

SUNF PU TECHNOLOGY CO., LTD

**Parent Company Only Financial Statements and
Independent Auditors' Report
December 31, 2023 and 2022**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Sunf Pu Technology Co., Ltd

Opinion

We have audited the accompanying parent company only balance sheets of Sunf Pu Technology Co., Ltd (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of inventory

For the accounting policy of inventory valuation, please refer to Note 4(g), for the significant assumptions and judgments, and major sources of estimation uncertainty of inventory valuation, please refer to Note 5(b), and refer to Note 9 for the details of inventory valuation.

Description of key audit matter

Inventories are measured at the lower of cost or the net realizable value. The company's inventory is the manufacturing of wires for 3C products such as computer wires and telephone wires. Since the rapid changes in technology in the 3C industry, new specifications and wires must be continuously developed to match the launch of products to comply with industry trends. Otherwise, the products may have no sales value due to normal loss, becoming obsolete, or no longer accord with the demands of the market. Therefore, the cost of inventory will be written down to the net realizable value if the original costs exceed its net realizable value and the inventories with slow-moving circumstance. The company's inventory evaluation is mainly based on the estimated product demand within a specific period in the future, which may result in a significant changes and involve in significant judgments by the management. As mentioned above, we consider inventory evaluation as a key audit matter.

Corresponding audit procedure:

1. We obtained an understanding of the design of the key controls over the valuation of inventory.
2. We obtained the inventory aging report, and we verified the accuracy and completeness of the report by agreeing the age interval, quantity, and amount to the supporting documents of inbound inventory. We assessed the reasonableness of allowance for inventory loss by recalculating the amount in accordance with the stated valuation policy for the inventory.
3. We conducted an analysis of inventory aging and evaluated the reasonableness of the Company's accounting policies, such as allowance for inventory valuation and obsolescence. We performed a

retrospective test of the Company's historical accuracy of judgments regarding inventory valuation and compared it with the current period to assess the appropriateness of the estimation and assumptions used. We also examined whether the valuation of inventories complies with the Company's accounting policies.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the Audit committee, are responsible for overseeing the Company’s financial reporting process.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China (ROC), we

exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Li, Han Qiu, Yi-Zhi
for and on behalf of Benison Associated CPA's Firm
March 13, 2024

Notice to Readers

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

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

SUNF PU TECHNOLOGY CO.,LTD
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023.12.31		2022.12.31		Note	2023.12.31		2022.12.31					
	Amount	%	Amount	%		Amount	%	Amount	%				
ASSETS													
CURRENT ASSETS													
Cash and cash equivalents	Note 6	\$	113,476	9	\$	20,114	1	\$	260,000	20	259,000	18	
Financial assets at amortized cost	Note 7		6,560	1		6,540	-		2,672	-	12,908	1	
Notes receivable, net	Note 8		314	-		802	-		421	1	20,273	2	
Trade receivables, net	Note 8		28,833	2		300,971	22		-	-	145,081	10	
Trade receivables from related parties	Note 8		2,825	-		-	-		10,598	1	17,065	1	
Other receivables	Note 8		545	-		3,710	-		-	-	48,490	3	
Inventories, net	Note 9		71,467	6		80,711	6		2,862	-	1,424	-	
Prepayments			1,470	-		12,416	1		7,994	1	689	-	
Other current assets			32	-		34	-		284,547	23	504,930	35	
Total current assets			225,522	18		425,298	30						
NON-CURRENT ASSETS													
Investments accounted for using equity method	Note 10		894,447	73		894,655	62		27,210	2	27,210	2	
Property, plant and equipment	Note 11		114,684	9		118,279	8		15,796	1	15,510	1	
Refundable deposits			30	-		30	-		43,006	3	42,720	3	
Other non-current assets	Note 8		-	-		-	-		327,553	26	547,650	38	
Total non-current assets			1,009,161	82		1,012,964	70						
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY													
Share capital													
Ordinary shares									915,861	74	915,861	64	
Total share capital									915,861	74	915,861	64	
Capital surplus													
Retained earnings									-	-	-	-	
Legal reserve									18,218	1	18,218	1	
Special reserve									32,305	3	32,305	2	
Unappropriated earnings(accumulated deficit)									(4,090)	-	(41,983)	(3)	
Total retained earnings									46,433	4	8,540	-	
Other equity									(55,164)	(4)	(33,789)	(2)	
Exchange differences on translating foreign operations									907,130	74	890,612	62	
Total equity attributable to owners of the Company									1,234,683	100	1,438,262	100	
TOTAL			\$	1,234,683	100	\$	1,438,262	100	\$	1,438,262	\$	1,438,262	100

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

SUNF PU TECHNOLOGY CO.,LTD
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Note	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	Note 17	\$ 478,683	100	\$ 578,106	100
OPERATING COSTS		(401,169)	(84)	(460,609)	(80)
GROSS PROFIT		77,514	16	117,497	20
OPERATING EXPENSES	Note 21				
Selling and marketing expenses		(8,641)	(2)	(9,172)	(2)
General and administrative expenses		(37,565)	(7)	(39,258)	(6)
Research and development expenses		(4,203)	(1)	(6,742)	(1)
Total operating expenses		(50,409)	(10)	(55,172)	(9)
PROFIT FROM OPERATIONS		27,105	6	62,325	11
NON-OPERATING INCOME AND EXPENSES					
Interest income		852	-	88	-
Other income	Note 18	207	-	570	-
Other gains and losses	Note 19	(718)	-	(6,649)	(1)
Finance costs	Note 20	(6,586)	(1)	(2,957)	(1)
Share of profits of subsidiaries and associates	Note 10	21,167	4	(33,865)	(6)
Total non-operating income and expenses		14,922	3	(42,813)	(8)
INCOME BEFORE INCOME TAX		42,027	9	19,512	3
INCOME TAX EXPENSE	Note 22	(4,033)	(1)	(1,428)	-
NET INCOME		37,994	8	18,084	3
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans		(101)	-	1,051	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating the financial statements of foreign operations		(21,375)	(4)	16,262	3
Other comprehensive income/(loss) for the period, net of income tax		(21,476)	(4)	17,313	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ 16,518	4	\$ 35,397	6
EARNINGS PER SHARE	Note 16				
Basic		\$ 0.41		\$ 0.20	
Diluted		\$ 0.41		\$ 0.20	

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

SUNF PU TECHNOLOGY CO.,LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (accumulated deficit)	Total		Other Equity
BALANCE AT JANUARY 1, 2022	\$ 915,861	\$ -	\$ 18,218	\$ 32,305	\$ (61,118)	\$ (10,595)	\$ (50,051)	\$ 855,215
Net income in 2022	-	-	-	-	18,084	18,084	-	18,084
Other comprehensive income net of income tax	-	-	-	-	1,051	1,051	16,262	17,313
BALANCE AT DECEMBER 31, 2022	\$ 915,861	\$ -	\$ 18,218	\$ 32,305	\$ (41,983)	\$ 8,540	\$ (33,789)	\$ 890,612
BALANCE AT JANUARY 1, 2023	\$ 915,861	\$ -	\$ 18,218	\$ 32,305	\$ (41,983)	\$ 8,540	\$ (33,789)	\$ 890,612
Net income in 2023	-	-	-	-	37,994	37,994	-	37,994
Other comprehensive income net of income tax	-	-	-	-	(101)	(101)	(21,375)	(21,476)
BALANCE AT DECEMBER 31, 2023	\$ 915,861	\$ -	\$ 18,218	\$ 32,305	\$ (4,090)	\$ 46,433	\$ (55,164)	\$ 907,130

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

SUNF PU TECHNOLOGY CO.,LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 42,027	\$ 19,512
Adjustments for:		
Depreciation expenses	6,413	5,411
Finance costs	6,586	2,957
Share of profits of subsidiaries and associates	(21,167)	33,865
Interest income	(852)	(88)
Reclassification of property, plant and equipment to expense(Transfer of expenses)	(537)	511
Changes in operating assets and liabilities		
Notes receivable	488	547
Trade receivable	272,138	(253,923)
Trade receivables from related parties	(2,825)	-
Other receivables	3,165	(3,522)
Inventories	9,244	(32,224)
Prepayments	10,946	(10,546)
Other current assets	2	(5)
Notes payable	(10,236)	8,477
Trade payables	(19,852)	19,245
Trade payables from related parties	(145,081)	52,229
Other payables	(6,337)	3,875
Other payables to related parties	(48,490)	48,490
Advance receipts and Other current liabilities	7,305	216
Net defined benefit liability	185	105
Cash generated from/(used in) operations	103,122	(104,868)
Interest received	852	88
Interest paid	(6,716)	(2,860)
Income taxes refund(paid)	(2,595)	119
Net cash generated from/(used in) operating activities	94,663	(107,521)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition for property, plant and equipment	(2,281)	(15,056)
Financial assets at amortized cost	(20)	(4,014)
Net cash generated from/(used in) investing activities	(2,301)	(19,070)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	1,000	126,000
Net cash generated from/(used in) financing activities	1,000	126,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	93,362	(591)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,114	20,705
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 113,476	\$ 20,114

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

SUNF PU TECHNOLOGY CO., LTD

NOTES TO PARENT COMPANY ONLY FINACIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunf Pu Technology Co., Ltd (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (ROC) in April 1983. The company mainly engaged in trading Manufacture and trade of wires for 3C products such as computer wires and telephone wires.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since October 2000. And it was officially listed for trading on March 12, 2001.

2. APPROVAL OF FINANCIAL STATEMENTS

These parent company only financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW, AMENDED REVISED STANDARDS AND INTERPRETATIONS

a. 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 “IFRS”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note1)</u>
Amendments to IFRS16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note2)
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 stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC.

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined by IASB
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 stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The Company shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Company recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

The Company used equity method to account for its investment in subsidiaries and associates for the stand-alone financial statements. The amounts of the net profit, other comprehensive income and total equity in stand-alone financial statements are same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between stand-alone basis and consolidated basis.

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

Functional and presentation currency

The parent Company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

c. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-m -

monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income, Exchange differences arising, if any, are recognized in other comprehensive income.

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

d. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading; and
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading; and
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

e. Cash and cash equivalents

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

f. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and

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

a) Financial assets

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

Measurement categories

Financial assets are classified into the following categories: financial assets at amortized.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt instrument investments, notes and accounts receivables at amortized cost, other receivables, other financial assets and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables)

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, for all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

d) Financial liabilities and Equity instruments

1) Classification of debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognize.

e) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts

and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h Investment in subsidiaries

The Company uses the equity method on investees over which the Company has control when preparing the parent-company-only financial statements. The profit or loss for the period and other comprehensive income presented in individual financial statements shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the individual financial statements shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

I Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-

use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications.

Lease liabilities are presented on a separate line in the parent company only balance sheets.

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

- k. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable

amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently.

2) Revenue from the services

Services revenues are recognized when services are provided.

3) Dividend income and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment is established, provided that it is probable that the economic benefits associated with the transaction will flow to the company and the amount of income can be reliably measured.

Interest income from financial assets is recognized when the economic benefits are likely to flow into the company and the amount of income can be reliably measured. Interest income is recognized on an accrual basis based on the time-lapse principal outstanding and the applicable effective interest rate.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related

services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible

temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of cash reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

p. Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation. The Company's potentially dilutive ordinary shares include convertible corporate bonds and stock options granted to employees.

q. Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the years in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

Business model assessment for financial assets

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortized cost or at fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Company understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets and contract assets.

The provision for impairment of notes receivables and accounts receivables is based on assumptions on risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions and industrial economic situation as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8.

b. Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to rapid technological changes, the company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

c. Impairment of property, plant and equipment

Impairment of equipment in relation to the production assets is evaluated based on the recoverable amount of the assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

d. Recognition and measurement of defined benefit plans

The net defined benefit liabilities (assets) and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, expected rates of salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of related expenses and liabilities.

e. Determination of Lessees' Incremental Borrowing Rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, the Company mainly takes into account the market risk-free rates, the estimated lessee's credit spreads and secured status in a similar economic environment.

6. CASH AND CAHS EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	\$ 193	\$ 171
Checking accounts and Demand deposits	113,283	19,943
	\$ 113,476	\$ 20,114

Refer to Note 28 for the sensitivity analysis of the financial assets.

7. FINANCIAL ASSETS AT AMORTIZED COSTS

	December 31, 2023	December 31, 2022
Time deposits held for more than 3 months	\$ 520	\$ 530
Pledged Demand deposits	6,040	6,010
	<u>\$ 6,560</u>	<u>\$ 6,540</u>

- a. Refer to Note 28 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- b. Refer to Note 24 for information related to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES, NET

	December 31, 2023	December 31, 2022
At amortized cost		
Notes receivable	\$ 322	\$ 810
Allowance for impairment loss	(8)	(8)
	<u>\$ 314</u>	<u>\$ 802</u>
Trade receivables	28,901	301,039
Allowance for impairment loss	(68)	(68)
	<u>\$ 28,833</u>	<u>\$ 300,971</u>
Trade receivables from related parties	2,825	--
Allowance for impairment loss	--	--
	<u>\$ 2,825</u>	<u>\$ --</u>
Other receivables	\$ 545	\$ 3,710
Overdue receivables (Accounting for Other non-current assets)	\$ 21,022	\$ 21,022
Allowance for impairment loss	(21,022)	(21,022)
	<u>\$ --</u>	<u>\$ --</u>
	<u>\$ 32,517</u>	<u>\$ 305,483</u>

The average credit period of sales of goods was 30 to 150 days. No interest was charged on the receivables. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its

counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For the receivables past due, The Company applies the simplified approach to providing for expected credit losses prescribed which permits the use of lifetime expected loss provision for all receivables. The provision for loss allowance is based on the Company's historical credit loss experience and the number of days overdue accounts receivable of individual customer base. For the receivables past due beyond one year and have no other credit guarantee, the Company recognized 100% of the amount as allowance for impairment loss. For the receivables past due within one year.

The Company write off accounts receivable when there is information indicating that the debtor is in sever financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are mad, these are recognized in profit or loss.

The aging analysis of accounts receivable is as follows:

	Not Past	Past Due	Past Due	Past Due	Past Due	
	Due	1~90	91~180	181~270	Over 271	Total
December 31, 2023	Due	Days	Days	Days	Days	
Gross carrying amount	\$ 30,652	\$ 381	\$ 1,560	\$ --	\$ 21,022	\$ 53,615
Loss allowance	(76)	--	--	--	(21,022)	(21,098)
Amortized cost	<u>\$ 30,576</u>	<u>\$ 381</u>	<u>\$ 1,560</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,517</u>
	Not Past	Past Due	Past Due	Past Due	Past Due	
	Due	1~90	91~180	181~270	Over 271	Total
December 31, 2022	Due	Days	Days	Days	Days	
Gross carrying amount	\$ 302,056	\$ 3,503	\$ --	\$ --	\$ 21,022	\$ 326,581
Loss allowance	(76)	--	--	--	(21,022)	(21,098)
Amortized cost	<u>\$ 301,980</u>	<u>\$ 3,503</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 305,483</u>

The movements of the loss allowance of trade receivables were as follows:

	For the year ended	
	December 31	
	2023	2022
Balance on January 1	\$ 21,098	\$ 21,098
Add: Provision	--	--
Less: Write-off	--	--
Balance on December 31	<u>\$ 21,098</u>	<u>\$ 21,098</u>

9. INVENTORIES, NET

	December 31, 2023	December 31, 2022
Raw materials	\$ 24,848	\$ 27,657
Merchandise	497	1,753
Work in progress	24,239	36,297
Finished goods	49,458	40,351
Allowance for inventory valuation	(27,575)	(25,347)
	<u>\$ 71,467</u>	<u>\$ 80,711</u>

In addition to the inventory cost listed as the cost of sales and expenses, due to the reduction of the inventory to the net realizable value, the loss of the inventory price reduction or the reversal of the inventory price loss due to factors such as subsequent disposal and price recovery has been recognized (or reduced) The breakdown of operating costs is as follows:

	For the year ended	
	December 31	
	2023	2022
Inventory write-downs (reversal)	<u>\$ 2,228</u>	<u>\$ 6,458</u>

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral or restricted.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a. Investments in subsidiaries:

Subsidiaries	Principal Activities	Carrying Amount	
		December 31, 2023	December 31, 2022
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	\$ 894,447	\$ 894,655

Subsidiaries	Principal Activities	Percentage of Ownership	
		December 31, 2023	December 31, 2022
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	100%	100%

b. Changes in the book value of investments accounted for using equity method are as follow :

	December 31, 2023	December 31, 2022
Book value on January 1	\$ 894,655	\$ 912,258
Increased :		
Investment amount	--	--
Share of profits of subsidiaries and associates	21,167	--
Exchange differences on translating foreign operations	--	16,262
Decrease :		
Share of loss of subsidiaries and associates	--	(33,865)
Exchange differences on translating foreign operations	(21,375)	--
Refund of capital reduction	--	--
Cash dividend distributed by the company	--	--
Book value on December 31	\$ 894,447	\$ 894,655

The investments in subsidiaries accounted for using the equity method and the share of profit or loss of those investments for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' financial statements which have been audited.

c. As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using equity method as collateral or restricted.

11. PROPERTY, PLANT AND EQUIPMENT, NET

As of December 31, 2023 and 2022, please refer to Note 24 for the details of property, plant and equipment pledged as collateral

	Land	Buildings	Machinery Equipment	Other Equipment	Property under Construction	Total
Cost						
January 1,2023	\$ 63,264	\$ 86,364	\$ 151,926	\$ 41,001	\$ 8,613	\$ 351,168
Additions	--	372	808	93	1,008	2,281
Disposals	--	--	--	--	--	--
Reclassification	--	--	10,158	--	(9,621)	537
December 31,2023	<u>\$ 63,264</u>	<u>\$ 86,736</u>	<u>\$ 162,892</u>	<u>\$ 41,094</u>	<u>\$ --</u>	<u>\$ 353,986</u>
January 1,2022	\$ 63,264	\$ 84,776	\$ 137,511	\$ 39,860	\$ 11,212	\$ 336,623
Additions	--	1,588	1,807	1,141	10,520	15,056
Disposals	--	--	--	--	--	--
Reclassification	--	--	12,608	--	(13,119)	(511)
December 31,2022	<u>\$ 63,264</u>	<u>\$ 86,364</u>	<u>\$ 151,926</u>	<u>\$ 41,001</u>	<u>\$ 8,613</u>	<u>\$ 351,168</u>
Accumulated depreciation						
January 1,2023	\$ --	\$ 71,119	\$ 124,467	\$ 37,303	\$ --	\$ 232,889
Depreciation expenses	--	1,220	4,020	1,173	--	6,413
Disposals	--	--	--	--	--	--
December 31,2023	<u>\$ --</u>	<u>\$ 72,339</u>	<u>\$ 128,487</u>	<u>\$ 38,476</u>	<u>\$ --</u>	<u>\$ 239,302</u>
Accumulated depreciation						
January 1,2022	\$ --	\$ 69,936	\$ 121,423	\$ 36,119	\$ --	\$ 227,478
Depreciation expenses	--	1,183	3,044	1,184	--	5,411
Disposals	--	--	--	--	--	--
December 31,2022	<u>\$ --</u>	<u>\$ 71,119</u>	<u>\$ 124,467</u>	<u>\$ 37,303</u>	<u>\$ --</u>	<u>\$ 232,889</u>
Carrying amount at						
December 31,2023	<u>\$ 63,264</u>	<u>\$ 14,397</u>	<u>\$ 34,405</u>	<u>\$ 2,618</u>	<u>\$ --</u>	<u>\$ 114,684</u>
December 31,2022	<u>\$ 63,264</u>	<u>\$ 15,245</u>	<u>\$ 27,459</u>	<u>\$ 3,698</u>	<u>\$ 8,613</u>	<u>\$ 118,279</u>

a. As of December 31, 2023 and 2022, part of the property, plant and equipment has been pledged as collateral for borrowings, please refer to Note 24.

b. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings : 3-45 years

Machinery equipment : 5-10 years

Transportation equipment : 5-10 years

Other equipment : 2-8 years

12. BORROWINGS

The details on the amount, terms and provisions of the loans were as follows :

	December 31, 2023		
	Interest Rate Interval	Year of Maturity	Amount
Collateralized loans	2.10%	2024	\$ 260,000
			<u>\$ 260,000</u>
Recognized as :			
Current			
Short-term loans			\$ 260,000
Long-term loans-current portion			--
Non-current			
Long-term loans			--
			<u>\$ 260,000</u>

	December 31, 2022		
	Interest Rate Interval	Year of Maturity	Amount
Collateralized loans	1.125%~2.430%	2023	\$ 244,500
Non- Collateralized loans	2.430%	2023	14,500
			<u>\$ 259,000</u>
Recognized as :			
Current			
Short-term loans			\$ 259,000
Long-term loans-current portion			--
Non-current			
Long-term loans			--
			<u>\$ 259,000</u>

- For the information on the Company's exposures to interest rate and liquidity risk, please refer to Note 28.
- For the collateral for short-term borrowings, please refer to Note 24.
- As of December 31, 2023 and 2022, the loan quotas yet to be used by the Company are 260,000 and 31,514 thousand dollars, respectively.

13. OTHER PAYABLES

	December 31, 2023	December 31, 2022
Accrued salaries expense	\$ 5,847	\$ 8,414
Remuneration of directors and supervisors	90	90
Accounts payable for professional fees	2,558	2,449
Insurance payable	672	687
Interest expense	57	187
Accrued utilities expense	199	446
Others	1,175	4,792
	<u>\$ 10,598</u>	<u>\$ 17,065</u>

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans.

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The Company are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The pension expenses of defined contribution plans were as follows:

	For the year ended December 31	
	2023	2022
Operating costs	<u>\$ 414</u>	<u>\$ 412</u>
Administrative expenses	<u>\$ 1,117</u>	<u>\$ 1,182</u>

b. Defined benefit plans.

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that

should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

- c. The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 18,489	\$ 18,146
Fair value of plan assets	(2,693)	(2,636)
Net defined benefit liability	<u>\$ 15,796</u>	<u>\$ 15,510</u>

- d. Movements in net defined benefit liabilities(assets)were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January1,2023	\$ 18,146	\$ (2,636)	\$ 15,510
Service cost			
Current service cost	--	--	--
Net interest expense (income)	213	(27)	186
Profit or loss on liquidation of plan assets	--	--	--
Recognized in profit or loss	<u>213</u>	<u>(27)</u>	<u>186</u>
Remeasurement			
-Return on plan assets (excluding amounts included inf net interest)	--	(29)	(29)
-Actuarial loss-changes in demography assumptions	(12)	--	(12)
-Actuarial loss-changes in financial assumptions	63	--	63
-Actuarial loss-experience adjustments	79	--	79
Recognized in other comprehensive income	<u>130</u>	<u>(29)</u>	<u>101</u>
Contributions from the employer	--	(1)	(1)
Benefits paid	--	--	--
Balance on December 31, 2023	<u>\$ 18,489</u>	<u>\$ (2,693)</u>	<u>\$ 15,796</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 18,887	\$ (2,431)	\$ 16,456
Service cost			
Current service cost	--	--	--
Net interest expense (income)	120	(14)	106
Profit or loss on liquidation of plan assets	--	--	--
Recognized in profit or loss	<u>120</u>	<u>(14)</u>	<u>106</u>
Remeasurement			
-Return on plan assets (excluding amounts included in net interest)	--	(190)	(190)
-Actuarial loss-changes in demography assumptions	(18)	--	(18)
-Actuarial loss-changes in financial assumptions	(734)	--	(734)
-Actuarial loss-experience adjustments	(109)	--	(109)
Recognized in other comprehensive income	<u>(861)</u>	<u>(190)</u>	<u>(1,051)</u>
Contributions from the employer	--	(1)	(1)
Benefits paid	--	--	--
Balance at December 31, 2022	<u>\$ 18,146</u>	<u>\$ (2,636)</u>	<u>\$ 15,510</u>

e. Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

f. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.15 %	1.20 %
Expected rate of salary increase	3.00 %	3.00 %

g. Sensitivity analysis

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	\$ (310)	\$ (309)
0.10% increase	\$ (126)	\$ (125)
0.25% decrease	\$ 326	\$ 323
0.10% decrease	\$ 128	\$ 127
Expected rate of salary increase		
0.25% increase	\$ 319	\$ 316
0.25% decrease	\$ (306)	\$ (304)
Planned turnover rate		
0.10% increase	\$ (7)	\$ (6)
0.10% decrease	\$ 7	\$ 6

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

h. The expected contributions to the plan for the next year and the average duration of the defined benefit obligation as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	\$ 3,416	\$ 1
The average duration of the defined benefit obligation	6 years	6 years

i. The pension expenses of defined benefit plans were as follows:

	For the year ended December 31	
	2023	2022
Operating costs	\$ --	\$ --
Administrative expenses	\$ 186	\$ 107

j. The employee benefit liabilities are as follows:

	For the year ended December 31	
	2023	2022
Unused leave bonus	\$ 896	\$ 1,138

In October 2020, the company reached an agreement between the labor and management to settle the seniority of the employees other than the appointed manager, and it was approved by the ministry of labor on December 8, 2020, and 13,708 thousand was paid off in December 2020. As of December 31, 2023 and 2022, the vested payment obligations of the managers appointed by the company were 15,796 thousand and 15,510 thousand respectively.

15. CAPITAL AND OTHER EQUITIES (New Taiwan Dollars as units)

a. Capital stock.

As of December 31, 2023 and 2022, the authorized share capital of the Company was 1,500,000,000 yuan (Including employee stock options rated at 100,000,000 yuan) , The paid-in capital is 915,861,240 yuan , common stock , with par value of \$10.

b. Capital surplus.

According to the ROC Company Act, capital surplus can only be used to make up a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring additional paid-in capital should not exceed 10% of the total common stock outstanding. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to issue new stocks should not exceed 10% of the paid-in capital each year.

c. Retained Earnings.

According to the Corporation's Articles of Incorporation, when allocating earnings, the Corporation shall first estimate and reserve the taxes to be paid, offset its accumulated losses, and set aside a legal capital reserve at 10% of the remaining earnings. The remaining amount, combined with the accumulated unappropriated earnings, will be distributed as dividends and bonuses to shareholders, for which the board of directors shall propose a profit-distribution plan and submit to the shareholders' meeting for resolution. The industry to which the Corporation belongs is a well-developed and stable industry, so the dividend policy shall take into consideration the demand for investment funds, the Corporation's financial structure and environment, and taking into account the interests of shareholders and other factors, and the principle that cash dividends shall not be lower than 10% of total dividends. When distributing dividends, cash dividends are the principle, which may be matched with partial stock dividends. The aforementioned cash dividend distribution ratio is in principle not less than 50% of the total dividends distributed. The distribution ratio of the aforementioned surplus provision may be adjusted according to the resolution of the shareholders' meeting, depending on the actual profit and capital status. For the policies regarding the distribution of employees' compensation and remuneration of directors and supervisors, please refer Note 21.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company is required to set aside an additional special capital reserve equivalent to the net debit balance of the other equity items. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriation of loss proposal of 2022 have been approved in the Company's shareholders' meeting held on June 27, 2023.

The appropriation of loss proposal of 2021 have been approved in the Company's shareholders' meeting held on June 17, 2022.

The above 2023 appropriation for cash dividends is to be presented for approval in the Company's shareholders' meeting to be held on June 26, 2024 (expected).

For the information on the profit-distribution plan proposed by the board of directors and the corresponding resolution of the shareholders' meeting, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

d. Other equity items

Under Other equity items are cumulative amount of exchange differences (net after tax) converted from the financial statements of foreign operating institutions of the Company.

16. EARNINGS(LOSS) PER SHARE

a. Basic EPS

Basic earnings per share of the Company are calculated by dividing the profit and loss attributable to the parent company's common equity holders by the weighted average number of outstanding common shares in the current period.

b. Diluted EPS

Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the parent company and the weighted average number of outstanding common shares to the effects of all potentially dilutive securities.

	For the year ended	
	December 31	
	2023	2022
Consolidated basic EPS		
Net income available to common shareholders of the parent company	\$ 37,994	\$ 18,084
Number of Outstanding Shares	91,586	91,586
Basic EPS	\$ 0.41	\$ 0.20
Consolidated Diluted EPS		
Net income available to common shareholders of the parent, adjusted for the effect of potentially dilutive ordinary shares	\$ 37,994	\$ 18,084
Number of Outstanding Shares (in thousands)	91,586	91,586
Effect of potentially dilutive ordinary shares	--	--
Bonuses issued to employees		
Number of Outstanding Shares (in thousands)	91,586	91,586
Diluted EPS	\$ 0.41	\$ 0.20

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as effect is dilutive. Such, dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

17. OPERATING REVENUE

	For the year ended December 31	
	2023	2022
Asia	\$ 432,160	\$ 510,104
Americas	45,411	67,591
Europe	1,112	411
	<u>\$ 478,683</u>	<u>\$ 578,106</u>

	For the year ended December 31	
	2023	2022
Wires for computer peripherals	\$ 373,378	\$ 452,562
Network wire	67,555	89,303
Others	357	658
Expense from management services	37,393	35,583
	<u>\$ 478,683</u>	<u>\$ 578,106</u>

18. OTHER INCOME

	For the year ended December 31	
	2023	2022
Government subsidy income	\$ --	\$ 30
Others	207	540
	<u>\$ 207</u>	<u>\$ 570</u>

19. OTHER GAINS AND LOSSES

	For the year ended December 31	
	2023	2022
Gain (Loss) on foreign exchange, net	\$ (705)	\$ (6,493)
Others	(13)	(156)
	<u>\$ (718)</u>	<u>\$ (6,649)</u>

20. FINANCE COSTS

	For the year ended December 31	
	2023	2022
Interest on borrowings	\$ 6,586	\$ 2,957

21. ADDITIONAL INFORMATION ON EXPENSES

a. Depreciation and amortization

	For the year ended December 31	
	2023	2022
Property, plant and equipment	\$ 6,413	\$ 5,411
	<u>\$ 6,413</u>	<u>\$ 5,411</u>

	For the year ended December 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	\$ 5,641	\$ 4,552
Recognized in operating expenses	772	859
	<u>\$ 6,413</u>	<u>\$ 5,411</u>

b. Employee benefit expenses

	For the year ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans (Note 14)	\$ 1,531	\$ 1,594
Defined benefit plans (Note 14)	186	107
	<u>1,717</u>	<u>1,701</u>
Other employee benefits	49,521	56,467
	<u>\$ 51,238</u>	<u>\$ 58,168</u>

	For the year ended December 31	
	2023	2022
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 20,254	\$ 22,965
Recognized in operating expenses	30,984	35,203
	<u>\$ 51,238</u>	<u>\$ 58,168</u>

- (1) According to the Company's articles, if there is a profit in the current year, the Company accrued employees' compensation at rate of 3% to 10% and remuneration of directors within 5%. However, if the company still has accumulated losses, it should be reserved in advance to make up for it Amount, the rest will be appropriated according to the aforementioned ratio, and will be distributed by the board of directors in the form of stock or cash distribution, and the distribution objects include employees of subordinate companies who meet certain conditions.
- (2) Both of the year 2023 and 2022, the Company are accumulated losses, therefore, the employee and remuneration of director remuneration are not estimated.
- (3) Both of the year 2022 and 2021 the Company are accumulated losses, therefore, the employees' compensation and remuneration of director are not estimated.
- (4) Information on the employees' compensation and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

- a. Income tax recognized in profit or loss.

Major components of tax expense recognized in profit or loss are as follows: :

	For the year ended	
	December 31	
	2023	2022
Current income tax expense		
In respect of the current year	\$ 2,939	\$ 1,428
Adjustments for prior year	1,094	--
Deferred income tax expense		
The recognition and reversal of temporary differences	--	--
Income tax expense recognized in profit or loss	<u>\$ 4,033</u>	<u>\$ 1,428</u>

b. Income tax expense at the statutory rate

	For the year ended	
	December 31	
	2023	2022
Income before Income tax	\$ 42,027	\$ 19,512
Income tax based on the Company's domestic tax rate	8,405	3,902
Income that should be ratified by tax regulation	150	136
Income calculated according to tax laws	--	--
Change in unrecognized deductible temporary differences	(5,616)	10,682
Current-year losses for which no deferred tax asset was recognized	--	(13,292)
Previous income tax (overstatement) understatement	1,094	--
	<u>\$ 4,033</u>	<u>\$ 1,428</u>

For the years ended December 31, 2023 and 2022, the Company applied a tax rate of 20% subject to the R.O.C. Income Tax Law.

c. The Company has not recognized income tax expense under other comprehensive Income (Loss).

d. Deferred tax

The movements of deferred tax liabilities were as follows:

	For the year ended	
	December 31	
	2023	2022
Temporary differences		
Land value increment tax	\$ 27,210	\$ 27,210

- e. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2023

	January 1,2023	Recognized in profit or loss	December 31,2023
Deferred tax assets			
Allowance for impairment of debts	\$ 4,106	\$ 13	\$ 4,119
Unrealized loss on inventories	5,069	446	5,515
Deferred tax liabilities			
Unrealized (gain) loss and expense	2,217	(1,841)	376
Investment accounted for using the equity method	(174,843)	(4,234)	(179,077)
	<u>(163,451)</u>	<u>(5,616)</u>	<u>(169,067)</u>
Amount not recognized as deferred tax liabilities	163,451	5,616	169,067
Total Deferred tax assets(liabilities)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

For the year ended December 31, 2022

	January 1,2022	Recognized in profit or loss	December 31,2022
Deferred tax assets			
Allowance for impairment of debts	\$ 4,106	\$ --	\$ 4,106
Unrealized loss on inventories	3,778	1,291	5,069
Operating loss carryforward	13,292	(13,292)	--
Deferred tax liabilities			
Unrealized (gain) loss and expense	(401)	2,618	2,217
Investment accounted for using the equity method	(181,616)	6,773	(174,843)
	<u>(160,841)</u>	<u>(2,610)</u>	<u>(163,451)</u>
Amount not recognized as deferred tax liabilities	160,841	2,610	163,451
Total Deferred tax assets(liabilities)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

- f. Expiration dates of unused net operating loss carry forward and amounts of unrecognized deferred tax assets are as follows:

December 31,2022 (December 31,2023:None)

Year incurred	Tax losses for the period	Accumulated deducted deficit	Unused amount	Usable until year
2012	\$ 66,150	\$ 66,150	\$ --	2022
2013	29,143	29,143	--	2023
2014	17,605	17,605	--	2024
2015	40,038	40,038	--	2025
	<u>\$ 152,936</u>	<u>\$ 152,936</u>	<u>\$ --</u>	

- g. Assessment of income tax

The Company's income tax returns of the year through 2021 were assessed by the Taipei National tax Administration.

23. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

- a. Related parties and relationships

Related Parties	Related Party Categories
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	A subsidiary
SUNF PU TECHNOLOGY (DONGGUAN) CO., LTD.	Third-tier subsidiary
NEW SUNF PU ELECTRIC WIRE & CABLE(SHENZHEN) CO., LTD.	Third-tier subsidiary
All directors, general managers and vice general managers	Major members of whom the Management of the Group consists

- b. Parent company and ultimate controller: the company is the ultimate controller ◦

c. Net revenue

(1) Net revenue from professional fees

	For the year ended	
	December 31	
	2023	2022
Subsidiaries:		
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ 37,393	\$ 35,583

The labor service income calculated and collected by the company for providing relevant management services such as procurement, transportation, and quality inspection on behalf of related parties.

d. Trade receivables from related parties

	December 31,2023	December 31,2022
Subsidiaries:		
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ 2,825	\$ --

e. Purchase of goods

	For the year ended	
	December 31	
	2023	2022
Subsidiaries:		
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ 35,111	\$ 64,786

The parent company purchases goods/materials from related parties and non-related parties. Since there is no similar product to compare, it is impossible to compare the prices of purchased goods/materials. Therefore, the price is determined in accordance with the parent company's "Related Party Transaction Management Law". The terms of payment to related parties are monthly T/T. Generally, the monthly settlement for manufacturers is 90-120 days. However, to meet the company's working capital turnover needs, it agreed to repay in installments depending on the company's capital status. The amount beyond the normal repayment period at the end of 112 and 111 was 0 thousand and 105,647 thousand, respectively.

f.	Payables to related parties	<u>December 31,2023</u>	<u>December 31,2022</u>
	Subsidiaries:		
	SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ --	\$ 145,081
		<u>=====</u>	<u>=====</u>
g.	Other payables form fund loan:	<u>December 31,2023</u>	<u>December 31,2022</u>
	Subsidiaries:		
	SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ --	\$ 31,174
		<u>=====</u>	<u>=====</u>
h.	Other payables from advance payment:	<u>December 31,2023</u>	<u>December 31,2022</u>
	Subsidiaries:		
	SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ --	\$ 17,316
		<u>=====</u>	<u>=====</u>

Funds provided to related parties for free, without interest calculation and agreed repayment period.

i. Guarantee

As of December 31, 2023 and 2022, the company issued guarantee notes for SUNF PU ELECTRIC WIRE & CABLE CO., LTD. and its joint borrowing from financial institutions, account deposits and deposits of guarantee notes and payable guarantee notes Subject, because it is a memorandum entry, it is not listed in the balance sheet, and its details are as follows :

SUNF PU ELECTRIC WIRE & CABLE CO., LTD.

	<u>For the year ended December 31</u>			
		<u>2023</u>		<u>2022</u>
Deposits and Payables of Guaranteed Notes	NTD	46,500	NTD	48,000
Deposits and Payables of Guaranteed Notes	USD	2,000	USD	500
		<u>=====</u>		<u>=====</u>

j. Other

1) As of December 31, 2023 and 2022, the details of the company's endorsement or guarantee for related parties borrowing from financial institutions are as follows :

	<u>December 31,2023</u>	<u>December 31,2022</u>
Subsidiaries		
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ 61,450	\$ 116,717
	<u> </u>	<u> </u>

2) As of December 31, 2023 and 2022, the company and related parties jointly borrowed from financial institutions, and the related parties provided fixed deposits as collateral to the financial institutions. The details are as follows :

	<u>December 31,2023</u>	<u>December 31,2022</u>
Subsidiaries		
SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	\$ --	\$ 36,858
	<u> </u>	<u> </u>

k. Compensation of key management personnel :

	For the year ended December 31	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 6,792	\$ 7,880
Post-employment benefits	--	--
Other long-term employee benefits	--	--
Post-employment Benefits	--	--
Share-based payment	--	--
	<u>\$ 6,792</u>	<u>\$ 7,880</u>

For detailed information on the major members of the Management, please refer to the Company's annual report.

24. PLEDGED ASSETS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment		
Land	\$ 63,264	\$ 63,264
Building	14,397	15,245
	<u>77,661</u>	<u>78,509</u>
financial assets at amortized costs		
Pledged reimbursement account	6,040	6,011
	<u>\$ 83,701</u>	<u>\$ 84,519</u>

The above assets pledged as collateral for the Company's long-term loan and financing guarantee.

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Significant unrecognized commitments: None
- b. Contingencies:
 - 1) As of December 31, 2023 and 2022, the amount that the company endorsed or acted as guarantor for related parties borrowing from financial institutions was 61,450 thousand and 116,717 thousand respectively; please refer Note 23.
 - 2) As of December 31, 2023 and 2022, except as mentioned in Note 23, the guarantee notes issued by the company due to borrowing from financial institutions are accounted for in the accounts of deposit and withdrawal guarantee notes and payable guarantee notes, which belong to Memorandum entry, not included in the balance sheet. Its details are as follows :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deposits and Payables of	NTD 30,000	NTD 30,000
Guaranteed Notes	<u> </u>	<u> </u>

26. SIGNIFICANT LOSSES FROM DISASTERS: None

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD : None

28. FINANCIAL RISK MANAGEMENT :

The Company's Finance Department provides services to overall planning and coordination of domestic and international financial market operations to the business, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market

risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the intimal auditors on a continuous basis.

The significant financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Company for executing financial projects.

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of following:

- (1)The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- (2)The amount of contingent liabilities arising from the provision of financial guarantees by the Company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. The Company also uses certain credit enhancement instruments such as advances received at appropriate times to reduce the credit risk of specific customers.

In order to minimize credit risk, the management of the Company has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

As of December 31, 2023 and 2022, receivables from top ten customers represented 74.38% and 98.99% of the total trade receivables of the Company, respectively. The credit concentration risk of other contract assets and accounts receivables was insignificant.

The Company's exposure to financial credit risk which pertained to bank deposits and foreign exchange derivatives trading Contract were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

For notes receivable, trade receivables and other receivables for credit risk exposure information, refer to Note 8. Other Financial assets at amortized cost include time deposits and restricted bank deposits and other financial assets, refer to Note 7.

b. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. the Company had available unutilized short-term bank loan facilities set out in Note 12.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	With 3 months	3-12months	1-5years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 260,000	\$ 51,237	\$ 210,326	\$ --	\$ --
Other payables (including related parties)	10,598	8,513	2,085	--	--
Notes payable and Trade payables (including related parties)	3,093	3,093	--	--	--
	<u>\$ 273,691</u>	<u>\$ 62,843</u>	<u>\$ 212,411</u>	<u>\$ --</u>	<u>\$ --</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 259,000	\$ 60,316	\$ 200,485	\$ --	\$ --
Other payables (including related parties)	65,555	63,105	2,450	--	--
Notes payable and Trade payables (including related parties)	178,262	178,262	--	--	--
	<u>\$ 502,817</u>	<u>\$ 301,683</u>	<u>\$ 202,935</u>	<u>\$ --</u>	<u>\$ --</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

c. Market risk

Market risk is the risk that changes in the market, such as foreign exchange rates and interest rates of that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives instruments, and incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's procedures for conducting derivative transactions which were approved by the Board of Directors.

(1) Exposure to currency risk

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company on the balance sheet date are as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$ 4,236	30.725	\$ 130,151	\$ 8,040	30.715	\$ 246,949
HKD	90	3.933	354	90	3.938	354
CNY	1,057	4.329	4,576	1,054	4.411	4,649
Financial liabilities						
Monetary items						
USD	\$ --	30.725	--	\$ 5,189	30.715	\$ 159,380
CNY	--	4.329	--	8,600	4.411	37,935

(2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the HKD and the CNY on December 31, 2023 and 2022, would have increased or decreased the profit before tax by 1,351 thousand and 546 thousand, respectively. The analysis assumed that all other variables remain constant and is performed on the same basis for both periods.

Since the Company has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to (705) thousand and (6,493) thousand, respectively.

(3)Interest rate analysis

The Company's main borrowings are interest-bearing at fixed rates, and there is no risk of major interest rate changes.

d. Fair value of financial instruments

(1) Types and fair values of financial instruments

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and Investments in equity instruments that have no quotation in an active market and whose fair value cannot be reliably measured, the disclosure of fair value information is not required :

	December 31, 2023				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost (Note 1)	\$ 152,583	\$ --	\$ --	\$ --	\$ --
Financial liabilities at amortized cost (Note 2)	\$ 273,691	\$ --	\$ --	\$ --	\$ --

	December 31, 2022				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost (Note 1)	\$ 332,167	\$ --	\$ --	\$ --	\$ --
Financial liabilities at amortized cost (Note 2)	\$ 502,817	\$ --	\$ --	\$ --	\$ --

Note 1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (Including related parties), other receivables, Overdue receivables (Accounting for Other non-current assets) and refundable deposits.

Note 2 : The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (Including related parties), other payables (Including related parties), and guarantee deposits received.

(2) Fair value measurement recognized in the consolidated balance sheet.

The following table provides an analysis of financial instruments measured by fair value after original recognition. The measurement method is divided into levels 1 to 3 based on the extent to which the fair value can be observed.

- a. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Evaluation techniques and assumptions used to measure fair value.

The fair value of financial assets and financial liabilities is the amount for which the instrument is bought or sold in a current transaction with a willing party (rather than by force or liquidation). The methods and assumptions used in estimating the fair value of the Company's financial assets and financial liabilities are as follows:

- a. The fair value of cash and cash equivalents, notes receivable, trade receivables, payables and short-term borrowings approximates the book value mainly due to the short maturity period of such instruments.
- b. The fair value of the foreign currency option contract is measured by the forward exchange rate quotation and the corresponding yield curve.

29. CAPITAL MANGEMENT

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Company expects to balance its capital structure through the payment of dividends and cash capital increase to reduce debt.

30. SIGNIFICANT LOSSES FROM DISASTERS : None

31. OTHER ITEMS

- a. Based on factors about overall business planning and overall management of the company, on December 24, 2019, the board of directors of the Company approved the New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. invested by the third place transfer the land use right and building ownership located in the Longhua Donghuan 2nd Road Development Zone.

In addition, New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. which is invested by the Company on behalf of a third place, issuing a valuation report on land use rights and building ownership through a real estate appraiser and The opinion letter issued by the accounting C.P.A.'s firm on the rationality of the real estate price is used to evaluate the feasibility of proposing a land lease relationship transfer agreement with Shenzhen Shuntaixin Investment Co., Ltd., with a total transaction amount of RMB 50 million.

On March 20, 2020, the board of directors of the Company in lieu of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. which invested on behalf of the third place to pass the resolution of transferring the land lease right and building ownership (including 23,751.9 square meters area and the remaining 7-year land use right), to Shenzhen Shuntaixin Investment Co., Ltd. with a total transaction amount of RMB 50 million.

However, due to Shenzhen Shuntaixin Investment Co., Ltd. changed the investment structure, On May 6, 2020, the board of directors of the Company in lieu of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. which invested on behalf of the third place to pass the resolution of changing the buyer as Shenzhen Shuntaixin Investment Co., Ltd., a subsidiary 100% hold by Shenzhen Shuntaiyuan Investment Co., Ltd. On June 19, 2020, the two parties completed the signing of the land lease relationship transfer agreement, on June 29, 2020, January 15, 2021, October 19, 2021, October 21, 2021, November 10, 2021, and January 5, 2022, RMB 10 million, RMB 15 million, RMB 5.5 million, RMB 2.5 million, RMB 2 million, and RMB 5 million were collected, respectively. which are listed as deposits received account. As of the release date of the financial report, there is a remaining balance of RMB 10 million was provided by real state mortgage by Shenzhen Zhenchang Property Management Co., Ltd., a related enterprise of Shenzhen Shuntaiyuan Investment Co., Ltd., as collateral through the agreement between the two parties. However, as of the date of the announcement of the financial report, The mortgage setting process is still in progress. If RMB 10 million cannot be collected in the future, the mortgaged properties will be disposed of as satisfaction.

In addition, New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd., relocated from its factory in the area at the end of May 2023 in accordance with the agreement, meanwhile, it subleased the land and buildings to Shenzhen Shuntaiyuan Investment Co., Ltd.. The company recognized sublease income of RMB 18,559 thousand yuan (recognized as other income) after deducting relative relocation expenses and offset the lease receivable in installments based on the lease duration.

- b. Since the order of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. has slashed and the fixed costs raised yearly that caused a severe loss. Besides, in order to comply with the contract specifications of land rights and buildings transfer, the board of directors of the Company was in lieu of passing a resolution for New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. to suspend business operations from April 30, 2023. Afterwards, all the factories in the area have been relocated before May 31, 2023, and the existing orders have been transferred gradually to related party, Sunf Pu technology (Dongguan) Co., Ltd., for manufacturing. After assessment by the management, customer orders and production capacity will not be affected. In the future, the management will reassess whether the operating structure of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. need to be modified or not, depends on the market trends in China.

- c. Due to the COVID-19 outbreak in January 2020, the factories of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. and Sunf Pu Technology (Dongguan) Co., Ltd. located in Shenzhen and Dongguan City, Guangdong Province, respectively, cooperated with the local government to postpone the resumption of work. Since the factories, customers, and major suppliers of New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. and Sunf Pu Technology (Dongguan) Co., Ltd. are not concentrated in areas with severe outbreaks, as of the financial report date, New Sunf Pu Electric Wire & Cable (Shenzhen) Co., Ltd. and Sunf Pu Technology (Dongguan) Co. suspended work for one week and four days respectively on March 14 and March 18, 2020, in order to cooperate with the local government's quarantine measures. All operations have since returned to normal on March 21st. The company believes that the impact of the epidemic on its operations will be limited, but the exact extent of the impact remains uncertain.

32. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions :
 - (1) Financing provided to others : (Table 1).
 - (2) Endorsements/guarantees provided: (Table 2).
 - (3) Marketable securities held (excluding investments in subsidiaries and associates): None.
 - (4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : None.
 - (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : (Table 3).
 - (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4).
 - (9) Trading in derivative instruments: None.
- b. Names, Locations, And Related Information On Investees: (Table 5)
- c. Information on investments in mainland China:
 - (1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 6).
 - (2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period : (Table 3).
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (Table 3).
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (Table 2).
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: (Table 1).
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: (Table 7)

33. SEGMENT INFORMATION

a. General information

The Company is mainly engaged in the single industry of manufacturing 3C product lines. The board of directors is the decision-maker for the operation. The board of directors regards the company as a single performance management entity and uses the financial data of the overall company's financial statements as the basis for evaluating performance, making decisions, and allocating resources. Based on the identified Company as a single reportable department.

b. Measurement of segment information

The company's board of directors mainly evaluates the performance of the operating department based on the company's monthly financial statements.

c. Information on departmental profit and loss, assets, and liabilities

The Company is a single reportable department, and the departmental profit and loss, assets and liabilities are the profit and loss, assets and liabilities listed in the financial statements.

d. Reconciliation information of department profit and loss, assets, and liabilities

The Company is a single reportable department, and the department's profit and loss, assets and liabilities are the profits and losses, assets and liabilities listed in the financial statements, so there is no adjustment information.

SUNF PU TECHNOLOGY CO., LTD

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

(Table 1)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Business Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	SUNF PUELECTRIC WIRE&CABLECO, LTD.	SUNF PUTECHNOLOGY CO.,LTD.	Other receivables	YES	31,174	--	--	--	Short-term financing	--	Operating capital	--	--	--	178,889 (Note3)	357,778 (Note3)
2	SUNFPUTECHNOLOGY (DONGGUAN)CO, LTD.	SUNF PU ELECTRIC WIRE&CABLECO, LTD.	Other receivables	YES	6,323	6,155	6,155	--	Short-term financing	--	Operating capital	--	--	--	118,193 (Note4)	236,386 (Note4)

Note 1 : The Company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : The ceiling on total loans granted by the Company to all parties is 40% of the net assets value of the Company; the ceiling on single loan granted by the Company to all parties is 20% of the net assets value of Sunf Pu Technology Co., Ltd.

Note 3 : The ceiling on total loans granted by a foreign subsidiary to all parties is 40% of the net assets value of lender; the ceiling on single loan granted by a domestic subsidiary to all parties is 10% of the net assets value of Sunf Pu Electric Wire& Cable Co., Ltd.

Note 4 : The ceiling on total loans granted by a foreign subsidiary to all parties is 40% of the net assets value of lender; the ceiling on single loan granted by a domestic subsidiary to all parties is 10% of the net assets value of Sunf Pu Technology (Dongguan) Co., Ltd.

SUNF PU TECHNOLOGY CO., LTD

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

(Table 2)

Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company Guarantee Provided by A Subsidiary in Mainland China	Guarantee Provided by Parent Company Guarantee Provided by A Subsidiary in Mainland China (Note 1)	Guarantee Provided by Parent Company Guarantee Provided by A Subsidiary in Mainland China Name
	Name	Nature of Relationship										
0	SUNF PU TECHNOLOGY CO.,LTD.	SUNF PUELECTRIC WIRE&CABLECO, LTD.	453,565	123,215	61,450	46,088	--	6.77%	453,565	YES	NO	NO

Note 1 : The Company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : The total endorsements and guarantees of the Company to others should not be in excess of the Company's net assets, and for a single party should not be in excess of 50% of the Company's net assets.

Note 3: The total endorsements and guarantees of overseas subsidiaries of which the Company directly or indirectly holds of their voting shares to others should not be in excess of 50% the endorser/guarantor's net assets, and for a single party should not be in excess of 50% of the endorser/guarantor's net assets.

SUNF PU TECHNOLOGY CO., LTD

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

(Table 3)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note Amount	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		Purchase/ Sale
SUNF PUELECTRIC WIRE&CABLE CO., LTD.	SUNF PUTechnology(DONGGUAN)CO, LTD.	Subsidiary	Purchase	136,942	Note	Note	Note	Note	Trade payables 21,428	7.75 %	--

Note : The parent company purchases and sells goods/materials from related parties and non-related parties. Since there is no similar product to compare, it is impossible to compare the prices of purchased and sold goods/materials. Therefore, the price is determined in accordance with the parent company's "Related Party Transaction Management Law". The terms of payment to related parties are monthly T/T.

SUNF PU TECHNOLOGY CO., LTD

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2023**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
NEW SUNF PU ELECTRIC WIRE &CABLE(SHENZHEN) CO., LTD.	SUNF PU ELECTRIC WIRE&CABLE CO., LTD.	The parent company	252245	0.11	241232	Cooperate with funding needs and agree to schedule according to their funding status	10,465	--

(Table 4)

Note : Amount recovered as of February 28, 2024.

SUNF PU TECHNOLOGY CO., LTD

**NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts in Thousands of New Taiwan Dollars)

(Table 5)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount			
SUNF PU TECHNOLOGY CO., LTD.	SUNF PU ELECTRIC WIRE & CABLE CO., LTD.	Samoa Islands	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	226,272	226,272	7,181	100%	894,447	21,167	Note 1	

Note 1 : The financial statements of each invested company that have been audited by accountants during the same period and calculated according to the shareholding ratio of the parent company.

SUNF PU TECHNOLOGY CO., LTD

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

(Table 6)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023 (Note5)
					Outflow	Inflow						
XINYA SUNF PU WIRE & CABLE FACTORY.	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	67,197	(4)	67,197	--	--	67,197	--	100%	-- (Note 1)	--	--
SUNF PU TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	219,150	(4)	46,953	--	--	46,953	(14,429)	100%	(14,429) (Note 1)	590,967	154,848
NEW SUNF PU ELECTRIC WIRE & CABLE(SHENZH EN) CO., LTD.	Manufacture and trade of wires for 3C products such as computer wires and telephone wires.	73,098	(4)	73,098	--	--	73,098	68,510	100%	68,510 (Note 1)	585,821	--

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Investment Amounts Authorized by Investment Commission, MOEA
330,456 (Note 3) (Note 5) (Note 6) (Note 7)	734,876 (Note 2) (Note 8)	544,278

Note 1 : The financial statements of each invested company that have been audited by accountants during the same period and calculated according to the shareholding ratio of the investment company.

Note 2 : Converted at the spot exchange rate on the balance sheet date.

Note 3 : Investment Amounts Authorized by the Investment Commission approved an amount of USD 18,776 thousand dollars, including remittance and reinvestment of Sunf Pu Technology (Suzhou) Co., Ltd. and Sunf Pu Technology (Dongguan) Co., Ltd. by the subsidiary Sunf Pu Electric Wire & Cable Co., Ltd. with its own funds USD 11,123 thousand dollars. The investment fund has not been remitted from the parent company.

Note 4 : Reinvest in mainland companies through the third region.

Note 5 : Sunf Pu Technology (Dongguan) Co., Ltd. distributes dividends and remits them to the parent company in Taiwan through Sunf Pu Electric Wire & Cable Co., Ltd. On April 17, 2019 and May 4, 2020, respectively, it was reported to Investment Commission, MOEA for future reference. Based on the actual accumulative investment amount of 219,150 thousand dollars (USD 7,029 thousand dollars) remitted out of Taiwan to deduct the accumulated repatriation investment income of 110,401 thousand dollars and 61,796 thousand dollars. The total amount of 172,197 thousand dollars will be transferred to the mainland. The accumulated investment amount, after deducting the local tax withholding, has a net remittance of 154,848 thousand dollars to Taiwan.

Note 6 : Due to the integration of resources, the Group passed the resolution of the board of directors on December 20, 2013 to liquidate Sunf Pu Electric (Kunshan) Co., Ltd., the liquidation was completed on September 16, 2015 and the remaining shares were repatriated. The funds were transferred to Sunf Pu Electric Wire & Cable Co., Ltd. in the third region, and the filing was approved by the Investment Review Committee of the Ministry of Economic Affairs on April 15, 2019. However, the proceeds from the liquidation were not repatriated to Taiwan, and the investment plan for the mainland region was not reduced. 68,080 thousand dollars.

Note 7 : On December 21, 2017, the Group sold 100% equity of Sunf Pu Technology (Suzhou) Co., Ltd. through the resolution of the board of directors. After the equity change registration was completed in August 2018, it was not authorized to release the equity transaction price by the State Administration of Foreign Exchange of Mainland China until October 2018. Meanwhile, it lost control and ceased to be included in the consolidated financial report. The price collected for this sale of equity was 186,221 thousand dollars. (RMB 41.6 million), which was approved by the subsidiary Sunf Pu Electric Wire & Cable Co., Ltd. Received the full share payment on November 5 ,2018, and reported to the Investment Commission, MOEA for future reference on April 17, 2019. However, the equity price of USD 50,000 thousand dollars was remitted through the subsidiary Sunf Pu Electric Wire & Cable Co. back to Taiwan as capital reduction in June 2019, it was reported to the Investment Commission, MOEA for future reference on May 8, 2020. Therefore, the original approved investment amount was 232,687 thousand dollars after deducting capital reduction and repatriation of equity price of 157,559 thousand dollars., and the rest income of 75,128 thousand dollars from the disposal has not been remitted to Taiwan yet.

Note 8 : The approved investment amount also includes a total of USD 4,153 thousand dollars from Sunf Pu Electronics (Kunshan) Co., Ltd. and Sun Pu Technology (Suzhou) Co., Ltd., due to the proceeds from liquidation and the 100% equity transaction have not been repatriated to Taiwan yet.

SUNF PU TECHNOLOGY CO., LTD

**INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Table 7)

Shareholders	Shares	
	Total Shares Owned (Thousand shares)	Ownership Percentage
HSUI-YUNG, LO	6,185	6.75 %

Note 1: Information on the above table is based on the calculation provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of ordinary shares and special shares who have completed the process of registration and book-entry delivery issued in dematerialized form (including treasury shares) on the last business day of the current quarter. There may be a discrepancy between the number of shares recorded on the Company only financial statements and its dematerialized securities due to the difference in basis of preparation and calculation.