2,222,227	1,742,812	1,550,019	1,494,333
Property, plant and equipment (Note 2)		2,013,145	1,802,388	1,207,799	829,785	733,347	775,522
Intangible assets		19,443	17,403	16,471	1,479	1,455	1,299
Other assets (Note 2)		686,247	687,916	566,385	829,119	753,627	722,373
Total assets		4,170,216	3,943,437	4,012,882	3,403,195	3,038,448	2,993,527
Current liabilities	Before distribution	1,530,672	1,554,256	1,872,491	646,240	550,926	573,436
	After distribution	1,530,672	1,554,256	1,872,491	646,240	550,926	573,436
Non-current liabilities		840,872	610,490	352,119	249,743	196,836	204,009
Total liabilities	Before distribution	2,371,544	2,164,746	2,224,610	895,983	747,762	777,445
	After distribution	2,371,544	2,164,746	2,224,610	895,983	747,762	777,445
Equity attributable to the owner of the parent company		1,798,672	1,776,072	1,683,985	2,173,085	2,112,330	2,068,239
Share capital		2,000,000	2,000,000	2,250,000	2,250,000	2,250,000	2,250,000
Capital reserves		795,161	794,973	1,290,999	771,118	771,118	771,118
Retained earnings	Before distribution	(484,474)	(481,946)	(1,353,516)	(399,502)	(428,191)	(494,315)
	After distribution	(484,474)	(481,946)	(1,353,516)	(399,502)	(428,191)	(494,315)
Other equity		(512,015)	(536,955)	(503,498)	(448,531)	(448,531)	(480,597)
Treasury stocks		-	-	-	-	-	-
Non-controlling equity		-	2,619	104,287	334,127	334,127	178,356
Total equity	Before distribution	1,798,672	1,778,691	1,788,272	2,507,212	2,290,686	2,216,082
	After distribution	1,798,672	1,778,691	1,788,272	2,507,212	2,290,686	2,216,082

Note 1: The financial information for 2019-2023 listed above has been audited by CPAs.

Note 2: The Company has not performed asset revaluation.

Note 3: Financial information for the last quarter as of publication date of the annual report has been reviewed by CPAs.

Note 4: The figures listed above after distribution are based on the resolutions of the following year's shareholders' meeting.

Note 5: Due to the need to apply IAS 16 for the first time to the plant, real estate, and equipment at certain locations and conditions necessary for the expected operational mode of the management level of the merged subsidiary since January 1, 2021, the financial information for the comparative periods (fiscal years 2020 and 2021) was retrospectively restated. This restatement had no impact on the operations of the Company.

2. The International Financial Reporting Standards (IFRS) have been adopted (Separate)

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)				
		2019	2020 (Restatement)	2021 (Restatement)	2022	2023
Current assets		1,478,006	1,082,546	886,207	913,977	743,932
Property, plant and equipment (Note 2)		105,278	131,134	121,967	106,971	99,406
Intangible assets		19,381	17,378	1,213	432	272
Other assets (Note 2)		1,603,876	1,506,725	1,129,944	1,657,815	1,504,280
Total assets		3,206,541	2,737,783	2,139,331	2,679,195	2,347,890
Current liabilities	Before distribution	1,203,642	817,748	291,165	388,436	138,026
	After distribution (Note 3)	1,203,642	817,748	291,165	388,436	138,026
Non-current liabilities		204,227	143,963	164,181	117,674	97,534
Total liabilities	Before distribution	1,407,869	961,711	455,346	506,110	235,560
	After distribution (Note 3)	1,407,869	961,711	455,346	506,110	235,560
Share capital		2,000,000	2,000,000	2,250,000	2,250,000	2,250,000
Capital reserves		795,161	794,973	1,290,999	771,118	771,118
Retained earnings	Before distribution	(484,474)	(481,946)	(1,353,516)	(399,502)	(428,191)
	After distribution	(484,474)	(481,946)	(1,353,516)	(399,502)	(428,191)
Other equity		(512,015)	(536,955)	(503,498)	(448,531)	(480,597)
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	1,798,672	1,776,072	1,683,985	2,173,085	2,112,330
	After distribution	1,798,672	1,776,072	1,683,985	2,173,085	2,112,330

Note 1: The financial information for 2019–2023 listed above has been audited by CPAs.

Note 2: The Company has not performed asset revaluation.

Note 3: Please fill in the numbers according to the resolutions of the annual shareholders' meeting mentioned above.

Note 4: Due to the need to apply IAS 16 for the first time to the plant, real estate, and equipment at certain locations and conditions necessary for the expected operational mode of the management level of the merged subsidiary since January 1, 2021, the financial information for the comparative periods (fiscal years 2020 and 2021) was retrospectively restated. This restatement had no impact on the operations of the Company.

(II) Condensed Statement of Comprehensive Income

1. The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Unit: NTD thousand; EPS: NTD

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information as of 2024 Q1 (Note 2)
	2019	2020 (Restatement)	2021 (Restatement)	2022	2023	
Operating revenue	2,328,813	2,194,280	1,584,431	2,221,436	2,145,122	71,131
Operating gross profit	(119,615)	225,894	(237,944)	159,859	250,910	(52,239)
Operating profit and loss	(329,564)	(4,738)	(878,649)	(246,699)	(285,812)	(132,299)
Non-operating revenue and expenses	(180,142)	(11,888)	(22,432)	209,948	95,276	37,479
Profit before tax	(509,706)	(16,626)	(901,081)	(36,751)	(190,536)	(94,820)
Net profit of continuing operations for the period	(484,003)	(4,930)	(945,446)	(36,735)	(190,348)	(96,637)
Loss of discontinued operations		-		-	-	
Net profit (loss) for the period	(484,003)	(4,930)	(945,446)	(36,735)	(190,348)	(96,637)
Other comprehensive income (after tax) for the period	(55,648)	(25,621)	33,832	55,675	(32,178)	22,033
Total comprehensive income for the period	(539,651)	(30,551)	(911,614)	18,940	(222,526)	(74,604)
Net profit attributable to the owner of parent company	(484,003)	3,209	(871,945)	110,030	(28,577)	(66,124)
Net profit attributable to non-controlling equity		-		(8,139)	(161,771)	(30,513)
Total comprehensive income attributable to the owner of the parent company	(539,651)	(22,412)	(838,113)	165,705	(60,755)	(44,091)
Total comprehensive income attributable to non-controlling equity		-		(8,139)	(161,771)	(30,513)
EPS	(2.42)	0.02	(4.24)	0.49	(0.13)	(0.29)

Note 1: The financial information for 2019–2023 listed above has been audited by CPAs.

Note 2: Financial information for the last quarter as of publication date of the annual report has been reviewed by CPAs.

2. The International Financial Reporting Standards (IFRS) have been adopted (Separate)

Unit: NTD thousand; EPS: NTD

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020 (Restatement)	2021 (Restatement)	2022	2023
Operating revenue	2,469,632	2,171,530	1,572,814	2,216,660	2,135,636
Operating gross profit	76,816	116,840	546	(6,024)	179,291
Operating profit and loss	(117,964)	107,771	(107,790)	(80,085)	85,342
Non-operating revenue and expenses	(366,038)	(104,563)	(764,155)	190,115	(113,919)
Profit before tax	(484,002)	3,208	(871,945)	110,030	(28,577)
Net profit of continuing operations for the period	(484,003)	3,209	(871,945)	110,030	(28,577)
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the period	(484,003)	3,209	(871,945)	110,030	(28,577)
Other comprehensive income (after tax) for the period	(55,648)	(25,621)	33,832	55,675	(32,178)
Total comprehensive income for the period	(539,651)	(22,412)	(838,113)	165,705	(60,755)
EPS	(2.42)	0.02	(4.24)	0.49	(0.13)

Note 1: The financial information for 2019–2023 listed above has been audited by CPAs.

(III) CPAs and their audit opinions for the most recent five years:

1. CPAs and their audit opinions for the most recent five years

Year	Accounting firm name	Name of CPA	Audit opinion
2019	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	Unqualified opinion
2020	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	Unqualified opinion
2021	Deloitte & Touche Taiwan	LI-HUANG LI And JUI-CHUAN CHIH	Unqualified opinion
2022	Deloitte & Touche Taiwan	LI-HUANG LI And JUI-CHUAN CHIH	Unqualified opinion
2023	Deloitte & Touche Taiwan	LI-HUANG LI And JUI-CHUAN CHIH	Unqualified opinion

2. If there was change/replacement of the CPA within the most recent five fiscal years, explanation made by the company's previous and current CPA over the causes for such change/replacement shall be set forth:

Year		Name of CPA firm	Name of CPA	Reason for change
2018	Former	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	In line with the firm's internal organizational restructuring
	Succession	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	
2021	Former	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	
	Succession	Deloitte & Touche Taiwan	LI-HUANG LI and JUI-CHUAN CHIH	

II. Financial analysis for the most recent five years

(I) The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Year (Note 1) Analysis item (Note 3)		Financial analysis for the most recent five years					As of 2024 Q1 (Note 2)
		2019	2020 (Restatement)	2021 (Restatement)	2022	2023	
Financial structure %	Ratio of liabilities to assets	56.87	54.89	55.44	26.33	24.61	25.97
	Ratio of long-term capital to property, plant, and equipment	131.12	132.56	177.21	332.25	339.20	312.06
Solvency %	Current ratio	94.82	92.37	118.68	269.68	281.35	260.59
	Quick ratio	86.38	75.54	96.43	192.44	253.48	228.38
	Times interest earned	(9.7)	0.42	(28.80)	(0.60)	(19.56)	(36.84)
Operating ability	Accounts receivable turnover ratio (times)	5.86	13.75	19.66	59.19	159.95	20.33
	Average collection days	62.28	26.54	18.56	6.16	2.28	17.95
	Inventory turnover ratio (times)	19.94	12.88	6.32	5.16	7.22	3.23
	Accounts payable turnover ratio (times)	8.6	6.54	7.12	14.98	20.79	14.21
	Average sales days	18.3	28.33	57.75	70.73	50.55	113.00
	Property, plant and equipment turnover (times)	1.16	1.22	1.05	2.18	2.74	0.37
	Total asset turnover ratio (times)	0.51	0.54	0.40	0.60	0.67	0.09
Profitability	Return on assets (%)	(9.68)	0.45	(23.16)	(0.49)	(5.68)	(12.55)
	Return on equity ratio (%)	(23.46)	(0.28)	(53.01)	(1.71)	(7.93)	(17.15)
	Ratio of pre-tax income to paid-in capital (%)	(25.49)	(0.83)	(40.05)	(1.63)	(8.47)	(16.86)
	Net profit margin (%)	(20.78)	(0.22)	(59.67)	(1.65)	(8.87)	(135.86)
	EPS (NTD)	(2.42)	0.02	(4.24)	0.49	(0.13)	(0.29)
Cash flow	Cash flow ratio (%)	27.16	29.77	(45.46)	26.59	81.82	9.25
	Cash flow adequacy ratio (%)	239.76	102.51	(4.81)	(4.77)	37.52	27.46
	Cash reinvestment ratio (%)	6.63	7.79	(14.62)	2.67	6.96	0.87
Leverage	Operating leverage	(0.46)	(70.43)	0.30	(0.31)	(0.44)	0.67
	Financial leverage	0.87	0.14	0.97	0.91	0.97	0.98

Description of changes: (Analysis may be exempted if the increase or decrease change does not reach 20%)

- 1.The increase in quick ratio is primarily due to an increase in other receivables in the fiscal year 2023.
- 2.The rise in interest coverage ratio is mainly attributed to an increase in pre-tax net loss in fiscal year 2023.
- 3.The increase in accounts receivable turnover (times) is primarily due to a decrease in average accounts receivable in fiscal year 2023 compared to fiscal year 2022.
- 4.The increase in inventory turnover (times) is mainly caused by a decrease in year-end inventory in fiscal year 2023.
- 5.The increase in accounts payable turnover (times) is primarily due to a decrease in average accounts payable in fiscal year 2023 compared to fiscal year 2022.
- 6.The increase in property, plant, and equipment turnover (times) is mainly caused by a decrease in property, plant, and equipment in fiscal year 2023.
- 7.The increase in return on assets (%) is mainly due to an increase in after-tax net loss in fiscal year 2023.
- 8.The increase in return on equity (%) is mainly due to an increase in after-tax net loss in fiscal year 2023.
- 9.The increase in pre-tax net income to paid-in capital ratio (%) is mainly due to an increase in after-tax net loss in fiscal year 2023.
- 10.The increase in net profit margin (%) is mainly due to an increase in after-tax net loss in fiscal year 2023.
- 11.The decrease in earnings per share (NT\$) is mainly due to an increase in attributable losses to the company in

fiscal year 2023.

12. The rise in cash flow ratio (%) is primarily due to an increase in net cash flow from operating activities in fiscal year 2023.

13. The decrease in cash flow adequacy ratio (%) is mainly due to an increase in average net cash flow from operating activities in fiscal year 2023.

14. The increase in cash reinvestment ratio (%) is primarily due to an increase in net cash flow from operating activities in fiscal year 2023.

15. The increase in operating leverage is mainly due to an increase in operating losses in fiscal year 2023..

Note 1: The financial information for 2019–2023 listed above has been audited by CPAs.

Note 2: Financial information for the last quarter as of publication date of the annual report has been reviewed by CPAs.

Note 3: Formula description:

1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities / total assets.

(2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / current liabilities.

(2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.

(3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable from operations) turnover rate = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance in each period.

(2) Average collection days = 365 / receivables turnover ratio.

(3) Inventory turnover ratio = Cost of sales / average inventory.

(4) Payables (including accounts payable and notes payable from operations) turnover rate = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance in each period.

(5) Average sales days = 365 / inventory turnover ratio.

(6) Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.

(7) Total assets turnover ratio = Net sales / average total assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = Profit and loss after tax / average total equity.

(3) Net profit margin = Profit and loss after tax / net sales.

(4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred shares) / weighted average number of outstanding shares.

5. Cash flow

(1) Cash flow rate = Net cash flow from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds).

6. Leverage:

(1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit.

(2) Financial leverage = Operating profit / (operating profit - interest expenses).

(II) International Financial Reporting Standards (IFRS) (Separate)

Analysis item (Note 2)		Financial analysis for the most recent five years				
		2019	2020 (Restatement)	2021 (Restatement)	2022	2023
Financial structure	Ratio of liabilities to assets (%)	43.91	35.13	21.28	18.89	10.03
	Ratio of long-term capital to property, plant and equipment (%)	1902.49	1464.18	1515.30	2141.48	2223.07
Solvency	Current ratio (%)	122.79	132.38	304.37	235.30	538.98
	Quick ratio (%)	116.15	109.66	202.63	129.94	507.34
	Times interest earned (times)	(21.36)	1.24	(79.71)	24.83	(7.23)
Operating ability	Accounts receivable turnover ratio (times)	6.38	18.90	19.37	59.85	128.65
	Average collection days	57.21	19.31	18.84	6.09	2.83
	Inventory turnover ratio (times)	21.36	15.97	6.44	6.43	9.13
	Accounts payable turnover ratio (times)	8.18	13.56	7.83	12.97	15.54
	Average sales days	17.08	22.85	56.67	56.76	39.97
	Property, plant and equipment turnover (times)	23.39	16.56	12.90	20.72	21.48
	Total asset turnover ratio (times)	0.66	0.73	0.64	0.92	0.85
Profitability	Return on assets (%)	(12.40)	0.46	(35.40)	4.72	(1.03)
	Return on equity ratio (%)	(23.46)	0.18	(50.40)	5.71	(1.33)
	Ratio of profit before tax to paid-in capital (%)	(24.20)	0.16	(38.75)	4.89	(1.27)
	Net profit margin (%)	(19.60)	0.15	(55.44)	4.96	(1.34)
	EPS (NTD)	(2.42)	0.02	(4.24)	0.49	(0.13)
Cash flow	Cash flow ratio (%)	40.23	(7.90)	(122.97)	6.54	141.36
	Cash flow adequacy ratio (%)	25.85	(2.79)	(56.60)	(14.23)	45.52
	Cash reinvestment ratio (%)	19.34	(2.97)	(17.86)	1.05	8.29
Leverage	Operating leverage	0.20	(0.09)	0.83	0.79	1.17
	Financial leverage	0.84	1.14	0.91	0.95	1.04
Description of changes: (Analysis may be exempted if the increase or decrease change does not reach 20%) 1.The decrease in debt-to-assets ratio (%) is primarily due to a reduction in total liabilities in fiscal year 2023. 2.The increase in current ratio (%) is mainly attributed to a decrease in current liabilities in fiscal year 2023. 3.The increase in quick ratio (%) is primarily due to a decrease in current liabilities in fiscal year 2023. 4.The decrease in interest coverage ratio is mainly attributed to an increase in pre-tax net loss in fiscal year 2023. 5.The increase in accounts receivable turnover (times) is primarily due to a decrease in average accounts receivable in fiscal year 2023 compared to fiscal year 2022. 6.The increase in inventory turnover (times) is mainly caused by a decrease in year-end inventory in fiscal year 2023. 7.The decrease in return on assets (%) is mainly due to an increase in after-tax net loss in fiscal year 2023. 8.The decrease in return on equity (%) is mainly due to an increase in after-tax net loss in fiscal year 2023. 9.The decrease in pre-tax net income to paid-in capital ratio (%) is mainly due to an increase in after-tax net loss in fiscal year 2023. 10.The decrease in net profit margin (%) is mainly due to an increase in after-tax net loss in fiscal year 2023. 11.The decrease in earnings per share (NT\$) is mainly due to an increase in attributable losses to the company in fiscal year 2023. 12.The rise in cash flow ratio (%) is primarily due to an increase in net cash flow from operating activities in fiscal year 2023. 13.The decrease in cash flow adequacy ratio (%) is mainly due to an increase in average net cash flow from operating activities in fiscal year 2023. 14.The increase in cash reinvestment ratio (%) is primarily due to an increase in net cash flow from operating activities in fiscal year 2023. 15.The increase in operating leverage is mainly due to an increase in operating losses in fiscal year 2023..						

Note 1: The financial information for 2019–2023 listed above has been audited by CPAs.

Note 2: Formula description:

1. Financial structure
 - (1) Ratio of liabilities to assets = Total liabilities / total assets.
 - (2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liabilities) / Net fixed assets.
2. Solvency
 - (1) Current ratio = Current assets / current liabilities.
 - (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
 - (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable from operations) turnover rate = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance in each period.
 - (2) Average collection days = 365 / receivables turnover ratio.
 - (3) Inventory turnover ratio = Cost of sales / average inventory.
 - (4) Payables (including accounts payable and notes payable from operations) turnover rate = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance in each period.
 - (5) Average sales days = 365 / inventory turnover ratio. (6) Fixed assets turnover ratio = Net sales / average total fixed assets.
 - (6) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
 - (1) Return on assets = [Profit and loss after tax + interest expense \times (1 - tax rate)] / average total assets.
 - (2) Return on shareholders' equity = Profit and loss after tax / average shareholders' equity.
 - (3) Net profit margin = Profit and loss after tax / net sales. EPS = (net income after tax - preferred stock dividends) / weighted average number of outstanding shares.
5. Cash flow
 - (1) Cash flow rate = Net cash flow from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (fixed asset gross + long-term investment + other assets + operating funds).
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit.
 - (2) Financial leverage = Operating profit / (operating profit - interest expenses).

III. Audit Committee's audit report on the latest financial reports

Tainergy Tech. Co., Ltd.

Audit Committee's Audit Report

The Board of Directors prepared and submitted the 2023 separate and consolidated financial statements of the Company, which were audited by Deloitte Taiwan as commissioned by the Board of Directors, with an audit report issued thereafter.

The separate financial statements, consolidated financial statements stated above, alongside business report and the motion for loss allocation have been audited by the Audit Committee and no discrepancy with relevant regulations, such as the Company Act, has been found. We have presented you the reports based on the provisions stipulated in Article 14-4 in the Securities and Exchange Act and Article 219 in the Company Act.

Please acknowledge accordingly.

To
2024 Annual General Meeting of Tainergy Tech. Co., Ltd.

Convener of the Audit Committee: FU-LING YEH

March 22, 2024

IV. The most recent financial report

Please refer to pages 127 ~ 241.

V. Separate financial statements of the company for the most recent year audited and certified by CPAs.

Please refer to pages 242~358.

VI. If the Company or any of its affiliated companies had, in the most recent year up to the publication date of this annual report, experienced financial distress, the impacts to the Company's financial status

None.

Tainergy Tech Co., Ltd. and
Subsidiaries

Consolidated Financial Report
with Independent Auditors' Report
2023 and 2022

Address: No. 5, Ziqiang 1st Rd., Zhongli Industrial Park
Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City,
Taiwan
Tel: (02)27883798

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Declaration Letter of Consolidated Financial Statements of Affiliated Companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (January 1 to December 31, 2023) pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included in the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial report of affiliated enterprises separately. In witness thereof, the Declaration is hereby presented.

Company name: Tainergy Tech. Co., Ltd.

Person in charge: CHING-FU HSIEH

March 6, 2024

Independent Auditors' Report

To: Tainergy Tech. Co., Ltd.

Audit Opinions

We audited the consolidated balance sheets of Tainergy Tech. Co. Ltd., and its subsidiaries (Tainergy Group) as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2023 and 2022, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the consolidated financial positions of the Tainergy Group as of December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the “CPA’s responsibility for the audit of the consolidated financial statements” section in this report. We were independent of Tainergy Group in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Tainergy Group for the year of 2023. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters for Tainergy Tech Co. Ltd. and subsidiaries' (Tainergy Group) consolidated financial statements in 2023 are described as follows:

The verification of the revenue from shipment to certain customers

Tainergy Tech. Co., Ltd. and its subsidiaries mainly engage in the research, design, manufacturing and sales of solar cells, panels and related systems. Since we presumed that revenue recognition was a significant risk based on the materiality principle and the Statements on Auditing Standards, we considered that the occurrence of the sales revenue from parts of certain customers recognized by the Tainergy Tech. Co., Ltd. and its subsidiaries was significant to the financial statements. Therefore, the verification of the shipment with respect to the revenue from parts of the certain customers was listed as the key audit matter of the year. For the description of revenue recognition policies, see Note 4 (15).

We performed the following main audit procedures:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from parts of certain customers.
2. We carried out population sampling for the revenue statements of the said parts of certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the parts of certain customers.

Property, plant and equipment impairment

As of December 31, 2023, the carrying value of Tainergy Group's property, plant and equipment was NTD 773,347 thousand, accounting for 24.14% of total assets, which was significant. For accounting policies and related disclosures on asset impairment assessment, please refer to Notes 4, 5 and 16 on the consolidated financial report.

- **TAISIC MATERIALS CO.**

As Tainergy Group's subsidiary TAISIC MATERIALS CO. invests in the field of silicon carbide in 2023, the revenue is yet significantly shown, resulting in idle production capacity. Management expects that the future economic benefits of property, plant and equipment will be reduced, resulting in its recoverable amount of property, plant and equipment being less than the book value. Therefore, the Tainergy Group recognized an impairment loss of NTD 43,718 thousand in 2023.

Management evaluated the recoverable amount of the property, plant and equipment impairment mentioned above based on the model of fair value less cost to sell, while referring to the adoption of the opinions in the expert's report as the basis. As the method and key assumption parameters used in the evaluation of the expert's valuation report have a high degree of professional judgment, the evaluation of property, plant and equipment impairment is listed as a key audit item.

Our principal audit procedures for the above description include:

1. To understand the management's assessment of the impairment process and approval procedures for property, plant and equipment.
 2. We evaluated the professional experience, suitability and independence of the independent valuation experts appointed by management and verified the qualifications of the independent valuation experts. We also adopted our financial advisors to assist in the evaluation of the appropriateness of the methods and assumptions used by the independent valuation experts in the evaluation of fair value.
 3. We have used our financial advisors to assist in sampling parameters and historic information or external information used by the independent valuation experts to ensure the reasonableness of the valuation parameters used.
- VIETENERGY COMPANY LIMITED

In 2023, due to the rapid change of market demand for solar energy and technology, management expects that some of the property, plant and equipment of VIETENERGY Co., Ltd., subsidiary of Tainergy Group, may not be economically viable in the future due to the upgrade of product specifications, and the related equipment is expected to be scrapped. Therefore, Tainergy Group recognized an impairment loss of NTD 104,022 thousand in 2023.

Our assessment of the amount of the aforementioned loss of scrapping is a material matter, so the impairment loss of the property, plant and equipment is listed as a key audit matter.

Our principal audit procedures for the above description include:

1. To understand the management's assessment of the scrapping and approval procedures for property, plant and equipment.
2. To conduct on-site inspections on the use of property, plant and equipment that have been recognized for loss, and to assess whether the loss recognized is reasonable.

Other Matters

For the parent company only financial statements prepared by Tainergy Tech. Co., Ltd. in 2023 and 2022, we had an independent auditors' report issued with an unqualified opinion for reference.

Responsibility of the management and governance unit for the consolidated financial statements

Management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or error.

During preparation of the consolidated financial statements, the management was also responsible for evaluating Tainergy Group's ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to make Tainergy Group enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Tainergy Group's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or error and issuing an audit report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If the individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of the users of the consolidated financial statements, the misstatement was deemed material.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the consolidated financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to the extent necessary to design audit procedures appropriate for the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Tainergy Group's internal control.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the event or circumstances which might cause major doubts about Tainergy Group's ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or amend our audit opinions when such disclosures were inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Tainergy Group would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the expression of the audit opinions for the Group.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Tainergy Group consolidated financial statements in 2023 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan

CPA LI-HUANG LI

CPA JUI-CHUAN CHIH

Approval No. from the Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Zi No. 0930128050

Approval No. from the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 22, 2024

Tainergy Tech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 35)	\$ 767,961	25	\$ 769,934	23
1110	Financial assets measured at fair value through profit or loss – current (Notes 4, 7 and 35)	106,471	4	238,473	7
1136	Financial assets measured at amortized cost – current (Notes 4, 9, 10, 35 and 37)	74,035	2	9,030	-
1172	Accounts receivable (Notes 4, 11, 27 and 35)	23,316	1	3,220	-
1200	Other receivables (Notes 4, 11 and 35)	9,872	-	6,784	-
1210	Other receivables – related parties (Notes 4, 11, 35 and 36)	389,885	13	176,466	5
1220	Current income tax assets (Notes 4 and 29)	2,575	-	611	-
130X	Inventory (Notes 4 and 12)	100,229	3	360,365	11
1421	Prepayments (Notes 12, 20, 36 and 38)	53,289	2	98,940	3
1460	Net amount of non-current assets (or disposal group) held for sale (Notes 4, 13 and 38)	-	-	12,186	-
1470	Other current assets (Notes 20, 35 and 37)	22,386	1	66,803	2
11XX	Total current assets	<u>1,550,019</u>	<u>51</u>	<u>1,742,812</u>	<u>51</u>
	Non-current assets				
1520	Financial assets measured at fair value through other comprehensive income – non-current (Notes 4, 8 and 35)	42,685	2	42,685	1
1535	Financial assets measured at amortized cost – non-current (Notes 4, 9, 10, 35 and 37)	5,839	-	6,560	-
1550	Investment under the equity method (Notes 4, 14 and 15)	240,351	8	253,725	8
1600	Property, plants and equipment (Notes 4, 16, 36 and 37)	733,347	24	829,785	24
1755	Right-of-use assets (Notes 4, 17, 36 and 37)	128,395	4	166,370	5
1760	Net investment property (Notes 4, 18 and 37)	189,044	6	215,032	6
1780	Other intangible assets (Notes 4 and 19)	1,455	-	1,479	-
1915	Prepayment for equipment (Notes 20, 33 and 36)	111,304	4	119,402	4
1920	Guarantee deposits paid (Notes 20, 35, 37, and 38)	27,009	1	13,345	1
1990	Other non-current assets – others (Note 20)	9,000	-	12,000	-
15XX	Total non-current assets	<u>1,488,429</u>	<u>49</u>	<u>1,660,383</u>	<u>49</u>
1XXX	Total assets	<u>\$ 3,038,448</u>	<u>100</u>	<u>\$ 3,403,195</u>	<u>100</u>
代碼	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 21, 35, 37 and 38)	\$ 91,327	3	\$ 117,690	4
2120	Financial liabilities measured at fair value through profit or loss (Notes 4, 7 and 35)	11	-	-	-
2130	Contract liabilities – current (Notes 4 and 27)	4,840	-	109,868	3
2170	Accounts payable (Notes 22 and 35)	33,453	1	148,799	5
2200	Other payables (Notes 23 and 35)	195,235	7	170,693	5
2220	Other payables – related parties (Notes 23, 35 and 36)	139,139	5	4,423	-
2250	Liability reserve – current (Notes 4 and 24)	42	-	-	-
2280	Lease liabilities – current (Notes 4, 17, 35 and 36)	36,634	1	35,198	1
2310	Receipts in advance (Notes 23 and 38)	10,090	-	10,813	-
2313	Deferred income – current (Notes 4, 23 and 31)	12,174	-	10,036	-
2320	Long-term loans maturing within one year (Notes 21, 35, 37 and 38)	22,683	1	30,640	1
2399	Other current liabilities (Note 23)	5,298	-	8,080	-
21XX	Total current liabilities	<u>550,926</u>	<u>18</u>	<u>646,240</u>	<u>19</u>
	Non-current liabilities				
2540	Long-term loans (Notes 21, 35, 37 and 38)	91,751	3	110,728	3
2550	Liability reserve – non-current (Notes 4 and 24)	2,014	-	2,063	-
2570	Deferred income tax liabilities (Notes 4 and 29)	1,199	-	1,426	-
2580	Lease liabilities – non-current (Notes 4, 17, 35 and 36)	23,658	1	60,701	2
2630	Deferred income – non-current (Notes 4, 23 and 31)	58,665	2	61,759	2
2640	Net defined benefit liabilities – non-current (Notes 4 and 25)	5,972	-	5,858	-
2645	Guarantee deposits received (Notes 23, 35, 36, and 38)	13,577	1	7,208	-
25XX	Total non-current liabilities	<u>196,836</u>	<u>7</u>	<u>249,743</u>	<u>7</u>
2XXX	Total liabilities	<u>747,762</u>	<u>25</u>	<u>895,983</u>	<u>26</u>
	Equity attributable to the owner of the Company (Notes 4, 26, and 32)				
3110	Common stock capital	<u>2,250,000</u>	<u>74</u>	<u>2,250,000</u>	<u>66</u>
3200	Capital reserves	<u>771,118</u>	<u>25</u>	<u>771,118</u>	<u>23</u>
	Retained earnings				
3350	Losses to be compensated	(428,191)	(14)	(399,502)	(12)
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(459,855)	(15)	(427,789)	(12)
3420	Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	(20,742)	(1)	(20,742)	(1)
3400	Total of other equity	(480,597)	(16)	(448,531)	(13)
31XX	Total equity of the Company's owner	<u>2,112,330</u>	<u>69</u>	<u>2,173,085</u>	<u>64</u>
36XX	Non-controlling equity	<u>178,356</u>	<u>6</u>	<u>334,127</u>	<u>10</u>
3XXX	Total equity	<u>2,290,686</u>	<u>75</u>	<u>2,507,212</u>	<u>74</u>
	Total liabilities and equity	<u>\$ 3,038,448</u>	<u>100</u>	<u>\$ 3,403,195</u>	<u>100</u>

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH

Manager: I-KUANG CHEN

Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4 and 27)				
4100	Net sales revenue	\$ 2,145,122	100	\$ 2,221,436	100
	Operating costs				
5110	Cost of sales (Notes 4, 12, 20, 28 and 36)	(1,894,212)	(88)	(2,061,577)	(93)
5900	Operating gross profit	<u>250,910</u>	<u>12</u>	<u>159,859</u>	<u>7</u>
	Operating expenses (Notes 11, 28 and 36)				
6100	Marketing expense	(16,382)	(1)	(13,636)	(1)
6200	Administrative expense	(179,673)	(8)	(162,441)	(7)
6300	R&D expense	(192,927)	(9)	(156,923)	(7)
6000	Total operating expenses	(388,982)	(18)	(333,000)	(15)
6500	Statement of other Profits, Expenses, and Losses – Net (Notes 16 and 28)	(147,740)	(7)	(73,558)	(3)
6900	Operating loss – net	(285,812)	(13)	(246,699)	(11)
	Non-operating revenue and expenses (Notes 13, 15, 28, 31 and 36)				
7100	Interest income	32,875	1	14,844	-
7190	Other revenue	62,344	3	87,116	4
7020	Other profits and losses	18,225	1	156,422	7
7050	Financial costs	(9,267)	(1)	(22,996)	(1)
7060	Share of profit/loss of associates and joint ventures under equity method	(8,901)	-	(25,438)	(1)
7000	Total non-operating revenue and expenses	<u>95,276</u>	<u>4</u>	<u>209,948</u>	<u>9</u>
7900	Net loss before tax of continuing operations	(\$ 190,536)	(9)	(\$ 36,751)	(2)
7950	Income tax profit (Notes 4 and 29)	188	-	16	-
8200	Current net loss	(190,348)	(9)	(36,735)	(2)

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Code		2023		2022	
		Amount	%	Amount	%
8310	Other comprehensive income				
	Titles not reclassified as				
	profit or loss:				
8311	Re-measurement of the				
	defined benefits plan				
	(Notes 4 and 25)	(112)	-	708	-
8316	Unrealized valuation				
	profit/loss on				
	investment in equity				
	instruments measured				
	at fair value through				
	other comprehensive				
	income (Notes 4 and				
	26)	-	-	22,027	1
8360	Titles likely to be reclassified				
	as profit or loss				
	subsequently:				
8361	Exchange differences				
	on translation of				
	financial statements				
	of foreign operations				
	(Notes 4 and 26)	(32,066)	(1)	32,940	2
8300	Other comprehensive				
	income (net after tax)				
	for the year	(32,178)	(1)	55,675	3
8500	Total comprehensive income for				
	the year	(\$ 222,526)	(10)	\$ 18,940	1
	Net loss attributable to:				
8610	The owner of the Company	(\$ 28,577)	(1)	\$ 110,030	5
8620	Non-controlling equity	(161,771)	(8)	(146,765)	(7)
8600		(\$ 190,348)	(9)	(\$ 36,735)	(2)
	Total comprehensive income				
	attributable to:				
8710	The owner of the Company	(\$ 60,755)	(3)	\$ 165,705	8
8720	Non-controlling equity	(161,771)	(7)	(146,765)	(7)
8700		(\$ 222,526)	(10)	\$ 18,940	1
	Earnings (losses) per share (Note				
	30)				
	From continuing operations				
9710	Basic	(\$ 0.13)		\$ 0.49	
9810	Diluted	(\$ 0.13)		\$ 0.49	

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH Manager: I-KUANG CHEN Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		Equity attributable to the owner of the Company				Other equity		Non-controlling equity	Total equity
		Share capital		Retained earnings		Exchange differences on translation of financial statements of foreign operations	Unrealized profit (loss) from the financial assets measured at fair value through other comprehensive income		
Code		Number of shares (thousand shares)	Amount	Capital reserves	Losses to be compensated				
A1	Balance after restatement on January 1, 2022	225,000	\$ 2,250,000	\$ 1,290,999	(\$ 1,353,516)	(\$ 460,729)	(\$ 42,769)	\$ 104,287	\$ 1,788,272
	Other changes in capital reserves:								
C11	Capital reserves for offsetting losses	-	-	(843,276)	843,276	-	-	-	-
M7	Changes in ownership interest in subsidiaries (Note 32)	-	-	323,395	-	-	-	(323,395)	-
D1	Net profit (loss) in 2022	-	-	-	110,030	-	-	(146,765)	(36,735)
D3	Other comprehensive income after tax in 2022	-	-	-	708	32,940	22,027	-	55,675
D5	Total comprehensive income in 2022	-	-	-	110,738	32,940	22,027	(146,765)	18,940
O1	Increase/decrease in non-controlling interests – cash capital increase by subsidiaries	-	-	-	-	-	-	700,000	700,000
Z1	Balance on December 31, 2022	225,000	2,250,000	771,118	(399,502)	(427,789)	(20,742)	334,127	2,507,212
D1	Net loss in 2023	-	-	-	(28,577)	-	-	(161,771)	(190,348)
D3	Other comprehensive income after tax in 2023	-	-	-	(112)	(32,066)	-	-	(32,178)
D5	Total comprehensive income in 2023	-	-	-	(28,689)	(32,066)	-	(161,771)	(222,526)
O1	Increase/decrease in non-controlling interests – cash capital increase by subsidiaries	-	-	-	-	-	-	6,000	6,000
Z1	Balance on December 31, 2023	225,000	\$ 2,250,000	\$ 771,118	(\$ 428,191)	(\$ 459,855)	(\$ 20,742)	\$ 178,356	\$ 2,290,686

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH

Manager: I-KUANG CHEN

Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Current net loss before tax	(\$ 190,536)	(\$ 36,751)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	260,286	244,734
A20200	Amortization expenses	1,114	2,850
A20300	Expected credit impairment (reversal gain)	213	(668)
A20400	Net gains from financial assets and liabilities at fair value through profit or loss	(4,664)	(2,645)
A20900	Financial costs	9,267	22,996
A21200	Interest income	(32,875)	(14,844)
A21300	Dividend income	(2,294)	-
A22300	Share of loss of associates and joint ventures under equity method	8,901	25,438
A22500	Profit on disposal of property, plants and equipment	(46)	(147,386)
A22900	Profit on lease modification	-	(311)
A23000	Gains on disposal of non-current assets held for sale	(2,221)	-
A23700	Loss on inventory devaluation and obsolescence	24,325	1,611
A23700	Impairment loss from non-financial assets	147,740	77,793
A23800	Profit on reversal of impairment loss from non-financial assets	(10,237)	(2,039)
A29900	Reversal of deferred income	(17,332)	(46,306)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	136,677	5,481
A31130	Notes receivable	-	3,109
A31150	Accounts receivable	(20,308)	65,443
A31180	Other receivables	(1,041)	(3,226)
A31190	Other receivables – related parties	-	12
A31200	Inventory	236,316	(17,696)
A31230	Prepayments	55,888	(24,721)
A31240	Other current assets	40,148	(40,148)
A31990	Other non-current assets	3,000	(12,000)
A32125	Contract liabilities	(105,028)	56,421
A32130	Notes payable	-	(11,166)
A32150	Accounts payable	(115,346)	33,524

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Code		2023	2022
A32180	Other payables	(\$ 5,286)	(\$ 15,922)
A32190	Other payables – related parties	554	(1,539)
A32200	Liability reserve	(7)	(215)
A32210	Receipts in advance	(723)	5,425
A32230	Other current liabilities	(2,782)	1,088
A32240	Net defined benefit liabilities	2	(8)
A32250	Deferred income	<u>17,478</u>	<u>10,036</u>
A33000	Cash inflow from operations	431,183	178,370
A33100	Interest received	27,407	14,113
A33300	Interest paid	(5,841)	(20,864)
A33500	Income tax refunded (from payment)	(<u>1,964</u>)	<u>222</u>
AAAA	Net cash inflow from operating activities	<u>450,785</u>	<u>171,841</u>
Cash flows from investing activities			
B00040	Acquisition of financial assets measured at amortized cost	(64,284)	-
B00050	Disposal of financial assets measured at amortized cost	-	9,413
B02600	Proceeds from disposal of non-current assets held for sale	14,407	-
B02700	Acquisition of property, plants, and equipment	(151,505)	(93,304)
B02800	Proceeds from disposal of property, plant and equipment	46	2,481
B03800	Decrease (increase) in refundable deposits	(13,664)	8,827
B04300	Other receivables – increase in related parties	(209,998)	-
B04400	Other receivables – decrease in related parties	-	13,764
B04500	Acquisition of intangible assets	(1,093)	(1,184)
B06600	Decrease (increase) of other financial assets	4,269	(16,320)
B07100	Increase in prepayments for equipment	(30,375)	(112,397)
B07600	Dividends received	<u>2,294</u>	<u>-</u>
BBBB	Net cash outflow from investing activities	(<u>449,903</u>)	(<u>188,720</u>)
Cash flows from financing activities			
C00200	Decrease in short-term loans	(26,363)	(163,912)
C01600	Borrowing of long-term loans	10,000	10,000
C01700	Repayment of long-term loans	(36,934)	(196,463)
C03000	Increase in guarantee deposits received	6,369	909
C03800	Increase (decrease) of other payables – related parties	100,000	(172,406)
C04020	Repayment of the principal of leases	(38,635)	(37,807)
C05800	Changes in non-controlling equity	<u>6,000</u>	<u>700,000</u>
CCCC	Net cash inflow from financing activities	<u>20,437</u>	<u>140,321</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>23,292</u>)	(<u>8,717</u>)

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<u>Code</u>		<u>2023</u>	<u>2022</u>
EEEE	Net increase (decrease) in current cash and cash equivalents	(\$ 1,973)	\$ 114,725
E00100	Balance of cash and cash equivalents – beginning of the year	<u>769,934</u>	<u>655,209</u>
E00200	Balance of cash and cash equivalents – ending of the year	<u>\$ 767,961</u>	<u>\$ 769,934</u>

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH Manager: I-KUANG CHEN Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2023 and 2022
(All amounts are in NTD thousand unless otherwise specified.)

I Company milestones

Tainergy Tech. Co., Ltd. (hereinafter referred to as “the Company”) was approved for establishment on May 14, 2007. The Company’s main business activities are the research, design, manufacturing and sales of solar cells, panels and related systems.

The Company’s stock was listed for trading on the Taiwan Stock Exchange in August 2011.

The consolidated financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II Approval date and procedures of the financial report

The consolidated financial reports were approved at the Board meeting on March 6, 2024.

III Application of new and amended standards and interpretation

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

Apart from those described below, the Group expected no material changes to the accounting policies of the Group after adopting the amended IFRSs approved and released by the FSC:

1. Amendments to IAS 1, “Disclosure of Accounting Policies”

When the amendments are applied, the Group determines the significant accounting policy information that should be disclosed based on the definition of materiality. If the accounting policy information is reasonably expected to have an impact on the decision made by the main user of general-purpose financial statements who uses these financial statements to make such decision, the accounting policy information is deemed material. In addition:

- The accounting policy information related to insignificant transactions or other matters or circumstances is not material and the Group is not required to disclose this accounting policy.

- The Group may make judgment according to the nature of a transaction or other matters or circumstances and determine that related accounting policy information is material, even if the amount is insignificant.
- The accounting policy information not related to significant transactions or other matters or circumstances is material.

Accounting policy information may be material if it relates to a significant transaction, other event, or situation and:

- (1) The Group changes the accounting policy during the reporting period and the change leads to material changes of the information in the financial statements;
- (2) The Group selects applicable accounting policies from the options allowed in the Standards;
- (3) In case there is no specific standards to follow, the Group adopts the accounting policies established according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- (4) the Group discloses the accounting policies that are determined using significant judgments or assumptions; or
- (5) Complicated accounting treatment rules are involved and the user of the financial statements relies on the information to understand significant transactions or other matters or circumstances.

For the disclosure of related accounting policies, please refer to Note 4.

2. Amendments to IAS 8, “Definition of Accounting Estimates”

The amendments were applied to the Group on January 1, 2023, which specifies that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. When applying accounting policies, the Group may need to measure the items in the financial statements using the currency amount that cannot be observed directly and must be estimated. When measuring the effect of the changes in technique or input value on accounting estimates, they shall be the changes in accounting estimates if they are not the correction of the previous errors.

(II) FSC-approved IFRSs to be applied in 2024

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB (Note 1)</u>
IFRS 16 amendment “Lease Liability 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
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

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

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (amendment in 2020) and “Non-current Liabilities with Covenants” (amendment in 2022)

The amendments in 2020 clarify that when determining whether a liability is classified as non-current, it shall assess whether the Group has the right to defer the settlement of the liability at the end of the reporting period for at least 12 months after the reporting period. If the Group has such a right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the Group is expected to exercise the right.

The 2020 amendments further stipulate that if the Group must comply with certain conditions in order to have the right to defer the repayment of the liability, the Group must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the Group’s compliance with such requirements on a later date. The amendment in 2022 further clarifies that only covenants that are required to be followed prior to the reporting period end date affect the classification of the liability. Although the covenants to be followed within 12

months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the corporate may not be able to comply with the covenants and be required to make repayments within 12 months after the reporting period.

The amendment in 2020 regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the Group's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterparty, result in settlement of the liabilities by the transfer of the Group's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

As of the publication date of these consolidated financial statements, the Group assessed that the effects of the amendments to other standards and interpretations will not have a material impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments 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 specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and their Associate or Joint Venture”

According to the amendments, if the Group sells or invests assets that meet the definition of a “business” in IFRS 3 “Business Combinations” to any of the associates (or joint ventures), or the Group loses control over any of the subsidiaries that meets the aforesaid definition and maintains significant influence (or joint control) over the subsidiary, the Group recognizes all the profits or losses generated from such transactions.

However, if the Group sells or invests assets that do not meet the definition of a “business” in IFRS 3 “Business Combinations” to any of the associates (or joint ventures), or the Group loses control over any of the subsidiaries that do not meet the aforesaid definition in a transaction with any of the associates (or joint ventures) and maintains significant influence (or joint control) over the subsidiary, the profit or loss resulting from such transactions shall be recognized only to the extent of unrelated investors’ interests in such associate (or joint venture), i.e., the Group’s share of the profit or loss shall be eliminated.

As of the publication date of the consolidated financial report, the Group assessed the effects of the amendments to other standards and interpretation on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

IV Summary of significant accounting policies

(I) Statement of compliance

The consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and released by the FSC.

(II) Basis for preparation

Except for the financial instruments measured at fair value, the consolidated financial report is prepared on the basis of historical cost.

Fair value measurements are classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).

2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

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

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;
2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial reports; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended by more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Group engages in construction projects with an operating cycle longer than one year. Therefore, the assets and liabilities related to the constructions are classified as current or non-current based on the normal operating cycle.

(IV) Basis for consolidation

The consolidated financial report are financial reports including the Company and the entities controlled (subsidiaries). The operating profits and losses of acquired or disposed subsidiaries from the acquisition date to the disposal date in the current period are included in the consolidated statement of comprehensive income. The financial reports of the subsidiaries are adjusted to have their accounting policies consistent with those of the Group. All the transactions, account balances, profits, and expenses/losses

between entities are eliminated during preparation of the consolidated financial report. The total comprehensive income of the subsidiaries is attributable to the owner of the Company and the non-controlling equity even though this results in the non-controlling equity having a deficit balance.

Changes to the Group's equity ownership in the subsidiaries are treated as equity transactions if the changes do not result in loss of control. The book values of the Group and the non-controlling equity are adjusted to reflect the changes in their relative equity in the subsidiaries. The difference between the adjusted amount of the non-controlling equity and the fair value of any paid or received consideration is directly recognized as equity and attributable to the owner of the Company.

(V) Foreign currency

During preparation of each entity's financial reports, transactions using currencies other than the entity's functional currency (foreign currencies) are stated in the functional currency at the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the consolidated financial reports, the assets and liabilities of foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) are translated into NTD at the exchange rate on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

(VI) Investment in associates and joint ventures

An associate refers to a company over which the Group has a significant influence, but it is not a subsidiary or joint venture. A joint venture refers to a joint arrangement over which the Group and another company have joint control, and the Group and such company are entitled to net assets.

The Group adopts the equity method for investment in associates and joint ventures.

Under the equity method, the investment in associates and joint ventures is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Group's shares of profit/loss and other comprehensive income in the associates and joint ventures and the distributed profits. In addition, changes to the equity in the associates and to the joint ventures are recognized based on shareholding ratios.

When the acquisition cost exceeds the Group's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition, such excess is recognized as goodwill which is included in the book value of such investment and may not be amortized; when the Group's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition exceed the acquisition cost, such excess is recognized as profit/loss of the period.

When the Group does not subscribe for new shares issued by the associates and joint ventures based on our shareholding ratio, resulting in changes to the shareholding ratio and consequently to the net equity value of investment, these changes are used for adjustment of the capital reserve – changes in the net equity of associates and joint ventures recognized under the equity method and the investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates and joint ventures, the amounts related to the associate and joint venture in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Group's shares of losses in the associates are equal to or exceed the equity in the associates and joint ventures (including the book value of investment in the associate and joint venture under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Group in the associate and joint venture concerned), we do not recognize further losses. The Group recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Group makes payment on behalf of the associates and joint ventures.

For impairment evaluation, the Group examines the entire investment book value (including goodwill) for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is not allocated to any assets forming any part of the book value of the investment, including goodwill. Any reversal of the impairment loss is recognized to the extent of a subsequently increase in the recoverable amount of the investment.

Once the investment is not classified as investment in associates and joint ventures, the Group stops under the equity method and measures the retained equity interests in the former associates and joint ventures at fair value. The differences between the fair value of the retaining earnings, proceeds from disposal and the investment book value on the date when the equity method is discontinued are recognized as profit or loss of the period. Besides this, for total amounts related to the associate and joint venture in other comprehensive income, the basis of accounting treatment thereof is the same as the basis which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. When the investment in associates became the investment in joint ventures, or the investment in joint ventures became the investment in associates, the Group continues to use the equity method but does not remeasure retained equity interests.

The profit or loss generated from the upstream, downstream and side stream transactions between the Group and the associates and between the Group and the joint ventures is recognized in the consolidated financial reports only to the extent that such profit or loss is irrelevant to the Group's equity in the associates and joint ventures.

(VII) Inventory

Inventory includes raw materials, materials, finished goods and work-in-progress goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items

except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VIII) Property, plant and equipment

The property, plant and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

The property, plant and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost includes professional service fees and the loan costs eligible for capitalization. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

Each significant part of the property, plant and equipment is separately depreciated on the straight-line basis over its useful life. The Group reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognize the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(IX) Investment property

Investment property is held to earn rent or for capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

The investment property for internal use was initially measured based on the cost (including transaction cost) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses.

The acquisition of investment property under leases are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date, the initial direct cost and the cost estimated to restore the underlying asset), less the lease incentives received, and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted.

Investment properties were depreciated on the straight-line basis.

(X) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over their useful life. The estimated useful life, residual value and method of amortization are reviewed at least on the end day of each year, and the effect from changes in accounting estimates are recognized prospectively. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(XI) Impairment of tangible and intangible assets (excluding goodwill), and contract cost-related assets

The Group assesses whether there are any signs indicating that any tangible and intangible assets (except for goodwill) may be impaired on each balance sheet date. If there are any such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance

with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant goods or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets or cash-generating units is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(XII) Non-current assets held for sale

If the book value of non-current assets (or disposal groups) is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets (or disposal groups) qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When management at an appropriate level guarantee selling the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

If the sale will result in loss of the control over a subsidiary, all the assets and liabilities of the subsidiary are classified as held for sale no matter whether the non-controlling equity in the former subsidiary is retained.

When the guaranteed sale plan will dispose of all or parts of the investments in the associates or joint ventures, only the equity meeting the conditions of held for sale is transferred to held for sale, and the Company stops under the equity method for such equity. The equity method is used continuously for any other equity that is not

classified as held for sale. If the disposal will lead to loss of material influence and joint control over the investments, any equity that is not classified as held for sale is treated according to the accounting policies for financial instruments when disposing of the held-for-sale equity.

Non-current assets (or disposal groups) classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs. In which case, the depreciation of such assets stops.

For the subsidiaries, joint operations, joint ventures, associates, partial interest in the joint ventures or associates that are no longer qualified to be classified as held for sale, they are measured at the book value of such interest as not being classified as held for sale. The financial statements that were classified as held for sale are then retrospectively adjusted.

If non-current assets (or disposal groups) held for sale are reclassified as the non-current assets (or disposal groups) held for distribution to owners, they are measured at the lower of the book value and the fair value net of distribution costs, and the reversal of accounting treatment under the original category is not necessary.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Measurement type

The financial assets held by the Group are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets mandatorily and designated to be measured at fair value through profit and loss. The financial assets mandatorily and designated to be measured at fair value through profit and loss include the investment in equity instruments that the Group does not designate to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

If measurement or recognition inconsistency can be eliminated or reduced significantly after financial assets are designated to be measured at fair value through profit or loss, the Company makes such designation at the initial recognition.

The financial assets measured at fair value through profit or loss are measured at fair value, and any profit or loss (including any dividends or interests generated from the financial assets) from remeasurement of the financial assets is recognized as profit or loss. For determination of the fair value, please refer to Note 35.

B. Financial assets measured at amortized cost

When the Group's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

- a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and
- b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
- b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election to designate the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration to be measured at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Group's right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial assets

The Group assesses impairment losses on the financial assets (including accounts receivable and other receivables) measured according to amortized cost based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable, other receivable and contract assets are recognized based on the lifetime expected credit losses. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized as other comprehensive income, and the book value thereof is not reduced.

(3) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized as profit or loss. Upon derecognition of the entire investment in liability instruments measured at fair value through other comprehensive income, the difference between its book value, and the total amount of the consideration received plus any cumulative gain or

loss recognized as other comprehensive profit or loss is recognized as profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Group are recognized based on the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost under the effective interest method:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include the financial liabilities held for transaction.

The financial liabilities held for transaction are measured at fair value, and any profit or loss (including any dividends or interests paid for the financial liabilities) from remeasurement of the financial liabilities is recognized as profit or loss.

For determination of the fair value, please refer to Note 35.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

4. Derivative instruments

The Group enters into derivative instruments, including forward foreign exchange contracts, to manage its exchange rate risk.

The derivative instruments are recognized initially at fair value when the contract of derivative instruments is signed and subsequently remeasured at the fair value on the balance sheet date. Any profit or loss from the remeasurement is recognized as profit or loss directly. However, for derivative instruments that are designated as effective hedging instruments, the timing at which they are recognized as profit or loss depends on the underlying hedge arrangement. When the fair value of the derivative instruments is positive, they are classified as financial assets; when the fair value is negative, they are classified as financial liabilities.

If derivative instruments are embedded in a main contract of assets within the scope of IFRS 9, the classification of financial assets is determined depending on the contract as a whole. If derivative instruments conforming to the definition of derivative instruments are embedded in a main contract of assets not within the scope of IFRS 9 (e.g., a main contract of financial liabilities), and their risk and feature are not in close relation with the risk and feature of the main contract, and the hybrid contract is not measured at fair value through profit or loss, the embedded derivative instruments are deemed stand-alone derivative instruments.

(XIV) Liability reserve

The amount recognized as liability reserves (including the contractual obligation to maintain or restore infrastructures before they are returned to the grantor and the various payments required by the government in accordance with laws, which are specified in service concession arrangements) is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Group's obligation when the revenue of the relevant commodities is recognized.

(XV) Revenue recognition

After the Group's recognition of performance obligations under a contract with customers, the Group allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of solar cells and panels. Once solar cells and panels are delivered to the customer-designated location or shipping point, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

Service income is earned from the entrusted purchase of equipment, the software installment and extended warranty.

3. Project income

the Group progressively recognizes contract assets during the construction and transfer them to accounts receivable when issuance of bills. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Group fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

(XVI) Lease

The Group assesses whether the contract is (or contains) a lease on the date of establishment of the contract.

1. The Group is the lessor

A lease is classified as finance leases when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all the other leases are classified as operating leases.

The lease payment under operating leases less lease incentives is recognized as profit on the straight-line basis over the lease term. The original direct cost generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term.

2. The Group as the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner. If the ownership of underlying assets will be acquired after the expiration of the lease term, or the cost of the right-of-use assets reflects the exercise price for purchase options, the underlying assets are depreciated over the period from the lease commencement date to the expiration of the useful life of the underlying assets.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments, substantial payments, variable lease payments depending on certain indexes or rates, the amount to be paid by the lessee under residual value guarantee, the exercise price for purchase options if the Company can be reasonably assured that the right will be exercised, and the fine for termination of the lease reflected during the lease period less received

incentives). If the interest rate implicit in a lease could be readily determined, the lease payments were discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or the changes in the index or rate determining the lease payments cause the changes in the future lease payments, we remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of right-of-use assets is reduced to zero. The lease liabilities are separately presented in the consolidated balance sheet.

(XVII) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVIII) Government grants

The government grants shall only be recognized when it is reasonable to ensure that the Group will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

The government grant related revenues are recognized as profit or loss on a systematic basis within the period when the costs to be subsidized by the government are recognized as expenses by the Group. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Group is necessary are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Group and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XIX) Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. The net interest on service costs (including current service costs) and net defined benefit liabilities (assets) is recognized as employee benefit expenses when the interest accrues. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XX) Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machinery/equipment, R&D and talent training.

Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the Group can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that the Group expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

V Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

When the Group develops significant accounting estimates, the possible impact of inflation and market interest rate fluctuations is included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and other relevant significant estimates. Management will continue to review estimates and basic assumptions.

Main sources of uncertainties of estimates, and assumptions

(I) Property, plant and equipment useful lives

As described in Note 4 (8), the Group reviews the estimated useful lives of property, plant and equipment on each balance sheet date.

(II) Property, plant and equipment impairment

The impairment of production-related equipment is evaluated based on the recoverable amount, which is the higher of the fair value of such asset less the cost of sale and its use value. The recoverable amount of such asset is affected by market prices, estimated economic lives, capacity utilization rate, in-process cost, replacement cost estimates, and disposal of costs. These factors are likely to result in additional recognition of impairment losses or reversal of impairment losses already recognized by the Group.

VI Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 3,511	\$ 1,465
Bank check and demand deposit	355,778	529,165
Cash equivalents (investment with an initial maturity date within 3 months)		
Bank time deposit	316,557	239,304
Repurchase agreements	<u>92,115</u>	<u>-</u>
	<u>\$ 767,961</u>	<u>\$ 769,934</u>

The interest rate ranges of bank deposits and bonds with repurchase agreements as of the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank demand deposit	0.001%~1.45%	0.001%~1.05%
Bank time deposit	3.3%~5.65%	1.25%~4.3%
Repurchase agreements	5.5%~5.55%	-

VII Financial instruments measured at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets – current</u>		
Mandatory measurement at fair value through profit or loss		
Floating-rate financial products	\$ 56,466	\$ 238,473
Structured deposit	<u>50,005</u>	<u>-</u>
	<u>\$ 106,471</u>	<u>\$ 238,473</u>
<u>Financial liabilities – current</u>		
Held for trading		
Derivatives (not designated for hedging)		
- Forward foreign exchange contract	<u>\$ 11</u>	<u>\$ -</u>

Floating-rate financial product contract signed by the Group with the bank The bank is authorized by the floating-rate financial product to adjust the product yield from time to time according to the investment operation.

The Group and the bank signed a structured time deposit contract. The structured time deposit includes an embedded derivative instruments not in a close relation to the main contract. Since the main contract included in the hybrid contract belongs to the assets within the scope of IFRS 9, the main contract is mandatorily classified as financial

assets measured at fair value through profit or loss according to the overall assessment for the hybrid contract.

Forward foreign exchange contracts not subject to hedge accounting and yet to expire at the balance sheet date are as follows:

December 31, 2023

	<u>Currency</u>	<u>Expiration Date</u>	<u>Contract amount (thousand)</u>
Forward foreign exchange sold	USD against VND	November 8, 2023 to January 8, 2024	USD 133/VND 3,235,103

VIII Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Investment in equity instruments	<u>\$ 42,685</u>	<u>\$ 42,685</u>

Investment in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of KENTEC INC.	<u>\$ 42,685</u>	<u>\$ 42,685</u>

The Group invested in the common stocks of KENTEC INC. according to our medium and long-term strategies and expected to gain profits through long-term investment. Since the Group's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

IX Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	<u>\$ 74,035</u>	<u>\$ 9,030</u>

<u>Non-current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	<u>\$ 5,839</u>	<u>\$ 6,560</u>

As of December 31, 2023 and 2022, the interest rate range of the time deposit with an initial maturity date over 3 months was 1.325%–7% and 1%–7%, respectively.

For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 37.

X Credit risk management of the investment in liability instruments

The Group's investment in liability instruments was recognized as financial assets measured at amortized cost:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total book value	\$ 79,874	\$ 15,590
Allowance for loss	-	-
Amortized cost	<u>\$ 79,874</u>	<u>\$ 15,590</u>

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Group. The Group's trade counterpart and performing party are all reputable banks and the financial institutions and corporates rated as the investment level or higher with no significant performance concerns; therefore, there is no significant credit risk. The Group's current credit risk evaluation mechanism and the total book value of liability instruments for each credit rating are shown as follows:

Credit rating	Definition	Basis for recognition of expected credit losses	Percentage of expected credit losses	Total book value on December 31, 2023	Total book value on December 31, 2022
Normal	A debtor has a low credit risk and is fully capable of settling contractual cash flows.	Expected credit losses for 12 months	0 %	<u>\$ 79,874</u>	<u>\$ 15,590</u>

XI Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable</u>		
Measurement at amortized cost		
Total book value	\$ 23,565	\$ 3,257
Less: Loss allowance	(249)	(37)
	<u>\$ 23,316</u>	<u>\$ 3,220</u>
<u>Other receivables</u>		
Non-related party		
Business tax refund receivable	\$ 5,772	\$ 5,465
Interest receivable	2,257	210
Others	1,843	1,109
	<u>\$ 9,872</u>	<u>\$ 6,784</u>
Related party		
Loans receivable – fixed interest rate	\$ 385,198	\$ 175,200
Loans receivable – interest	4,687	1,266
	<u>\$ 389,885</u>	<u>\$ 176,466</u>

(I) Accounts receivable

Accounts receivable measured at amortized cost

The Group provides a 30-to-90-day loan period on average for sale of commodities, and interest does not accrue on accounts receivable. According to the policy of the Group, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Group rates the main customers with reference to other open financial information and historic trading records of these customers. The Group continuously monitors the credit risk exposure and the credit rating of the trading counterpart and distributes the total trading amount to different customers qualified in credit rating. In addition, the Group manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

The Group recognizes the loss allowance for accounts receivable based on the lifetime expected credit losses according to the simplified approach of IFRS 9. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different customers, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterpart is facing serious financial difficulties and the Group cannot estimate a reasonable recoverable amount (for example, the trading counterpart is undergoing liquidation), the Group directly writes off related accounts receivable, continues to claim for payment, and recognizes the recovered amount therefrom as profit or loss.

The Group's allowance for losses on accounts receivable measured according to the allowance matrix is as follows:

December 31, 2023

	Not overdue	1-30 days overdue	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue 121 to 180 days	Overdue 181 to 364 days	More than 365 days overdue	Total
Percentage of expected credit losses	1%~71.7%	1%~71.7%	1%~71.7%	1%~71.7%	1%~71.7%	1%~71.7%	1%~71.7%	100%	
Total book value	\$ 11,395	\$ 11,863	\$ 103	\$ 204	\$ -	\$ -	\$ -	\$ -	\$ 23,565
Loss allowance (lifetime expected credit losses)	(129)	(117)	(1)	(2)	-	-	-	-	(249)
Amortized cost	\$ 11,266	\$ 11,746	\$ 102	\$ 202	\$ -	\$ -	\$ -	\$ -	\$ 23,316

December 31, 2022

	Not overdue	1-30 days overdue	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue 121 to 180 days	Overdue 181 to 364 days	More than 365 days overdue	Total
Percentage of expected credit losses	1.00%~ 66.86%	1.00%~ 66.86%	1.00%~ 66.86%	1.00%~ 66.86%	1.00%~ 66.86%	1.00%~ 66.86%	1.00%~ 66.86%	100%	
Total book value	\$ 2,572	\$ -	\$ 208	\$ 477	\$ -	\$ -	\$ -	\$ -	\$ 3,257
Loss allowance (lifetime expected credit losses)	(30)	-	(2)	(5)	-	-	-	-	(37)
Amortized cost	\$ 2,542	\$ -	\$ 206	\$ 472	\$ -	\$ -	\$ -	\$ -	\$ 3,220

Changes in loss allowance for accounts receivable are as follows:

	2023	2022
Balance – beginning of the year	\$ 37	\$ 703
Less: Impairment loss recognized (reversed) in the current year	213	(668)
Differences from translation of foreign currencies	(1)	2
Balance – ending of the year	<u>\$ 249</u>	<u>\$ 37</u>

The Group recognized an expected credit impairment loss of NTD 213 thousand on accounts receivable in 2023 and a gain of NTD 668 thousand on expected credit impairment reversal on accounts receivable in 2022.

The above is the balance before deducting the allowance for bad debt and other receivable, and the aging analysis is conducted based on the number of overdue days.

(II) Other receivables – loans receivable

The interest rate risk exposure and contractual maturity date of the Group's loans receivable with fixed interest rates are described as follows:

	December 31, 2023	December 31, 2022
Loans receivable with fixed interest rates		
No more than 1 year	<u>\$ 385,198</u>	<u>\$ 175,200</u>

The details of the loans receivable are listed below:

	Maturity date	Collateral	Effective interest rate	December 31, 2023	December 31, 2022
A loan receivable of RMB 7,000 thousand with a fixed interest rate	September 13, 2023	None	4.35%	\$ -	\$ 30,856
A loan receivable of RMB 7,000 thousand with a fixed interest rate	September 14, 2023	None	4.35%	-	30,856
A loan receivable of RMB 7,000 thousand with a fixed interest rate	September 15, 2023	None	4.35%	-	30,856
A loan receivable of RMB 4,000 thousand with a fixed interest rate	December 14, 2023	None	4.35%	-	17,632
A loan receivable of NTD 65,000 thousand with a fixed interest rate	December 26, 2023	Yes	2.50%	-	65,000
A loan receivable of RMB 50,000 thousand with a fixed interest rate	April 23, 2024	None	3.65%	216,350	-
A loan receivable of RMB 10,000 thousand with a fixed interest rate	April 24, 2024	None	3.65%	43,270	-
A loan receivable of RMB 8,000 thousand with a fixed interest rate	July 25, 2024	None	3.65%	34,616	-
A loan receivable of NTD 65,000 thousand with a fixed interest rate	November 2, 2024	Yes	2.75%	65,000	-
A loan receivable of RMB 6,000 thousand with a fixed interest rate	August 7, 2024	None	3.65%	<u>25,962</u>	-
				<u>\$ 385,198</u>	<u>\$ 175,200</u>

(III) Other receivables – others

Interest does not accrue on other receivables. According to the policy of the Group, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Group rates the main customers with reference to other open financial information and historic trading records of these customers. The Group continuously monitors the credit risk exposure and the credit rating of the trading counterpart and distributes the total trading amount to different customers qualified in credit rating. In addition, the Group manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

XII Inventory

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished goods	\$ 68,423	\$ 180,807
Work in process	7,565	31,964
Raw material	23,042	130,742
In-transit inventory	<u>1,199</u>	<u>16,852</u>
	<u>\$ 100,229</u>	<u>\$ 360,365</u>

The nature of costs of sales is shown below:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 1,775,010	\$ 2,021,597
Inventory devaluation loss (I)	24,325	1,611
Prepayment for purchase impairment reversal gain (II)	(10,237)	(2,039)
Costs of idle facilities	<u>105,114</u>	<u>40,408</u>
	<u>\$ 1,894,212</u>	<u>\$ 2,061,577</u>

- (I) The decrease in the net realizable value of inventories was due to the decrease in the selling price in a specific market.
- (II) For impairment losses of prepayments for purchase, please refer to the description of Notes 20 and 38.

XIII Non-current assets held for sale

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ -</u>	<u>\$ 12,186</u>

On December 23, 2022, the Group entered into an agreement for equipment purchase and sale to sell solar power equipment. The Group expects to dispose of a portion of idle

machinery and equipment within the next six months. This has been reclassified to non-current assets held for sale and expressed separately in the consolidated statement of assets and liabilities. However, the disposal price is expected to be less than the book value, with an impairment loss of NTD 4,235 thousand recognized in Q4 2022. The Group completed the transfer of ownership of its solar power equipment and disposed machinery and equipment on May 2, 2023, with a gain on disposal of NTD 2,221 thousand recognized.

In the Board meeting held on October 22, 2021, the Group submitted to the Board of Directors to dispose of the land use rights and plant of the subsidiary Tainergy Technology (Kunshan), located in China. It has been reclassified to non-current assets held for sale and presented separately in the consolidated balance sheet. On October 27, 2022, the transfer of the building and construction and right-of-use assets was completed with Kunshan Changshunhong Energy Technology Co., Ltd. Please refer to Note 38.

XIV Subsidiary

(I) Subsidiaries included in the consolidated financial reports

Entities in the consolidated financial reports are as follows:

Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio		Description
			December 31, 2023	December 31, 2022	
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	Investment business	100	100	-
Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	Manufacture of high-tech solar cells and related cell components	100	100	-
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Manufacturing and sales of electronic parts and components	47.656	47.656	(1)
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech cells (solar cells and the components of the cells)	100	100	-
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Kunfu Electronic Materials Co., Ltd.	Sale of electronic materials and parts	100	100	(2)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	100	(3)
Tainergy Tech. Co., Ltd.	TAI VISION CO., LTD.	Wholesale and retail of contact lens	80%	-	(4)

- (1) On July 15, 2022, the Group did not increase capital of Taisic Materials Co. according to its shareholding ratio, resulting in a decrease in the Group's shareholding ratio from 55.41% to 47.656%. Please refer to Note 32.
- (2) In August 2022, Kunshan SENSIC Electronic Materials Co., Ltd. changed its name to Kunshan Kunfu Electronic Materials Co., Ltd. and was registered.
- (3) Kunshan Jichang Energy Technology Co., Ltd. is located in Kunshan City, Jiangsu Province of the People's Republic of China and was established with a 100% capital investment by Tainergy Technology (Kunshan) Co., Ltd., one of

the consolidated companies, in June 2020. The main business activity of Kunshan Jichang Energy Technology Co., Ltd. is the sale of solar power-related products. This company's registration was canceled on February 7, 2023.

- (4) TAI VISION CO., LTD. is located in Pingzhen District, Taoyuan. The company was established in December 2023 by the Group, Tainergy Tech. Co., Ltd., with an investment of NTD 24,000 thousand, and acquired 80% of the shares. TAI VISION's main business is wholesale and retail of contact lenses.

(II) Subsidiaries not included in the consolidated financial report: None.

(III) Information on subsidiaries holding significant non-controlling equity

Name of the subsidiary	Nature of business	Main business premise	Proportion of shareholding and voting right with non-controlling equity	
			December 31, 2023	December 31, 2022
TAISIC MATERIALS CO.	Manufacturing and sales of electronic parts and components	Taiwan	52.344%	52.344%

Name of the subsidiary	Profit or loss on distribution to non-controlling equity		Non-controlling equity	
	2023	2022	December 31, 2023	December 31, 2022
TAISIC MATERIALS CO.	(\$ 161,653)	(\$ 146,765)	\$ 172,475	\$ 334,127

The following financial information summary is prepared based on the amount before elimination of inter-company transactions:

	December 31, 2023	December 31, 2022
Current assets	\$ 203,377	\$ 304,896
Non-current assets	565,136	486,557
Current liabilities	(406,481)	(105,048)
Non-current liabilities	(32,530)	(48,076)
Equity	<u>\$ 329,502</u>	<u>\$ 638,329</u>
Equity attributed to:		
The owner of the Company	\$ 157,027	\$ 304,202
Non-controlling equity	<u>172,475</u>	<u>334,127</u>
	<u>\$ 329,502</u>	<u>\$ 638,329</u>

	2023	2022
Operating revenue	<u>\$ 12,142</u>	<u>\$ 3,685</u>
Current net profit or loss of continuing operations	(\$ 308,827)	(\$ 295,573)
Current net loss	(308,827)	(295,573)
Total comprehensive income	<u>(\$ 308,827)</u>	<u>(\$ 295,573)</u>

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	2023	2022
Net loss attributable to:		
The owner of the Company	(\$ 147,174)	(\$ 148,808)
Non-controlling equity	(<u>161,653</u>)	(<u>146,765</u>)
	(<u>\$ 308,827</u>)	(<u>\$ 295,573</u>)
Total comprehensive income attributable to:		
The owner of the Company	(\$ 147,174)	(\$ 148,808)
Non-controlling equity	(<u>161,653</u>)	(<u>146,765</u>)
	(<u>\$ 308,827</u>)	(<u>\$ 295,573</u>)

XV Investment under the equity method

Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Significant affiliates		
Suzhou Kenmec Property Development Ltd.	\$ 236,449	\$ 249,839
Individual unimportant associates	<u>3,902</u>	<u>3,886</u>
	<u>\$ 240,351</u>	<u>\$ 253,725</u>

For more information on the above-mentioned associate's business nature, main business premise, and the country in which the company is registered, please refer to Table 6 "Name and Territory of Investees and Other Relevant Information" and Table 8 "Information on Investments in Mainland China."

(I) Significant affiliates

Company name	Nature of business	Main business premise	Proportion of shareholding and voting right	
			December 31, 2023	December 31, 2022
Suzhou Kenmec Property Development Ltd.	Real estate business	China	31.75%	31.75%

The following financial information summary is prepared based on the associates' IFRS consolidated financial report and reflected the adjustments made after under the equity method.

Suzhou Kenmec Property Development Ltd.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 231,379	\$ 381,676
Non-current assets	556,032	600,942
Current liabilities	(97,102)	(260,600)
Non-current liabilities	(12,802)	(15,245)
	<u>\$ 677,507</u>	<u>\$ 706,773</u>
The Group's shareholding ratio	31.75%	31.75%
Equity enjoyed by the Group	\$ 215,108	\$ 224,400
Equity acquisition premium – adjustments to the fair value of real estate under construction	62,074	65,765
Impairment loss (including the transfer of non-current assets held for sale)	(42,076)	(42,076)
Other adjustments (adjustments for translation of interest rates in the financial statements)	1,343	1,750
Book value of investment	<u>\$ 236,449</u>	<u>\$ 249,839</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 164,352</u>	<u>\$ 204,229</u>
Net loss for the year	(\$ 16,436)	(\$ 72,284)
Other comprehensive income	-	-
Total comprehensive income	<u>(\$ 16,436)</u>	<u>(\$ 72,284)</u>

(II) Summary of individual insignificant affiliates

<u>Company name</u>	<u>Nature of business</u>	<u>Main business premise</u>	<u>Proportion of shareholding and voting right</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
Star Solar New Energy Co., Ltd.	Solar power generation and sale of solar power systems	Taiwan	35.71%	35.71%
			<u>2023</u>	<u>2022</u>
Share enjoyed by the Group				
Net income from continuing operations for the year			\$ 8	\$ 2,835
Other comprehensive income			-	-
Total comprehensive income			<u>\$ 8</u>	<u>\$ 2,835</u>

XVI Property, plant and equipment

Self-use

	Land improvement	House and building	Machinery and equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction	Total
Cost									
Balance on January 1, 2023	\$ -	\$ 18,782	\$ 4,262,693	\$ 7,080	\$ 33,347	\$ 505,748	\$ 46,217	\$ 63,712	\$ 4,937,579
Addition	-	-	12,801	-	3,443	41,819	375	157,076	215,514
Disposal	-	-	(15,069)	-	(1,085)	-	-	-	(16,154)
Reclassification	-	-	52,978	-	-	12,852	1,563	(28,920)	38,473
Net exchange differences	-	(345)	(67,586)	(986)	(663)	(13,758)	(753)	(553)	(84,644)
Balance on December 31, 2023	\$ -	\$ 18,437	\$ 4,245,817	\$ 6,094	\$ 35,042	\$ 546,661	\$ 47,402	\$ 191,315	\$ 5,090,768
Accumulated depreciation and impairment									
Balance on January 1, 2023	\$ -	\$ 9,701	\$ 3,652,558	\$ 6,021	\$ 31,394	\$ 363,784	\$ 44,336	\$ -	\$ 4,107,794
Impairment loss	-	-	145,162	-	4	1,346	1,228	-	147,740
Depreciation expenses	-	945	161,863	387	1,858	35,163	1,429	-	201,645
Disposal	-	-	(15,069)	-	(1,085)	-	-	-	(16,154)
Net exchange differences	-	(193)	(70,297)	(442)	(660)	(11,305)	(707)	-	(83,604)
Balance on December 31, 2023	\$ -	\$ 10,453	\$ 3,874,217	\$ 5,966	\$ 31,511	\$ 388,988	\$ 46,286	\$ -	\$ 4,357,421
Net amount on December 31, 2023	\$ -	\$ 7,984	\$ 371,600	\$ 128	\$ 3,531	\$ 157,673	\$ 1,116	\$ 191,315	\$ 733,347
Cost									
Balance on January 1, 2022	\$ 65,356	\$ 387,509	\$ 4,000,943	\$ 6,717	\$ 31,061	\$ 455,821	\$ 46,248	\$ 197,056	\$ 5,190,711
Addition	-	-	11,182	1,189	867	18,739	-	54,762	86,739
Disposal	-	-	(56,399)	(4,255)	(290)	(1,275)	(2,350)	-	(64,569)
Reclassification	-	-	186,771	-	64	1,498	-	(181,192)	7,141
Reclassified to pending for sale	(65,356)	-	(23,404)	-	-	-	-	(4,235)	(92,995)
Reclassified as investment property	-	(381,655)	-	-	-	-	-	-	(381,655)
Net exchange differences	-	12,928	143,600	3,429	1,645	30,965	2,319	(2,679)	192,207
Balance on December 31, 2022	\$ -	\$ 18,782	\$ 4,262,693	\$ 7,080	\$ 33,347	\$ 505,748	\$ 46,217	\$ 63,712	\$ 4,937,579
Accumulated depreciation and impairment									
Balance on January 1, 2022	\$ 19,526	\$ 181,101	\$ 3,393,328	\$ 6,573	\$ 28,438	\$ 311,313	\$ 42,633	\$ -	\$ 3,982,912
Impairment loss	-	-	59,338	8	4	875	-	-	60,225
Depreciation expenses	-	2,531	152,170	276	1,696	29,872	1,902	-	188,447
Disposal	-	-	(56,399)	(4,255)	(290)	(1,275)	(2,350)	-	(64,569)
Reclassified to pending for sale	(19,526)	-	(11,218)	-	-	-	-	-	(30,744)
Reclassified as investment property	-	(180,092)	-	-	-	-	-	-	(180,092)
Net exchange differences	-	6,161	115,339	3,419	1,546	22,999	2,151	-	151,615
Balance on December 31, 2022	\$ -	\$ 9,701	\$ 3,652,558	\$ 6,021	\$ 31,394	\$ 363,784	\$ 44,336	\$ -	\$ 4,107,794
Net amount on December 31, 2022	\$ -	\$ 9,081	\$ 610,135	\$ 1,059	\$ 1,953	\$ 141,964	\$ 1,881	\$ 63,712	\$ 829,785

(I) 2023

As the subsidiary Taisic Materials Co. invests in the field of silicon carbide, the revenue is yet to be significantly shown. The Group expected that the future economic benefits for machinery and equipment, instruments and equipment, office equipment, rental improvements and other equipment used to produce such product would be reduced. The Group appointed an expert to evaluate the fair value of equipment based on the usage of the assets and a recoverable amount of NTD 283,565 thousand was calculated, which was less than the book value. Therefore, the Group recognized an impairment loss of NTD 43,718 thousand in 2023. The impairment loss was stated under other profits and losses in the statement of comprehensive income.

The Group determines the recoverable amount of the equipment based on the fair value less disposal cost. The relevant fair value is determined under the cost method. The main assumptions include the economic durability of the fixed assets, physical wear and tear, functional wear and tear, and economic wear and tear of the fixed asset, which is a Level 3 fair value measurement.

In 2023, due to the rapid change of market demand for solar energy and technology, management expects that some of the property, plant and equipment of VIETENERGY Co., Ltd. may not be economically viable in the future due to the upgrade of product specifications, and the related equipment is expected to be scrapped

by the Group. Therefore, an impairment loss of NTD 104,022 thousand was recognized in 2023. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

(II) 2022

As subsidiary Taisic Materials Co. invests in the field of silicon carbide, the revenue is yet significantly shown. The Group expected that the future economic benefits for machinery and equipment used to produce such product would be reduced. The Group appointed an expert to evaluate the fair value of equipment based on the usage of the assets and a recoverable amount of NTD 255,529 thousand was calculated, which was less than the book value. Therefore, the Group recognized an impairment loss of NTD 59,402 thousand in 2022. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income. The Group determined the recoverable amount of this machinery and equipment using fair value less costs of disposal. Related fair value was determined by the cost method, mainly assumed to be economic depletion, which is a Level 3 fair value measurement.

The Group's machines and equipment in Vietnam expected to be used for production were left idle. As a result, the recoverable amount of the machinery and equipment was lower than the book value. Therefore, an impairment loss of NTD 823 thousand was recognized in 2022. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Land improvement	20 years
House and building	20 years
Machinery and equipment	
Solar power generation equipment	20 years
System and equipment construction	3–18 years
Solar power equipment	2–10 years
Instrument	2–8 years
Transport equipment	5–8 years
Office equipment	2–8 years
Leasehold improvement	1–10 years
Other equipment	1–10 years

For the amount of the property, plant, and equipment for internal use pledged as collateral for loans, please refer to Note 37.

XVII Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Land	\$ 71,963	\$ 75,385
Building	56,230	90,641
Office equipment	<u>202</u>	<u>344</u>
	<u>\$ 128,395</u>	<u>\$ 166,370</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ -</u>	<u>\$ 2,721</u>
Depreciation expense of right-of-use assets		
Land	\$ 2,069	\$ 2,075
Building	34,046	33,265
Office equipment	<u>142</u>	<u>83</u>
	<u>\$ 36,257</u>	<u>\$ 35,423</u>

Other than the additions and depreciation expenses recognized listed above, there were no significant subleases or impairments of the right-of-use assets of the Group in 2023 and 2022.

As of December 31, 2023 and 2022, the right of use of the land acquired in Mainland China by the Group was NTD 71,963 thousand and NTD 75,385 thousand, respectively.

For the amount of the Group's right-of-use assets pledged to secure borrowings as of December 31, 2023 and 2022, please refer to Note 37.

For the land use right of the subsidiary, Tainergy Technology (Kunshan) Co., Ltd., on October 22, 2021, the Board of Directors resolved to dispose of the land use right and ground buildings to Kunshan Changshunhong Energy Technology Co., Ltd. for RMB12,254 thousand, reclassified to non-current assets held for sale. On October 27, 2022, all the procedures for handover and transfer of the house and building and right-of-use assets were completed with Kunshan Changshunhong Energy Technology Co., Ltd. Please refer to Note 13.

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Current	\$ 36,634	\$ 35,198
Non-current	<u>\$ 23,658</u>	<u>\$ 60,701</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	2.4%~10%	2.4%~10%
Office equipment	3.94%	3.94%

Since the payments related to the right of use of the land acquired in Mainland China by the Group were made upon the acquisition, the right-of-use was not required to be discounted.

(III) Important lease activities and terms

The Group also rents several land lots and buildings for plants and offices with a lease term of 5–18 years. After the termination of the lease period, the Group is not entitled to a bargain purchase option for the land and buildings rented.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
The expense on variable lease payments not calculated in the measurement of lease liabilities	<u>\$ 1,227</u>	<u>\$ 1,345</u>
Lease expense of low-value assets	<u>\$ 16</u>	<u>\$ 167</u>
Total cash (outflow) amount for lease	<u>(\$ 39,878)</u>	<u>(\$ 39,319)</u>

The Group opts to apply the exemption of recognition to the leases of some office equipment which are qualified for the lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such lease.

The Group had no rental commitments with a lease term commencing after the balance sheet date on both December 31, 2023 and 2022.

XVIII Investment property

	<u>House and building</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 443,354
Net exchange differences	(8,147)
Balance on December 31, 2023	<u>\$ 435,207</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 228,322
Depreciation expenses	22,384
Net exchange differences	(4,543)
Balance on December 31, 2023	<u>\$ 246,163</u>
Net amount on December 31, 2023	<u>\$ 189,044</u>

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	<u>House and building</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 67,917
From property, plant and equipment	381,655
Net exchange differences	(6,218)
Balance on December 31, 2022	<u>\$ 443,354</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 30,409
From property, plant and equipment	180,092
Depreciation expenses	20,864
Net exchange differences	(3,043)
Balance on December 31, 2022	<u>\$ 228,322</u>
Net amount on December 31, 2022	<u>\$ 215,032</u>

The lease term for investment properties is 15 years.

The total lease payments to be received in the future for lease-out of investment property under operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1st year	\$ 34,816	\$ 34,602
2nd year	35,665	35,467
3rd year	35,665	36,333
4th year	36,557	36,333
5th year	37,448	37,241
Over 5 years	<u>284,232</u>	<u>327,702</u>
	<u>\$ 464,383</u>	<u>\$ 507,678</u>

The investment property was depreciated on the straight-line basis over the following useful lives:

House and building	20 years
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The fair values of the investment properties were valued by Prudential Cross-Strait Real Estate Appraisers Firm on the balance sheet date using the Level 3 inputs. The evaluation was performed with reference to the market evidence related to the transaction price of similar properties. The valuated fair value is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value	<u>\$ 268,921</u>	<u>\$ 307,622</u>

For the amount of investment properties pledged as collateral for loans, please refer to Note 37.

XIX Other intangible assets

	Patent right	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 19,048	\$ 2,845	\$ 21,893
Acquired separately	-	1,093	1,093
Disposal	-	(1,391)	(1,391)
Net exchange differences	-	(3)	(3)
Balance on December 31, 2023	<u>\$ 19,048</u>	<u>\$ 2,544</u>	<u>\$ 21,592</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2023	\$ 19,048	\$ 1,366	\$ 20,414
Amortization expenses	-	1,114	1,114
Disposal	-	(1,391)	(1,391)
Balance on December 31, 2023	<u>\$ 19,048</u>	<u>\$ 1,089</u>	<u>\$ 20,137</u>
Net amount on December 31, 2023	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ 1,455</u>
<u>Cost</u>			
Balance on January 1, 2022	\$ 19,048	\$ 1,743	\$ 20,791
Acquired separately	-	1,184	1,184
Disposal	-	(88)	(88)
Net exchange differences	-	6	6
Balance on December 31, 2022	<u>\$ 19,048</u>	<u>\$ 2,845</u>	<u>\$ 21,893</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2022	\$ 3,810	\$ 510	\$ 4,320
Amortization expenses	1,905	945	2,850
Recognized impairment loss	13,333	-	13,333
Disposal	-	(88)	(88)
Net exchange differences	-	(1)	(1)
Balance on December 31, 2022	<u>\$ 19,048</u>	<u>\$ 1,366</u>	<u>\$ 20,414</u>
Net amount on December 31, 2022	<u>\$ -</u>	<u>\$ 1,479</u>	<u>\$ 1,479</u>

The Group applied for authorization of new patents for independent development, resulting in impairment on the authorization of the originally purchased patents, and an impairment loss of NTD 13,333 thousand in 2022 was recognized. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

The amortization expense was calculated on the straight-line basis over the following useful lives:

Computer software	1–3 years
Patent right	1–10 years

XX Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments		
Prepayments for purchase and expenses (Note 38)	\$ 12,026	\$ 61,596
Prepaid salaries	3,000	5,435
Purchase tax	8,278	7,257
Overpaid tax retained for offsetting the future tax payable	29,985	24,652
	<u>\$ 53,289</u>	<u>\$ 98,940</u>
Other current assets		
Other financial assets – restricted bank deposits (Note 37)	\$ 22,386	\$ 26,655
OEM products	-	39,904
Payments for others	-	244
	<u>\$ 22,386</u>	<u>\$ 66,803</u>
<u>Non-current</u>		
Prepayment for equipment	<u>\$ 111,304</u>	<u>\$ 119,402</u>
Guarantee deposits paid (Notes 37 and 38)	<u>\$ 27,009</u>	<u>\$ 13,345</u>
Other non-current assets		
Long-term prepaid salaries	<u>\$ 9,000</u>	<u>\$ 12,000</u>

(I) Prepayment for purchase

The Group's prepayments for purchase were mainly the prepayments made according to the requirements of the material purchase contracts signed with Sino-American Silicon Products Inc.

As of December 31, 2023 and 2022, an accumulated impairment loss of NTD 154,693 thousand and NTD 164,930 thousand has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 38. For 2023 and 2022, a recovery of impairment loss on long-term prepayments for purchases of NTD 10,237 thousand and NTD 2,039 thousand were recognized as operating costs, respectively. Please refer to the descriptions in Note 12.

(II) Prepaid salaries

The prepaid salaries of the consolidated company are the long-term bonus paid in advance to the R&D personnel during their tenure of the next five years in accordance with the relevant regulations, and will be amortized and recognized as expenses over the actual tenure of the future.

(III) Prepayment for equipment

The Group's prepayments for equipment are the prepayments made for purchasing property, plant and equipment needed for production of the commodities or services to be supplied according to the purchase contracts.

(IV) Guarantee deposits paid

1. The contract performance deposit for inventory sale-leaseback loans of the deposits deductible from payments for purchased materials and non-returnable deposits paid according to the requirements of the material purchase contract signed between the Group and SunEdison Products Singapore Pte, Ltd. As of December 31, 2023 and 2022, the balance of the deposits deductible from payments for purchased materials was NTD 0. Please refer to the descriptions in Note 38.
2. As of December 31, 2023 and 2022, the balances of the Group's purchase contracts for materials with other suppliers in 2022 and the deductible purchase deposits paid in accordance with the contracts were NTD 11,054 thousand and NTD 11,056 thousand, respectively.

(V) Other financial assets – restricted bank deposits

The Group's other financial assets – restricted bank deposits were mainly the bank deposits for application to the bank for issuance of acceptances and for mortgage loan reserves. Please refer to the description of Note 37.

XXI Loan

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
Credit loans	\$ -	\$ 5,000
Secured loan (Notes 37 and 38)		
Bank loans	<u>91,327</u>	<u>112,690</u>
	<u>\$ 91,327</u>	<u>\$ 117,690</u>

The interest rate of working loans on December 31, 2023 and 2022 was 2.5%–3.97% and 3.275%–6.65%, respectively.

(II) Long-term loans

	Maturity date		Material terms	Effective interest rate	December 31, 2023	December 31, 2022
<u>Unsecured loans</u>						
Taiwan Business Bank	June 18, 2026		The loan totals NTD 30,000 thousand. The principal and interest are amortized on a monthly basis after one year from the date of borrowing.	2.75%	\$ 19,116	\$ 26,407
Taiwan Business Bank	December 2023	18,	The loan totals NTD 30,000 thousand. The principal and interest are amortized on a monthly basis from the date of borrowing.	2.375%	-	12,000
Taiwan Business Bank	November 2027	30,	The loan totals NTD 10,000 thousand. The principal and interest are amortized on a monthly basis after one year from the date of borrowing.	2.595%	10,000	10,000
Taiwan Business Bank	November 2027	30,	The loan totals NTD 10,000 thousand. The principal and interest are amortized on a monthly basis after one year from the date of borrowing.	0.995%	9,797	-
<u>Secured loan (Notes 37 and 38)</u>						
Bank SinoPac	April 28, 2025		A loan totals NTD 48,550 thousand. The principal and interest were amortized in 138 installments on a monthly basis from the date of borrowing.	2.865%	\$ 33,070	\$ 37,292
Bank SinoPac	July 28, 2027		A loan totals NTD 3,308 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	2,118	2,467
Bank SinoPac	July 28, 2027		A loan totals NTD 5,995 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,133	4,678
Bank SinoPac	July 28, 2027		A loan totals NTD 6,496 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,160	4,843
Bank SinoPac	July 28, 2027		A loan totals NTD 16,550 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	10,598	12,340

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	<u>Maturity date</u>	<u>Material terms</u>	<u>Effective interest rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank SinoPac	August 28, 2027	A loan totals NTD 4,943 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	3,295	3,790
Bank SinoPac	August 28, 2027	A loan totals NTD 6,677 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,335	5,037
Bank SinoPac	August 28, 2027	A loan totals NTD 9,465 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	-	7,256
Bank SinoPac	September 28, 2028	A loan totals NTD 6,592 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	5,302	5,875
Bank SinoPac	September 28, 2028	A loan totals NTD 10,474 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	8,510	9,383
Less: Long-term loans maturing within one year				(<u>22,683</u>)	(<u>30,640</u>)
				<u>\$ 91,751</u>	<u>\$ 110,728</u>

For the Group's provision of guarantees for mortgage (pledge) and issuance of guaranteed notes for long-term loans, please refer to Notes 37 and 38.

XXII Notes and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable</u>		
From operation	<u>\$ 33,453</u>	<u>\$ 148,799</u>

Accounts payable

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the accounts payable recognized with respect to such purchase. The Group regularly reviews any unpaid payments to ensure that all payables can be paid back within the pre-agreed term of credit.

XXIII Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Non-related party		
Equipment payment payable	\$ 64,426	\$ 34,531
Salary and bonus payable	55,281	43,494
Payable patent and entrusted R&D expenses	15,873	19,047
Others	<u>59,655</u>	<u>73,621</u>
	<u>\$ 195,235</u>	<u>\$ 170,693</u>
Related party		
Equipment payment payable	\$ 36,698	\$ 2,585
Loans payable – fixed interest rate (I)	100,000	-
Others	<u>2,441</u>	<u>1,838</u>
	<u>\$ 139,139</u>	<u>\$ 4,423</u>
Receipts in advance		
Rent collected in advance	<u>\$ 10,090</u>	<u>\$ 10,813</u>
Deferred income (Notes 31)		
Government grants (II)	<u>\$ 12,174</u>	<u>\$ 10,036</u>
Other current liabilities		
Refund liabilities	\$ 4,115	\$ 5,771
Others	<u>1,183</u>	<u>2,309</u>
	<u>\$ 5,298</u>	<u>\$ 8,080</u>
<u>Non-current</u>		
Deferred income (Notes 31)		
Government grants (II)	<u>\$ 58,665</u>	<u>\$ 61,759</u>
Guarantee deposits received	<u>\$ 13,577</u>	<u>\$ 7,208</u>

- (I) The interest rate risk exposure and contractual maturity date of the Company's loans payable with fixed interest rates are described as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loans payable with fixed interest rates		
No more than 1 year	<u>\$ 100,000</u>	<u>\$ -</u>

The details of the loans payable are listed below:

	<u>Maturity date</u>	<u>Collateral</u>	<u>Effective interest rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
A loan payable of NTD 50,000 thousand with a fixed interest rate	December 21, 2024	None	2.75%	\$ 50,000	\$ -
A loan payable of NTD 50,000 thousand with a fixed interest rate	December 21, 2024	None	2.75%	<u>50,000</u>	<u>-</u>
				<u>\$ 100,000</u>	<u>\$ -</u>

- (II) For the deferred income generated from the government grants acquired by the Group, please refer to Note 31.

XXIV Liability reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Warranty	<u>\$ 42</u>	<u>\$ -</u>
<u>Non-current</u>		
Warranty	<u>\$ 2,014</u>	<u>\$ 2,063</u>

The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Group's management according to the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the production of products.

XXV Retirement benefit plan

- (I) Defined contribution plan

The pension system specified in the "Labor Pension Act" applicable to the Group and TAISIC MATERIALS CO. of the Group is the defined pension appropriation plan managed by the government. A pension equal to 6% of employees' monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

The employees of the Group's subsidiaries in China and Vietnam are the participants of the retirement benefit plan operated by the government. The subsidiaries must distribute a certain proportion of their salary costs for the retirement benefit plan in order to provide funds for the plan. For the retirement benefit plan operated by the government, the Group is only obligated to distribute a certain amount of funds.

(II) Defined benefit plan

The pension system adopted by the Company of the Group according to the "Labor Standards Act" is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the consolidated balance sheet are listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 7,460	\$ 7,232
Fair value of plan assets	(<u>1,488</u>)	(<u>1,374</u>)
Net defined benefit liabilities	<u>\$ 5,972</u>	<u>\$ 5,858</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	<u>\$ 7,791</u>	<u>(\$ 1,217)</u>	<u>\$ 6,574</u>
Interest expense (income)	<u>59</u>	<u>(10)</u>	<u>49</u>
Recognition in profit or loss	<u>59</u>	<u>(10)</u>	<u>49</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(90)	(90)
Actuarial loss – changes in financial assumption	(757)	-	(757)
Actuarial profit – experience adjustment	<u>139</u>	<u>-</u>	<u>139</u>
Recognition in other comprehensive income	<u>(618)</u>	<u>(90)</u>	<u>(708)</u>
Contribution by employer	<u>-</u>	<u>(57)</u>	<u>(57)</u>
December 31, 2022	<u>\$ 7,232</u>	<u>(\$ 1,374)</u>	<u>\$ 5,858</u>
January 1, 2023	<u>\$ 7,232</u>	<u>(\$ 1,374)</u>	<u>\$ 5,858</u>
Interest expense (income)	<u>108</u>	<u>(21)</u>	<u>87</u>
Recognition in profit or loss	<u>108</u>	<u>(21)</u>	<u>87</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	\$ -	(\$ 8)	(\$ 8)
Actuarial loss – changes in financial assumption	126	-	126
Actuarial profit – experience adjustment	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Recognition in other comprehensive income	<u>120</u>	<u>(8)</u>	<u>112</u>
Contribution by employer	<u>-</u>	<u>(85)</u>	<u>(85)</u>
December 31, 2023	<u>\$ 7,460</u>	<u>(\$ 1,488)</u>	<u>\$ 5,972</u>

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2023	2022
Summarized by function		
Administrative expense	<u>\$ 87</u>	<u>\$ 49</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation will be increased due to an increase in the plan participants’ salary.

The Company’s present value of the defined benefit obligation is calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Discount rate	1.375%		1.5%	
Long-term average salary adjustment rate	2.75%		2.75%	

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Age</u>	<u>Resignation rate</u>	<u>Age</u>	<u>Resignation rate</u>
Resignation rate	20 years old	13%	20 years old	13%
	25 years old	5%	25 years old	5%
	30 years old	5%	30 years old	5%
	35 years old	4%	35 years old	4%
	40 years old	3.5%	40 years old	3.5%
	45 years old	1.5%	45 years old	1.5%
	50 years old	0.0%	50 years old	0.0%
	55 years old	0.0%	55 years old	0.0%
	60 years old	0.0%	60 years old	0.0%

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Age</u>	<u>Voluntary retirement rate</u>	<u>Age</u>	<u>Voluntary retirement rate</u>
Voluntary retirement rate	<u>Z</u>	15%	<u>Z</u>	15%
(Z represents the earliest age for an employee to retire.)	Z+1 ~ 64	3%	Z+1 ~ 64	3%
	65	100%	65	100%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	(\$ <u>249</u>)	(\$ <u>230</u>)
Decrease by 0.25%	<u>\$ 260</u>	<u>\$ 241</u>
Long-term average salary adjustment rate		
Increase by 0.25%	<u>\$ 252</u>	<u>\$ 233</u>
Decrease by 0.25%	(\$ <u>242</u>)	(\$ <u>224</u>)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contribution within one year	<u>\$ 90</u>	<u>\$ 50</u>
Average maturity of defined benefit obligations	13.6 years	13.0 years

Since Tainergy Tech Holding (Samoa) Co., Ltd. of the Group has not established any employee retirement regulations, and the local government does not formulate mandatory employee retirement regulations, the aforesaid information does not apply.

XXVI Equity

(I) Share capital

Common shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of authorized shares (thousand shares)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued shares with adequate capital received (thousand shares)	<u>225,000</u>	<u>225,000</u>
Issued capital	<u>\$ 2,250,000</u>	<u>\$ 2,250,000</u>

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

The number of shares of the authorized capital reserved for issuance of the convertible corporate bonds and employee stock option warrants was 2,000 thousand shares.

(II) Capital reserves

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset losses, distribute cash or capitalize on share capital (1)</u>		
Stock issuance in excess of par value	\$ 406,684	\$ 406,684
<u>Can be used to offset losses (2)</u>		
Recognition of changes in equity ownership in subsidiaries	<u>364,434</u> <u>\$ 771,118</u>	<u>364,434</u> <u>\$ 771,118</u>

XV These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

XVI These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

On June 27, 2023, the Company's shareholders' meeting resolved to amend the Articles of Incorporation, stipulating that the Board of Directors is authorized to make special resolutions for cash distribution, legal reserve and capital reserve, which shall be reported to the shareholders' meeting.

According to the distribution policy of earnings in the amended Articles of Incorporation, the Company's earnings, if any, in its annual final account shall be first used to pay taxes and make compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed earnings accumulated at the year's beginning and the "adjusted amount of the annual undistributed earnings," be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification. For the distribution policy of employee and director/supervisor remuneration regulated in the Company's revised Articles of Incorporation, please refer to Note 28-(8) Remuneration to employees, directors, and supervisors.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

According to the Articles of Incorporation of the Company, earnings may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

On June 23, 2022, the Company's shareholders' meeting resolved to amend the Articles of Incorporation to specify the provision of special reserves for the net deduction of other equity accumulated in the prior period and the net increase in the fair value of the investment property accumulated in the prior period. If the undistributed earnings of the previous period is insufficient to be recognized, the items other than the after-tax net profit of the current period plus the net profit after tax are recognized as the undistributed earnings of the current period. Before the amendment of the Articles of Incorporation, the Company made provisions from undistributed earnings from the previous period in accordance with the law.

Due to the accumulated deficits in 2022 and 2021, the general shareholders' meetings held on June 27, 2023 and June 23, 2022, respectively resolved not to distribute earnings.

As proposed by the Board of Directors on March 6, 2024, no earnings shall be distributed as an accumulated loss occurred in 2023.

The proposal for loss make-up in 2023 is to be resolved at the annual shareholders' meeting to be held on May 28, 2024.

(IV) Other equity

1. Exchange differences on translation of financial statements of foreign operations

	2023	2022
Balance – beginning of the year	(\$ 427,789)	(\$ 460,729)
Amounts incurred in the current period		
Exchange differences from translation of foreign operations' financial statements	(32,066)	32,940
Balance – ending of the year	(\$ 459,855)	(\$ 427,789)

2. Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income

	2023	2022
Balance – beginning of the year	(\$ 20,742)	(\$ 42,769)
Amounts incurred in the current year		
Unrealized profit/loss Equity instruments	-	22,027
Balance – ending of the year	(\$ 20,742)	(\$ 20,742)

(V) Non-controlling equity

	2023	2022
Balance – beginning of the year	\$ 334,127	\$ 104,287
Current net loss	(161,771)	(146,765)
Capital surplus – Recognition of changes in equity ownership in subsidiaries (Note 32)	-	(323,395)
Capital increase in cash by subsidiaries	6,000	700,000
Balance – ending of the year	<u>\$ 178,356</u>	<u>\$ 334,127</u>

XXVIII Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of products	\$ 2,126,289	\$ 2,202,552
Revenue from sale of electricity	18,833	18,884
	<u>\$ 2,145,122</u>	<u>\$ 2,221,436</u>

(I) Description of contracts with customers

1. Revenue from sale of commodities

Solar cells and modules were sold to downstream manufacturers in the solar energy sector. The Group sold the products at the price agreed in the contract, quotation or order.

2. Revenue from sale of electricity

The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

(II) Balance of contract amount

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ -	\$ -	\$ 3,109
Accounts receivable	23,316	3,220	67,997
	<u>\$ 23,316</u>	<u>\$ 3,220</u>	<u>\$ 71,106</u>
Contract liabilities			
Sale of commodities	\$ 2,077	\$ 106,439	\$ 49,999
Solar equipment construction	2,763	3,429	3,448
Contract liabilities – current	<u>\$ 4,840</u>	<u>\$ 109,868</u>	<u>\$ 53,447</u>

Changes to the contract assets and liabilities were primarily as a result of the difference between the time of contract fulfillment and the time of customer payment. There were no other major differences.

The amounts derived from the contract liabilities at the beginning of the year and the fulfilled previous obligations and recognized in revenue are as follows:

	<u>2023</u>	<u>2022</u>
<u>From contract liabilities at the beginning of the year</u>		
Sale of commodities	<u>\$ 106,399</u>	<u>\$ 49,435</u>

(III) Customer contract income breakdown

Please refer to Note 42 for income breakdown information.

XXVIII Net profit of continuing operations

(I) Other profits, expenses, and losses

	<u>2023</u>	<u>2022</u>
Property, plant and equipment impairment loss (Note 16)	(\$ 147,740)	(\$ 60,225)
Intangible assets impairment loss (Note 19)	<u>-</u>	(<u>13,333</u>)
	(<u>\$ 147,740</u>)	(<u>\$ 73,558</u>)

(II) Interest income

	<u>2023</u>	<u>2022</u>
Interest income – bank deposits	\$ 24,797	\$ 6,117
Interest income – related parties (Note 36)	<u>8,078</u>	<u>8,727</u>
	<u>\$ 32,875</u>	<u>\$ 14,844</u>

(III) Other revenue

	<u>2023</u>	<u>2022</u>
Lease revenue	\$ 40,998	\$ 28,808
Government subsidy income (Notes 31)	17,332	58,307
Dividend income	2,294	-
Income from claims	<u>1,720</u>	<u>1</u>
	<u>\$ 62,344</u>	<u>\$ 87,116</u>

(IV) Other profits and losses

	<u>2023</u>	<u>2022</u>
Profit on disposal of property, plants and equipment	\$ 46	\$ 147,386
Gains on disposal of non-current assets held for sale	2,221	-
Net foreign exchange profit (loss)	10,424	(378)
Gains from financial assets and liabilities at fair value through profit or loss	4,664	2,645
Impairment of non-current assets held for sale (Note 13)	-	(4,235)
Other benefits	<u>870</u>	<u>11,004</u>
	<u>\$ 18,225</u>	<u>\$ 156,422</u>

(V) Financial costs

	<u>2023</u>	<u>2022</u>
Bank loan interest	\$ 5,773	\$ 12,380
Interest on loans from related parties (Note 36)	49	5,581
Interest on lease liabilities	<u>3,445</u>	<u>5,035</u>
	<u>\$ 9,267</u>	<u>\$ 22,996</u>

Information on capitalization of interest:

	<u>2023</u>	<u>2022</u>
Capitalization of interest – amount	<u>\$ 115</u>	<u>\$ 952</u>
Capitalization of interest – interest rate	4.99%	2.35%~2.99%

(VI) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Summary of depreciation expenses by function		
Operating costs	\$ 221,934	\$ 204,696
Operating expenses	<u>38,352</u>	<u>40,038</u>
	<u>\$ 260,286</u>	<u>\$ 244,734</u>
Summary of amortization expenses by function		
Operating costs	\$ 81	\$ 60
Marketing expense	19	17
Administrative expense	916	847
R&D expense	<u>98</u>	<u>1,926</u>
	<u>\$ 1,114</u>	<u>\$ 2,850</u>

(VII) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 260,434	\$ 228,766
Retirement benefits (Note 25)		
Defined contribution plan	4,408	3,735
Defined benefit plan	<u>87</u>	<u>49</u>
Total of employee benefit expenses	<u>\$ 264,929</u>	<u>\$ 232,550</u>
Summarized by function		
Operating costs	\$ 106,392	\$ 113,921
Operating expenses	<u>158,537</u>	<u>118,629</u>
	<u>\$ 264,929</u>	<u>\$ 232,550</u>

(VIII) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, after deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% is distributed as remuneration to employees and 1%–3% is distributed as the remuneration to directors and supervisors.

Due to the cumulative losses in 2023 and 2022, the Board of Directors resolved on March 6, 2024 and March 8, 2023 not to distribute remuneration to employees and directors/supervisors.

If there were any changes in the amount after the approval and release date of annual consolidated financial statements, the change was treated as a change in accounting estimate and accounted in the following year.

There was no discrepancy between the actual distribution of remuneration to employees and directors/supervisors in 2022 and 2021 and the amount recognized in the consolidated financial statements in 2022 and 2021.

The information about the remuneration to employees and directors/supervisor in 2023 and 2022 resolved by the Board of Directors may be viewed on the Market Observation Post System of the TWSE.

(IX) Foreign exchange gain or loss

	<u>2023</u>	<u>2022</u>
Total profit from translation of foreign currencies	\$ 42,913	\$ 61,810
Total foreign currency exchange losses	(<u>32,489</u>)	(<u>62,188</u>)
Net profit (loss)	<u>\$ 10,424</u>	(<u>\$ 378</u>)

(X) Impairment (loss) reversal

	<u>2023</u>	<u>2022</u>
Inventory (incorporated in operating cost) (Note 12)	(\$ 24,325)	(\$ 1,611)
Long-term prepayment for purchase (incorporated in operating cost) (Notes 12 and 20)	10,237	2,039
Non-current assets held for sale (incorporated in other profits and losses) (Note 13)	<u>-</u> <u>(\$ 14,088)</u>	<u>(4,235)</u> <u>(\$ 3,807)</u>

XXIX Income tax of continuing operations

(I) Major components of the income tax profit recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Income tax in the current year		
Tax incurred in the year	\$ -	\$ -
Deferred income tax		
Tax incurred in the year	<u>(188)</u>	<u>(16)</u>
Income tax gains recognized in profit or loss	<u>(\$ 188)</u>	<u>(\$ 16)</u>

Adjustments to accounting income and income tax profit are as follow:

	<u>2023</u>	<u>2022</u>
Net loss before tax of continuing operations	<u>(\$ 190,536)</u>	<u>(\$ 36,751)</u>
Income tax profit on net loss before tax calculated at the statutory tax rate	(\$ 38,107)	(\$ 7,351)
Expense and loss not deductible from tax	102	-
Non-taxable income	(459)	(567)
Unrecognized loss carryforwards	36,287	63,501
Unrecognized deductible temporary difference	<u>1,989</u>	<u>(55,599)</u>
Income tax expenses recognized in profit or loss	<u>(\$ 188)</u>	<u>(\$ 16)</u>

(II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Tax incurred in the year		
– Translation of foreign operations’ financial statements	\$ -	\$ -
– Remeasurement of defined benefits plans	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

(III) Current income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 2,575</u>	<u>\$ 611</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

	<u>Balance – beginning of the year</u>	<u>Recognition in profit or loss</u>	<u>Exchange differences</u>	<u>Balance – ending of the year</u>
Deferred income tax liabilities				
Temporary difference				
Others	(<u>\$ 1,426</u>)	<u>\$ 188</u>	<u>\$ 39</u>	(<u>\$ 1,199</u>)

2022

	<u>Balance – beginning of the year</u>	<u>Recognition in profit or loss</u>	<u>Exchange differences</u>	<u>Balance – ending of the year</u>
Deferred income tax liabilities				
Temporary difference				
Others	(<u>\$ 1,343</u>)	<u>\$ 16</u>	(<u>\$ 99</u>)	(<u>\$ 1,426</u>)

- (V) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in consolidated balance sheet, unused loss carryforwards, and unused investment tax credits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Loss carryforwards</u>		
Tainergy Tech. Co., Ltd.		
Mature in 2023	\$ -	\$ 705,424
Mature in 2026	51,175	51,175
Mature in 2027	500,796	500,796
Mature in 2028	\$ 739,696	\$ 739,696
Mature in 2029	50,000	50,000
Mature in 2030	14,493	14,493
Mature in 2031	134,640	162,352
Mature in 2032	96,687	98,391
	<u>\$ 1,587,487</u>	<u>\$ 2,322,327</u>
Tainergy Technology (Kunshan) Co., Ltd.		
Mature in 2028	\$ 232,087	\$ 252,135
Mature in 2029	196,330	200,005
Mature in 2030	41,108	41,878
Mature in 2031	204,366	208,191
	<u>\$ 673,891</u>	<u>\$ 702,209</u>
VIETNERGY COMPANY LIMITED		
Mature in 2026	\$ 214,063	\$ 229,086
Mature in 2027	48,994	-
	<u>\$ 263,057</u>	<u>\$ 229,086</u>
TAISIC MATERIALS CO.		
Mature in 2030	\$ 21,911	\$ 21,911
Mature in 2031	136,151	136,151
Mature in 2032	208,974	219,113
Mature in 2033	283,780	-
	<u>\$ 650,816</u>	<u>\$ 377,175</u>
TAI VISION CO., LTD.		
Mature in 2033	<u>\$ 592</u>	<u>\$ -</u>
<u>Deductible temporary difference</u>		

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	December 31, 2023	December 31, 2022
Tainergy Tech. Co., Ltd.		
Allowance for bad debt	\$ 74,674	\$ 74,674
Inventory devaluation loss	7,749	11,112
Guarantee deposits paid impairment	328,341	328,341
Property, plant and equipment impairment	85,328	85,358
Unrealized investment under the equity method	2,044,212	2,051,209
Prepayment for purchase impairment	\$ 154,692	\$ 164,929
Unrealized profit/loss from translation of foreign currencies	7,192	67
Others	<u>12,951</u>	<u>13,680</u>
	<u>\$ 2,715,139</u>	<u>\$ 2,729,370</u>
Tainergy Technology (Kunshan) Co., Ltd.		
Allowance for bad debt	\$ -	\$ 24
Impairment under the unrealized equity method	41,424	42,199
Property, plant and equipment impairment	124,001	126,322
Others	<u>129</u>	<u>615</u>
	<u>\$ 165,554</u>	<u>\$ 169,160</u>
VIETENERGY COMPANY LIMITED		
Inventory devaluation loss	\$ 18,228	\$ 607
Property, plant and equipment impairment	637,667	552,412
Unrealized assets impairment	-	4,685
Others	<u>11</u>	<u>-</u>
	<u>\$ 655,906</u>	<u>\$ 557,704</u>

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	December 31, 2023	December 31, 2022
TAISIC MATERIALS CO.		
Idle capacity	\$ 2,015	\$ 5,194
Inventory devaluation loss	9,561	16,610
Impairment of non-current assets held for sale	4,235	-
Property, plant and equipment impairment	94,273	63,637
Intangible assets impairment loss	11,429	13,333
Deferred government grants	12,343	-
Others	590	590
	<u>\$ 134,446</u>	<u>\$ 99,364</u>
TAI VISION CO., LTD.		
Unrealized profit/loss from translation of foreign currencies	<u>\$ 521</u>	<u>\$ -</u>

(VI) Information on unused investment tax credits and tax exemption

The 2014 investment plan of Tainergy for expanding the production scale of solar cells and their modules by increase of capital was approved by the Industrial Development Bureau, Ministry of Economic Affairs, by Letter Gong-Zhong-Zi No. 10305100630 on December 25, 2014, and the profit-seeking business income tax was exempted for 5 consecutive years from January 1, 2018.

As of December 31, 2023, the following income from the expansion of the production scale by increase of capital is tax free for five years:

<u>Expansion by Increase of Capital</u>	<u>Tax Exemption Period</u>
Production of solar cells and their modules	2019 to 2023

(VII) Authorization of income tax

The Company's profit-seeking business income tax filings up until 2021 have been approved by the tax authority.

XXX Earnings (loss) per share

	Unit: NTD per share	
	2023	2022
Basic earnings (loss) per share		
From continuing operations	(\$ <u>0.13</u>)	\$ <u>0.49</u>
Diluted earnings (loss) per share		
From continuing operations	(\$ <u>0.13</u>)	\$ <u>0.49</u>

The net profit (loss) and the weighted average number of common stocks used for calculating (loss) earnings per share are as follows:

Current net profit (loss)

	2023	2022
Net profit (loss) attributable to owners of the Company	(\$ <u>28,577</u>)	\$ <u>110,030</u>
Net profit (loss) used for calculation of basic earnings (loss) per share	(\$ <u>28,577</u>)	\$ <u>110,030</u>
Net profit (loss) used for calculation of diluted earnings (loss) per share	(\$ <u>28,577</u>)	\$ <u>110,030</u>

Number of shares

	Unit: thousand shares	
	2023	2022
Weighted average number of common stocks used for calculation of basic earnings (loss) per share	<u>225,000</u>	<u>225,000</u>
Weighted average number of common stocks used for calculation of diluted profit (loss) per share	<u>225,000</u>	<u>225,000</u>

XXXI Government grants

- (I) Tainergy Technology (Kunshan) Co., Ltd. of the Group established factories in Kunshan Economic and Technological Development Zone (KETD) for the production of solar cells in 2008. The KETD Administration Committee agreed on a one-off subsidy of NTD 155,756 thousand for the construction of infrastructure to provide preferential investment conditions for the Tainergy Technology (Kunshan) Co., Ltd. The subsidy was subject to amortization in 50 years based on the effective period of the right-of-use of the land, taking into consideration the investment of Tainergy Technology (Kunshan) Co., Ltd. and the geology of the land for which the right-of-use had been acquired. On October 22, 2021, the Board of Directors passed the disposal of part of the land use right. Therefore, it was reclassified as liabilities directly related to the disposal at RMB 9,939 thousand (NTD 43,176 thousand). The consolidated company completed the sale and transfer on October 27, 2022, with long-term deferred income recognized as revenue amounting to NTD 44,138 thousand (RMB 9,939 thousand). As at December 31, 2023 and 2022, the balance of the amortization and reclassification was NTD 58,368 thousand (RMB 13,489 thousand) and NTD 61,143 thousand (RMB 13,871 thousand), respectively, and stated as long-term deferred income. NTD 1,678 thousand and NTD 1,683 thousand were recognized in profit in 2023 and 2022, respectively.
- (II) In July 2022, the Group's Taisic Materials Co., and the Company's ultimate parent company, Kenmec Mechanical Engineering Co., Ltd. signed the industrial upgrading and innovation platform counseling plan initiated by the Ministry of Economic Affairs with the SMECF from July 1, 2022 to June 30, 2025. As of December 31, 2023, the subsidy received for the silicon carbide growth equipment development and key material development project totaled NTD 39,185 thousand. As of December 31, 2023 and 2022, the amortization balances were NTD 12,090 thousand and NTD 10,036 thousand, respectively. The income of NTD 15,094 thousand recognized under the subsidy plan for 2023 was recorded in the "Non-operating income and expense – other income" in the comprehensive income statement.

XXXII Equity transaction with respect to non-controlling equity

The Group did not subscribe for the equity of cash capital increase of Taisic Materials Co. (Taisic Materials) according to the shareholding ratio in July 2022, decreasing the shareholding ratio from 55.414% to 47.656%.

Since these trades do not change the control of the Group over the aforementioned subsidiaries, the Group deals with them as transaction of equity.

	<u>Taisic Materials</u>
Consolidation paid	\$ -
Amount of book value of subsidiary's net assets to be transferred to non- controlling equity based on changes in relative equity	<u>323,395</u>
Difference in transaction of equity	<u>\$ 323,395</u>
<u>Adjustment items of difference in transaction of equity</u>	
Capital reserve – Recognition of changes in equity ownership in subsidiaries	<u>\$ 323,395</u>

XXXIII Information on cash flow

(I) Non-cash transactions

The Group was engaged in the following non-cash investment and financing activities in 2023 and 2022:

1. The Group reclassified NTD 38,473 thousand and NTD 7,141 thousand of prepayment for equipment into property, plant and equipment in 2023 and 2022, respectively.
2. The equipment payable and other payables for the purchase of property, plant and equipment of the Group in 2023-related parties increased by NTD 29,896 thousand and NTD 34,113 thousand, respectively; the equipment payable and other payables for the purchase of property, plant and equipment in 2022-related party employees decreased by NTD 4,005 thousand and increased by NTD 2,560 thousand, respectively.

(II) Changes in liabilities from financing activities

2023

					Non-cash change		
	January 1, 2023	Cash flow	New contract	New/renewed contract	Unrealized net profit/loss from translation of foreign currencies	Interest expenses	December 31, 2023
Lease liabilities	<u>\$ 95,899</u>	<u>(\$ 38,635)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 417)</u>	<u>\$ 3,445</u>	<u>\$ 60,292</u>

2022

					Non-cash change		
	January 1, 2023	Cash flow	New contract	New/renewed contract	Unrealized net profit/loss from translation of foreign currencies	Interest expenses	December 31, 2023
Lease liabilities	<u>\$ 123,904</u>	<u>(\$ 37,807)</u>	<u>\$ 2,721</u>	<u>(\$ 311)</u>	<u>\$ 2,357</u>	<u>\$ 5,035</u>	<u>\$ 95,899</u>

XXXIV Capital risk management

The Group conducts capital management to ensure the companies of the Group can keep operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategy of the Group is currently not changed.

The capital structure of the Group is comprised of their net liabilities (i.e., loans minus cash and cash equivalents) and shareholders' equity (i.e., capital stock, capital reserves, retained earnings, and other equities).

The key management of the Group conducts monthly review of the Group's capital structure, including the cost of capital, management of funds, and relevant risks. Observing the suggestions of the key management, the consolidate companies balance the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

XXXV Financial instruments

- (I) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment in equity instruments				
Non-listed (Non-OTC) stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,685</u>	<u>\$ 42,685</u>
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
Floating-rate financial products				
Structured deposits	<u>\$ -</u>	<u>\$ 106,471</u>	<u>\$ -</u>	<u>\$ 106,471</u>
<u>Financial liabilities</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				
Investment in equity instruments				
Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 42,685	\$ 42,685
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
Floating-rate financial products	\$ -	\$ 238,473	\$ -	\$ 238,473

There were no transfers of fair value measurements between Level 1 and Level 2 in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurement of financial instruments

2023

	Financial assets measured at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance – beginning of the year	\$ 42,685
Balance – ending of the year	\$ 42,685

2022

	Financial assets measured at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance – beginning of the year	\$ 20,658
Recognized under other comprehensive income (Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income)	22,027
Balance – ending of the year	\$ 42,685
Other unrealized profits and losses of the period	\$ 22,027

3. Evaluation technology and inputs of Level 2 fair value measurement

<u>Class of financial instruments</u>	<u>Evaluation technology and inputs</u>
Structured deposit mandatorily measured at fair value through profit or loss	As for the fair value, the discount rate curve inferred from the open market quote is used as the parameter for calculation of the cash flow discount value in the future, and this value is used as the basis for the estimation.
Floating-rate financial products	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable market rate of interest at the end of the period and the exchange rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.
Derivative instruments – forward foreign exchange contract	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable market rate of interest at the end of the period and the exchange rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.

4. Evaluation technology and inputs measured at Level 3 fair value

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the liquidity discount decreases.

(II) Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Mandatory measurement at fair value through profit or loss	\$ 106,471	\$ 238,473
Measurement at amortized cost (Note 1)	1,320,303	1,011,994
Financial assets measured at fair value through other comprehensive income	42,685	42,685
<u>Financial liabilities</u>		
Measurement at fair value through profit or loss	11	-
Measurement at amortized cost (Note 2)	531,884	546,687

Note 1: The balance included cash and cash equivalents, investment in liability instruments, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets – current and non-current financial assets measures at amortized cost.

Note 2: The balance included short-term loans, notes and accounts payable, other payables (exclude payable remuneration and bonus) and guarantee deposits received, long-term loans, and other financial liabilities measured at amortized cost.

(III) Financial risk management purpose and policy

The Group's main financial instruments include investments in equity and liability instruments, accounts receivable, accounts payable, and loans. The Group's financial risk management aims to manage the market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk related to management and operating activities.

The Group uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the Group. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Group does not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

1. Market risk

The major financial risks that the operating activities imposed on the Group is the foreign exchange rate risk (as described in (1) below) and interest rate risk (as described in (2) below). The Group is engaged in various derivative financial instruments to manage the imposed foreign exchange rate risk, including forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials.

The Group does not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The Group is engaged in sales and purchases transactions in foreign currency. These transactions expose the Group to the exchange rate fluctuation risk. About 95% of the sales amount of the Group is not valuated with the functional currency of the Group's individual entities engaging in the transactions. About 95% of the cost amount is not valuated with the functional currency of the Group's individual entities engaging in the transactions. The Group uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 40 for the book value of the monetary assets and liabilities of the Group valued with non-functional currencies on the balance sheet date (including the monetary items valued with non-functional currencies and written off on the consolidated financial statements) and the book value of the derivative instruments exposed to exchange rate risk.

Sensitivity analysis

The Group is affected primarily by the fluctuation in the exchange rate of USD and RMB.

The sensitivity analysis of the Group in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 5% is described in the following table. This 5% is the sensitivity ratio used by the Company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate.

The sensitivity analysis only includes the outstanding foreign currency items. The translation thereof at the end of the period is adjusted by an increase or decrease of 5% in the exchange rate. The sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive number in the following table means the reduced amount of the pre-tax net loss or the increased amount of the equity when NTD depreciates by 5% against related currency; when NTD appreciates by 5% against related currency, the effect on the pre-tax net profit or equity is represented with a negative number of the same amount.

	Effect of USD	
	2023	2022
Profit (loss)	<u>\$ 22,821</u>	<u>\$ 5,769</u>

	Effect of RMB	
	2023	2022
Profit (loss)	<u>(\$ 157)</u>	<u>\$ 149</u>

- (i) The profit or loss was mainly generated from the Group's accounts receivable, accounts payable and loan valued in USD and RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The sensitivity of the Group to the USD and RMB exchange rate was increased in the current year. This was primarily a result of the reduced bank deposits and accounts receivable valued in USD and the increased accounts receivable valued in RMB. The management found that the sensitivity analysis could not represent the inherent risk of exchange rate, because the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the midyear.

(2) Interest rate risk

The interest rate risk exposure occurred as the Group's entities borrowed funds at the floating rates at the same time. The Group maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The Group assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book value of the financial assets and liabilities of the Group exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
– Financial assets	\$ 873,764	\$ 430,094
With cash flow interest rate risk		
– Financial assets	378,144	555,800
– Financial liabilities	205,761	259,058

The Group is exposed to cash flow interest rate risk due to holding bank loans at variable interest rate. This conforms to the policy of the Group to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Group is primarily due to the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative instruments and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Group when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If the interest rate increased/decreased by 1%, with all other variables held constant, the net loss before tax of the Group in 2023 and 2022 decreased/increased by NTD 1,724 and NTD 2,968 thousand, respectively, primarily because the Group's loans and bank deposits at variable rate were exposed to the cash flow interest rate risk.

(3) Other price risks

The Group sustains exposure to securities price risk due to investment in equity instruments. The Group's management manages risk by holding different risk investment portfolios. The Group designates responsible

teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the comprehensive income in 2023 and 2022 increased/decreased by NTD 1,281 thousand and NTD 1,281 thousand, respectively, due to increase/decrease of the variations measured at fair value through other comprehensive income.

There was no change in the sensitivity of the Group's investment in equity securities compared with the previous year.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Group because the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Group's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Group provided was mainly derived from the book value of the financial assets recognized in the consolidated balance sheet.

According to the policy, the Group only trades the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the Group rates customers with reference to open financial information as well as mutual trading records. The Group monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the Group supervises the release in order to minimize the potential credit risk. In addition, the Group reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Company finds that the credit risk of the Group is reduced significantly.

Receivables are to be collected from a lot of customers. They belong to different industries, are located in different geographic areas, and there is no mutual relation between them. Hence, the concentration of credit risk is not high. The Group continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents on a regular basis to support business operation and reduces the effect of the fluctuating cash flow. The management of the Group monitors the use of financing facility and ensures compliance with the terms of the loan contract.

For the Group, bank loans are one of the important sources of liquidity. For the financing facility that the Group did not use as of December 31, 2023 and 2022, refer to the description of financing facility in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Group and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Group may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield on the balance sheet date.

December 31, 2023

	Less than 1 year	1–3 years	4–5 years	Over 5 years
<u>Non-derivative</u> <u>financial</u> <u>liability</u>				
Floating and fixed interest rate instruments				
Short-term loans	\$ 92,303	\$ -	\$ -	\$ -
Long-term loans	25,592	45,936	27,257	25,660
Lease liabilities	38,189	20,612	769	3,058
Non-interest-bearing liabilities				
Accounts payable	33,453	-	-	-
Other payables	334,374	-	-	-
Guarantee deposits received	13,577	-	-	-
	<u>\$ 537,488</u>	<u>\$ 66,548</u>	<u>\$ 28,026</u>	<u>\$ 28,718</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	Over 20 years
Lease liabilities	<u>\$ 38,189</u>	<u>\$ 21,381</u>	<u>\$ 1,923</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 year	1–3 years	4–5 years	Over 5 years
<u>Non-derivative</u> <u>financial</u> <u>liability</u>				
Floating and fixed interest rate instruments				
Short-term loans	\$ 120,010	\$ -	\$ -	\$ -
Long-term loans	33,827	50,726	31,449	39,510
Lease liabilities	38,634	58,868	769	3,443
Non-interest-bearing liabilities				
Accounts payable	148,799	-	-	-
Other payables	175,116	-	-	-
Guarantee deposits received	7,208	-	-	-
	<u>\$ 523,594</u>	<u>\$ 109,594</u>	<u>\$ 32,218</u>	<u>\$ 42,953</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	Over 20 years
Lease liabilities	<u>\$ 38,634</u>	<u>\$ 59,637</u>	<u>\$ 1,923</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing facility

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loan limit		
– Employed capital	\$ 183,996	\$ 205,651
– Unemployed capital	<u>140,428</u>	<u>421,130</u>
	<u>\$ 324,424</u>	<u>\$ 626,781</u>
Unsecured bank loan limit		
– Employed capital	\$ 38,913	\$ 53,407
– Unemployed capital	<u>644,100</u>	<u>678,514</u>
	<u>\$ 683,013</u>	<u>\$ 731,921</u>
Unsecured other loan limit		
– Employed capital	\$ -	\$ -
– Unemployed capital	<u>30,000</u>	<u>-</u>
	<u>\$ 30,000</u>	<u>\$ -</u>

XXXVI Related party transaction

The Company's parent company and ultimate parent company is KENMEC MECHANICAL ENGINEERING CO., LTD., which held 27.17% of the Company's common shares as of December 31, 2023 and 2022.

Since all the transactions, account balances, profits and expenses/losses between the Company and the subsidiaries (namely, the Company's related parties) were removed after the merger, they were not disclosed in the Note. In addition to those disclosed in other notes, transactions between the Group and other related parties are described as follows.

There is no significant difference from other customers in the trading conditions and credit period applicable to the purchase and sale of goods between the Group and related parties.

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
KENMEC MECHANICAL ENGINEERING CO., LTD.	The Company's parent company
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	The Company's fellow subsidiary
KENMEC VIETNAM COMPANY LIMITED	The Company's fellow subsidiary
KENTEC INC.	The Company's fellow subsidiary
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	The Company's fellow subsidiary
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	Associate
Suzhou Kenmec Property Development Ltd.	Associate
Star Solar New Energy Co., Ltd.	Associate
CHING-FU HSIEH	The Company's Chairman

(II) Operating revenue

<u>Account Title</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales revenue	Parent company		
	KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ <u>372</u>	\$ <u>-</u>

There is no significant difference from other customers in the trading conditions and credit period applicable to the sale of goods between the Group and related parties.

(III) Accounts receivable from related parties (excluding loans to related parties)

<u>Account Title</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables	Fellow subsidiary		
	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	\$ 4,342	\$ -
	Associate		
	Suzhou Kenmec Property Development Ltd.	56	1,244
	Star Solar New Energy Co., Ltd.	<u>289</u>	<u>22</u>
		\$ <u>4,687</u>	\$ <u>1,266</u>

No guarantee was requested for the outstanding accounts receivable from related parties. No bad debt expenses were set aside for the accounts receivable from related parties in 2023 and 2022.

(IV) Accounts payable to related parties (excluding loans from related parties)

<u>Account Title</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables	Parent company		
	KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 34,211	\$ 2,852
	Fellow subsidiary		
	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	2,518	10
	KENMEC VIETNAM COMPANY LIMITED	-	84
	KENTEC INC.	49	-
	Associate		
	Star Solar New Energy Co., Ltd.	<u>2,361</u>	<u>1,477</u>
		<u>\$ 39,139</u>	<u>\$ 4,423</u>

The outstanding balance of the accounts payable to related parties was not guaranteed.

(V) Prepayments

<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Prepayment for equipment</u>		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 84,735	\$ 104,730
Fellow subsidiary		
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	-	2,562
	<u>\$ 84,735</u>	<u>\$ 107,292</u>
<u>Prepayments</u>		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 222	\$ 216
Associate	-	1,357
	<u>\$ 222</u>	<u>\$ 1,573</u>

(VI) Acquisition of property, plant and equipment

Type/Name of Related Party	Acquisition Price	
	2023	2022
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 79,000	\$ 117,024
Fellow subsidiary		
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	5,239	-
Others	-	219
Associate		
Star Solar New Energy Co., Ltd.	-	1,828
	<u>\$ 84,239</u>	<u>\$ 119,071</u>

(VII) Disposal of property, plants and equipment

Type/Name of Related Party	Disposal proceeds		Disposal Profit (Loss)	
	2023	2022	2023	2022
Fellow subsidiary				
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	<u>\$ 3,839</u>	<u>\$ 418</u>	<u>(\$ 7)</u>	<u>\$ 418</u>

(VIII) Lease agreement

Acquisition of right-of-use assets

Type/Name of Related Party	2023	2022
<u>Acquisition of right-of-use assets</u>		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	<u>\$ -</u>	<u>\$ 2,294</u>

Account Title	Type/Name of Related Party	December 31, 2023	December 31, 2022
Lease liabilities	Parent company		
	KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 42,623	\$ 65,079
	Fellow subsidiary		
	KENMEC VIETNAM COMPANY LIMITED	<u>13,178</u>	<u>25,911</u>
		<u>\$ 55,801</u>	<u>\$ 90,990</u>

Type/Name of Related Party	2023	2022
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Interest expenses

Parent company

KENMEC MECHANICAL
ENGINEERING CO., LTD.

\$ 1,295

\$ 1,803

Fellow subsidiary

KENMEC VIETNAM
COMPANY LIMITED2,033
\$ 3,3283,109
\$ 4,912Other lease information2023

Name of Related Party	Premises	Lease Period	Determinatio n of Rent	Monthly Rental (w/o tax)
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2022 to October 31, 2025	Negotiation	\$ 1,954
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2022 to October 31, 2025	Negotiation	25
Fellow subsidiary KENMEC VIETNAM COMPANY LIMITED	Quoc Oai Industrial Zone, Ha Tay Province, Socialist Republic of Vietnam	January 1, 2021 to December 31, 2024	Negotiation	VND 550 million

2022

Name of Related Party	Premises	Lease Period	Determinatio n of Rent	Monthly Rental (w/o tax)
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2022 to October 31, 2025	Negotiation	\$ 1,954
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2022 to October 31, 2025	Negotiation	25
Fellow subsidiary KENMEC VIETNAM COMPANY LIMITED	Quoc Oai Industrial Zone, Ha Tay Province, Socialist Republic of Vietnam	January 1, 2021 to December 31, 2024	Negotiation	VND 550 million

(IX) Loans to related parties

Type/Name of Related Party	December 31, 2023	December 31, 2022
<u>Other receivables</u>		
Associate		
Suzhou Kenmec Property Development Ltd.	\$ 25,962	\$ 110,200
Star Solar New Energy Co., Ltd.	65,000	65,000
Fellow subsidiary KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	294,236 \$ 385,198	- \$ 175,200

Interest income

<u>Type/Name of Related Party</u>	<u>2023</u>	<u>2022</u>
<u>Interest income</u>		
Associate		
Suzhou Kenmec Property Development Ltd.	\$ 1,993	\$ 5,981
Star Solar New Energy Co., Ltd.	1,652	22
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	-	482
Fellow subsidiary		
KENMEC MECHANICAL ENGINEERING CO., LTD.	4,433	2,170
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	-	72
	<u>\$ 8,078</u>	<u>\$ 8,727</u>

As of December 31, 2023, the Group received a deposit of NTD 6,500 thousand from Star Solar New Energy Co., Ltd.

(X) Loans from related parties

<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Other payables</u>		
Fellow subsidiary		
KENTEC INC.	<u>\$ 100,000</u>	<u>\$ -</u>

Interest expenses

<u>Type/Name of Related Party</u>	<u>2023</u>	<u>2022</u>
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ -	\$ 2,832
Fellow subsidiary		
KENTEC INC.	49	2,749
	<u>\$ 49</u>	<u>\$ 5,581</u>

The interest rate of the loans that the Group acquired from the related party was equivalent to the market rate of interest. All borrowings from related parties are unsecured ones.

(XI) Endorsements/guarantees

Acquisition of endorsements/guarantees

<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The Company's Chairman CHING-FU HSIEH		
Guarantee amount	<u>\$ 798,737</u>	<u>\$ 341,646</u>

(XII) Related party transactions

<u>Type/Name of Related Party</u>	<u>Account Title</u>	<u>2023</u>	<u>2022</u>
Parent company			
KENMEC	Manufacturing	<u>\$ 263</u>	<u>\$ 150</u>
MECHANICAL	expense – repair		
ENGINEERING	expense		
CO., LTD.	Inventory of supplies	<u>\$ 135</u>	<u>\$ 158</u>
	Administrative	<u>\$ 5</u>	<u>\$</u>
	expenses – rent		
	expense		
Fellow subsidiary			
Others	Inventory of supplies	<u>\$ 4</u>	<u>\$ 53</u>
Others	Manufacturing	<u>\$ -</u>	<u>\$ 522</u>
	expense – sundry		
	purchase		
Others	Manufacturing	<u>\$ 408</u>	<u>\$ 2,082</u>
	expense – repair		
	expense		
Others	Administrative	<u>\$ -</u>	<u>\$ 83</u>
	expense – repair		
	expense		
Associate			
Others	Manufacturing	<u>\$ 8,919</u>	<u>\$ 5,697</u>
	expense – repair		
	expense		
Others	Manufacturing	<u>\$ 666</u>	<u>\$ 558</u>
	expense – other		
	expenses		
Others	Miscellaneous	<u>\$ 78</u>	<u>\$ -</u>
	expenses		

(XIII) Remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 35,719</u>	<u>\$ 32,183</u>
Retirement benefits	<u>589</u>	<u>500</u>
	<u>\$ 36,308</u>	<u>\$ 32,683</u>

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

XXXVII Pledged and mortgaged assets

The following assets of the Group was provided as collaterals for bank loans, import guarantees, or tender bonds for import of equipment, purchase of materials, or engineering projects. Details are described below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 27,009	\$ 13,345
House and building	-	9,081
Machinery and equipment	113,101	194,304
Investment property	-	215,032
Stated as financial assets measured at amortized cost – current	1,535	-
Stated as financial assets measured at amortized cost – non-current	3,770	6,560
Right-of-use assets	-	75,385
Other financial assets – restricted bank deposits – current	<u>22,386</u>	<u>26,655</u>
	<u>\$ 167,801</u>	<u>\$ 540,362</u>

XXXVIII Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Group's significant commitments and contingencies on the balance sheet date are as follows:

- (I) Material purchase agreement between the Group and SunEdison Products Singapore Pte, Ltd. (hereinafter referred to as SunEdison)

Material purchase agreement

The Group entered into a material purchase agreement with SunEdison on July 9, 2008. According to the agreement, the Group should purchase solar wafers for no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500 thousand to 66,500 thousand every year during the period of the agreement.

The Group did not meet the minimum purchase amount in the material purchase agreement. After the agreement with SunEdison, the Group recognized the loss of refundable deposits and other non-current assets in 2012 for the deposit paid by the Group, deducting the compensation for not reaching the minimum purchase amount – Impairment of non-refundable deposits under “Other” totaling NTD 820,314 thousand.

SunEdison's application for reorganization

On April 21, 2016, SunEdison announced the application for restructuring. The Group comprehensively evaluated the possibility of recovery and recorded an

impairment loss of NTD 307,800 thousand and NTD 6,835 thousand for 2017 and 2021, respectively, for the related other accounts receivable and refundable deposits.

As of December 31, 2023 and 2022, the recognized balance of the guarantee deposits paid was NTD 0.

- (II) The silicon wafer purchase agreement between the Group and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

Commitment to material purchase agreement

The Group entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers to the quantity, at the price, and amounting to no less than USD 44,388 thousand and EUR 85,518 thousand as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2019, respectively. The prepayments were not returnable, and the pre-payment of the Group totaled EUR 7,470 thousand.

Renewal of the agreement

The Group and Sino-American Silicon Products Inc. agreed to continue to fulfill the contract before and after December 31, 2024 in accordance with the contents of the bilateral agreement. As of December 31, 2023 and 2022, the Group estimated that the cost of prepayments would be higher than the expected economic benefits from the contract, and the accumulated impairment loss of prepayments of NTD 154,693 thousand and NTD 164,930 thousand, respectively have been set aside.

- (III) Tainergy Technology (Kunshan) Co., Ltd., a subsidiary of the Group, entered into an agreement with a local assets management company for construction of a new factory building based on the right-of-use of the land that the Group had in Mainland China. The Group did not have to pay any money or fee to the assets management company for the construction project. After the construction of the factory building was completed, the Group agreed to establish a new subsidiary with cash and the fixed price of the surface building. The asset management company originally planned to purchase all the shares of the new subsidiary after it acquired the real estate ownership certificate. However, due to a change in the transaction mode resolved by the Board of Directors on October 22, 2021, the Company directly disposed of the land use right and the ground building. The transaction counterparty was the newly established subsidiary of the asset management company. The transaction price was the same as the original agreement.

On October 27, 2022, the Group completed the transfer of the building and construction and right-of-use assets with Kunshan Changshunhong Energy Technology Co., Ltd. A gain of NTD 146,697 thousand (RMB 33,143 thousand) from the disposal was recognized.

- (IV) As of December 31, 2023 and 2022, the total price of the contract for completion and purchase of unfinished construction projects and equipment was NTD 822,404 thousand and NTD 677,743 thousand, respectively. The amount of the payment that had been made was NTD 412,841 thousand and NTD 271,724 thousand.
- (V) As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Group issued for loans was NTD 130,000 thousand and NTD 85,000 thousand, respectively. As for the amount of the endorsement/guarantee provided for loans, refer to Table 2 in Note 41.

XXXIX Significant subsequent events

- (I) The Board of Directors of the Group resolved on March 6, 2024 to raise funds on the capital market depending on the need for funds in a year. Within an issuance of no more than 50 million shares, the Board of Directors was authorized to issue new stocks through a private placement for increase of cash capital in Taiwan in consideration of the market status and the need of the company for funds.
- (II) The Board of Directors resolved on March 5, 2024 to raise funds of Taisic Materials Co., a subsidiary of the Group, on the capital market depending on the need for funds in the coming year. Within an issuance of no more than 20 million shares, the Board of Directors was authorized to issue new stocks through a private placement for increase of cash capital in Taiwan in consideration of the market status and the need of the company for funds.

XL Information on financial assets and liabilities denominated in foreign currencies that have significant impact

The following is summarized and stated based on the foreign currencies other than the functional currency of the Group's individual entities. The disclosed exchange rate represents the exchange rate of such foreign currency to the functional currency. Information on foreign currency financial assets and liabilities with significant effect is as follows:

Unit: foreign currency thousand/NTD thousand

December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 11,794	30.705 (USD : NTD)	\$ 362,136
USD	7,650	24,564 (USD : VND)	<u>234,879</u>
			<u>\$ 597,015</u>
<u>Non-monetary items</u>			
Subsidiaries, associates and joint ventures under the equity method			
RMB	54,645	4.327 (RMB : NTD)	<u>\$ 236,449</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,338	30.705 (USD : NTD)	\$ 41,086
USD	3,241	24,564 (USD : VND)	99,517
RMB	726	4.327 (RMB : NTD)	<u>3,141</u>
			<u>\$ 143,744</u>

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,992	30.71 (USD : NTD)	\$ 245,446
USD	8,239	23,806 (USD : VND)	253,023
EUR	88	32.72 (EUR : NTD)	2,886
RMB	925	4.408 (RMB : NTD)	<u>4,077</u>
			<u>\$ 505,432</u>
<u>Non-monetary items</u>			
Subsidiaries, associates and joint ventures under the equity method			
RMB	56,678	4.408 (RMB : NTD)	<u>\$ 249,839</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	6,879	30.71 (USD : NTD)	\$ 211,258
USD	5,595	23,806 (USD : VND)	171,808
RMB	247	4.408 (RMB : NTD)	<u>1,088</u>
			<u>\$ 384,154</u>

The foreign currency exchange gains and losses with a material impact are as follows:

Functional currency	2023		2022	
	Functional currency to presentation currency	Net translation profit (loss)	Functional currency to presentation currency	Net translation profit (loss)
NTD	1	\$ 476	1	\$ 2,694
	(NTD : NTD)		(NTD : NTD)	
RMB	4.327	-	4.408	264
	(RMB : NTD)		(RMB : NTD)	
VND	0.00125	9,948	0.00129	(3,336)
	(VND : NTD)		(VND : NTD)	
		<u>\$ 10,424</u>		<u>(\$ 378)</u>

The Group is mainly exposed to the foreign currency exchange rate risk in RMB and VND. The information in the above table is summarized and expressed according to the functional currencies of the entities holding foreign currencies. The exchange rates disclosed refer to the exchange rates at which these functional currencies are converted to the presentation currency.

XLI Disclosures of notes

(I) Information about major transactions:

1. Loaning of funds to others. (Table 1)
2. Making endorsements/guarantees for others. (Table 2)
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures). (Table 3)
4. The cumulative amount of the same securities purchased or sold reaches NTD 300 million or 20% of the paid-in capital. (None)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 4)
8. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 5)
9. Trading in derivative instruments. (Notes 7 and 35)
10. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries. (Table 7)

(II) Information on investees (Table 6)

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 8)
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss: (None)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of resulting profits or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services.

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 9)

XLII Segment information

(I) Information by segment

The information was provided for the chief operating decision maker to distribute resources and evaluate the performance of each department. It focused on the type of each batch of products or services delivered or provided. The reportable segments of the Group are as follows:

Solar Power Department – Production and sale of solar modules and related products.

Silicon Carbide Department – Production and sale of silicon carbide and other related products.

2023

	Solar power department	Silicon carbide department	Total
Revenue from external customers	\$ 2,132,981	\$ 12,141	\$ 2,145,122
Inter-segment income	-	-	-
Segment income	<u>\$ 2,132,981</u>	<u>\$ 12,141</u>	2,145,122
Internal write-off			-
Consolidated revenue			<u>\$ 2,145,122</u>
segment profit or loss	<u>\$ 35,627</u>	<u>(\$ 321,439)</u>	(\$ 285,812)
Interest income			32,875
Lease revenue			40,998
Gains on disposal of non-current assets held for sale			2,221
Profit on disposal of property, plants and equipment			46
Foreign exchange gain (loss)			10,424
Other profits and losses			26,880
Financial costs			(9,267)
Share of profit/loss of associates and joint ventures under equity method			(<u>8,901</u>)
Net loss before tax of continuing operations			(<u>\$ 190,536</u>)

2022

	Solar power department	Silicon carbide department	Total
Revenue from external customers	\$ 2,217,751	\$ 3,685	\$ 2,221,436
Inter-segment income	-	-	-
Segment income	<u>\$ 2,217,751</u>	<u>\$ 3,685</u>	2,221,436
Internal write-off			-
Consolidated revenue			<u>\$ 2,221,436</u>
segment profit or loss	<u>\$ 50,384</u>	<u>(\$ 297,083)</u>	(\$ 246,699)
Interest income			14,844
Lease revenue			28,808
Profit on disposal of property, plants and equipment			147,386
Exchange loss			(378)
Other profits and losses			67,722
Financial costs			(22,996)
Share of profit/loss of associates and joint ventures under equity method			(<u>25,438</u>)
Net loss before tax of continuing operations			(<u>\$ 36,751</u>)

The income referred to above is generated from transactions with external customers. Inter-segment sales for 2023 and 2022 were eliminated in full.

Segment profit is the profit earned by each department, excluding share of administrative costs and remuneration to directors, share of profit or loss of affiliates

accounted for using the equity method, income from disposal of affiliated enterprises, lease income, interest income, disposal of property, plant and equipment, profit or loss on disposal of investments, net gain (loss) on foreign currency exchange, profit or loss on valuation of financial instruments, finance costs and income tax expense. These estimated amounts were provided for the chief operating decision maker to distribute resources to departments and evaluate their performance.

(II) Revenue from main products and services

	2023	2022
Solar cell	\$ 2,107,178	\$ 2,193,225
Solar module	589	1,871
Revenue from sale of electricity	18,833	18,884
Others	<u>18,522</u>	<u>7,456</u>
	<u>\$ 2,145,122</u>	<u>\$ 2,221,436</u>

(III) Information by territory

The Group has three main operation bases – Taiwan, Vietnam and China

The revenue of the Group's continuing operations from external customers is divided according to the operating locations

Information on non-current assets by location of assets is shown below:

	Income from external clients		Non-current assets	
	2023	2022	2023	2022
Taiwan	\$ 133,848	\$ 102,252	\$ 680,877	\$ 611,892
China (including Hong Kong)	534,311	279,087	269,091	302,411
Vietnam	88,895	234,704	249,586	443,110
India	23,515	45,989	-	-
USA/Canada	1,243,919	1,520,941	-	-
Other countries	<u>120,634</u>	<u>38,463</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,145,122</u>	<u>\$ 2,221,436</u>	<u>\$ 1,199,554</u>	<u>\$ 1,357,413</u>

The non-current assets did not include the investment classified as financial instruments under the equity methods and deferred income tax assets.

(IV) Information about major clients

2023			2022		
Customer ID	Amount	As a percentage of revenue (%)	Customer ID	Amount	As a percentage of revenue (%)
CF company	\$ 753,312	35	CF Company	\$ 750,530	34
CZ company	410,371	19	CH Company	668,496	30
CH company	251,068	12			

Tainergy Tech Co., Ltd. and Subsidiaries
Loans to Others
January 1 to December 31, 2023

Table 1

Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates	Nature of loaning of funds	Transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Ceiling of loans to a particular borrower (Notes 2 and 3)	Ceiling of total loaning of funds (Notes 2 and 3)	Remarks
													Name	Value			
0	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	\$ 150,000	\$ 150,000	\$ 150,000	2.75% ~5%	Needs for short-term financing	\$ -	Working funds	\$ -	None	\$ -	\$ 422,466	\$ 844,932	Note 4
0	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Other receivables	Y	64,970	61,410	-	5.64%	Needs for short-term financing	-	Working funds	-	None	-	422,466	844,932	Note 4
0	Tainergy Tech. Co., Ltd.	Star Solar New Energy Co., Ltd.	Other receivables	Y	130,000	65,000	65,000	2.75% ~5%	Needs for short-term financing	-	Working funds	-	Guarantee deposits	6,500	422,466	844,932	
1	Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	110,200	25,962	25,962	3.65%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	
1	Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Kunfu Electronic Materials Co., Ltd.	Other receivables	Y	2,204	-	-	3.65% ~4.35%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	Note 4
1	Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	301,035	294,236	294,236	3.65%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	

Note 1: Number column description:

- (1) 0 is reserved for issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: Tainergy Tech. Co., Ltd.’s limit of loans to others is calculated as follows:

Ceiling of loans to particular borrower: 20% of the Company’s net value: 2,112,330×20%=422,466.

Ceiling of total loaning of funds: 40% of the Company’s net value: 2,112,330×40%=844,932.

Total interest from loans to others in the current period was NTD 2,499 thousand.

Note 3: Tainergy Technology (Kunshan) Co., Ltd.’s limit of loans to others is calculated as follows:

Ceiling of loans to a single borrower: 40% of the Company’s net value: RMB 187,402×40%=RMB 74,961=NTD 324,355.

Ceiling of loans: 40% of the Company’s net value: RMB 187,402×40%=RMB 74,961=NTD 324,355.

Total interest from loans to others in the current period was RMB 1,462 thousand.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and Subsidiaries
Endorsements/guarantees for others
January 1 to December 31, 2023

Table 2

Unit: NTD thousand unless otherwise specified

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/guarantees (Note 3)	Current maximum endorsement/guarantee balance	Current endorsement/guarantee balance – ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Ceiling for endorsement/guarantee limit (Note 3)	Endorsements/guarantees made by the parent company for subsidiaries	Endorsements/guarantees made by the subsidiaries for parent company	Endorsements/guarantees made for the operations in Mainland China	Remarks
		Company name	Relationship (Note 2)											
0	Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	(2)	\$ 1,689,864	\$ 147,408	\$ 107,468	\$ 62,211	\$ -	5.09%	\$ 1,689,864	Y	N	N	

Note 1: Number column description:

- (1) 0 is reserved for issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:

- (1) A company which the Company has business dealings with.
- (2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
- (3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,
- (4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
- (5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.
- (6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
- (7) Escrow and joint and several guarantee of the contracts in the same industry that involve the transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company's net value on December 31, 2023: $2,112,330 \times 80\% = 1,689,864$

Maximum endorsement/guarantee limit: No more than 80% of the Company's net value on December 31, 2023: $2,112,330 \times 80\% = 1,689,864$.

Tainergy Tech Co., Ltd. and Subsidiaries
Securities Held at the End of the Period
December 31, 2023

Table 3

Unit: NTD thousand unless otherwise specified

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
Tainergy Tech. Co., Ltd.	<u>Domestic non-listed (non-OTC) stocks</u> KENTEC INC.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income – non-current	2,293,885	<u>\$ 42,685</u>	4.328%	<u>\$ 42,685</u>	
Tainergy Technology (Kunshan) Co., Ltd.	<u>Floating-rate financial products</u>							
	Kunshan Rural Commercial Bank Sharing – Ririgin net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		\$ 8,654	-	\$ 8,654	
	Kunshan Rural Commercial Bank Sharing – Yueying GX001D net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		45,434	-	45,434	
Kunshan Kunfu Electronic Materials Co., Ltd.	Kunshan Rural Commercial Bank Sharing – Tientienjin net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		2,378	-	2,378	
TAISIC MATERIALS CO.	President DSU TWD 100% Principal Guaranteed Structured Product	—	Financial assets measured at fair value through profit or loss – current		<u>50,005</u>	-	<u>50,005</u>	
					<u>\$ 106,471</u>		<u>\$ 106,471</u>	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “financial instruments” of IFRS 9 and other securities deriving from these items.

Note 2: This column is not required if the issuer of the securities is not a related party.

Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of the loss allowance; otherwise, please complete the column with the book value of the amortized cost (with loss allowance deducted).

Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

Note 5: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 8.

Tainergy Tech Co., Ltd. and Subsidiaries

Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital

December 31, 2023

Table 4

Unit: NTD thousand unless otherwise specified

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	
Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	Subsidiary	Processing fee (Note)	\$ 647,018	29.02%	T/T 30 days upon invoice date	-	-	(\$ 26,339)	63.67%	

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 4: Listed in the total amount, the cost of raw materials for processing accounted for has been offset.

Tainergy Tech Co., Ltd. and Subsidiaries
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
December 31, 2023

Table 5

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated allowance for bad debt	Remarks
					Amount	Treatment			
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	Other receivables \$ 150,848	Note 1	\$ -	—	\$ -	\$ -	Note 2
Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Associate	Other receivables 298,578 RMB 69,004	Note 1	-	—	-	-	

Note 1: This is the amount from financing recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and Subsidiaries
Name and Territory of Investees and Other Relevant Information
January 1 to December 31, 2023

Table 6

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	Portcullis TrustNet Chambers , P.O. BoX 1225, Apia, Samoa.	Investment business	\$ 2,211,921 RMB 456,201	\$ 2,211,921 RMB 456,201	-	100%	\$ 810,915	\$ 5,256	\$ 5,256	Subsidiary (Note 2)
	VIETENERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	Manufacture of high-tech solar cells and related cell components	1,465,491 USD 46,500	1,465,491 USD 46,500	-	100%	449,082	(19,105)	(6,315)	Subsidiary (Note 2)
	Star Solar New Energy Co., Ltd.	11F.-8, No. 398, Huanbei Rd., Neighborhood 11, Xinjie Vil., Zhongli Dist., Taoyuan City	Solar power generation and sale of solar power systems	5,000	5,000	500,000	35.71%	3,902	(26)	8	Associate
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	238,280	238,280	23,828,000	47.656%	154,538	(308,827)	(147,174)	Subsidiary (Note 2)
	TAI VISION CO., LTD.	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	Wholesale and retail of contact lens	24,000	-	2,400,000	80%	23,526	(592)	(474)	Subsidiary (Note 2)
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	2,206,989 USD 70,000	-	100%	RMB 810,888 RMB 187,402	RMB 5,255 RMB 1,194	RMB 5,255 RMB 1,194	Subsidiary (Note 2)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Kunfu Electronic Materials Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of electronic materials and parts	19,242 RMB 4,500	19,242 RMB 4,500	-	100%	RMB 4,248 RMB 982	RMB 31 RMB 7	RMB 31 RMB 7	Subsidiary (Note 2)
	Suzhou Kenmec Property Development Ltd.	No. 8, Hsi Hsia Road, Wang Shan Industrial Park, Wuzhong Economic Development Zone, Suzhou City	Real estate business	365,200 RMB 80,000	365,200 RMB 80,000	-	31.75%	RMB 236,449 RMB 54,645	(16,436) (RMB 3,762)	(8,909) (RMB 2,033)	Associate
	Kunshan Jichang Energy Technology Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of solar power-related products	-	-	-	-	-	-	-	Subsidiary (Note 3)

Note 1: For more information on the investees in Mainland China, please refer to Table 8.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 3: Registration for Kunshan Jichang Energy Technology Co., Ltd. was cancelled on February 7, 2023.

Tainergy Tech Co., Ltd. and Subsidiaries

The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries.

January 1 to December 31, 2023

Table 7

Unit: NTD thousand unless otherwise specified

No. (Note 1)	Name of Trader	Counterparty	Relationship with counterparty (Note 2)	Transaction			
				Title	Amount (Note 3)	Trading conditions	Percentage of consolidated total operating revenue or total assets
0	Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	1	Cost of sales	\$ 647,018	No significant difference from general manufacturers	30
		TAISIC MATERIALS CO.	1	Other receivables	150,848	Nature of financing	5

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the “No”. column. This column shall be completed as follows:

- (1) 0 is reserved for the parent company.
- (2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into seven categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; In case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosure the transaction, the other subsidiary is not necessary to disclose the same.)

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China
January 1 to December 31, 2023

Table 8

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss from investments, investment book value at the end of the period, and profit or loss received from investments:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment	Profit (loss) from investments recognized in the current period (Note 2)	Investment book value	Profit received from investments as of the end of current Period	Remarks
					Remittance	Return							
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	\$ 2,206,989	(2)-1	\$ 2,206,989	\$ -	\$ -	\$ 2,206,989	\$ 5,255 RMB 1,194	100%	\$ 5,255 RMB 1,194 (2)B	\$ 810,888 RMB 187,402	\$ -	
Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	19,242	(2)-2	-	-	-	-	31 RMB 7	100%	31 RMB 7 (2)B	4,248 RMB 982	-	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582	(2)-2	-	-	-	-	(16,436) (RMB 3,762)	31.75%	(8,909) (RMB 2,033) (2)B	236,449 RMB 54,645	-	
Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	(2)-2	-	-	-	-	-	-	-	-	-	Note 3

Note 1:Investment is classified into following three categories. It is only necessary to mark the type:

- (1) Engaged in direct investment in Mainland China.
- (2)-1 Invested in Mainland China through a company in a third area: Tainergy Tech Holding (Samoa) Co., Ltd.
- (2)-2 Invested in Mainland China through a company in Mainland China: Tainergy Technology (Kunshan) Co., Ltd.
- (3) Other means.

Note 2:In the “Profit (loss) from investments recognized in the current period” column:

- (1) An indication is needed if the investment is under preparation and there is no profit or loss.
- (2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
 - A. The financial statements audited and approved by an international accounting firm that has a collaboration relationship with an accounting firm in the Republic of China.
 - B. The financial statements audited by a CPA of the parent company in Taiwan.
 - C. Others (the unaudited financial statements of the aforesaid investees for the same period).

Note 3:Registration for Kunshan Jichang Energy Technology Co., Ltd. was cancelled on February 7, 2023.

2. Limit on the amount of investments in Mainland China:

Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA
\$ 2,206,989 (USD70,000 thousand)	\$ 2,206,989 (USD70,000 thousand)	\$ 1,374,412

Tainergy Tech. Co., Ltd.
Information on Major Shareholders
December 31, 2023

Table 9

Names of major shareholders	Shares	
	Number of shares held	Shareholding percentage
KENMEC MECHANICAL ENGINEERING CO., LTD.	61,132,856	27.17

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the consolidated financial reports of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Tainergy Tech. Co., Ltd.

Parent Company Only Financial
Report with Independent Auditors'
Report
2023 and 2022

Address: No. 5, Ziqiang 1st Rd., Zhongli Industrial Park
Service Center, Fuxing Vil., Zhongli Dist.,
Taoyuan City
Tel.: (02)27883798

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Independent Auditors' Report

To: Tainergy Tech. Co., Ltd.

Audit Opinions

We audited the parent company only balance sheet of Tainergy Tech. Co. Ltd., as of December 31, 2023 and 2022, the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flow for the period from January 1 to December 31, 2023 and 2022, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the said parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the parent company only financial positions of Tainergy Tech. Co. Ltd. as of December 31, 2023 and 2022, and the parent company only financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only financial statements" section in this report. We were independent of Tainergy Tech. Co., Ltd. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent company only financial statements of Tainergy Tech Co., Ltd. for the year of 2023. Such matters were addressed during the overall audit of the parent company only financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the parent company only financial statements of Tainergy Tech Co., Ltd. for the year of 2023 are as follows:

The verification of the revenue from shipment to certain customers

Tainergy Tech. Co., Ltd. mainly engages in the research, design, manufacturing and sales of solar cells, panels and related systems. In 2023, the operating revenue recognized was NTD 2,135,636 thousand. Since we presumed that revenue recognition was a significant risk based on the materiality principle and the Statements on Auditing Standards, we considered that the occurrence of the sales revenue from certain customers recognized by Tainergy Tech. Co., Ltd. was significant to the financial statements. Therefore, the verification of the shipment with respect to the revenue from certain customers was listed as the key audit matter of the year. Please refer to Note 4 (13) for the description of revenue recognition policies.

We performed the following main audit procedures:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from certain customers.
2. We carried out population sampling for the revenue statements of the said certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the certain customers.

Responsibilities of the Management and Governing Bodies for Parent Company Only Financial Statements

The management was responsible for preparation of the parent company only financial reports with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements were free of material misstatement due to fraud or error.

During preparation of the separate financial statements, the management was also responsible for evaluating Tainergy Tech Co. Ltd.'s ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to make Tainergy Tech Co. Ltd. enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Tainergy Tech Co. Ltd.'s governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

Responsibilities of the Accountants for the Audit of the Parent Company Only Financial Statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the parent company only financial statements, the misstatement was deemed as material.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the parent company only financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to the extent necessary to design audit procedures appropriate for the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Tainergy Tech Co. Ltd.'s internal control.

3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the event or circumstances which might cause major doubts about Tainergy Tech Co. Ltd.'s ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstances, we must provide a reminder in the parent company only audit report for the users of the parent company only financial statements to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure is inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Tainergy Tech Co. Ltd. would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure, and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements presented the relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming Tainergy Tech Co. Ltd. to provide opinions regarding the parent company only financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Tainergy Tech Co. Ltd.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Tainergy Tech Co. Ltd.'s parent company only financial statements in 2023 based on the matters communicated with the governance unit. We specified such matters in the separate audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the separate audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan

CPA LI-HUANG LI

CPA JUI-CHUAN CHIH

Approval No. from the Securities and
Futures Commission

Tai-Cai-Zheng-Liu-Zi No. 0930128050

Approval No. from the Financial Supervisory
Commission

Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 22, 2024

Tainergy Tech. Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 30)	\$ 440,090	19	\$ 417,520	16
1136	Financial assets measured at amortized cost – current (Notes 4, 8, 9, 30, and 32)	1,535	-	-	-
1172	Net accounts receivables – non-related parties (Notes 4, 10, 24 and 30)	22,546	1	2,969	-
1180	Accounts receivable – related parties (Notes 4, 10, 24, 30 and 31)	7,468	1	-	-
1200	Other receivables (Notes 4, 10 and 30)	2,542	-	168	-
1210	Other receivables – related parties (Notes 4, 10, 30 and 31)	218,530	9	70,639	3
1220	Current income tax assets (Notes 4 and 26)	2,356	-	496	-
130X	Inventory (Notes 4 and 11)	41,366	2	367,929	14
1421	Prepayments (Notes 17, 31 and 33)	2,302	-	41,317	1
1460	Non-current assets held for sale (Notes 4 and 12)	-	-	8,322	-
1470	Other current assets (Notes 17, 30 and 32)	5,197	-	4,617	-
11XX	Total current assets	<u>743,932</u>	<u>32</u>	<u>913,977</u>	<u>34</u>
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 4, 7 and 30)	42,685	2	42,685	2
1535	Financial assets measured at amortized cost – non-current (Notes 4, 8, 9, 30, and 32)	100	-	100	-
1550	Investment under the equity method (Notes 4, 13, 31 and 34)	1,441,963	61	1,592,790	60
1600	Property, plants and equipment (Notes 4, 14, 31 and 32)	99,406	4	106,971	4
1755	Right-of-use assets (Notes 4, 15 and 31)	8,478	-	11,184	-
1780	Other intangible assets (Notes 4 and 16)	272	-	432	-
1920	Guarantee deposits paid (Notes 17, 32 and 33)	11,054	1	11,056	-
15XX	Total non-current assets	<u>1,603,958</u>	<u>68</u>	<u>1,765,218</u>	<u>66</u>
1XXX	Total assets	<u>\$ 2,347,890</u>	<u>100</u>	<u>\$ 2,679,195</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 18 and 30)	\$ 30,000	1	\$ 5,000	-
2130	Contract liabilities – current (Notes 4, 20 and 24)	4,320	-	109,716	4
2170	Accounts payable – non-related parties (Notes 19 and 30)	15,028	1	95,527	4
2180	Accounts payable – related parties (Note 19, 30 and 31)	26,339	1	114,767	5
2200	Other payables (Notes 20 and 30)	34,258	2	18,516	1
2220	Other payables – related parties (Notes 20, 30 and 31)	2,503	-	5,005	-
2280	Lease liabilities – current (Notes 4, 15, 30 and 31)	2,742	-	2,676	-
2320	Long-term loans maturing within one year (Notes 4, 18, 30, 32 and 33)	17,673	1	30,441	1
2399	Other current liabilities (Note 20)	5,163	-	6,788	-
21XX	Total current liabilities	<u>138,026</u>	<u>6</u>	<u>388,436</u>	<u>15</u>
	Non-current liabilities				
2540	Long-term loans (Notes 4, 18, 30, 32 and 33)	76,964	4	100,927	4
2550	Liability reserve – non-current (Notes 4 and 21)	2,014	-	2,063	-
2580	Lease liabilities – non-current (Notes 4, 15, 30 and 31)	6,084	-	8,826	-
2640	Net defined benefit liabilities – non-current (Notes 4, 22 and 25)	5,972	-	5,858	-
2670	Other non-current liabilities (Notes 20, 30 and 31)	6,500	-	-	-
25XX	Total non-current liabilities	<u>97,534</u>	<u>4</u>	<u>117,674</u>	<u>4</u>
2XXX	Total liabilities	<u>235,560</u>	<u>10</u>	<u>506,110</u>	<u>19</u>
	Equity (Notes 13 and 23)				
3100	Common stock capital	<u>2,250,000</u>	<u>96</u>	<u>2,250,000</u>	<u>84</u>
3200	Capital reserves	<u>771,118</u>	<u>33</u>	<u>771,118</u>	<u>29</u>
	Retained earnings				
3350	Losses to be compensated	(428,191)	(18)	(399,502)	(15)
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(459,855)	(20)	(427,789)	(16)
3420	Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	(20,742)	(1)	(20,742)	(1)
3400	Total of other equity	(480,597)	(21)	(448,531)	(17)
3XXX	Total equity	<u>2,112,330</u>	<u>90</u>	<u>2,173,085</u>	<u>81</u>
	Total liabilities and equity	<u>\$ 2,347,890</u>	<u>100</u>	<u>\$ 2,679,195</u>	<u>100</u>

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: I-KUANG CHEN

Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.

Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand; however
earnings (loss) per share is in NTD

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 24 and 31)				
4100	Net sales revenue	\$ 2,135,636	100	\$ 2,216,660	100
	Operating costs				
5110	Cost of sales (Notes 4, 11, 17, 25 and 31)	(1,955,060)	(92)	(2,222,684)	(100)
5900	Operating gross profit (loss)	180,576	8	(6,024)	-
5910	Unrealized gain on sales	(1,285)	-	-	-
5950	Realized operating gross profit	179,291	8	(6,024)	-
	Operating expenses (Notes 10, 22 and 25)				
6100	Marketing expense	(11,506)	-	(10,291)	(1)
6200	Administrative expense	(82,137)	(4)	(63,754)	(3)
6300	R&D expense	(306)	-	(16)	-
6000	Total operating expenses	(93,949)	(4)	(74,061)	(4)
6900	Operating profit (loss) – net	85,342	4	(80,085)	(4)
	Non-operating revenue and expenses (Notes 10, 13, 25 and 31)				
7100	Interest income	20,649	1	4,937	-
7010	Other revenue	4,014	-	19	-
7020	Other profits and losses	13,590	1	18,386	1
7050	Financial costs	(\$ 3,473)	-	(\$ 4,617)	-
7070	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	(148,699)	(7)	171,390	8
7000	Total non-operating revenue and expenses	(113,919)	(5)	190,115	9

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(Continued from previous page)

Code		2023		2022	
		Amount	%	Amount	%
7900	Current net (loss) profit before tax of continuing operations	(28,577)	(1)	110,030	5
7950	Income tax expense (Notes 4 and 26)	-	-	-	-
8200	Current net (loss) profit of continuing operations	(28,577)	(1)	110,030	5
	Other comprehensive income (Notes 4, 22, 23, 26 and 30)				
8310	Titles not reclassified as profit or loss:				
8311	Re-measurement of the defined benefits plan (Notes 4, 22 and 26)	(112)	-	708	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income (Notes 4, 7, 23 and 30)	-	-	22,027	1
8360	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations (Notes 4 and 23)	(32,066)	(2)	32,940	1
8300	Total other (net) comprehensive income	(32,178)	(2)	55,675	2
8500	Total comprehensive income for the period	(\$ 60,755)	(3)	\$ 165,705	7

(Next page)

(Continued from previous page)

Code		2023		2022	
		Amount	%	Amount	%
	Earnings (losses) per share (Note 27)				
	From continuing operations				
9710	Basic	(\$ 0.13)		\$ 0.49	
9810	Diluted	(\$ 0.13)		\$ 0.49	

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH Manager: I-KUANG CHEN Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		Share capital		Capital reserves	Retained earnings	Other equity		Total equity
		Number of shares (thousand shares)	Amount			Exchange differences on translation of financial statements of foreign operations	Unrealized profit (loss) from the financial assets measured at fair value through other comprehensive income	
A1	Balance on January 1, 2022	225,000	\$ 2,250,000	\$ 1,290,999	(\$ 1,353,516)	(\$ 460,729)	(\$ 42,769)	\$ 1,683,985
	Other changes in capital reserves:							
C11	Capital reserves for offsetting losses	-	-	(843,276)	843,276	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	323,395	-	-	-	323,395
D1	Net profit in 2022	-	-	-	110,030	-	-	110,030
D3	Other comprehensive income after tax in 2022	-	-	-	708	32,940	22,027	55,675
D5	Total comprehensive income in 2022	-	-	-	110,738	32,940	22,027	165,705
Z1	Balance on December 31, 2022	225,000	2,250,000	771,118	(399,502)	(427,789)	(20,742)	2,173,085
D1	Net loss in 2023	-	-	-	(28,577)	-	-	(28,577)
D3	Other comprehensive income after tax in 2023	-	-	-	(112)	(32,066)	-	(32,178)
D5	Total comprehensive income in 2023	-	-	-	(28,689)	(32,066)	-	(60,755)
Z1	Balance on December 31, 2023	225,000	\$ 2,250,000	\$ 771,118	(\$ 428,191)	(\$ 459,855)	(\$ 20,742)	\$ 2,112,330

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: I-KUANG CHEN

Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit (loss) before tax of continuing operations	(\$ 28,577)	\$ 110,030
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	11,066	14,381
A20200	Amortization expenses	688	781
A20300	Expected credit impairment loss (gain on reversal)	198	(657)
A20400	Net gains from financial assets and liabilities at fair value through profit or loss	(412)	(119)
A20900	Financial costs	3,473	4,617
A21200	Interest income	(20,649)	(4,937)
A21300	Dividend income	(2,294)	-
A22400	Share of (profit) loss of subsidiaries, associates and joint ventures under the equity method	148,699	(171,390)
A22500	Profit on disposal of property, plants and equipment	(7,161)	(7,242)
A22900	Profit on lease modification	-	(310)
A23000	Gains on disposal of non-current assets held for sale	(2,228)	-
A23800	Profit on reversal of impairment loss from non-financial assets	(10,237)	(2,039)
A23800	Gain on price recovery of inventory	(3,363)	(7,990)
A23900	Unrealized profits from subsidiaries, associates and joint ventures	1,285	-
A29900	Realized gains on procurement for subsidiaries	(67)	(118)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	412	119
A31130	Notes receivable	-	3,109
A31150	Accounts receivable	(19,775)	65,005
A31160	Accounts receivable – related parties	(7,468)	-
A31180	Other receivables	(1,725)	110
A31190	Other receivables – related parties	3,224	7,167
A31200	Inventory	329,926	(66,784)
A31230	Prepayments	49,252	(36,204)
A32125	Contract liabilities	(105,396)	56,269
A32150	Accounts payable	(80,499)	21,393
A32160	Accounts payable – related parties	(88,428)	56,330
A32180	Other payables	15,570	(2,412)

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(Continued from previous page)

Code		2023	2022
A32190	Other payables – related parties	(\$ 2,502)	(\$ 15,253)
A32200	Liability reserve	(49)	(215)
A32230	Other current liabilities	(1,625)	743
A32240	Accrued pension liabilities	<u>2</u>	(<u>8</u>)
A33000	Cash generated from operations	181,340	24,376
A33100	Interest received	18,885	4,753
A33300	Interest paid	(3,246)	(4,048)
A33500	(Payment) Income tax returned	(<u>1,860</u>)	<u>337</u>
AAAA	Net cash inflow from operating activities	<u>195,119</u>	<u>25,418</u>
Cash flows from investing activities			
B00400	Acquisition of financial assets measured at amortized cost	(1,535)	-
B00050	Disposal of financial assets measured at amortized cost	-	10,000
B01800	Acquisition of investment under the equity method	(24,000)	-
B02600	Disposal of non-current assets held for sale	10,550	-
B02700	Purchase of property, plants and equipment	(606)	(5,991)
B02800	Disposal of property, plants and equipment	5	2,901
B03800	Decrease in guarantee deposits paid	2	8,956
B04300	Other receivables – increase in related parties	(150,000)	(65,000)
B04500	Purchase of intangible assets	(528)	-
B06600	Decrease (increase) of other financial assets	(580)	3,208
B07600	Dividends received	<u>2,294</u>	<u>-</u>
BBBB	Net cash outflow from investing activities	(<u>164,398</u>)	(<u>45,926</u>)
Cash flows from financing activities			
C00100	Increase in short-term loans	25,000	5,000
C01700	Repayment of long-term loans	(36,731)	(47,029)
C03000	Receipt of guarantee deposits received	6,500	-
C04020	Repayment of the principal of lease liabilities	(<u>2,920</u>)	(<u>5,989</u>)
CCCC	Net cash outflow from financing activities	(<u>8,151</u>)	(<u>48,018</u>)
EEEE	Net increase (decrease) in cash and cash equivalents for the period	22,570	(68,526)
E00100	Balance of cash and cash equivalents – beginning of the year	<u>417,520</u>	<u>486,046</u>
E00200	Balance of cash and cash equivalents – ending of the year	<u>\$ 440,090</u>	<u>\$ 417,520</u>

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH Manager: I-KUANG CHEN Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.
Notes to the Parent Company Only Financial Statements
January 1 to December 31, 2023 and 2022
(All amounts are in NTD thousand unless otherwise specified.)

I Company milestones

Tainergy Tech. Co., Ltd. (hereinafter referred to as “the Company”) was approved for establishment on May 14, 2007. The Company’s main business activities are the research, design, manufacturing and sales of solar cells, panels and related systems.

The Company’s stock was listed for trading on the Taiwan Stock Exchange in August 2011.

The parent company only financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II Approval date and procedures of the financial report

The parent company only financial report was approved at the board meeting on March 6, 2024.

III Application of new and amended standards and interpretation

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

Apart from those described below, the Company expected no material changes to the accounting policies of the Company after adopting the amended IFRSs approved and released by the FSC:

1. Amendments to IAS 1, “Disclosure of Accounting Policies”

When the amendments are applied, the Company determines the significant accounting policy information that should be disclosed based on the definition of materiality. If the accounting policy information is reasonably expected to have an impact on the decision made by the main user of general-purpose financial statements who uses these financial statements to make such decision, the accounting policy information is deemed material. In addition:

- The accounting policy information related to insignificant transactions or other matters or circumstances is not material and the Company is not required to disclose this accounting policy.

- The Company may make judgment according to the nature of a transaction or other matters or circumstances and determine that related accounting policy information is material, even if the amount is insignificant.
- The accounting policy information not related to significant transactions or other matters or circumstances is material.

Accounting policy information may be material if it relates to a significant transaction, other event, or situation and:

- (1) The Company changes the accounting policy during the reporting period and the change leads to material changes of the information in the financial statements;
- (2) The Company selects applicable accounting policies from the options allowed in the Standards;
- (3) In case there is no specific standards to follow, the Company adopts the accounting policies established according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- (4) The Company discloses the accounting policies that are determined using significant judgments or assumptions; or
- (5) Complicated accounting treatment rules are involved and the user of the financial statements relies on the information to understand significant transactions or other matters or circumstances.

For the disclosure of related accounting policies, please refer to Note 4.

2. Amendments to IAS 8, “Definition of Accounting Estimates”

The amendments were applied to the Company on January 1, 2023, which specifies that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. When applying accounting policies, the Company may need to measure the items in the financial statements using the currency amount that cannot be observed directly and must be estimated. When measuring the effect of the changes in technique or input value on accounting estimates, they shall be the changes in accounting estimates if they are not the correction of the previous errors.

(II) FSC-approved IFRSs to be applied in 2024

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB (Note 1)</u>
IFRS 16 amendment “Lease Liability 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
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

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

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (amendment in 2020) and “Non-current Liabilities with Covenants” (amendment in 2022)

The amendments in 2020 clarify that when determining whether a liability is classified as non-current, it shall assess whether the Company has the right to defer the settlement of the liability at the end of the reporting period for at least 12 months after the reporting period. If the Company has such right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the Company is expected to exercise the right.

The amendment in 2020 clarifies that if the Company shall complete certain requirements to have the right to defer the settlement of liabilities, the Company must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the Company’s compliance with such requirements on a later date. The amendment in 2022 further clarifies that only covenants that are required to be followed prior to the reporting period end date affect the classification of the liability. Although the covenants to be followed within 12 months after the

reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the Company may not be able to comply with the covenants and be required to make repayments within 12 months after the reporting period.

The amendment in 2020 regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the Company's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterpart, result in settlement of the liabilities by the transfer of the Company's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

As of the publication date of the parent company only financial report, the Company assessed that the effects of the amendments to other standards and interpretations will not have a material impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments 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 specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the

Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and their Associate or Joint Venture”

According to the amendments, if the Company sells or invests assets that meet the definition of a “business” in IFRS 3 “Business Combinations” to any of the associates (or joint ventures), or the Company loses control over any of the subsidiaries that meets the aforesaid definition and maintains significant influence (or joint control) over the subsidiary, the Company recognizes all the profits or losses generated from such transactions.

However, if the Company sells or invests assets that do not meet the definition of a “business” in IFRS 3 “Business Combinations” to any of the associates (or joint ventures), or the Company loses control over any of the subsidiaries that do not meet the aforesaid definition in a transaction with any of the associates (or joint ventures) and maintains significant influence (or joint control) over the subsidiary, the profit or loss resulting from such transactions shall be recognized only to the extent of unrelated investors’ interests in such associate (or joint venture), i.e. the Company’s share of the profit or loss shall be eliminated.

As of the publication date of the parent company only financial report, the Company assessed the effects of the amendments to other standards and interpretation on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

IV Summary of significant accounting policies

(I) Statement of compliance

The parent company only financial reports were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(II) Basis for preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the parent company only financial reports were prepared on the basis of historical cost.

Fair value measurements are classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

During preparation of the parent company only financial reports, the Company adopted the equity method for investment in subsidiaries, associates, or joint ventures. To align the profit or loss, other comprehensive income and equity of the year in the consolidated financial reports with the profit or loss, other comprehensive income and equity of the year attributable to the owner of the Company in the parent company only financial reports, the differences between the accounting treatments under the parent company only and consolidated bases were treated through adjustment of related equity items, including “investment under the equity method,” “share of profit/loss of subsidiaries, associates and joint ventures under the equity method,” “share of other comprehensive income of subsidiaries, associates, and joint ventures.”

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

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;
2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial reports; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended by more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

During preparation of the financial reports, the transactions using currencies other than the Company's functional currency (foreign currencies) were stated in the functional currency record based on the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial reports, the assets and liabilities of foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) were translated into NTD at the exchange rate on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

(V) Inventory

Inventory includes raw materials, materials, finished goods and work-in-progress goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiaries

The Company deals with the investment in subsidiaries using the equity method.

A subsidiary refers to an entity (including a structured entity) controlled by the Company.

Under the equity method, the investment is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company's shares of profits/losses and other comprehensive income in subsidiaries and the distributed profits. In addition, changes to the Company's equity in the subsidiaries are recognized based on the shareholding ratio.

Changes to the Company's equity ownership in the subsidiaries are deemed equity transactions when they do not result in loss of control. The difference between the book value of investment and the fair value of paid or received consideration is directly recognized in equity.

When the Company's shares of losses in the subsidiaries are equal to or exceed our equity in the subsidiaries (including the subsidiary's book value under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned), we continue recognition for losses based on our shareholding ratio.

When the acquisition cost exceeds the Company's shares of the net fair value of the subsidiaries' identifiable assets and liabilities comprising part of the business on the date of acquisition, such excess is recognized in goodwill which is included in the book value of such investment and may not be amortized; when the Company's shares of the net fair value of the subsidiaries' identifiable assets and liabilities comprising part of the business on the date of acquisition exceed the acquisition cost, such excess is recognized in profit of the period.

For impairment evaluation, the Company took the entire cash generating units in the financial reports into account and made a comparison between the recoverable amount and the book value thereof. If the recoverable amount of assets increases hereafter, the reversal of impairment losses is recognized in profit. However, the assets' book value after the reversal of the impairment losses shall not exceed the assets' book value, without recognition of the impairment losses, less amortization. Impairment losses attributable to goodwill shall not be reversed in the subsequent periods.

The unrealized profit or loss from the downstream transactions between the Company and subsidiaries is removed in the parent company only financial reports. The profit or loss generated from the upstream and side stream transactions between the Company and subsidiaries is recognized in the parent company only financial reports only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(VII) Property, plant and equipment

The property, plant and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

The property, plant and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost includes professional service fees and the loan costs eligible for capitalization. The cost includes professional service fees and the loan costs eligible for capitalization. The samples produced for testing whether the assets can operate normally before reaching the expected state of use are measured at the lower of the cost or the net realizable value. The selling price and cost are recognized in profit or loss. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

Each significant part of the property, plant and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognize the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(VIII) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of amortization at least on the end day of each year and prospectively recognizes the effect from changes

in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(IX) Impairments of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and contract cost related assets

The Company assesses whether there are any signs indicating that any property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may be impaired on each balance sheet date. If there are any such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant goods or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(X) Non-current assets held for sale

If the book value of non-current assets (or disposal groups) is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets (or disposal groups) qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When management at an appropriate level guarantee selling the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

Non-current assets (or disposal groups) classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs. In which case, the depreciation of such assets stops.

If non-current assets (or disposal groups) held for sale are reclassified as the non-current assets (or disposal groups) held for distribution to owners, they are measured at the lower of the book value and the fair value net of distribution costs, and the reversal of accounting treatment under the original category is not necessary.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Measurement type

The financial assets held by the Company are those measured at amortized cost and investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

- a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and
- b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
- b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets in the next reporting period after the credit impairment.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months

after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

B. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Company's right to receive dividends is determined, the dividends of investment in equity instruments measure at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial and contractual assets

The Company assesses impairment losses on the financial assets (including accounts receivable) measured according to amortized cost based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable and contract assets are recognized based on the lifetime-expected credit losses. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent

the expected credit losses on financial instruments from any potential default during the expected lifetime.

The impairment loss of all financial assets is reduced by the book value of the allowance account.

(3) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For removal of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration were recognized in profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Company are recognized at the payment net of the direct cost of issuance.

The repurchase of the Company's own equity instruments is recognized in and deducted from equity, and the book value is calculated based on the weighted average of the types of shares. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost under the effective interest method.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

(XII) Liability reserve

The amount recognized as liability reserves (including the contractual obligation to maintain or restore infrastructures before they are returned to the grantor and the various payments required by the government in accordance with laws, which are specified in service concession arrangements) is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Company's obligation when the revenue of the relevant commodities is recognized.

(XIII) Revenue recognition

After our recognition of performance obligations under a contract with clients, we allocate the transaction price to each performance obligation and recognize the allocated amount in revenue after each performance obligation is met.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of solar cells and panels. Once solar cells and panels are delivered to the customer-designated location or shipping point, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time and transferred to accounts receivable when the remaining obligations are fulfilled. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

Service income is earned from the entrusted purchase of equipment, the software and hardware installment and extended warranty.

3. Project income

The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Company fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

(XIV) Lease

We assess whether an agreement is (or contains) a lease on the date of entering into the agreement.

For the contract containing lease and non-lease components, the Company shares the consideration specified in the contract based on the relative individual price and deals with these components separately.

The Company as the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner. If the ownership of underlying assets will be acquired after the expiration of the lease term, or the cost of the right-of-use assets reflects the exercise price for purchase options, the underlying assets are depreciated over the

period from the lease commencement date to the expiration of the useful life of the underlying assets.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments, substantial payments, the exercise price for purchase options if the Company can be reasonably assured that the right will be exercised, and the fine for termination of the lease reflected during the lease period). If the interest rate implicit in a lease could be readily determined, the lease payments were discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term resulted in changes to the future lease payments, we remeasured the lease liabilities and adjusted the right-of-use assets accordingly. However, the residual remeasurement was recognized in profit or loss when the book value of right-of-use assets was reduced to zero. The lease liabilities are separately presented in the parent company only balance sheet.

(XV) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVI) Government grants

The government subsidies shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

The government grants are recognized as profit or loss on a systematic basis within the period when the costs to be subsidized by the government are recognized as expenses by the Company.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XVII)Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. The net interest on service costs (including current service costs) and net defined benefit liabilities (assets) is recognized as employee benefit expenses when the interest accrues. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XVIII)Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

The Company determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machinery/equipment, R&D and talent training.

Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the Company can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that we expect to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

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

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

When the Company develops significant accounting estimates, the possible impact of inflation and market interest rate fluctuations is included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and other relevant significant estimates. Management will continue to review estimates and basic assumptions.

Main sources of uncertainties of estimates, and assumptions

(I) Property, plant and equipment useful lives

As described in Note 4 (7), the Company reviews the estimated use lives of property, plant and equipment on each balance sheet date.

(II) Property, plant and equipment impairment

The impairment of production-related equipment is evaluated based on the recoverable amount (the higher of the fair value of such asset less the cost of sale and its use value) of such asset. Market prices, estimated economic lives, capacity utilization rate or in-process cost and replacement cost estimates and disposal of costs will affect the recoverable amount of such asset, which is likely to result in additional recognition of impairment losses or reversal of impairment losses already recognized by the Company.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 216	\$ 259
Bank check and demand deposit	40,709	177,956
Cash equivalents		
Bank time deposit with an initial maturity date within 3 months	307,050	239,305
Repurchase agreements	92,115	-
	<u>\$ 440,090</u>	<u>\$ 417,520</u>

The interest rate ranges of bank deposits and bonds with repurchase agreements as of the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank demand deposit	0.001%~1.45%	0.001%~1.05%
Bank time deposit	5.38%~5.65%	1.25%~4.3%
Repurchase agreements	5.50%~5.55%	-

7. Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Investment in equity instruments measured at fair value through other comprehensive income	<u>\$ 42,685</u>	<u>\$ 42,685</u>

Investment in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of KENTEC INC.	<u>\$ 42,685</u>	<u>\$ 42,685</u>

The Company invested in KENTEC INC. according to our medium and long-term strategies and expected to gain profits through long-term investment. Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

8. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	<u>\$ 1,535</u>	<u>\$ -</u>
<u>Non-current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	<u>\$ 100</u>	<u>\$ 100</u>

As of December 31, 2023 and 2022, the interest rate range of the time deposit with an initial maturity date over 3 months was 1.575%–5.45% and 1.315%, respectively.

For more information on the credit risk management and impairment assessment of the financial assets measured at amortized cost, please refer to Note 9.

For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 32.

9. Credit risk management of the investment in liability instruments

The Company's investment in liability instruments was recognized as financial assets measured at amortized cost:

December 31, 2023

	Measurement at amortized cost
Total book value	\$ 1,635
Allowance for loss	-
Amortized cost	<u>\$ 1,635</u>

December 31, 2022

	Measurement at amortized cost
Total book value	\$ 100
Allowance for loss	-
Amortized cost	<u>\$ 100</u>

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. The Company's trade counterpart and performing party are all reputable banks and the financial institutions and corporates rated as the investment level or higher with no significant performance concerns; therefore, there is no significant credit risk. The Company's current credit risk evaluation mechanism and the total book value of liability instruments for each credit rating are shown as follows:

Credit rating	Definition	Basis for recognition of expected credit losses	Percentage of expected credit losses	Total book value on December 31, 2023	Total book value on December 31, 2022
Normal	A debtor has a low credit risk and is fully capable of settling contractual cash flows.	Expected credit losses for 12 months	0%	<u>\$ 1,635</u>	<u>\$ 100</u>

10. Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable</u>		
Total book value measured at amortized cost	\$ 22,754	\$ 2,979
Financial assets measured at amortized cost – related party	7,468	-
Less: Loss allowance	(<u>208</u>)	(<u>10</u>)
	<u>\$ 30,014</u>	<u>\$ 2,969</u>
 <u>Other receivables</u>		
Non-related party		
Business tax refund receivable	\$ -	\$ 4
Interest receivable	813	164
Others	<u>1,729</u>	<u>-</u>
	<u>\$ 2,542</u>	<u>\$ 168</u>
 Related party (Note 31)		
Loans receivable – fixed interest rate	\$ 215,000	\$ 65,000
Loans receivable – interest	1,137	22
Payments receivable from procurement	1,411	5,535
Others	<u>982</u>	<u>82</u>
	<u>\$ 218,530</u>	<u>\$ 70,639</u>

(I) Accounts receivable

The Company provides a 30-to-90-day loan period on average for sale of commodities, and interest does not accrue on notes and accounts receivable. According to the policy of the Company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Company rates the main customers with reference to other open financial information and historic trading records of these customers. We continuously monitor the credit risk exposure and the credit rating of the trading counterpart and distribute the total trading amount to different customers qualified in credit rating. In addition, the Company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

The Company recognizes the loss allowance for notes and accounts receivable based on the lifetime expected credit losses according to the simplified approach of IFRS 9. The lifetime expected credit losses are calculated using a provision matrix

with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of notes and accounts receivable.

When there is any evidence showing that the trading counterpart is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount (for example, the trading counterpart is undergoing liquidation), the Company directly writes off related accounts receivable, continues to claim for payment, and recognizes the recovered amount therefrom as profit or loss.

Our loss allowances for accounts receivable measured using the provision matrix are as follows:

December 31, 2023

	Not overdue	1-30 days overdue	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue 121 to 180 days	Overdue 181 to 364 days	More than 365 days overdue	Total
Percentage of expected credit losses	1%	1%	1%	1%	1%	1%	1%	1%	
Total book value	\$ 18,052	\$ 11,863	\$ 103	\$ 204	\$ -	\$ -	\$ -	\$ -	\$ 30,222
Loss allowance (lifetime expected credit losses)	(88)	(117)	(1)	(2)	-	-	-	-	(208)
Amortized cost	<u>\$ 17,964</u>	<u>\$ 11,746</u>	<u>\$ 102</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,014</u>

December 31, 2022

	Not overdue	1-30 days overdue	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue 121 to 180 days	Overdue 181 to 364 days	More than 365 days overdue	Total
Percentage of expected credit losses	1%	1%	1%	1%	1%	1%	1%	100%	
Total book value	\$ 2,536	\$ -	\$ 208	\$ 235	\$ -	\$ -	\$ -	\$ -	\$ 2,979
Loss allowance (lifetime expected credit losses)	(6)	-	(2)	(2)	-	-	-	-	(10)
Amortized cost	<u>\$ 2,530</u>	<u>\$ -</u>	<u>\$ 206</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,969</u>

Changes in loss allowance for accounts receivable are as follows:

	2023	2022
Balance – beginning of the year	\$ 10	\$ 667
Add: Impairment loss recognized for the current year	198	-
Less: Impairment loss reversed in the year	-	(657)
Balance – ending of the year	<u>\$ 208</u>	<u>\$ 10</u>

The Company recognized an expected credit impairment loss of NTD 198 thousand on accounts receivable in 2023 and a gain of NTD 657 thousand on expected credit impairment reversal on accounts receivable in 2022.

For the aforesaid calculation, an account age analysis was made based on the days overdue and the balance prior deduction of the allowance for bad debt.

(II) Other receivables – loans receivable – related party

The interest rate risk exposure and contractual maturity date of the Company's loans receivable with fixed interest rates are described as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loans receivable with fixed interest rates		
No more than 1 year	<u>\$ 215,000</u>	<u>\$ 65,000</u>

Individual loans receivable are important. The terms and conditions for each loan receivable are presented separately.

The details of the loans receivable are listed below:

	<u>Maturity date</u>	<u>Collateral</u>	<u>Effective interest rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
A loan receivable of NTD 65,000 thousand with a fixed interest rate	December 26, 2023	Yes	2.5%	\$ -	\$ 65,000
A loan receivable of NTD 65,000 thousand with a fixed interest rate	November 2, 2024	Yes	2.75%	65,000	-
A loan receivable of NTD 60,000 thousand with a fixed interest rate	September 4, 2024	None	2.75%	60,000	-
A loan receivable of NTD 60,000 thousand with a fixed interest rate	September 4, 2024	None	2.75%	60,000	-
A loan receivable of NTD 30,000 thousand with a fixed interest rate	September 4, 2024	None	2.75%	<u>30,000</u>	<u>-</u>
				<u>\$ 215,000</u>	<u>\$ 65,000</u>

The principals and interest of the aforesaid loans were (will be) received on a lump-sum basis.

(III) Other receivables – others

Interest does not accrue on other receivables. According to the policy of the Company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Company rates the main customers with reference to other open financial information and historic

trading records of these customers. We continuously monitor the credit risk exposure and the credit rating of the trading counterpart and distribute the total trading amount to different customers qualified in credit rating. In addition, the Company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

11. Inventory

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished goods	\$ 41,366	\$ 196,983
Work in process	-	8,954
Raw material	-	145,140
In-transit inventory	-	16,852
	<u>\$ 41,366</u>	<u>\$ 367,929</u>

The nature of costs of sales is shown below:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 1,965,754	\$ 2,226,768
Gain on reversal of decline in value of inventories (I)	(3,363)	(7,990)
Prepayment for purchase impairment reversal gain (II)	(10,237)	(2,039)
Costs of idle facilities	<u>2,906</u>	<u>5,945</u>
	<u>\$ 1,955,060</u>	<u>\$ 2,222,684</u>

- (I) The recovery of net realizable value of inventory resulted from a rise in the sale prices in certain markets.
- (II) For the impairment recovery gain on prepayments for purchases, refer to the descriptions in Notes 17 and 33.

12. Non-current assets held for sale

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ -</u>	<u>\$ 8,322</u>

On December 23, 2022, the Company entered into an agreement of equipment purchase and sale to sell solar power equipment. This has been reclassified to non-current assets held for sale and expressed separately in the balance sheet. On May 2, 2023, the Company completed the transfer of ownership of solar power equipment and disposed of machinery and equipment.

13. Investment under the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	\$ 1,438,061	\$ 1,588,904
Investment in associates	<u>3,902</u>	<u>3,886</u>
	<u>\$ 1,441,963</u>	<u>\$ 1,592,790</u>

(I) Investment in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-publicly quoted entity		
Tainergy Tech Holding		
(Samoa) Co., Ltd.	\$ 810,915	\$ 820,831
VIETNERGY COMPANY		
LIMITED	449,082	467,199
TAISIC MATERIALS CO.	154,538	300,874
TAI VISION CO., LTD.	<u>23,526</u>	<u>-</u>
	<u>\$ 1,438,061</u>	<u>\$ 1,588,904</u>

	<u>Proportion of Ownership and Voting Right</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tainergy Tech Holding		
(Samoa) Co., Ltd.	100%	100%
VIETNERGY COMPANY		
LIMITED	100%	100%
TAI VISION CO., LTD. (Note		
1)	80%	-
TAISIC MATERIALS CO.		
(Note 2)	47.656%	47.656%

Note 1: TAI VISION CO., LTD. is located in Pingzhen District, Taoyuan. The company was established in December 2023 by the Company, with an investment of NTD 24,000 thousand, and acquired 80% of the shares. TAI VISION's main business is wholesale and retail of contact lenses.

Note 2: In July 2022, the Company did not raise additional capital for Taisic Material Co. according to the shareholding ratio, the Company's shareholding ratio in Taisic Materials Co. decreased from 55.41% to 47.656%. Please refer to Note 32 of the Notes to the 2023 Consolidated Financial Report for description of equity transactions of non-controlling interests.

For details on the Company's investment in subsidiaries indirectly owned, please refer to Table 6 "Name and Territory of Investees and Other Relevant Information" on Note 36.

(II) Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Individual unimportant associates	<u>\$ 3,902</u>	<u>\$ 3,886</u>

For more information on the above-mentioned associate's business nature, main business premise, and the country in which the company is registered, please refer to Table 6 "Name and Territory of Investees and Other Relevant Information" on Note 36. All affiliates mentioned above are measured using the equity method.

Summary of individual insignificant affiliates

	<u>2023</u>	<u>2022</u>
Share enjoyed by the Company		
Net income from continuing operations for the year	\$ 8	\$ 2,835
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 8</u>	<u>\$ 2,835</u>

14. Property, plant and equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Self-use	<u>\$ 99,406</u>	<u>\$ 106,971</u>

	<u>Machinery and equipment</u>	<u>Transport equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Uncompleted construction</u>	<u>Total</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 276,443	\$ 556	\$ 10,645	\$ 6,285	\$ -	\$ -	\$ 293,929
Addition	615	-	-	-	180	-	795
Disposal	-	-	(752)	-	-	-	(752)
Balance on December 31, 2023	<u>\$ 277,058</u>	<u>\$ 556</u>	<u>\$ 9,893</u>	<u>\$ 6,285</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 293,972</u>

(Next page)

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	Machinery and equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction	Total
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ 174,551	\$ 556	\$ 9,984	\$ 1,867	\$ -	\$ -	\$ 186,958
Depreciation expenses	6,833	-	466	1,056	5	-	8,360
Disposal	-	-	(752)	-	-	-	(752)
Balance on December 31, 2023	<u>\$ 181,384</u>	<u>\$ 556</u>	<u>\$ 9,698</u>	<u>\$ 2,923</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 194,566</u>
Net amount on December 31, 2023	<u>\$ 95,674</u>	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ 3,362</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 99,406</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 309,897	\$ 3,887	\$ 10,629	\$ 6,285	\$ -	\$ -	\$ 330,698
Addition	1,335	-	281	-	-	493	2,109
Disposal	(25,276)	(3,331)	(265)	-	-	-	(28,872)
Reclassified to pending for sale	(10,006)	-	-	-	-	-	(10,006)
Reclassification	493	-	-	-	-	(493)	-
Balance on December 31, 2022	<u>\$ 276,443</u>	<u>\$ 556</u>	<u>\$ 10,645</u>	<u>\$ 6,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,929</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2022	\$ 194,240	\$ 3,887	\$ 9,792	\$ 812	\$ -	\$ -	\$ 208,731
Depreciation expenses	7,271	-	457	1,055	-	-	8,783
Reclassified to pending for sale	(1,684)	-	-	-	-	-	(1,684)
Disposal	(25,276)	(3,331)	(265)	-	-	-	(28,872)
Balance on December 31, 2022	<u>\$ 174,551</u>	<u>\$ 556</u>	<u>\$ 9,984</u>	<u>\$ 1,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,958</u>
Net amount on December 31, 2022	<u>\$ 101,892</u>	<u>\$ -</u>	<u>\$ 661</u>	<u>\$ 4,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,971</u>

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Machinery and equipment	
System and equipment	
construction	18 years
Solar power equipment	3–10 years
Instrument	5–8 years
Transport equipment	6 years
Office equipment	3–8 years
Leasehold improvement	6–8 years
Other equipment	1–10 years

For the amount of the property, plant, and equipment for internal use pledged as collateral for loans, please refer to Note 32.

15. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Building	<u>\$ 8,478</u>	<u>\$ 11,184</u>
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets		
Building	<u>\$ 2,706</u>	<u>\$ 5,598</u>

Due to the adjustments made by the Company to the scope of lease, the right-of-use assets decreased by NTD 13,734 thousand in 2022.

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Current	<u>\$ 2,742</u>	<u>\$ 2,676</u>
Non-current	<u>\$ 6,084</u>	<u>\$ 8,826</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	<u>2.4%~2.45%</u>	<u>2.4%~2.45%</u>

(III) Important lease activities and terms

The Company also rents several buildings as plants and offices with a lease term of 5 years. After the termination of the lease period, the Company is not entitled to a bargain purchase option for the buildings rented.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
The expense on variable lease payments not calculated in the measurement of lease liabilities	<u>\$ 1,227</u>	<u>\$ 1,345</u>
Total cash (outflow) amount for lease	<u>(\$ 4,147)</u>	<u>(\$ 7,334)</u>

The Company opts to apply the exemption of recognition to the leases of several office equipment which are qualified for the lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such leases.

The Company had no rental commitments entered into as at December 31, 2023 and 2022 with a lease term commencing after the balance sheet date.

16. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 1,655
Acquired separately	528
Disposal	(<u>1,372</u>)
Balance on December 31, 2023	<u>\$ 811</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2023	\$ 1,223
Amortization expenses	688
Disposal	(<u>1,372</u>)
Balance on December 31, 2023	<u>\$ 539</u>
Net amount on December 31, 2023	<u>\$ 272</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 1,657
Disposal	(<u>2</u>)
Balance on December 31, 2022	<u>\$ 1,655</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2022	\$ 444
Amortization expenses	781
Disposal	(<u>2</u>)
Balance on December 31, 2022	<u>\$ 1,223</u>
Net amount on December 31, 2022	<u>\$ 432</u>

17. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments for purchase and expenses (Note 33)	\$ 2,263	\$ 41,090
Purchase tax and overpaid tax retained for offsetting the future tax payable	<u>39</u>	<u>227</u>
	<u>\$ 2,302</u>	<u>\$ 41,317</u>
Other financial assets – restricted demand deposits (Note 32)	<u>\$ 5,197</u>	<u>\$ 4,617</u>
<u>Non-current</u>		
Guarantee deposits paid (Notes 32 and 33)	<u>\$ 11,054</u>	<u>\$ 11,056</u>

(I) Prepayment for purchase

The Company's prepayments for purchase were mainly the prepayments made according to the requirements of the material purchase contracts signed with Sino-American Silicon Products Inc..

As of December 31, 2023 and 2022, an accumulated impairment loss of NTD 154,693 thousand and NTD 164,930 thousand has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 33. For 2023 and 2022, a recovery of impairment loss on long-term prepayments for purchases of NTD10,237 thousand and NTD 2,039 thousand were recognized as operating costs, respectively. Please refer to the descriptions in Note 11.

(II) Guarantee deposits paid

1. The contract performance deposit for inventory sale-leaseback loans of the deposits deductible from payments for purchased materials and non-returnable deposits paid according to the requirements of the material purchase contract signed between the Company and SunEdison Products Singapore Pte, Ltd. As of December 31, 2023 and 2022, the balance of the deposits deductible from payments for purchased materials was NTD 0. Please refer to the descriptions in Note 33.
2. As of December 31, 2023 and 2022, the balances of the Company's purchase contracts for materials with other suppliers in 2023 and 2022 and the deductible purchase deposits paid in accordance with the contracts were NTD 11,054 thousand and NTD 11,056 thousand, respectively.

(III) Other financial assets – restricted demand deposits

The Company's other financial assets – restricted demand deposits were mainly the demand deposits for application to the bank for mortgage loan reserves. Please refer to the description of Note 32.

18. Loan

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u>		
Bank loans	<u>\$ 30,000</u>	<u>\$ -</u>
<u>Unsecured loans</u>		
Credit loans	<u>\$ -</u>	<u>\$ 5,000</u>

The interest rate of working loans on December 31, 2023 and 2022 was 2.5% and 3.275%, respectively.

(II) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2023	December 31, 2022
<u>Unsecured loans</u>					
Taiwan Business Bank	June 18, 2026	The loan totals NTD 30,000 thousand. The principal and interest are amortized on a monthly basis after one year from the date of borrowing.	2.75%	\$ 19,116	\$ 26,407
Taiwan Business Bank	December 18, 2023	The loan totals NTD 30,000 thousand. The principal and interest are amortized on a monthly basis from the date of borrowing.	2.375%	-	12,000
<u>Secured loans</u>					
Bank SinoPac	April 28, 2025	A loan totals NTD 48,550 thousand. The principal and interest were amortized in 138 installments on a monthly basis from the date of borrowing.	2.865%	33,070	37,292
Bank SinoPac	July 28, 2027	A loan totals NTD 3,308 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	2,118	2,467
Bank SinoPac	July 28, 2027	A loan totals NTD 5,995 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,133	4,678
Bank SinoPac	July 28, 2027	A loan totals NTD 6,496 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,160	4,843
Bank SinoPac	July 28, 2027	A loan totals NTD 16,550 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	10,598	12,340
Bank SinoPac	August 28, 2027	A loan totals NTD 4,943 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	3,295	3,790
Bank SinoPac	August 28, 2027	A loan totals NTD 6,677 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	4,335	5,037
Bank SinoPac	August 28, 2027	A loan totals NTD 9,465 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	-	7,256
Bank SinoPac	September 28, 2028	A loan totals NTD 6,592 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	5,302	5,875
Bank SinoPac	September 28, 2028	A loan totals NTD 10,474 thousand. The principal and interest were amortized in 84 installments on a monthly basis from the date of borrowing.	2.865%	8,510	9,383
Less: Long-term loans maturing within one year				(17,673)	(30,441)
				<u>\$ 76,964</u>	<u>\$ 100,927</u>

For the Company's provision of guarantees for mortgage (pledge) and issuance of guaranteed notes for long-term loans, please refer to Notes 32 and 33.

19. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable</u>		
From operation – non-related parties	<u>\$ 15,028</u>	<u>\$ 95,527</u>
From operation – related party	<u>\$ 26,339</u>	<u>\$ 114,767</u>

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the accounts payable recognized with respect to such purchase. The Company regularly reviews any unpaid payments to ensure that all payables can be paid back within the pre-agreed term of credit.

20. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Non-related party		
Salary and bonus payable	\$ 25,758	\$ 11,416
Equipment payment payable	189	-
Payment payable on entrusted purchase of equipment	-	220
Import/export expense	542	1,178
Others	<u>7,769</u>	<u>5,702</u>
	<u>34,258</u>	<u>18,516</u>
Related party (Note 31)		
Processing fee payable	-	3,185
Import/export expense	105	242
Others	<u>2,398</u>	<u>1,578</u>
	<u>2,503</u>	<u>5,005</u>
	<u>\$ 36,761</u>	<u>\$ 23,521</u>
Contract liabilities	<u>\$ 4,320</u>	<u>\$ 109,716</u>
Other current liabilities		
Refund liabilities	\$ 4,115	\$ 5,772
Others	<u>1,048</u>	<u>1,016</u>
	<u>\$ 5,163</u>	<u>\$ 6,788</u>
<u>Non-current</u>		
Guarantee deposits paid	<u>\$ 6,500</u>	<u>\$ -</u>

21. Liability reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Warranty	\$ <u>2,014</u>	\$ <u>2,063</u>

The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Company's management according to the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the production of products.

22. Retirement benefit plan

(I) Defined contribution plan

The pension system specified in the "Labor Pension Act" adopted by the Company is the defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the "Labor Standards Act" is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies.

Amounts related to the defined benefit plan and included in the parent company only balance sheet are listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 7,460	\$ 7,232
Fair value of plan assets	(1,488)	(1,374)
Net defined benefit liabilities	<u>\$ 5,972</u>	<u>\$ 5,858</u>

Changes in net defined benefit liabilities (assets) are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
January 1, 2022	<u>\$ 7,791</u>	<u>(\$ 1,217)</u>	<u>\$ 6,574</u>
Interest expense (income)	<u>59</u>	<u>(10)</u>	<u>49</u>
Recognition in profit or loss	<u>59</u>	<u>(10)</u>	<u>49</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(90)	(90)
Actuarial gains – Changes in financial assumptions	(757)	-	(757)
Actuarial losses – empirical adjustment	<u>139</u>	<u>-</u>	<u>139</u>
Recognition in other comprehensive income	(618)	(90)	(708)
Contribution by employer	<u>-</u>	<u>(57)</u>	<u>(57)</u>
December 31, 2022	<u>\$ 7,232</u>	<u>(\$ 1,374)</u>	<u>\$ 5,858</u>
January 1, 2023	<u>\$ 7,232</u>	<u>(\$ 1,374)</u>	<u>\$ 5,858</u>
Interest expense (income)	<u>108</u>	<u>(21)</u>	<u>87</u>
Recognition in profit or loss	<u>108</u>	<u>(21)</u>	<u>87</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(8)	(8)
Actuarial loss – changes in financial assumption	126	-	126
Actuarial profit – experience adjustment	(6)	-	(6)
Recognition in other comprehensive income	<u>120</u>	<u>(8)</u>	<u>112</u>
Contribution by employer	<u>-</u>	<u>(85)</u>	<u>(85)</u>
December 31, 2023	<u>\$ 7,460</u>	<u>(\$ 1,488)</u>	<u>\$ 5,972</u>

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	<u>2023</u>	<u>2022</u>
Summarized by function		
Administrative expense	<u>\$ 87</u>	<u>\$ 49</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation will be increased due to an increase in the plan participants’ salary.

The Company’s present value of the defined benefit obligation is calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.375%	1.5%
Long-term average salary adjustment rate	2.75%	2.75%

	December 31, 2023		December 31, 2022	
	Age	Resignation rate	Age	Resignation rate
Resignation rate	20 years old	13.0%	20 years old	13.0%
	25 years old	5.0%	25 years old	5.0%
	30 years old	5.0%	30 years old	5.0%
	35 years old	4.0%	35 years old	4.0%
	40 years old	3.5%	40 years old	3.5%
	45 years old	1.5%	45 years old	1.5%
	50 years old	0.0%	50 years old	0.0%
	55 years old	0.0%	55 years old	0.0%
	60 years old	0.0%	60 years old	0.0%

	December 31, 2023		December 31, 2022	
	Age	Voluntary retirement rate	Age	Voluntary retirement rate
Voluntary retirement rate (Z represents the earliest age for an employee to retire.)	Z	15%	Z	15%
	Z+1 ~ 64	3%	Z+1 ~ 64	3%
	65	100%	65	100%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	(\$ 249)	(\$ 230)
Decrease by 0.25%	\$ 260	\$ 241
Long-term average salary adjustment rate		
Increase by 0.25%	\$ 252	\$ 233
Decrease by 0.25%	(\$ 242)	(\$ 224)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contribution within one year	<u>\$ 90</u>	<u>\$ 50</u>
Average maturity of defined benefit obligations	13.6 years	13.0 years

23. Equity

(I) Share capital

Common shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of authorized shares (thousand shares)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued shares with adequate capital received (thousand shares)	<u>225,000</u>	<u>225,000</u>
Issued capital	<u>\$ 2,250,000</u>	<u>\$ 2,250,000</u>

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

The number of shares of the authorized capital reserved for issuance of the convertible corporate bonds and employee stock option warrants was 2,000 thousand shares.

(II) Capital reserves

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Available for makeup of loss, distribution of cash dividends or transfer into capital (1)</u>		
Stock issuance in excess of par value	\$ 406,684	\$ 406,684
<u>Can be used to offset losses (2)</u>		
Changes in net worth of equity of affiliates recognized under equity method	<u>364,434</u>	<u>364,434</u>
	<u>\$ 771,118</u>	<u>\$ 771,118</u>

(1) These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss.

However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

- (2) These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

On June 27, 2023, the Company's shareholders' meeting resolved to amend the Articles of Incorporation, stipulating that the Company authorizes the Board of Directors to make a special resolution to distribute dividends and bonuses in cash, which is to be reported at the shareholders' meeting.

According to the distribution policy of earnings in the Articles of Incorporation, the Company's earnings, if any, in its annual final account shall be first used to pay taxes and make compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed earnings accumulated at the year's beginning and the "adjusted amount of the annual undistributed earnings", be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification. For the distribution policy of employee and director/supervisor remuneration regulated in the Company's revised Articles of Incorporation, please refer to Note 25-(8) Remuneration to employees, directors, and supervisors.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

According to the Articles of Incorporation of the Company, earnings may be distributed in the form of a combination of cash and stock dividends, provided that

cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

On June 23, 2022, the Company's shareholders' meeting resolved to amend the Articles of Incorporation to specify the provision of special reserves for the net deduction of other equity accumulated in the prior period and the net increase in the fair value of the investment property accumulated in the prior period. If the undistributed earnings of the previous period is insufficient to be recognized, the items other than the after-tax net profit of the current period plus the net profit after tax are recognized as the undistributed earnings of the current period. Before the amendment of the Articles of Incorporation, the Company made provisions from undistributed earnings from the previous period in accordance with the law.

The Company held an annual general meeting on June 27, 2023 and June 23, 2022 resolving that, due to the accumulated deficits in 2022 and 2021, no earnings shall be distributed.

As proposed by the Board of Directors on March 6, 2024, no earnings shall be distributed as an accumulated loss occurred in 2023.

The proposal for loss make-up in 2023 is to be resolved at the annual shareholders' meeting to be held on May 28, 2024.

(IV) Other equity

1. Exchange differences on translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Balance – beginning of the year	(\$ 427,789)	(\$ 460,729)
Amounts incurred in the current year		
Share of associates/joint ventures under the equity method	(32,066)	32,940
Related income tax	<u>-</u>	<u>-</u>
Balance – ending of the year	(<u>\$ 459,855</u>)	(<u>\$ 427,789</u>)

2. Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Balance – beginning of the year	(\$ 20,742)	(\$ 42,769)
Amounts incurred in the current year		
Unrealized profit/loss		
Equity instruments	<u>-</u>	<u>22,027</u>
Balance – ending of the year	(\$ <u>20,742</u>)	(\$ <u>20,742</u>)

24. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Revenue from sale of products	\$ 2,115,858	\$ 2,195,137
Revenue from sale of electricity	16,564	18,195
Revenue from maintenance	<u>3,214</u>	<u>3,328</u>
	<u>\$ 2,135,636</u>	<u>\$ 2,216,660</u>

(I) Description of contracts with customers

1. Revenue from sale of commodities

Solar cells and modules were sold to downstream manufacturers in the solar energy sector. The Company sold the products at the price agreed in the contract, quotation or order.

2. Project income

The construction contract of the construction department specified a fine for delay of the works. The Company estimated the transaction price based on the expected value with reference to previous contracts specifying similar conditions and project scope.

3. Revenue from sale of electricity

The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

(II) Balance of contract amount

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ -	\$ -	\$ 3,109
Accounts receivable – non-related parties	22,546	2,969	67,317
Accounts receivable – related parties	<u>7,468</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,014</u>	<u>\$ 2,969</u>	<u>\$ 70,426</u>
Contract liabilities			
Sale of commodities	\$ 1,557	\$ 106,287	\$ 49,999
Solar equipment construction	<u>2,763</u>	<u>3,429</u>	<u>3,448</u>
Contract liabilities – current	<u>\$ 4,320</u>	<u>\$ 109,716</u>	<u>\$ 53,447</u>

Changes to the contract assets and liabilities were primarily as a result of the difference between the time of contract fulfillment and the time of customer payment. There were no other major differences.

The amounts derived from the contract liabilities at the beginning of the year and the fulfilled previous obligations and recognized in revenue are as follows:

	2023	2022
<u>From contract liabilities at the beginning of the year</u>		
Sale of commodities	<u>\$ 106,247</u>	<u>\$ 49,435</u>

(III) Customer contract income breakdown

	2023	2022
<u>Type of commodities or services</u>		
Solar cell	\$ 2,115,269	\$ 2,193,266
Solar module	589	1,871
Revenue from sale of solar electricity	16,564	18,195
Revenue from repair and others	<u>3,214</u>	<u>3,328</u>
	<u>\$ 2,135,636</u>	<u>\$ 2,216,660</u>

(IV) Customer contracts not fully performed

Amortized price of not fully performed contracts and expected date of recognition in revenue are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sale of products		
– Performed in 2023	\$ -	\$ 106,287
– Performed in 2024	<u>1,557</u>	<u>-</u>
	<u>1,557</u>	<u>106,287</u>
Solar equipment construction		
– Performed in 2023	-	3,429
– Performed in 2024	<u>2,763</u>	<u>-</u>
	<u>2,763</u>	<u>3,429</u>
	<u>\$ 4,320</u>	<u>\$ 109,716</u>

25. Net profit of continuing operations

(I) Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit	\$ 18,150	\$ 3,702
Accounts receivable from related parties	<u>2,499</u>	<u>1,235</u>
	<u>\$ 20,649</u>	<u>\$ 4,937</u>

(II) Other revenue

	<u>2023</u>	<u>2022</u>
Income from claims	\$ 1,720	\$ 19
Dividend income	<u>2,294</u>	<u>-</u>
	<u>\$ 4,014</u>	<u>\$ 19</u>

(III) Other gains and (losses)

	<u>2023</u>	<u>2022</u>
Profit on disposal of property, plants and equipment	\$ 9,389	\$ 7,242
Foreign exchange gain, net	1,059	1,974
Financial assets income measured at fair value through profit or loss	412	119
Profit on lease modification	-	310
Gains on overdue payables written off	2,735	8,297
Others	<u>(5)</u>	<u>444</u>
	<u>\$ 13,590</u>	<u>\$ 18,386</u>

(IV) Financial costs

	2023	2022
Bank loan interest	\$ 3,229	\$ 4,059
Interest on lease liabilities	<u>244</u>	<u>558</u>
	<u>\$ 3,473</u>	<u>\$ 4,617</u>

There was no capitalization of interest in 2023 and 2022.

(V) Impairment loss (reversal)

	2023	2022
Inventory (incorporated in operating cost)	(\$ 3,363)	(\$ 7,990)
Long-term prepayment for purchase (incorporated in operating cost)	(<u>10,237</u>)	(<u>2,039</u>)
	<u>(\$ 13,600)</u>	<u>(\$ 10,029)</u>

(VI) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	\$ 3,801	\$ 7,914
Operating expenses	<u>7,265</u>	<u>6,467</u>
	<u>\$ 11,066</u>	<u>\$ 14,381</u>
Summary of amortization expenses for intangible assets by function		
Operating costs	\$ 4	\$ 4
Marketing expense	15	16
Administrative expense	<u>669</u>	<u>761</u>
	<u>\$ 688</u>	<u>\$ 781</u>

(VII) Employee benefit expense

	2023	2022
Short-term employee benefits	\$ 70,457	\$ 49,804
Retirement benefits (Note 22)		
Defined contribution plan	1,662	1,684
Defined benefit plan	<u>87</u>	<u>49</u>
Total of employee benefit expenses	<u>\$ 72,206</u>	<u>\$ 51,537</u>
Summarized by function		
Operating costs	\$ 21	\$ 53
Operating expenses	<u>72,185</u>	<u>51,484</u>
	<u>\$ 72,206</u>	<u>\$ 51,537</u>

(VIII) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, after deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% is distributed as remuneration to employees and 1%–3% is distributed as the remuneration to directors and supervisors.

Due to the loss before tax in 2023 and 2022, the Board of Directors decided on March 6, 2024 and March 8, 2023 not to distribute remuneration to employees, directors and supervisors.

If there were any changes in the amount after the approval and release date of annual parent company only financial reports, the change was treated as a change in accounting estimates and accounted for in the following year.

There was no discrepancy between the actual distribution of the remuneration to employees and directors/supervisors in 2022 and 2021 and the amount recognized in the parent company only financial reports in 2022 and 2021.

The information about the remuneration to employees and directors/supervisor in 2023 and 2022 resolved by the Board of Directors may be viewed on the Market Observation Post System of the TWSE.

(IX) Foreign exchange (loss) gain

	<u>2023</u>	<u>2022</u>
Total profit from translation of foreign currencies	\$ 29,690	\$ 46,647
Total foreign currency exchange losses	(<u>28,631</u>)	(<u>44,673</u>)
Net profit (loss)	<u>\$ 1,059</u>	<u>\$ 1,974</u>

26. Income tax of continuing operations

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax		
Tax incurred in the year	\$ -	\$ -
Deferred income tax		
Tax incurred in the year	<u>-</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ -</u>	<u>\$ -</u>

The reconciliation of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax of continuing operations	(\$ 28,577)	\$ 110,030
Income tax profit (expense) on net profit before tax calculated at the statutory tax rate	(\$ 5,715)	\$ 22,006
Non-taxable income	(459)	-
Expense and loss not deductible from tax	29,528	29,195
Unrecognized deductible temporary difference	(2,862)	(70,879)
Unrecognized loss carryforwards	(<u>20,492</u>)	<u>19,678</u>
Income tax expenses recognized in profit or loss	<u>\$ -</u>	<u>\$ -</u>

(II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Incurred in the year		
– Defined benefit actuarial gains and losses	\$ -	\$ -
– Translation from foreign operations	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

(III) Current income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 2,356</u>	<u>\$ 496</u>

- (IV) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in balance sheet, unused loss carryforwards, and unused investment tax credits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards		
Mature in 2023	\$ -	\$ 705,424
Mature in 2026	51,175	51,175
Mature in 2027	500,796	500,796
Mature in 2028	739,696	739,696
Mature in 2029	50,000	50,000
Mature in 2030	14,493	14,493
Mature in 2031	134,640	162,352
Mature in 2032	96,687	98,391
	<u>\$ 1,587,487</u>	<u>\$ 2,322,327</u>
Deductible temporary difference		
Allowance for bad debt	\$ 74,674	\$ 74,674
Inventory devaluation loss	7,749	11,112
Guarantee deposits paid impairment	328,341	328,341
Property, plant and equipment impairment	85,328	85,358
Unrealized investment loss under the equity method Losses	2,044,212	2,051,209
Prepayment for purchase impairment	154,692	164,929
Unrealized profit/loss from translation of foreign currencies	7,192	67
Others	12,951	13,680
	<u>\$ 2,715,139</u>	<u>\$ 2,729,370</u>

- (V) Information on unused investment tax credits and tax exemption

The 2014 investment plan of Tainergy for expanding the production scale of solar cells and their modules by increase of capital was approved by the Industrial Development Bureau, Ministry of Economic Affairs, by Letter Gong-Zhong-Zi No. 10305100630 on December 25, 2014, and the profit-seeking business income tax was exempted for 5 consecutive years from January 1, 2018.

As of December 31, 2023, the following income from the expansion of the production scale by increase of capital is tax free for five years:

<u>Expansion by Increase of Capital</u>	<u>Tax Exemption</u>
<u>Production of solar cells and their</u>	<u>Period</u>
<u>modules</u>	<u>2019 to 2023</u>

(VI) Authorization of income tax

The Company's profit-seeking business income tax filings up until 2021 have been approved by the tax authority.

27. Earnings (loss) per share

		Unit: NTD per share
	<u>2023</u>	<u>2022</u>
Basic earnings (loss) per share		
From continuing operations	<u>(\$ 0.13)</u>	<u>\$ 0.49</u>
Diluted earnings (loss) per share		
From continuing operations	<u>(\$ 0.13)</u>	<u>\$ 0.49</u>

The net profit (loss) and the weighted average number of common stocks used for calculating (loss) earnings per share are as follows:

Current net profit (loss)

	<u>2023</u>	<u>2022</u>
Net profit (loss) used for calculation of basic earnings (loss) per share	<u>(\$ 28,577)</u>	<u>\$ 110,030</u>
Net profit (loss) used for calculation of diluted earnings (loss) per share	<u>(\$ 28,577)</u>	<u>\$ 110,030</u>

Number of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of common stocks used for calculation of basic earnings (loss) per share	<u>225,000</u>	<u>225,000</u>
Weighted average number of common stocks used for calculation of diluted profit (loss) per share	<u>225,000</u>	<u>225,000</u>

28. Information on cash flow

The Company was engaged in the following non-cash investment and financing activities in 2023 and 2022:

(I) Non-cash transactions

1. The Company's equipment payables for the purchase of property, plant and equipment in 2023 and 2022 increased by NTD 189 thousand and decreased by NTD 1,689 thousand, respectively; in addition, other payables to related parties for the purchase of property, plant and equipment in 2022 decreased by NTD 2,193 thousand.
2. The Company disposed property, plant and equipment in 2022, resulting in a decrease of NTD 1,948 thousand in other receivables – related parties.

(II) Changes in liabilities from financing activities

2023

	January 1, 2023	Cash flow	Non-cash change		December 31, 2023
			New/renewed contract	Interest expenses	
Short-term loans	\$ 5,000	\$ 25,000	\$ -	\$ -	\$ 30,000
Long-term loans	131,368	(36,731)	-	-	94,637
Lease liabilities	11,502	(2,920)	-	244	8,826
	<u>\$ 147,870</u>	<u>(\$ 14,651)</u>	<u>\$ -</u>	<u>\$ 244</u>	<u>\$ 133,463</u>

2022

	January 1, 2022	Cash flow	Non-cash change		December 31, 2022
			New/renewed contract	Interest expenses	
Short-term loans	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
Long-term loans	178,397	(47,029)	-	-	131,368
Lease liabilities	30,977	(5,989)	(14,044)	558	11,502
	<u>\$ 209,374</u>	<u>(\$ 48,018)</u>	<u>(\$ 14,044)</u>	<u>\$ 558</u>	<u>\$ 147,870</u>

29. Capital risk management

The Company conducted capital management to ensure keeping operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategy of the Company is currently not changed.

The capital structure of the Company is comprised of their net liabilities (i.e., loans minus cash and cash equivalents) and shareholders' equity (i.e., capital stock, capital reserves, retained earnings, and other equities).

The key management of the Company conducts monthly review of the Company's capital structure, including the cost of capital, management of funds, and relevant risks. Observing the suggestions of the management, the Company balanced the overall capital

structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

30. Financial instruments

- (I) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investment in equity instruments of financial assets measured at fair value through other comprehensive income</u>				
Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 42,685	\$ 42,685

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investment in equity instruments of financial assets measured at fair value through other comprehensive income</u>				
Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 42,685	\$ 42,685

There were no transfers of fair value measurements between Level 1 and Level 2 in 2023 and 2022.

2. Adjustments to the financial assets and liabilities measured at Level 3 fair value 2023

<u>Financial assets</u>	<u>Financial assets measured at fair value through other comprehensive income</u>
Balance – beginning of the year	\$ 42,685
Balance – ending of the year	\$ 42,685

2022

Financial assets	Financial assets measured at fair value through other comprehensive income
	Equity instruments
Balance – beginning of the year	\$ 20,658
Recognized in other comprehensive income – unrealized valuation profit/loss from the financial assets measured at fair value through other comprehensive income	22,027
Balance – ending of the year	<u>\$ 42,685</u>
Other unrealized profits and losses of the period	<u>\$ 22,027</u>

3. Evaluation technology and inputs measured at Level 3 fair value

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the liquidity discount decreases.

(II) Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measurement at amortized cost (Note 1)	\$ 709,062	\$ 507,069
Financial assets measured at fair value through other comprehensive income	42,685	42,685
<u>Financial liabilities</u>		
Measurement at amortized cost (Note 2)	183,507	358,767

Note 1: The balances include cash and cash equivalents, notes receivable, accounts receivable, accounts receivable – related parties and other receivables, other receivables – related parties, refundable deposits and other financial assets – current equal basis Financial assets measured at amortized cost.

Note 2: The balance includes short-term borrowings, accounts payable, accounts payable – related parties, other payables (excluding salaries and bonuses

payable), other payables – related parties, guarantee deposits received and long-term borrowings, and other financial liabilities measured at amortized cost.

(III) Financial risk management purpose and policy

The Company's main financial instruments include accounts receivable, accounts payable, and loans. The Company's financial risk management aims to manage the market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk related to management and operating activities.

The Company uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the Company. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Company did not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

1. Market risk

The major financial risks that the operating activities imposed on the Company is the foreign exchange rate risk (as described in (1) below) and interest rate risk (as described in (2) below). The Company is engaged in various derivative financial instruments to manage the imposed foreign exchange rate risk, including forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials.

The Company did not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The Company was engaged in sales and purchase transactions in foreign currency. These transactions exposed the Company to the exchange rate fluctuation risk. About 90% of the sales amount of the Company is not valued with the functional currency. About 90% of the cost amount is not valued with the functional currency. The Company uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 35 for the book value of the monetary assets and liabilities of the Company valued with non-functional currency on the balance sheet date and the book value of the derivative instruments exposed to exchange rate risk.

Sensitivity analysis

The Company is affected primarily by the fluctuation in the exchange rate of USD and RMB.

The sensitivity analysis of the Company in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 5% is described in the following table. This 5% is the sensitivity ratio used by the Company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only includes the outstanding foreign currency items. The translation thereof at the end of the period is adjusted by an increase or decrease of 5% in the exchange rate. The sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive numbers in the table below represent the increase in pre-tax net profit or equity that would result from a 5% weakening of the New Taiwan dollar relative to the respective currencies. A 5% appreciation of the New Taiwan dollar against the respective currencies would have a negative impact on pre-tax net profit or equity for the same amount.

	Effect of USD	
	2023	2022
Profit or loss (i)	<u>\$ 15,919</u>	<u>\$ 1,766</u>

	Effect of RMB	
	2023	2022
Profit or loss (ii)	<u>\$ 14</u>	<u>\$ 149</u>

- (i) The profit or loss is mainly generated from the Company's accounts receivable, accounts payable and loans valued in USD which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

(ii) The profit or loss was mainly generated from the Company's accounts receivable, accounts payable, and loans valued in RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

Changes in the Company's sensitivity to exchange rates in the current period are mainly due to an increase in bank deposits and accounts receivable denominated in USD and a decrease in accounts receivable denominated in RMB. The management found that the sensitivity analysis could not represent the inherent risk of exchange rate, because the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the mid of the period.

(2) Interest rate risk

The interest rate risk exposure occurs because the Company borrowed funds at floating rate. The Company maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The Company assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book values of the financial assets and liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
Financial assets	\$ 615,810	\$ 239,405
With cash flow interest rate risk		
Financial assets	45,896	182,563
Financial liabilities	124,637	136,368

The Company is exposed to cash flow interest rate risk due to holding bank deposits and loans at variable interest rate. This conforms to the policy of the Company to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Company is primarily due to the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative instruments and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Company when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If the interest rate increased/decreased by 1%, with all other variables held constant, the net loss before tax of the Company in 2023 and 2022 would have increased/decreased by NTD 787 thousand and NTD 462 thousand respectively, primarily because the Company's loans and bank deposits at variable rate were exposed to the cash flow interest rate risk.

(3) Other price risks

The Company sustains exposure to securities price risk due to investment in beneficiary certificates. The Company's management managed risk by holding different risk investment portfolios. The Company designates responsible teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the comprehensive income in 2023 and 2022 increased/decreased by NTD 1,281 thousand and NTD 1,281 thousand, respectively, due to increase/decrease of the variations measured at fair value through other comprehensive income.

There was no change in the sensitivity of the Company's investment in equity securities compared with the previous year.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Company due to the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Company's potential highest credit risk exposure due

to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the book value of the financial assets recognized in the separate balance sheet.

According to the policy, the Company only trades with the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the Company rates customers with reference to open financial information as well as mutual trading records. The Company monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the Company supervises the release in order to minimize the potential credit risk. In addition, the Company reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Company finds that the credit risk of the Company is reduced significantly.

Receivables are to be collected from a lot of customers. They belong to different industries, are located in different geographic areas, and there is no mutual relation between them. Hence, the concentration of credit risk is not high. The Company continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents on a regular basis to support business operation and reduces the effect of the fluctuating cash flow. The management of the Company monitors the use of financing facility and ensures compliance with the terms of the loan contract.

Bank loans are one of the important sources of liquidity. For the financing facility that the Company did not use as at December 31, 2023 and 2022, refer to the description of financing facility in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date

required to the Company and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield on the balance sheet date.

December 31, 2023

	<u>Less than 1 year</u>	<u>1–3 years</u>	<u>4–5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liability</u>				
Floating and fixed interest rate instruments				
Short-term loans	\$ 30,376	\$ -	\$ -	\$ -
Long-term loans	20,135	35,435	22,386	25,660
Lease liabilities	2,920	2,882	769	3,059
Non-interest-bearing liabilities				
Accounts payable	41,367	-	-	-
Other payables	36,761	-	-	-
Guarantee deposits received	6,500	-	-	-
	<u>\$ 138,059</u>	<u>\$ 38,317</u>	<u>\$ 23,155</u>	<u>\$ 28,719</u>

More information on the maturity analysis of lease liabilities:

	<u>Less than 1 year</u>	<u>1–5 years</u>	<u>5–10 years</u>	<u>10–15 years</u>	<u>15–20 years</u>	<u>Over 20 years</u>
Lease liabilities	<u>\$ 2,920</u>	<u>\$ 3,651</u>	<u>\$ 1,923</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	<u>Less than 1 year</u>	<u>1–3 years</u>	<u>4–5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liability</u>				
Floating and fixed interest rate instruments				
Long-term loans	\$ 33,560	\$ 41,936	\$ 28,885	\$ 39,242
Lease liabilities	2,920	5,418	769	3,443
Non-interest-bearing liabilities				
Accounts payable	210,294	-	-	-
Other payables	23,521	-	-	-
	<u>\$ 270,295</u>	<u>\$ 47,354</u>	<u>\$ 29,654</u>	<u>\$ 42,685</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	Over 20 years
Lease liabilities	<u>\$ 2,920</u>	<u>\$ 6,187</u>	<u>\$ 1,923</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ -</u>

The amount of the floating interest rate instruments of the above-mentioned non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

(2) Financing facility

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loan limit		
– Employed capital	\$ 105,521	\$ 92,961
– Unemployed capital	<u>90,000</u>	<u>120,000</u>
	<u>\$ 195,521</u>	<u>\$ 212,961</u>
Unsecured bank loan limit		
– Employed capital	\$ 19,116	\$ 43,407
– Unemployed capital	<u>644,100</u>	<u>644,200</u>
	<u>\$ 663,216</u>	<u>\$ 687,607</u>

31. Related party transaction

The Company's parent company and ultimate parent company is KENMEC MECHANICAL ENGINEERING CO., LTD., which held 27.17% of the Company's common shares as of December 31, 2023 and 2022.

In addition to those disclosed in other notes, transactions between the Company and other related parties are described as follows.

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
KENMEC MECHANICAL ENGINEERING CO., LTD.	The Company's parent company
VIETNERGY COMPANY LIMITED	Subsidiary
TAISIC MATERIALS CO.	Subsidiary
TAI VISION CO., LTD.	Subsidiary
Star Solar New Energy Co., Ltd.	Associate
CHING-FU HSIEH	The Company's Chairman

(II) Operating revenue

Account Title	Type/Name of Related Party	2023	2022
Sales revenue	Subsidiary		
	TAISIC MATERIALS CO.	\$ 13,234	\$ 14,269
	VIETENERGY COMPANY LIMITED	<u>56,130</u>	<u>-</u>
		<u>\$ 69,364</u>	<u>\$ 14,269</u>

(III) Accounts receivable from related parties (excluding loans to related parties)

Account Title	Type/Name of Related Party	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary		
	VIETENERGY COMPANY LIMITED	<u>\$ 7,468</u>	<u>\$ -</u>
Other receivables	Subsidiary		
	VIETENERGY COMPANY LIMITED	\$ -	\$ 56
	TAISIC MATERIALS CO.	2,973	5,561
	TAI VISION CO., LTD.	<u>268</u>	<u>-</u>
		<u>3,241</u>	<u>5,617</u>
	Associate		
	Star Solar New Energy Co., Ltd.	<u>289</u>	<u>22</u>
		<u>\$ 3,530</u>	<u>\$ 5,639</u>

The outstanding balance of the accounts receivable from related parties was not guaranteed. No guarantee was requested for the accounts receivable from related parties. No bad debt expenses were set aside for the accounts receivable from related parties in 2023 and 2022.

(IV) Accounts payable to related parties (excluding loans from related parties)

Account Title	Type/Name of Related Party	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary		
	VIETENERGY COMPANY LIMITED	<u>\$ 26,339</u>	<u>\$ 114,767</u>
Other payables	Subsidiary		
	VIETENERGY COMPANY LIMITED	\$ 104	\$ 3,528
	TAISIC MATERIALS CO.	37	-
	Associate		
	Star Solar New Energy Co., Ltd.	<u>2,362</u>	<u>1,477</u>
		<u>\$ 2,503</u>	<u>\$ 5,005</u>

(V) Prepayments

Type/Name of Related Party	December 31, 2023	December 31, 2022
<u>Prepayments</u>		
Associate		
Star Solar New Energy Co., Ltd.	<u>\$ -</u>	<u>\$ 1,357</u>

(VI) Acquisition of property, plant and equipment

Type/Name of Related Party	Acquisition Price	
	2023	2022
Associate		
Star Solar New Energy Co., Ltd.	<u>\$ -</u>	<u>\$ 1,828</u>

(VII) Disposal of property, plants and equipment

Type/Name of Related Party	Disposal proceeds		Disposal Profit (Loss)	
	2023	2022	2023	2022
Subsidiary				
TAISIC MATERIALS CO.	<u>\$ -</u>	<u>\$ 928</u>	<u>\$ -</u>	<u>\$ 928</u>

The unrealized profit (recognized in investment under the equity method) from disposal of property, plant and equipment to subsidiaries was subject to amortization in years based on the useful life of the equipment.

2023						
Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
Property, plant and equipment	\$ 11,074	\$ -	\$ -	\$ -	\$ 7,156	\$ 3,918

2022						
Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
Property, plant and equipment	\$ 17,363	\$ 928	\$ -	\$ 928	\$ 7,217	\$ 11,074

(VIII) Lease agreement

Account Title	Type/Name of Related Party	December 31, 2023	December 31, 2022
Lease liabilities	Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 4,550	\$ 6,948

Type/Name of Related Party	2023	2022
<u>Interest expenses</u> Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	\$ 138	\$ 445

Revision of lease agreement

The Company leased factory premises and offices from the parent company, Kenmec Mechanical Engineering Co., Ltd. in 2022. Due to the adjustment of the lease scope, the right-of-use assets decreased by NTD 13,734 thousand, and a gain on lease modification of NTD 310 thousand was recognized.

Other lease information

2023

<u>Name of Related Party</u>	<u>Premises</u>	<u>Lease Period</u>	<u>Determination of Rent</u>	<u>Monthly Rental (w/o tax)</u>
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2022 to October 31, 2025	Negotiation	\$ 186
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2022 to October 31, 2025	Negotiation	25

2022

<u>Name of Related Party</u>	<u>Premises</u>	<u>Lease Period</u>	<u>Determination of Rent</u>	<u>Monthly Rental (w/o tax)</u>
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2022 to October 31, 2025	Negotiation	\$ 186
Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2022 to October 31, 2025	Negotiation	25

(IX) Loans to related parties

<u>Type of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Other receivables</u>		
Subsidiary		
TAISIC MATERIALS CO.	\$ 150,000	\$ -
Associate		
Star Solar New Energy Co., Ltd.	<u>65,000</u>	<u>65,000</u>
	<u>\$ 215,000</u>	<u>\$ 65,000</u>
<u>Interest income</u>		
Subsidiary		
VIETENERGY COMPANY LIMITED	\$ -	\$ 128
TAISIC MATERIALS CO.	<u>848</u>	<u>1,085</u>
	<u>848</u>	<u>1,213</u>
Associate		
Star Solar New Energy Co., Ltd.	<u>1,651</u>	<u>22</u>
	<u>\$ 2,499</u>	<u>\$ 1,235</u>

The Company provides long-terms loans for related parties. The interest rate is very close to the market rate of interest. Please refer to Note 10(2).

As of December 31, 2023, the Company received a deposit of NTD 6,500 thousand from Star Solar New Energy Co., Ltd.

(X) Endorsements/guarantees

Endorsements/guarantees for others

<u>Type of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
Guarantee amount	<u>\$ 107,468</u>	<u>\$ 147,408</u>
Drawdown	<u>\$ 62,211</u>	<u>\$ 113,868</u>

Acquisition of endorsements/guarantees

<u>Type of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The Company's Chairman	<u>\$ 798,737</u>	<u>\$ 286,368</u>

(XI) Related party transactions

		<u>2023</u>	<u>2022</u>
Subsidiary			
VIETENERGY COMPANY LIMITED	Manufacturing expense – processing cost	<u>\$ 647,018</u>	<u>\$ 880,677</u>
VIETENERGY COMPANY LIMITED	Other revenue	<u>\$ 361</u>	<u>\$ 454</u>
TAISIC MATERIALS CO.	Other receipts in advance	<u>\$ 780</u>	<u>\$ 780</u>
TAISIC MATERIALS CO.	Other revenue	<u>\$ 1,409</u>	<u>\$ 489</u>
Associate			
Star Solar New Energy Co., Ltd.	Manufacturing expense – repair expense	<u>\$ 8,919</u>	<u>\$ 5,697</u>
Star Solar New Energy Co., Ltd.	Manufacturing expense – other expenses	<u>\$ 666</u>	<u>\$ 558</u>
Star Solar New Energy Co., Ltd.	Miscellaneous expenses	<u>\$ 78</u>	<u>\$ -</u>

(XII) Remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 19,908</u>	<u>\$ 15,406</u>
Retirement benefits	<u>296</u>	<u>280</u>
	<u>\$ 20,204</u>	<u>\$ 15,686</u>

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

32. Pledged and mortgaged assets

The following assets were provided as collaterals for loans, import and export of (raw) materials, and purchase transaction of materials:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 11,054	\$ 11,056
Financial assets at amortized cost		
– current (pledged time deposit)	1,535	-
Financial assets measured at		
amortized cost – non-current		
(pledged time deposit)	100	100
Machinery and equipment – net	95,074	101,892
Other financial assets – current		
(restricted demand deposits)	<u>5,197</u>	<u>4,617</u>
	<u>\$ 112,960</u>	<u>\$ 117,665</u>

33. Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Company's significant commitments and contingencies on the balance sheet date are as follows:

- (I) Material purchase agreement between the Company and SunEdison Products Singapore Pte, Ltd. (hereinafter referred to as SunEdison)

Material purchase agreement

The Company entered into a material purchase agreement with SunEdison on July 9, 2008. According to the agreement, the Company should purchase solar wafers for no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500 thousand to 66,500 thousand every year during the period of the agreement.

The Company did not meet the minimum purchase amount in the material purchase agreement. After the agreement with SunEdison, the Company recognized the loss of refundable deposits and other non-current assets in 2012 for the deposit paid by the Company, deducting the compensation for not reaching the minimum purchase amount – Impairment of non-refundable deposits under “Other” totaling NTD 820,314 thousand.

SunEdison's application for reorganization

On April 21, 2016, SunEdison announced the application for restructuring. The Company comprehensively evaluated the possibility of recovery and recorded an impairment loss of NTD 307,800 thousand and NTD 6,835 thousand for 2017 and 2021, respectively, for the related other accounts receivable and refundable deposits.

As of December 31, 2023 and 2022, the recognized balance of the guarantee deposits paid was NTD 0.

- (II) The silicon wafer purchase agreement between the Company and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

Commitment to material purchase agreement

The Company entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers to the quantity, at the price, and amounting to no less than USD 44,388 thousand and EUR 85,518 thousand as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2019, respectively. The prepayments were not returnable, and the pre-payment of the Company totaled EUR 7,470 thousand.

Renewal of the agreement

The Company and Sino-American Silicon Products Inc. agreed to continue to fulfill the contract before and after December 31, 2024 in accordance with the contents of the bilateral agreement. As of December 31, 2023 and 2022, the Company estimated that the cost of prepayments would be higher than the expected economic benefits from the contract, and the accumulated impairment loss of prepayments of NTD 154,693 thousand and NTD 164,930 thousand, respectively have been set aside.

- (III) As of December 31, 2023 and 2022, the total price of the contract for completion and purchase of the Company's unfinished construction project and equipment was NTD 2,838 thousand and NTD 2,968 thousand, respectively. Of this, the amount of the payment that had been made was NTD 262 thousand and NTD 566 thousand, respectively.
- (IV) As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Company issued for loans was NTD 130,000 thousand and NTD 85,000 thousand, respectively. For the amount of endorsements/guarantees provided for the borrowings of related parties, please refer to Table 2 in Note 36.

34. Significant subsequent events

The Board of Directors of the Company resolved on March 6, 2024 to raise funds on the capital market depending on the need for funds in a year. Within an issuance of no more than 50 million shares, the Board of Directors was authorized to issue new stocks through a private placement for increase in cash capital in Taiwan in consideration of the market status and the need of the company for funds.

35. Information on financial assets and liabilities denominated in foreign currencies that have significant impact

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Information on foreign currency financial assets and liabilities with significant effect is as follows:

December 31, 2023

Unit: foreign currency thousand/NTD thousand			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 11,582	30.705 (USD : NTD)	\$ 355,634
EUR	3	33.98 (EUR : NTD)	92
RMB	63	4.327 (RMB : NTD)	272
			<u>\$ 355,998</u>
<u>Investment under the equity method</u>			
RMB	187,408	4.327 (RMB : NTD)	\$ 810,915
VND	364,198,240	0.00125 (VND : NTD)	449,082
			<u>\$ 1,259,997</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,213	30.705 (USD : NTD)	<u>\$ 37,249</u>

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,936	30.71 (USD : NTD)	\$ 243,718
EUR	88	32.72 (EUR : NTD)	2,886
RMB	925	4.408 (RMB : NTD)	4,077
			<u>\$ 250,681</u>
<u>Investment under the equity method</u>			
RMB	186,214	4.408 (RMB : NTD)	\$ 820,831
VND	380,811,683	0.00129 (VND : NTD)	467,199
			<u>\$ 1,288,030</u>

(Next page)

(Continued from previous page)

	Foreign currency	Exchange rate	Book value
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 6,786	30.71 (USD : NTD)	\$ 208,391
JPY	500,000	0.2324 (JPY : NTD)	116
RMB	247	4.408 (RMB : NTD)	1,088
			<u>\$ 209,595</u>

The foreign currency exchange gains and losses with a material impact are as follows:

	2023		2022	
Foreign currency	Exchange rate	Net translation profit (loss)	Exchange rate	Net translation profit (loss)
USD	30.705 (USD : NTD)	\$ 697	30.71 (USD : NTD)	\$ 1,344
RMB	4.327 (RMB : NTD)	3,184	4.408 (RMB : NTD)	1,232
JPY	0.2172 (JPY : NTD)	(23)	0.2324 (JPY : NTD)	(45)
EUR	33.98 (EUR : NTD)	(2,799)	32.72 (EUR : NTD)	(562)
Others		-		5
		<u>\$ 1,059</u>		<u>\$ 1,974</u>

36. Disclosures of notes

(I) Information about major transactions:

1. Loaning of funds to others. (Table 1)
2. Making endorsements/guarantees for others. (Table 2)
3. Marketable securities held at the end of the period. (Table 3)
4. The cumulative amount of the same securities purchased or sold reaches NTD 300 million or 20% of the paid-in capital. (None)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 4)
8. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 5)
9. Trading in derivative instruments. (Notes 7 and 35 to the Company's 2023 consolidated financial statements)

(II) Information on investees (Table 6)

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit/loss and recognized investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 7)
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss: (None)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of resulting profits or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services.

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 8)

Tainergy Tech Co., Ltd. and Subsidiaries
Loans to Others
January 1 to December 31, 2023

Table 1 Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates	Nature of loaning of funds	Transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Ceiling of loans to a particular borrower (Notes 2 and 3)	Ceiling of total loaning of funds (Notes 2 and 3)	Remarks
													Name	Value			
0	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	\$ 150,000	\$ 150,000	\$ 150,000	2.75%~5%	Needs for short-term financing	\$ -	Working funds	\$ -	None	\$ -	\$ 422,466	\$ 844,932	Note 4
0	Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	Other receivables	Y	64,970	61,410	-	5.64%	Needs for short-term financing	-	Working funds	-	None	-	422,466	844,932	Note 4
0	Tainergy Tech. Co., Ltd.	Star Solar New Energy Co., Ltd.	Other receivables	Y	130,000	65,000	65,000	2.75%~5%	Needs for short-term financing	-	Working funds	-	Guarantee deposits	6,500	422,466	844,932	
1	Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	110,200	25,962	25,962	3.65%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	
1	Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Kunfu Electronic Materials Co., Ltd.	Other receivables	Y	2,204	-	-	3.65%~4.35%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	Note 4
1	Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	301,035	294,236	294,236	3.65%	Needs for short-term financing	-	Working funds	-	None	-	324,355	324,355	

Note 1: Number column description:
 (1) 0 is reserved for issuer.
 (2) Each invested company is numbered in sequential order starting from 1.

Note 2: Tainergy Tech. Co., Ltd.’s limit of loans to others is calculated as follows:
 Ceiling of loans to particular borrower: 20% of the Company’s net value: 2,112,330×20%=422,466.
 Ceiling of total loaning of funds: 40% of the Company’s net value: 2,112,330×40%=844,932.
 Total interest from loans to others in the current period was NTD 2,499 thousand.

Note 3: Tainergy Technology (Kunshan) Co., Ltd.’s limit of loans to others is calculated as follows:
 Ceiling of loans to a single borrower: 40% of the Company’s net value: RMB 187,402×40%=RMB 74,961 =NTD 324,355.
 Ceiling of loans: 40% of the Company’s net value: RMB 187,402×40%=RMB 74,961 =NTD 324,355.
 Total interest from loans to others in the current period was RMB 1,462 thousand.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and Subsidiaries
Endorsements/guarantees for others
January 1 to December 31, 2023

Table 2

Unit: NTD thousand unless otherwise specified

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/guarantees (Note 3)	Current maximum endorsement/guarantee balance	Current endorsement/guarantee balance – ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/guarantee limit (Note 3)	Endorsements /guarantees made by the parent company for subsidiaries	Endorsements/guarantees made by the subsidiaries for parent company	Endorsements/guarantees made for the operations in Mainland China	Remarks
		Company name	Relationship (Note 2)											
0	Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	(2)	\$ 1,689,864	\$ 147,408	\$ 107,468	\$ 62,211	\$ -	5.09%	\$ 1,689,864	Y	N	N	

Note 1: Note 1: Number column description:

- (1) 0 is reserved for issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:

- (1) A company which the Company has business dealings with.
- (2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
- (3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,
- (4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
- (5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.
- (6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
- (7) Escrow and joint and several guarantee of the contracts in the same industry that involve the transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company's net value on December 31, 2023: $2,112,330 \times 80\% = 1,689,864$

Maximum endorsement/guarantee limit: No more than 80% of the Company's net value on December 31, 2023: $2,112,330 \times 80\% = 1,689,864$.

Tainergy Tech Co., Ltd. and Subsidiaries
Securities Held at the End of the Period
December 31, 2023

Table 3

Unit: NTD thousand unless otherwise specified

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
Tainergy Tech. Co., Ltd.	<u>Domestic non-listed (non-OTC) stocks</u> KENTEC INC.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income – non-current	2,293,885	<u>\$ 42,685</u>	4.328%	<u>\$ 42,685</u>	
Tainergy Technology (Kunshan) Co., Ltd.	<u>Floating-rate financial products</u>							
	Kunshan Rural Commercial Bank Sharing – Ririgin net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		\$ 8,654	-	\$ 8,654	
	Kunshan Rural Commercial Bank Sharing – Yueying GX001D net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		45,434	-	45,434	
Kunshan Kunfu Electronic Materials Co., Ltd.	Kunshan Rural Commercial Bank Sharing – Tientienjin net worth financial commodity	—	Financial assets measured at fair value through profit or loss – current		2,378	-	2,378	
TAISIC MATERIALS CO.	President DSU TWD 100% Principal Guaranteed Structured Product	—	Financial assets measured at fair value through profit or loss – current		<u>50,005</u>	-	<u>50,005</u>	
					<u>\$ 106,471</u>		<u>\$ 106,471</u>	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “financial instruments” of IFRS 9 and other securities deriving from these items.

Note 2: This column is not required if the issuer of the securities is not a related party.

Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of the loss allowance; otherwise, please complete the column with the book value of the amortized cost (with loss allowance deducted).

Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

Note 5: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 7.

Tainergy Tech Co., Ltd. and Subsidiaries

Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital

December 31, 2023

Table 4

Unit: NTD thousand unless otherwise specified

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	
Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	Subsidiary	Processing fee (Note)	\$ 647,018	29.02%	T/T 30 days upon invoice date	-	-	(\$ 26,339)	63.67%	

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 4: Listed in the total amount, the cost of raw materials for processing accounted for has been offset.

Tainergy Tech Co., Ltd. and Subsidiaries
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
December 31, 2023

Table 5

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated allowance for bad debt	Remarks
					Amount	Treatment			
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	Other receivables \$ 150,848	Note 1	\$ -	—	\$ -	\$ -	Note 2
Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Associate	Other receivables 298,578 RMB 69,004	Note 1	-	—	-	-	

Note 1: This is the amount from financing recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and Subsidiaries
Name and Territory of Investees and Other Relevant Information
January 1 to December 31, 2023

Table 6

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	Portcullis TrustNet Chambers, P.O. BoX 1225, Apia, Samoa.	Investment business	\$ 2,211,921 RMB 456,201	\$ 2,211,921 RMB 456,201	-	100%	\$ 810,915	\$ 5,256	\$ 5,256	Subsidiary (Note 2)
	VIETENERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	Manufacture of high-tech solar cells and related cell components	1,465,491 USD 46,500	1,465,491 USD 46,500	-	100%	449,082	(19,105)	(6,315)	Subsidiary (Note 2)
	Star Solar New Energy Co., Ltd.	11F.-8, No. 398, Huanbei Rd., Neighborhood 11, Xinjie Vil., Zhongli Dist., Taoyuan City	Solar power generation and sale of solar power systems	5,000	5,000	500,000	35.71%	3,902	(26)	8	Associate
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	238,280	238,280	23,828,000	47.656%	154,538	(308,827)	(147,174)	Subsidiary (Note 2)
	TAI VISION CO., LTD.	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	Wholesale and retail of contact lens	24,000	-	2,400,000	80%	23,526	(592)	(474)	Subsidiary (Note 2)
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	2,206,989 USD 70,000	-	100%	RMB 810,888 RMB 187,402	RMB 5,255 RMB 1,194	RMB 5,255 RMB 1,194	Subsidiary (Note 2)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Kunfu Electronic Materials Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of electronic materials and parts	19,242 RMB 4,500	19,242 RMB 4,500	-	100%	RMB 4,248 RMB 982	RMB 31 RMB 7	RMB 31 RMB 7	Subsidiary (Note 2)
	Suzhou Kenmec Property Development Ltd.	No. 8, Hsi Hsia Road, Wang Shan Industrial Park, Wuzhong Economic Development Zone, Suzhou City	Real estate business	365,200 RMB 80,000	365,200 RMB 80,000	-	31.75%	RMB 236,449 RMB 54,645	(16,436) (RMB 3,762)	(8,909) (RMB 2,033)	Associate
	Kunshan Jichang Energy Technology Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of solar power-related products	-	-	-	-	-	-	-	Subsidiary (Note 3)

Note 1: For more information on the investees in Mainland China, please refer to Table 7.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 3: Registration for Kunshan Jichang Energy Technology Co., Ltd. was cancelled on February 7, 2023.

Tainergy Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China
January 1 to December 31, 2023

Table 7

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss from investments, investment book value at the end of the period, and profit or loss received from investments:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment	Profit (loss) from investments recognized in the current period (Note 2)	Investment book value	Profit received from investments as of the end of current Period	Remarks
					Remittance	Return							
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	\$ 2,206,989	(2)-1	\$ 2,206,989	\$ -	\$ -	\$ 2,206,989	\$ 5,255 RMB 1,194	100%	\$ 5,255 RMB 1,194 (2)B	\$ 810,888 RMB 187,402	\$ -	
Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	19,242	(2)-2	-	-	-	-	31 RMB 7	100%	31 RMB 7 (2)B	4,248 RMB 982	-	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582	(2)-2	-	-	-	-	(16,436 RMB 3,762)	31.75%	(8,909 RMB 2,033) (2)B	236,449 RMB 54,645	-	
Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	(2)-2	-	-	-	-	-	-	-	-	-	Note 3

Note 1:Investment is classified into following three categories. It is only necessary to mark the type:

- (1) Engaged in direct investment in Mainland China.
- (2)-1 Invested in Mainland China through a company in a third area: Tainergy Tech Holding (Samoa) Co., Ltd.
- (2)-2 Invested in Mainland China through a company in Mainland China: Tainergy Technology (Kunshan) Co., Ltd.
- (3) Other means.

Note 2:In the “Profit (loss) from investments recognized in the current period” column:

- (1) An indication is needed if the investment is under preparation and there is no profit or loss.
- (2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
 - A. The financial statements audited and approved by an international accounting firm that has a collaboration relationship with an accounting firm in the Republic of China.
 - B. The financial statements audited by a CPA of the parent company in Taiwan.
 - C. Others (the unaudited financial statements of the aforesaid investees for the same period).

Note 3:Registration for Kunshan Jichang Energy Technology Co., Ltd. was cancelled on February 7, 2023.

2. Limit on the amount of investments in Mainland China:

Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA
\$ 2,206,989 (USD70,000 thousand)	\$ 2,206,989 (USD70,000 thousand)	\$ 1,374,412

Tainergy Tech. Co., Ltd.
Information on Major Shareholders
December 31, 2023

Table 8

Names of major shareholders	Shares	
	Number of shares held	Shareholding percentage
KENMEC MECHANICAL ENGINEERING CO., LTD.	61,132,856	27.17%

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the financial reports of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

§Statements of Major Accounting Items§

<u>Item</u>	<u>No./Index</u>
Statements of asset, liability and equity items	
Statement of Cash and Cash Equivalents	Statement 1
Statements of Changes in Financial Assets Measured at Amortized Cost – current	Statement 2
Statement of Accounts Receivable	Statement 3
Statement of Other Receivables	Statement 4
Statement of Inventories	Statement 5
Statement of Prepayments	Statement 6
Statement of Other Current Assets	Statement 7
Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current	Statement 8
Statements of Changes in Financial Assets Measured at Amortized Cost – Non-current	Statement 9
Statement of Changes in Investment under Equity Method	Statement 10
Statement of Changes in Property, Plant and Equipment	Note 14
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 14
Statement of Changes in Right-of-use Assets	Statement 11
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Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function	Statement 24

Tainergy Tech. Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Statement 1

Unit: NTD thousand unless otherwise
specified

Item	Summary	Amount
Cash on hand		\$ 216
Bank deposit		
Check and demand deposit	Including RMB 61 thousand, @4.327, USD 659 thousand, @30.705, and NTD 20,191 thousand	40,709
Cash equivalents		
Bank time deposit with an initial maturity date within 3 months	USD 13,000 thousand	307,050
Repurchase agreements		<u>92,115</u>
		<u>\$ 440,090</u>

Note: Maturity date of cash equivalents and interest rate

Bank	Maturity date	Interest rate	Amount
Taiwan Business Bank	January 2, 2024	5.38%	\$ 30,705
Taiwan Business Bank	January 16, 2024	5.42%	30,705
Taiwan Business Bank	January 23, 2024	5.42%	122,820
Taiwan Business Bank	January 30, 2024	5.45%	76,762
Entie Commercial Bank	January 16, 2024	5.65%	46,058
Mega Bills Finance Co., Ltd.	January 5, 2024	5.5%	30,705
Mega Bills Finance Co., Ltd.	January 30, 2024	5.55%	<u>61,410</u>
			<u>\$ 399,165</u>

Tainergy Tech. Co., Ltd.
Statements of Changes in Financial Assets Measured at Amortized Cost – current
2023

Statement 2 Unit: NTD thousand

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period		Provided as guarantee or pledge	Remarks
	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value		
Time deposit with Taiwan Business Bank	-	<u>\$ -</u>	-	<u>\$ 1,535</u>	-	<u>\$ -</u>	-	<u>\$ 1,535</u>	Refer to Note 32 for more information	Interest rate 5.45%

Tainergy Tech. Co., Ltd.
Statement of Accounts Receivable
December 31, 2023

Statement 3

Unit: NTD thousand

<u>Name of Customer</u>	<u>Summary</u>	<u>Amount</u>
Non-related party		
CY company	Payment for purchase	\$ 11,682
CG company	"	8,236
CM company	"	1,954
Others (Note)	"	882
Less: Loss allowance		(<u>208</u>)
		<u>\$ 22,546</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Other Receivables
December 31, 2023

Statement 4

Unit: NTD thousand

Item	Summary	Amount
Non-related party		
Others (Note)		<u>\$ 2,542</u>
Related party		
TAISIC MATERIALS CO.	Payment on behalf of others and loaning of funds	152,973
TAI VISION CO., LTD.	Payments for others	268
Star Solar New Energy Co., Ltd.	Loan of funds	<u>65,289</u>
		<u>218,530</u>
		<u>\$ 221,072</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Inventories

December 31, 2023

Statement 5

Unit: NTD thousand

Item	Summary	Amount	Net realizable value
Finished goods	Solar cell and module	<u>\$ 41,366</u>	<u>\$ 42,671</u>

Tainergy Tech. Co., Ltd.
Statement of Prepayments
December 31, 2023

Statement 6

Unit: NTD thousand

<u>Name</u>	<u>Summary</u>	<u>Amount</u>
Prepayment for purchase	Prepayment for purchase of material	\$ 1,083
Prepayment for equipment	Purchase of equipment on behalf of others	780
Others (Note)		<u>439</u>
		<u>\$ 2,302</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Other Current Assets
December 31, 2023

Statement 7

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Other financial assets – restricted current deposits	Taiwan Business Bank current deposits pledge	\$ 3,000
	Bank SinoPac demand deposits pledge	<u>2,197</u>
		<u>\$ 5,197</u>

Tainergy Tech. Co., Ltd.

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current

December 31, 2023

Statement 8

Unit: NTD thousand unless otherwise specified

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		Valuation amount	At the end of the period		Accumulated impairment	Provided as guarantee or pledge	Remarks
	Number of Shares or Pieces	Fair value	Number of pieces	Amount	Number of Shares or Pieces	Amount		Number of Shares or Pieces	Fair value			
KENTEC INC.	2,293,885	<u>\$ 42,685</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	2,293,885	<u>\$ 42,685</u>	Not applicable	None	—

Tainergy Tech. Co., Ltd.
Statements of Changes in Financial Assets Measured at Amortized Cost – Non-current
2023

Statement 9Unit: NTD thousand

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period		Provided as guarantee or pledge	Remarks
	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value		
Bank of Taiwan time deposit – pledged by Customs	-	<u>\$ 100</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	-	<u>\$ 100</u>	Refer to Note 32 for more information	Interest rate 1.575%

Tainergy Tech. Co., Ltd.
Statement of Changes in Investment under Equity Method
December 31, 2023

Statement 10

Unit: NTD thousand unless otherwise specified

													Balance – ending of the period			Valuation basis	Provided as guarantee or pledge	
	Balance – beginning of the period		Increase in the current period		Decrease in the current period		Investment (losses) Interests	Unrealized profit or loss on sales	Unrealized disposed property	Cumulative conversion adjustments	Shareholdin g ratio		Market price or net equity					
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount					Number of shares	Amount						
Non-publicly quoted common stocks							Capital reserves											
Tainergy Tech Holding (Samoa) Co., Ltd.	70,203,516	\$ 820,831	-	\$ -	-	\$ -	\$ -	\$ 5,256	\$ -	\$ -	(\$ 15,172)	70,203,516	100	\$ 810,915	-	\$ 810,915	Equity method	None
VIETNERGY COMPANY LIMITED	-	467,199	-	-	-	-	-	(6,315)	(1,285)	6,377	(16,894)	-	100	449,082	-	455,248	Equity method	None
TAISIC MATERIALS CO.	23,828,000	300,874	-	-	-	-	-	(147,174)	59	779	-	23,828,000	47.656	154,538	-	157,028	Equity method	None
Star Solar New Energy Co., Ltd.	500,000	3,886	-	-	-	-	-	8	8	-	-	500,000	35.71	3,902	-	3,902	Equity method	None
TAI VISION CO., LTD.	-	-	2,400,000	24,000	-	-	-	(474)	-	-	-	2,400,000	80	23,526		23,526	Equity method	None
		\$ 1,592,790		\$ 24,000		\$ -	\$ -	(\$ 148,699)	(\$ 1,218)	\$ 7,156	(\$ 32,066)			\$ 1,441,963		\$ 1,450,619		

Tainergy Tech. Co., Ltd.
Statement of Changes in Right-of-use Assets
2023

Statement 11

Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	<u>\$ 25,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,232</u>

Tainergy Tech. Co., Ltd.

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

2023

Statement 12

Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	<u>\$ 14,048</u>	<u>\$ 2,706</u>	<u>\$ -</u>	<u>\$ 16,754</u>

Tainergy Tech. Co., Ltd.
Statement of Other Non-current Assets
December 31, 2023

Statement 13

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Guarantee deposits paid	Performance guarantee for materials purchased	<u>\$ 11,054</u>

Tainergy Tech. Co., Ltd.
Statement of Accounts Payable
December 31, 2023

Statement 14

Unit: NTD thousand

Item	Summary	Amount
<hr/>		
Accounts of non-related party		
CP company	Payment for purchase	\$ 4,963
CK company	"	4,466
CQ company	"	2,806
CI company	"	1,508
BR company	"	1,222
Others (Note)	"	63
		<u>\$ 15,028</u>
Related party		
VIETNERGY COMPANY LIMITED	Payment for purchase	<u>\$ 26,339</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Other Payables
December 31, 2023

Statement 15

Unit: NTD thousand

Item	Summary	Amount
Other payables – related parties	Maintenance expenses and import/export-related	\$ 2,466
	Others (Note)	<u>37</u>
		<u>2,503</u>
Other payables – non-related parties	Salary and bonus	25,758
	Import/export-related	542
	Others	<u>7,958</u>
		<u>34,258</u>
		<u>\$ 36,761</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Contract Liabilities
December 31, 2023

Statement 16

Unit: NTD thousand

<u>Name</u>	<u>Summary</u>	<u>Amount</u>
CR company	Construction payment	\$ 2,763
CV company	Payment for purchase	935
BF company	"	283
CX company	"	189
Others (Note)		<u>150</u>
		<u>\$ 4,320</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Other Current Liabilities
December 31, 2023

Statement 17

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Refund liabilities		\$ 4,115
Collections	Withhold of 2nd generation health insurance premium	<u>1,048</u>
		<u>\$ 5,163</u>

Tainergy Tech. Co., Ltd.
Statement of Long-term Loans
December 31, 2023

Statement 18

Unit: NTD thousand

Creditor	Summary	Contract period	Interest %	Amount			Mortgage or guarantee
				Due within one year	Due more than one year	Total	
Taiwan Business Bank	None	2022.6.18-2026.6.18	2.75%	\$ 7,489	\$ 11,627	\$ 19,116	None
Bank SinoPac Company Limited	Secured loans	2020.4.28-2025.9.28	2.865%	<u>10,184</u>	<u>65,337</u>	<u>75,521</u>	Note
				<u>\$ 17,673</u>	<u>\$ 76,964</u>	<u>\$ 94,637</u>	

Note: Refer to Note 32 for mortgage and pledge.

Tainergy Tech. Co., Ltd.
Statement of Lease Liabilities
December 31, 2023

Statement 19

Unit: NTD thousand

<u>Item</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Amount</u>
Building	5–18 years	2.4%~2.45%	\$ 8,826
Less: Stated as current liabilities			(<u>2,742</u>)
Lease liabilities – non-current			<u>\$ 6,084</u>

Tainergy Tech. Co., Ltd.
Statement of Operating Revenue
2023

Statement 20

Unit: NTD thousand

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Solar cell		\$ 2,115,269
Solar module		589
Revenue from sale of electricity		16,564
Revenue from repair and others		<u>3,214</u>
		<u>\$ 2,135,636</u>

Tainergy Tech. Co., Ltd.
Statement of Operating Costs
2023

Statement 21

Unit: NTD thousand

Item	Amount
Manufacturing cost	
Raw material – beginning of the period	\$ 162,755
Add: Purchase of material in the current period	946,110
Less: Sale of raw material	(115,998)
Transfer to inventory of supplies	(1,510)
Raw material – ending of the Period	<u>-</u>
Consumables in the current period	991,357
Manufacturing expense	663,314
Less: Carry-over of electricity sales cost	(13,390)
Transfer of idle capacity cost	(<u>2,906</u>)
Manufacturing cost	1,638,375
Add: Work in process at beginning of the period	9,417
Finished goods transfer in	390,177
Less: Work in process at the ending of the period	<u>-</u>
Cost of finished goods	2,037,969
Plus: Finished goods at the beginning of the period	206,868
Finished goods purchased	25,537
Returned for use	4,887
Less: Work in process transfer in	(390,177)
Finished goods at the ending of the period	(<u>49,115</u>)
Production/sales cost	1,835,969
Project cost	
Construction in progress – beginning	14,480
Labor expense invested in the current period	666
Construction in progress – ending	(<u>15,146</u>)
Project cost subtotal	<u>-</u>
Cost to sell raw materials	115,998
Capacity difference amortization	2,906
Gain on reversal of decline in value of inventories (including reversal of impairment on prepayments for purchase, NTD 10,237 thousand)	(13,600)
Repair cost	397
Electricity sales cost	<u>13,390</u>
Operating costs	<u>\$ 1,955,060</u>

Tainergy Tech. Co., Ltd.
Statement of Operating Expenses
2023

Statement 22

Unit: NTD thousand

Name	Amount			
	Marketing expense	Administrative expense	R&D expense	Total
Salary expense and bonus	\$ 5,938	\$ 56,764	\$ -	\$ 62,702
Depreciation	413	3,368	20	3,801
Import/export expense	1,699	-	-	1,699
Service expenses	1,042	4,702	-	5,744
Other expenses (Note)	<u>2,414</u>	<u>17,303</u>	<u>286</u>	<u>20,003</u>
	<u>\$ 11,506</u>	<u>\$ 82,137</u>	<u>\$ 306</u>	<u>\$ 93,949</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.
Statement of Financial Cost
2023

Statement 23

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Taiwan Business Bank	Loan interest	\$ 781
Bank of Taiwan	"	67
Hua Nan Bank	"	70
Bank SinoPac	"	2,311
KENMEC MECHANICAL ENGINEERING CO., LTD.	Interest on lease liabilities	138
Others	"	<u>106</u>
		<u>\$ 3,473</u>

Tainergy Tech. Co., Ltd.

Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function

January 1 to December 31, 2023 and 2022

Statement 24

Unit: NTD thousand

	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expense	\$ -	\$ 62,702	\$ 62,702	\$ 20	\$ 41,831	\$ 41,851
Insurance expense	-	3,629	3,629	-	3,382	3,382
Pension expense	-	1,749	1,749	-	1,733	1,733
Remuneration to directors	-	3,651	3,651	-	3,713	3,713
Other employee benefit expenses	21	454	475	33	825	858
	<u>\$ 21</u>	<u>\$ 72,185</u>	<u>\$ 72,206</u>	<u>\$ 53</u>	<u>\$ 51,484</u>	<u>\$ 51,537</u>
Depreciation expenses	<u>\$ 7,265</u>	<u>\$ 3,801</u>	<u>\$ 11,066</u>	<u>\$ 7,914</u>	<u>\$ 6,467</u>	<u>\$ 14,381</u>
Amortization expenses	<u>\$ 4</u>	<u>\$ 684</u>	<u>\$ 688</u>	<u>\$ 4</u>	<u>\$ 777</u>	<u>\$ 781</u>

Notes:

- The number of employees in the year and in the previous year was 39 and 41, respectively, and the number of directors who were not employees was 6 and 6, respectively.
- (1) The average employee benefit expenses in the year were NTD 2,077 thousand ("Total employee benefit expenses in the year - total remuneration to directors" / "Number of employees in the year - number of directors who were not employees").
The average employee benefit expenses in the previous year were NTD 1,366 thousand ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").
- (2) The average employee salary expenses in the current year were NTD 1,900 thousand (Total salary expenses in the current year / "Number of employees in the current year - number of directors who were not employees").
The average employee salary expenses in the previous year were NTD 1,196 thousand (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").
- (3) The average employee salary expenses changed by 58.9% ("Average employee salary expense in the year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
- (4) Remuneration to supervisors in the year and the previous year: There are no supervisors as the Company has established an Audit Committee.
- (5) To enhance the remuneration system applicable to the directors and managerial officers of Tainergy Tech. Co., Ltd. (hereinafter referred to as Tainergy), the Remuneration Committee of Tainergy assesses the

remuneration policy and system with regard to the directors and managerial officers of Tainergy from an objective and professional point of view. At least two meetings are held every year and extraordinary meetings can be held whenever necessary to assist the Board of Directors in assessing and monitoring the overall remuneration policy and raise proposals as a reference for the Board of Directors to make decisions. The Remuneration Committee of Tainergy shall refer to the remuneration level and payment status of other companies in the industry as well as the business operation of Tainergy, personal performance of the employee, and the operating risk in the future, and shall not induce directors and managerial officers to be engaged in the activities beyond the risk tolerance of the Company for the purpose of pursuing remuneration. With respect to the time to distribute bonus in proportion with the short-term performance of directors and managerial officers, or remuneration that is partially variable, the Remuneration Committee shall consider the characteristics of the industry and the business nature of the Company to decide the proper time to pay. The Remuneration Committee shall faithfully exercise the following duties with the due care of a good administrator and submit the suggestions to the Board of Directors for discussion:

- a. Ensure the level of the remuneration meets the requirement of labor laws and regulations and is good enough to attract the best talents.
- b. Establish and periodically review the policy, system, standard and structure with respect to the performance evaluation of directors and managerial officers and the level of remuneration.
- c. Establish and periodically evaluate the performance of the directors and managerial officers and the remuneration to them.
- d. The contents and amounts of the remuneration to the directors and managerial officers shall be determined in consideration of their reasonableness. The remuneration to the directors and managerial officers shall not deviate substantially from the financial performance.

Chapter VII. Financial position, financial performance, and risk management

I. Financial Status

Comparative Analysis of Financial Status

Unit: NTD thousand; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,742,812	1,550,019	(192,793)	(11.06)
Property, plant and equipment	829,785	733,347	(96,438)	(11.62)
Intangible assets	1,479	1,455	(24)	(1.62)
Other assets	829,119	753,627	(75,492)	(9.11)
Total assets	3,403,195	3,038,448	(364,747)	(10.72)
Current liabilities	646,240	550,926	(95,314)	(14.75)
Non-current liabilities	249,743	196,836	(52,907)	(21.18)
Total liabilities	895,983	747,762	(148,221)	(16.54)
Equity attributable to the owner of the parent company	2,173,085	2,112,330	(60,755)	(2.80)
Share capital	2,250,000	2,250,000	-	-
Capital reserves	771,118	771,118	-	-
Retained earnings	(399,502)	(428,191)	(28,689)	7.18
Other equity	(448,531)	(480,597)	(32,066)	7.15
Non-controlling interests	334,127	178,356	(155,771)	(46.62)
Total equity	2,507,212	2,290,686	(216,526)	(8.64)
Description of major variations: (increase or decrease ratio reaching 20% or more and its amount of change reaches NTD 10 million) of accounting items				
1. The decrease in non-current liabilities is primarily due to a reduction in non-current lease liabilities in fiscal year 2023.				
2. The decrease in non-controlling interests is mainly attributed to losses incurred by subsidiaries in fiscal year 2023.				

II. Financial performance

- (I) Main reasons for any major change in operating revenues, operating income, or income before tax during the past two fiscal years:

Unit: NTD thousand; %

Item \ Year	2022	2023	Increase/decrease amount	Change in percentage
Operating revenue	2,221,436	2,145,122	(76,314)	(3.44)
Operating gross profit	159,859	250,910	91,051	56.96
Operating profit and loss	(246,699)	(285,812)	(39,113)	15.85
Non-operating revenue and expenses	209,948	95,276	(114,672)	(54.62)
Profit before tax	(36,751)	(190,536)	(153,785)	418.45
Net profit of continuing operations for the period	(36,735)	(190,348)	(153,613)	418.17
Net profit (loss) for the period	(36,735)	(190,348)	(153,613)	418.17
Other comprehensive income (after tax) for the period	55,675	(32,178)	(87,853)	(157.80)
Total comprehensive income for the period	18,940	(222,526)	(241,466)	(1,274.90)
Description of major variations: (increase or decrease ratio reaching 20% or more and its amount of change reaches NTD 10 million) of accounting items				
1. The increase in operating gross profit is primarily attributable to favorable adjustments to parameters on large-size equipment in fiscal year 2023, leading to continuous improvement in yield rates compared to fiscal year 2022.				
2. The decrease in non-operating income and expenses is mainly due to the recognition of gains from the sale of property, plant, and equipment in fiscal year 2022.				
3. The decrease in profit before tax is primarily due to the recognition of gains from the sale of property, plant, and equipment in fiscal year 2022.				
4. The decrease in profit from continuing operations for the period is primarily attributable to the recognition of gains from the sale of property, plant, and equipment in fiscal year 2022.				
5. The decrease in net profit (loss) for the period is mainly due to the recognition of gains from the sale of property, plant, and equipment in fiscal year 2022.				
6. The decrease in other comprehensive income (net of tax) for the period is primarily due to currency exchange rate fluctuations in fiscal year 2023.				
7. The decrease in total comprehensive income for the period is primarily due to the recognition of gains from the sale of property, plant, and equipment in fiscal year 2022.				

- (II) Expected sales volume in the coming year and its basis: As the solar industry is growing at a steady pace, prices for solar cells and modules will also improve alongside the recovery of the imbalance between supply and demand in the industry. Hence, the Company's sales volume in the coming year is expected to grow.
- (III) Possible impact on the Company's future financial operations and action plans: None.

III. Cash flow

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

Unit: NTD thousand; %

Item	2022	2023	Increase (decrease) change	
			Amount	%
Operating activities	171,841	450,785	278,944	162.33
Investment activities	(188,720)	(449,903)	(261,183)	138.40
Fund-raising activities	14,0321	20,437	(119,884)	(85.44)
Analysis of changes in the percentage of increase/decrease:	114,725	(1,973)	(116,698)	(101.72)
Net cash inflow (outflow) from operating activities: 1.The increase in cash inflows from operating activities is primarily due to reduced inventory in fiscal year 2023. 2.The decrease in cash inflows from investing activities is mainly attributable to increased loans to related enterprises in fiscal year 2023. 3.The decrease in cash inflows from financing activities is primarily due to increased loans to related enterprises in fiscal year 2023.				

(II) Improvement plan for insufficient liquidity: None.

(III) Cash flow analysis for the coming year:

1. Operating activities: Mainly due to the expected increase in profit in 2024 to generate cash inflows.
2. Investment activities: It is mainly due to the expected cash outflow for the subsidiary's additional purchase of real estate, plant and equipment in 2024.
3. Fund-raising activities: Mainly due to the expected cash inflow of capital increase in 2024.

IV. Effect of material capital expenditure in the most recent year on the financial status

Subsidiary - Sheng Xin Materials Technology Co., Ltd., acquired production equipment to enhance production capacity. Subsidiary - VIETENERGY Limited Liability Company also carried out transformation and optimization of large-size solar cells (M10)..

V. The investment policies, the main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year

(I) The Company's investment policy

In a bid to grasp the operating results of the investees in a timely manner, at Tainergy, we have formulated management rules for subsidiaries as well as the internal control investment cycle. The "Acquisition or Disposal Operations" and the "Subsidiary Monitoring Operations" within the scope of the internal control investment cycle have also been established as the basis for investment operations and management.

(II) Main reason for profit or loss

1. TAINERGY TECH HOLDING (SAMOA)CO., LTD.: The Company indirectly invested in Tainergy Technology (Kunshan) Co. Ltd. through TAINERGY TECH HOLDING (SAMOA)CO., LTD., making TAINERGY TECH HOLDING (SAMOA)CO., LTD. a holding company. In 2023, the Company suffered a gain of NTD 5,256 thousand, mainly due to the

- recognition of the gain in investment in Tainergy Technology (Kunshan) Co. Ltd.
2. Tainergy Technology (Kunshan) Co. Ltd.: The company was established through indirect investment by Tainergy Tech Holding (Samoa) Ltd., considering the large domestic market in China and the rising production costs in Taiwan, with the aim of reducing production costs and enhancing competitiveness. A gain of NTD 5,255 thousand in 2023 was primarily due to the recognition of rental income from leased real estate during the year.
 3. VIETENERGY Limited Liability Company: It is a production base established by our company in Vietnam in response to the anti-dumping duties imposed by the United States. The establishment of this base in Vietnam is advantageous due to lower local labor costs, which helps attract orders from Southeast Asia outside of Europe and America. It was invested and established in the year 2014. In 2023, recognized gains of NTD 6,315 thousand were primarily offset by the impairment loss recognized on property, plant, and equipment, amounting to approximately NTD 104,022 thousand.
 4. Star Solar New Energy Co., Ltd.: Originally part of our company's operations, it was later spun off as an independent entity. This company operates as a solar system integrator, focusing on investments, design, construction, and operations of solar power generation systems. In 2023, recognized gains of NTD 8 thousand were primarily due to high financial costs incurred during the year.
 5. TAISIC MATERIALS CO.: Established based on our company's optimistic outlook on the benefits of silicon carbide (SiC) for the overall operations of the Tainergy Group, this company is Taiwan's first professional manufacturer capable of mass-producing third-class semiconductor material SiC. In 2023, recognized losses of NTD 147,174 thousand were primarily due to substantial research and development expenses.
 6. TAI VISION CO., LTD.: Established as part of our company's diversification strategy, this company specializes in contract manufacturing and sales of soft disposable contact lenses. In 2023, recognized losses of NTD 474 thousand were primarily due to the initial setup phase, during which no operating income was generated.

(III) Investment plan for the coming year

With the positive attitude towards the SiC's global market development alongside the patent technology assistance provided by the National Chung-Shan Institute of Science and Technology, in 2023, up to NTD 500 million in capital expenditures is expected to be invested in SiC. A smooth mass production is anticipated in the 4th quarter, which will be a favorable factor to the overall operation development of the Group.

VI. Analysis and assessment of risk factors for the latest annual period and up to the date of printing of the annual report

(I) Risk factors

1. Effect of interest and exchange rate changes and inflation on the income of the Company, and future responsive measures:

(1) Effect of interest rate changes

Interest rate fluctuations have a direct impact on the cost of capital for the company. In addition to relying on operating profits to meet the company's working capital needs, our primary source of funding is through bank financing. To manage interest rate changes, we actively negotiate with banks to secure favorable rates and closely monitor future interest rate trends. We also take advantage of various financing instruments in the capital market to reduce the cost of funds. Maintaining a good interactive relationship with banks allows us to gain broader insights into interest rate

information.

(2)Effect of exchange rate changes

Our sales are mainly denominated in US dollars, and our imports of major raw materials are also priced in RMB and US dollars. The foreign currency accounts receivable generated from foreign sales, foreign currency accounts payable generated from foreign purchases, foreign currency deposits and foreign currency borrowings are offset by foreign currency financial assets and liabilities. However, due to the fact that the Group's assets and liabilities in foreign currency are not identical and the payment terms are different, it is impossible to achieve a full natural hedge, resulting in assets in foreign currency fluctuating with the market exchange rates. In order to hedge the risk of exchange rate fluctuations, not only will the Group take into account of the trend of exchange rate provided by the banks whom the Group has dealings with, but our board of directors has also resolved to operate derivatives. The derivatives operated by the Group will be used to hedge the risks arising from business operations as well as to limit the amount of the Group's overall internal net position (income and expenses in foreign currency), reducing the impact of exchange rate changes on the Group.

(3)Inflation impact

We have not been materially affected by inflation as we keep a close eye on the fluctuation of market prices and maintain an interactive relationship with all the suppliers and customers in an attempt to avoid adverse effects of inflation on the Group's profit or loss.

2. Policy on high-risk, highly-leveraged investments, loaning of funds to others, endorsements and guarantees as well as derivatives trading, main reasons for gains or losses, and future responsive measures:

(1)During the most recent year or during the current year up to the date of publication of the annual report, the Group has not engaged in any high-risk, highly leveraged investments.

(2)Not only do the Company and its subsidiaries comply with applicable operating procedures when loaning funds to others, providing endorsements/guarantees or engaging in derivatives trading, we also prepare reports publicly on a regular basis as required by the competent authorities.

A. Loaning funds to others: As of the date of publication of the annual report, the Company and its subsidiaries have loaned funds only to the Company's affiliated companies.

B. Endorsement/guarantee: As of the date of publication of the annual report, the Company and its subsidiaries have provided endorsements/guarantees only to the Company or its subsidiaries in which the Company holds 50% or more of the shares.

C. The Company engages in derivatives mainly for the purpose of hedging the risk of exchange rate fluctuations. The relevant transactions are announced and reported as acquired and handled in accordance with the Company's "Operating Procedures of Acquisition or Disposal of Assets."

3. Future research and development projects, and funds expected in connection therewith:

(1)Future R&D project

The Company specializes in the professional research and development of

solar cells. In terms of the future process technologies:

Optimization of process technologies

01.High-absorption surface structure

02.Optimization of metal conductors

03.Introduction of distributed electrodes

New product development

01.Addition of ultra-thin passivation layer

02.High-resistance conductive layer

03.Metal penetration through the cell

Application of new materials

01.Development of silicon wafer surface additives

02.Introduction of high-contact conductive silver paste

03.Implementation of a new backside layout

(2)Expected investment in R&D

The Company expects to focus on investing in R&D to optimize process technology and new material applications and introduce advanced processes to maintain competitive advantage. For 2024, another NTD 500 million is expected to be invested.

4. Financial impacts and responsive measures in the event of changes in local and foreign important policies and regulations:

Not only do we comply with applicable domestic and foreign laws and regulations in our daily operations, we also focus on the development of domestic and foreign policies and changes at all times in order to fully get hold of the changes in the market, while proposing action plans in a timely manner.

As of publication date of the annual report, the Company's finance operations have not been impacted by changes in important local and foreign policies and regulations.

5. Financial impacts and responsive measures in the event of changes in technology and industry:
The industry that the Company is in an oversupply state; many solar manufacturers are suffering from losses, followed by solvency issues. As a means to ensure the collection of accounts, the Company adjusts the collection terms for customers and shortens the credit period while taking the collection approach of "T/T in advance" for customers with doubtful credit.

6. The impact of changes in the Company's image upon its crisis management and responsive measures:

We have a dedicated spokesperson and acting spokesperson, and an investor relations department in place to maintain the relationships between the public and investors and building up the Company's corporate image. We also comply with applicable laws and regulations and do our utmost to strengthen the internal management and improve management quality and performance, while at the same maintaining harmonious labor relations in a bid to continue to maintain our positive corporate image. During the most recent year up to the date of publication of the annual report, nothing occurred that impacted the Company's corporate image.

7. The expected benefits from merger, the potential risks and responsive measures:

As of the date of publication of the annual report, the Company has had no M&A plans. When the Company creates an M&A plan in the future, it shall do so by carrying out prudent assessments and fully considering the effect of the merger to ensure the rights and interests of shareholders.

8. The expected benefits, potential risks, and responsive measures with regard to any plant

expansion:

Currently, the Company does not have plans regarding the expansion of our product capacity.

9. The risks and responsive measures with regard to any concentrated purchases or sales:

(1) Risk assessment of concentrated purchases:

To effectively manage our procurement sources, the Group has signed supply contracts with several suppliers, ensuring a stable supply source. In the fiscal year 2023, the purchase amount from a single supplier, BR, accounted for 34.08% of the total purchase amount. We will continue to seek new suppliers to diversify the concentration risk associated with procurement.

(2) Risk assessment of concentrated sales:

The sales proportion to CF Company in 2023 and 2022 accounted for 35.12% respectively, indicating a concentration of sales with a single customer. This is mainly due to the benefits derived from the recent trade tensions between the United States and China. The United States has imposed multiple defensive tariffs on imported solar products from China. As our production base is located in Southeast Asia, it is less impacted by the US tariff protection policies, and our sales prices can be more competitive than Chinese-made products. Additionally, our company has adjusted its sales strategy to focus on shipping products to the US market, aiming to achieve higher returns compared to other regions.

Our business team has developed a strong presence in the US market and established relationships with various customers. However, among our existing customers, CF Company offers more favorable pricing and transaction conditions, allowing us to maximize company profits by shipping to CF Company. We will continue to maintain our existing customer relationships while actively expanding our customer base to diversify our sales risks and expand our business operations.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, a supervisor, or a shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

11. Impacts on the Company, risks and responsive measures with regard to any change in management rights: None.

12. Litigation and non-litigation cases

(1) As of the most recent year up to publication date of the annual report, major litigious, non-litigious or administrative disputes that could materially affect shareholders' equity or the prices of the company's securities: None.

(2) As of the most recent year up to publication date of the annual report, major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the President, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, may pose significant impact on shareholders' equity and the price of the securities: None.

(3) The company and/or any company director, supervisor, managers, and major shareholder holding a stake of greater than 10 percent, as of the last two years and as of the date of publication of the annual report regarding

the matters stipulated in Article 157 of the Securities and Exchange Act and the current situation of the Company: None.

- (4)The company and/or any company director, supervisor, managers, and major shareholder holding a stake of greater than 10 percent, have experienced financial difficulties or loss of credit as of the last two years and as of the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial status: None.

13. Other important risks, and mitigation measures being or to be taken:

(1)Information security risk:

A. Information security:

When it comes to the Company's information security, we uphold the principle of "everyone is responsible for information security, establishing the information security system, strengthening information security protection, ensuring the Company's confidential information, and the promotion of personal information". Relevant measures have been formulated accordingly for employees to adhere to. Over the years, we have been making an effort to improve our information security management mechanism. Not only do we implement information security through email notifications from time to time, we also promote its related measures on the website. At Tainergy, we continue to refine our information security management and enforce information security operations, protect customer data and company intellectual property, and strengthen our information security incident response capabilities. By implementing these measures, we strive to become the best indicator in terms of all aspects of information security.

B. Cyber security and network risk control:

Due to the growing development in network technology, the techniques of cyber-attacks are constantly changing and becoming more frequent. It is impossible for the information system to completely prevent network from being paralyzed by cyber-attacks. The Company has adopted proactive information security enhancement operations, and aside from introducing new firewalls, spam and malicious mail filtering devices, basic protection for employees to use internet, real-time updates to the operating system, automatic real-time updates to the anti-virus engine and centralized antivirus management, and all-day information security monitoring services, we also assess risks in relation to the information system to control and reduce risks arising from information security.

C. Employee data security training and notification:

In addition to the immediately basic information security-related training we provide to newcomers, we also inform our employees via email with respect to the latest information on cyber-attacks so as to remind them of the precautions. We also promote related information security knowledge on receiving and sending emails in order to reduce the risk of attacks by employees who click on malicious emails by mistake. Furthermore, extensive related information is also available on the Company's intranet site to increase the ability of our employees of all departments in managing

information security themselves. Through real-time communication software and email announcements, not only do we increase our employees' information security awareness, we also make sure that the concept of it is integrated into the daily operations.

- D. In 2023, the Company did not experience any major cyber-attacks that impacted its operations.

(2)Market risk:

- A. Subsidies for solar industry all over the world have reduced
At present, the key factor that affects the solar power demand is mainly due to the subsidy policies around the world. We hope that, by lowering the cost of using solar power, the market demand will be increased. Unfortunately, many countries have already reduced the subsidies in the solar industry, and to be able to address the trend of declining prices of solar cell products due to the reduction of subsidies, the Company continues to expand its production capacity in order to boost economies of scale, while at the same time improving our manufacturing processes and production equipment. By strengthening our product quality, we are able to enhance our competitive advantages and reduce unit costs, achieving the aim of increasing our market visibility and profitability.
- B. Risk of product price decline
As solar energy products have been in decline since June 2018, the product prices have fallen to a relatively low point. At present, the prices have stabilized, reducing the risk of price declines

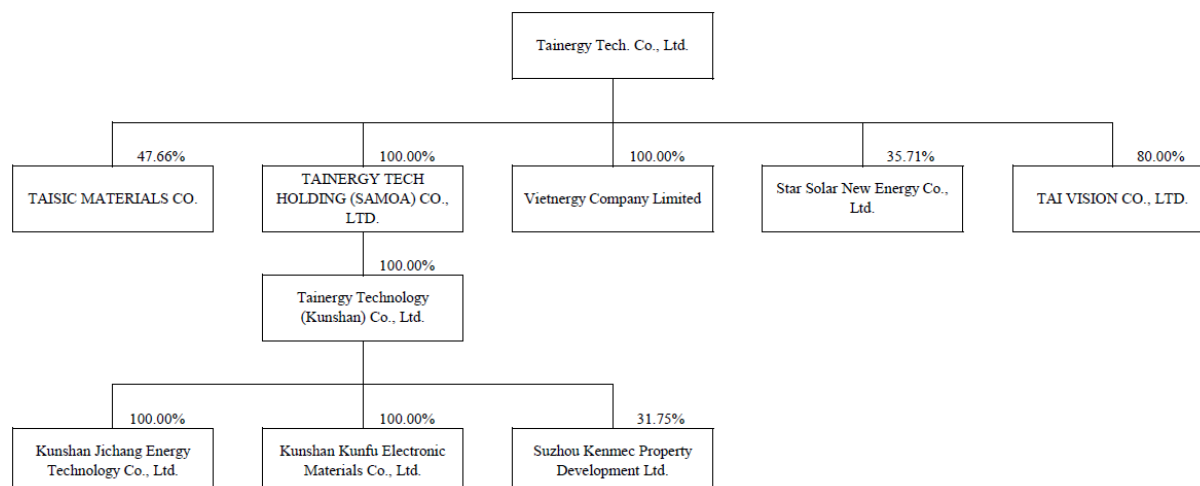
VII.Other important matters

None.

Chapter VIII. Special Items

I. Information on affiliates

- (I) Consolidated Business Report of Affiliates
1. Chart of the Affiliates



Note 1: None of the above affiliates have investments in each other.

Note 2: The above information comes from the 2023 Auditors' Report.

2. Basic information on affiliates

Company name	Date of Incorporation	Address	December 31, 2023 Paid-up capital (NTD thousand)	Principal business or production lines
Tainergy Tech. Co., Ltd.	May 14, 2007	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan	NTD 2,250,000	R&D, design and production of high-tech green batteries (solar cells) and other related components
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	January 17, 2003	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	USD 70,000	Holding company
VIETENERGY COMPANY LIMITED	September 17, 2014	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	USD 46,500	Manufacture of high-tech solar cells and related cell components
Star Solar New Energy Co., Ltd.	June 21, 2018	11th Floor, No. 8, Lane 398, Huanbei Road, Xingjie Li, Zhongli District, Taoyuan City.	NTD 14,000	Solar power generation and sales
TAISIC MATERIALS CO.	June 16, 2020	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan	NTD 430,000	Manufacturing and sales of electronic parts and components
TAI VISION CO., LTD.	December 20, 2023	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City, Taiwan	NTD 30,000	Wholesale and retail of contact lenses
Tainergy Technology (Kunshan) Co., Ltd.	June 25, 2008	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	USD 70,000	R&D, design, production of high-tech green cells (solar cells) and their components
Kunshan Kunfu Electronic Materials Co., Ltd.	October 12, 2017	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	RMB 4,500	Sales and manufacture of electronic materials and parts
Suzhou Kenmec Property Development Ltd.	January 10, 2008	No. 8, Xixia Road, Yuexi Street, Wuzhong District, Suzhou City.	RMB 252,000	Real estate business.
Kunshan Jichang Energy Technology Co., Ltd.	June 11, 2020	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	-	Sale of solar power-related products

3. Shareholders presumed to have control and subordinate relationship with the same information: None

4. The overall relationship between business enterprises covered by the industry: Please refer to “Basic information on affiliates.”

5. Information of directors, supervisors and Presidents of each affiliated company

December 31, 2023 / Unit: shares; NTD; %

Company name	Title	Name of individual or representative(s)	Shareholding	
			Number of shares/net worth	Shareholding ratio
Tainergy Tech. Co., Ltd.	Person in charge	Legal representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	61,132,856	27.17
Subsidiary company: TAINERGY TECH HOLDING (SAMOA) CO., LTD.	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: CHING-FU HSIEH	NTD 820,830,731	100.00
VIETENERGY COMPANY LIMITED	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: YI-KUANG CHEN	NTD 467,199,594	100.00
Star Solar New Energy Co., Ltd.	Person in charge	CHUN-HSIEN YANG	500,000	35.71
TAISIC MATERIALS CO.	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: MING-KAI HSIEH	23,828,000	47.66
TAI VISION CO., LTD.	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: MING-KAI HSIEH	2,400,000	80.00
Tainergy Technology (Kunshan) Co., Ltd.	Person in charge	Legal representative of Samoa: Legal representative of Tainergy Tech. Co., Ltd.: CHING-FU HSIEH	NTD 820,804,691	100.00
Kunshan Kunfu Electronic Materials Co., Ltd.	Person in charge	Legal representative of Tainergy Technology (Kunshan) Co., Ltd.: CHING-FU HSIEH	NTD 4,296,640	100.00
Suzhou Kenmec Property Development Ltd.	Person in charge	Legal representative of Tainergy KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.: CHING-FU HSIEH	NTD 249,838,651	31.75
Kunshan Jichang Energy Technology Co., Ltd.	Person in charge	Legal representative of Tainergy Technology (Kunshan) Co., Ltd.: CHING-FU HSIEH	-	100.00

6. Overview of the operations of each affiliate

December 31, 2022 / Unit: NTD thousand

Company name	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating profit	Profit and loss for the period (after tax)	EPS (NTD) (after tax)	Currency
Tainergy Tech. Co., Ltd.	2,250,000	2,347,890	235,560	2,112,330	2,135,636	85,342	(28,577)	(0.13)	NTD
Holding company: KENMEC MECHANICAL ENGINEERING CO., LTD.	2,490,112	9,027,920	5,016,549	4,011,371	2,784,115	204,089	795,997	3.20	NTD
Subsidiary company: TAINERGY TECH HOLDING (SAMOA) CO., LTD.	456,201	187,408	0	187,408	0	0	1,194	None	CNY
VIETENERGY COMPANY LIMITED	1,027,705,000	495,671,244	131,473,003	364,198,241	514,109,231	55,996,346	(16,613,442)	None	VND
Star Solar New Energy Co., Ltd.	14,000	482,987	472,060	10,927	177,483	3,620	(26)	(0.02)	NTD
TAISIC MATERIALS CO.	500,000	768,513	439,011	768,513	12,142	(322,308)	(308,827)	(6.18)	NTD
TAI VISION CO., LTD.	30,000	30,023	615	29,408	0	(603)	(592)	(0.20)	NTD
Tainergy Technology (Kunshan) Co., Ltd.	451,947	209,549	22,147	187,402	754	(8,426)	1,194	None	CNY
Kunshan Kunfu Electronic Materials Co., Ltd.	4,500	982	0	982	0	(1)	7	None	CNY
Suzhou Kenmec Property Development Ltd.	252,000	181,976	25,399	156,577	37,334	(2,835)	(3,762)	None	CNY
Kunshan Jichang Energy Technology Co., Ltd.	-	-	-	-	-	-	-	None	CNY

(II) Consolidated Financial Statements of Affiliates

Considering that the companies to be included into the consolidated financial statements of affiliated companies under the “Criteria Governing Preparation of Consolidated Business Report, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Report” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under SFAS 7 in 2023 (from January 1, 2023 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliated companies was already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated companies were prepared separately.

(III) Affiliation report:

Tainergy Tech. Co., Ltd.

Affiliation report
2023

Address: No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center,
Fuxing Vil., Zhongli Dist., Taoyuan City
Tel: (02) 2788-3798

Declaration

The affiliation report of 2023 (from January 1 to December 31, 2023) which have been prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” has no material discrepancy with the information disclosed in the notes to the financial reports for the period.

In witness thereof, the Declaration is hereby presented.

Company name: Tainergy Tech. Co., Ltd.

Person in charge: CHING-FU HSIEH

March 6, 2024

Qin-Shen No. 11303882 dated on March 22, 2024

Recipient: Tainergy Tech. Co., Ltd.

Subject: This is a statement to suggest that there is no material discrepancy in the 2023 affiliation report prepared by the Company.

Descriptions:

- (1) By the statement of the Company, the Company's 2023 (January 1 to December 31, 2023) affiliation report prepared on March 6, 2024 is based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and there is no material discrepancy between the disclosed information and the financial reports provided. The Declaration is as attached.
- (2) We have compared the affiliation report prepared by the Company and the Company's remarks of the 2023 financial reports and we have found no material discrepancy based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Deloitte & Touche Taiwan

CPA LI-HUANG L
CPA JUI-CHUAN CHIH

1. Overview of the relationship between subsidiaries and the controlling company
2023

Unit: NTD thousand

Name of the controlling company	Reason for control	Shareholding and pledge of the controlling company			Personnel assigned by the controlling company to serve as directors, supervisors, or managerial officers	
		Number of shares held	Shareholding percentage	Number of shares pledged	Title	Name
KENMEC MECHANICAL ENGINEERING CO., LTD.	Parent company	61,133 thousand shares	27.17%	-	Chairman Director	CHING-FU HSIEH WEI-TI CHEN

2. State of transactions that shall be recorded

- (1) Purchases and sales: None.
- (2) Property transaction: None.
- (3) Financing: None.
- (4) Asset leasing

Unit: NTD thousand

Trading type (Rental or lease)	Subject matter		Lease period	Nature of the leasing	Method by which the leasing price was determined	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection /payment status	Other special stipulations
	Name	Location of the object leased								
Leased from KENMEC MECHANICAL ENGINEERING CO., LTD.	Plant and warehouse	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City, Taiwan	2020.11.01-2025.10.31	Operational leasing	Negotiation	Monthly rent	No significant difference	\$ 2,236	Paid in full	None
Leased from KENMEC MECHANICAL ENGINEERING CO., LTD.	Office	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2020.11.01-2025.10.31	"	"	"	"	\$ 300	"	"

- (5) Other significant business transactions:

3. The following particulars shall be stated with respect to endorsements and guarantees: None.

II. Has the company carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Item	First private placement in 2013 Date of issue: December 10, 2013													
Type of private placement	Common shares													
Date and amount approved at the shareholders' meeting	2013/06/28; no more than 50 million shares													
The basis and reasonableness of price setting	<p>1. The price of the common shares in the private placement shall be determined at no less than 80% of the higher of the following two bases prior to the date of the Company's pricing.</p> <p>(1) The share price equaling the simple arithmetic mean of the closing price(s) of common shares for the one, three or five business day(s) prior to the pricing date minus the stock and cash dividends distributed for bonus shares and plus the stock dividends for capital reduction.</p> <p>(2) The share price equaling the simple arithmetic mean of the closing prices of common shares for the thirty business days prior to the pricing date minus the stock and cash dividends distributed for bonus shares and plus the stock dividends for capital reduction.</p> <p>2. The Board of Directors shall be authorized to determine an actual issue price not lower than the percentage approved by the shareholders' meeting depending on the subsequent conditions of the specified persons and the market. The price of the privately offered shares should be reasonable as it is determined in accordance with the laws and regulations promulgated by the competent authority and take into account the three-year restriction on the transfer of privately offered securities, the operating performance of the Company, the future outlook and the market price of common shares.</p> <p>3. In the future, if the price of the stock is lower than the par value of the stock due to market factors, it shall be deemed reasonable as the price was determined based on the law and had reflected the market price. If the increase in accumulated losses has an impact on shareholders' equity, losses shall be covered by capital reduction, earnings, capital surplus or other statutory means based on the Company's operating and market conditions.</p>													
Method of selecting the specific persons	<p>The objects for the private placement is limited to specific persons stipulated in Articles 43-6 of the Securities and Exchange Act and the related letter order. The following is a list of related parties or insiders that may be subject to the private placement:</p> <table><tr><td>Subscriber</td><td>Method of purpose of selection</td><td>Relationship with the Company</td></tr><tr><td>KENMEC MECHANICAL ENGINEERING CO., LTD.</td><td>A corporate director of the Company.</td><td>Insider</td></tr><tr><td>KENTEC INC.</td><td>The chairman of the company is the same one as the Company</td><td>Related party</td></tr></table>					Subscriber	Method of purpose of selection	Relationship with the Company	KENMEC MECHANICAL ENGINEERING CO., LTD.	A corporate director of the Company.	Insider	KENTEC INC.	The chairman of the company is the same one as the Company	Related party
Subscriber	Method of purpose of selection	Relationship with the Company												
KENMEC MECHANICAL ENGINEERING CO., LTD.	A corporate director of the Company.	Insider												
KENTEC INC.	The chairman of the company is the same one as the Company	Related party												
Necessary reason for private placement	The Company intended to raise its capital through private placement and has taken into account the current capital market conditions and factors such as timeliness and feasibility of raising capital as a means to obtain the required capital in the shortest time possible.													
Date of payments of the price	November 14, 2013													
Information on subscriber	Private placement target	Qualification	Number of subscriptions	Relationship with the Company	Participation in the									

					company's operations
	KENMEC MECHANICAL ENGINEERING CO., LTD.	Article 43-6, Paragraph 1, Subparagraph 3 of the Securities and Exchange Act	25,000 thousand shares	Parent company	Parent company of the Company and director
Actual subscription price	NTD 19				
Difference between actual subscription price and reference price	The price of NTD 19 for the private placement of common shares accounts for 80.51% of the simple arithmetic average of closing price of the Company's common shares of NTD 23.6 for the five business days (excluding the pricing date) prior to the pricing date on November 8, 2013.				
Impact of private placement on shareholders' equity (e.g. may result in an increase in accumulated losses)	The price per share for the common shares of the private placement was NTD 19, higher than the net value per share of NTD 13.62 on September 30, 2013, showing that the private placement of common shares has helped improve the net value per share. Also, the use of all funds raised from the private placement have been used to enrich the Company's working capital and repay bank loans to help the Company to reduce interest expenses while improving its financial structure.				
Implementation of utilization and plan progress for the privately placed funds	As of December 31, 2013, funds from the private placement of common shares were all used to repay bank loans and to enrich the working capital.				
Benefits of private placement of common shares	The private placement of common shares has raised a total of NTD 475,000 thousand of capital. After bank loans were repaid and working capital enriched, the Company's debt ratio decreased from 46.12% at the end of September 2013 to 34.92% at the end of 2013. The current ratio and quick ratio also increased, effectively improving the Company's financial structure.				

III. Holding or disposal of shares in the company by the company's subsidiaries in the most recent fiscal year and up to the date of publication of the annual report

None.

IV. Other necessary supplementary information

None.

V. Events with material impacts on shareholder equity or stock price as specified in the recent year and by the date of annual report publication

None.