Stock No.: 6591

SUN MAX TECH LIMITED and its subsidiaries

Consolidated financial statements and Auditor's Report

2023 and 2022

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

Tel: (02)82263300

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

§Table of Contents§

Independent Auditors' Report

To: SUN MAX TECH LIMITED:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>Recognition of revenue</u>

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

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

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

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

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

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

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

Auditors' Responsibilities for the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in SUN MAX Group.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SUN MAX Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Independent Auditors' Report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the Independent Auditors' Report. However, future events or conditions may cause SUN MAX Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of SUN MAX Group of 2023 and are therefore the Key Audit Matters. We describe these matters in our Independent Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA, Tung-Ju Hsieh

CPA, Wang-Sheng Lin

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

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

March 14, 2024

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 627,497	24	$ 916,884	31
1136	Financial assets based on cost after amortization- Current (Note 4 and 8)	921	-	-	-
1170	Net notes receivable and accounts receivable (Note 4 and 9)	560,958	21	528,335	18
1200	Other receivables	6,316	-	2,921	-
1220	Current income tax asset (Note 4 and 22)	10,582	1	8,336	-
130X	Inventories (Note 4 and 10)	220,274	8	263,093	9
1479	Other current assets (Note 11)	13,504	1	22,874	1
11XX	Total current assets	1,440,052	55	1,742,443	59
	Non-current assets				
1600	Property, plant and equipment (Note 4, 13 and 27)	1,092,586	42	1,086,895	37
1755	Right-of-use assets (Note 4 and 14)	25,022	1	35,059	1
1780	Intangible asset (Note 4 and 15)	8,434	-	7,151	-
1990	Other non-current assets (Note 11)	57,861	2	71,897	3
15XX	Total non-current assets	1,183,903	45	1,201,002	41
1XXX	Total assets	$ 2,623,955	100	$ 2,943,445	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 16 and 27)	$ 26,011	1	$ 44,094	2
2120	Financial liabilities at fair value through profit and loss current (Note 4 and 7)	14	-	900	-
2170	Notes and account payables	151,141	6	143,833	5
2200	Other payable (Note 17)	175,602	7	202,360	7
2230	Current income tax liabilities (Note 4 and 22)	21,743	1	80,366	3
2280	Leasehold liability- current (Note 4 and 14)	3,243	-	13,798	-
2320	Long-term debts and bonds payable that are due within one year (Notes 16, 18 and 27)	149,100	5	181,459	6
2399	Other current liabilities	6,957	-	7,705	-
21XX	Total current liability	533,811	20	674,515	23
	Non-current liabilities				
2530	Corporate bonds payable (Note 4 and 18)	-	-	189,086	6
2540	Long-term loan (Note 16 and 27)	183,400	7	198,040	7
2570	Deferred income tax liabilities (Note 4 and 22)	109,568	4	104,833	4
2580	Leasehold liability- non-current (Note 4 and 14)	4,023	-	4,399	-
2630	Deferred income (Note 24)	34,281	2	36,466	1
2670	Other non-current liabilities	339	-	51	-
25XX	Total non-current liability	331,611	13	532,875	18
2XXX	Total liabilities	865,422	33	1,207,390	41
	Equity Attributable to Owners of the company (Note 4 and 20)				
3100	Common stock capital	356,403	14	341,969	12
3200	Capital surplus	826,927	31	777,187	26
	Retained earnings				
3310	Legal reserve	99,140	4	76,009	3
3320	Special reserve	33,518	1	58,813	2
3350	Unappropriated earnings	490,212	19	506,320	17
3300	Total retained earnings	622,870	24	641,142	22
	Other equity				
3410	Exchange differences on Translating the financial statements of foreign operations	(56,738)	(2)	(33,519)	(1)
31XX	Total equity of the company	1,749,462	67	1,726,779	59
36XX	Non-controlling interest	9,071	-	9,276	-
3XXX	Total equity	1,758,533	67	1,736,055	59
	Total liabilities and equity	$ 2,623,955	100	$ 2,943,445	100

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

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

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

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

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

(Continued on next page)

(Continued from previous page)

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

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

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

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

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

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

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

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

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

(Continued on next page)

(Continued from previous page)

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

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

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

SUN MAX TECH LIMITED

SUN MAX TECH LIMITED and subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(Unless otherwise provided, Unit: NTD Thousand)

1. Organization and operations

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

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

2. Financial reporting date and procedures

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

3. Application of new and revised standards and interpretation

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

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

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

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

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

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

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

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

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

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates”.	Undefined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to “IFRS 17”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

4. Summary of significant accounting policies

(1) Compliance Statement

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

(2) Basis of preparation

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

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

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

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

Current assets including:

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

Current liabilities including:

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

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

(4) Basis of consolidation

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

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

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

(5) Foreign currency

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

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

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

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

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

If disposal on ownership of foreign operation for business combination, or disposal on partial ownership of foreign operation and lose control, or the retained equity is financial asset and treated according to financial instrument accounting policy from disposal on joint agreement or associate of foreign operation, all accumulated exchange difference will be reclassified to profit or loss related to foreign operation.

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

(6) Inventories

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

(7) Property, plant, and equipment

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

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

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

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

(8) Intangible assets

1. Acquired separately

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

2. Acquisition as part of a business combination

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

3. De-recognition

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

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

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

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

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

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

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

(10) Financial instruments

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

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

1. Financial assets

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

(1) Classification of measurement

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

A. Financial assets at fair value through profit or loss

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

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

B. Financial assets based on cost after amortization

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

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

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

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

(2) Impairments of financial assets and contract assets

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

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

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

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

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

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

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

(3) The de-recognition of financial assets

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities at fair value through profit and loss

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

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

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

(2) De-recognition of financial liabilities

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

4. Convertible corporate bonds

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

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

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

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

(11) Recognition of revenue

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

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

Commodity sales revenue

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

(12) Lease

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

The Company is the lessee.

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

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

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

The present values of lease liabilities are measured initially by the lease payments (including fixed payments, in-substance fixed payments, variable lease payments dependent on an index or rate, amounts expected to be repaid by the lessee under the residual value guarantee, the exercise price of a purchase option that the lessee is reasonably certain to exercise, and payments for terminating the lease if the lease term reflects early termination). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

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

(13) Borrowing costs

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

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

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

(14) Government grant

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

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

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

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

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

(15) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefits

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

(16) Income tax

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

1. Income tax expenses in the current period

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

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

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

2. Deferred tax

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

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

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

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

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

3. Current & deferred income taxes

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

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

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

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

6. Cash and cash equivalents

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

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

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

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

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

8. Financial assets based on cost after amortization- Current

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

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

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

9. Notes and accounts receivable, net

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

10. Inventories

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

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

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

11. Other assets

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

12. Subsidiaries

Subsidiaries included in the consolidated financial statements

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

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

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

13. Property, plant, and equipment

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

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

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

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

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

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

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

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

14. Lease agreement

(1) Right-of-use assets.

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

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

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

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

(2) Lease liability

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

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

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

(3) Other lease information

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

15. Intangible assets

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

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

16. Borrowings

(1) Short-term borrowings

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

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

(2) Long-term borrowings

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

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

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

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

17. Other payables

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

18. Corporate bonds payable

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

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

1. Total Issued: NTD 220,000 thousand.

2. Par value and issue price: NTD 100 thousand each; issued at 100.5% of the par value.

3. Stated rate: annual interest 0%

4. Duration: 3 years; September 1, 2020 to September 1, 2023.

5. Redemption method of the Company:

(1) Redemption at maturity date:

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

(2) Redeem before maturity date:

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

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

6. Sell back:

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

7. Conversion:

(1) Conversion period:

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

(2) Conversion price:

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

(3) Conversion price adjustment:

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

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

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

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

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

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

1. Total Issued: NTD 200,000 thousand.

2. Par value and issue price: NTD 100 thousand each; issued at 100% of the par value.

3. Stated rate: annual interest 0%

4. Duration: 3 years; August 12, 2022 to August 12, 2025.

5. Redemption method of the Company:

(1) Redemption at maturity date:

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

(2) Redeem before maturity date:

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

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

6. Sell back:

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

7. Conversion:

(1) Conversion period:

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

(2) Conversion price:

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

(3) Conversion price adjustment:

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

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

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

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

19. Retirement benefits plan

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

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

20. Equity

(1) Share Capital

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

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

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

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

(2) Capital surplus

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

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

(3) Retained earnings and Dividend Policy

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

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

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

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

(a) Payment of tax and duty;

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

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

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

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

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

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

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

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

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

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

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

(4) Other equity

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

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

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

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

(5) Non-controlling interest

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

21. Consolidated net income

(1) Interest revenue

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

(2) Other income

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

(3) Other gains and losses

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

(4) Financial cost

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

(5) Depreciation, and amortization

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

(6) Employee benefits expenses

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

(7) Remuneration to employees, Directors and Supervisors

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

Estimate on ratio

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

Amount

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

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

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

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

22. Income tax

(1) Income tax recognized in profit or loss

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

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

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

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

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

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

(3) Current income tax asset and liability

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

(4) Deferred income tax assets and liabilities

2023

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Temporary difference				
Financial and tax difference for cost of goods sold	$ 10,134	$ 1,725	($ 205)	$ 11,654
Falling price of inventory	25,153	(1,532)	(374)	23,247
Allowance for losses	754	218	(5)	967
Deferred income	9,117	(402)	(145)	8,570
Provisions	-	43	(1)	42
Unrealized exchange loss	-	882	-	882
Loss carryforwards	532	16	-	548
	$ 45,690	$ 950	($ 730)	$ 45,910

Deferred tax liabilities	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Temporary difference				
Unrealized exchange gain	$ 993	($ 993)	$ -	$ -
Financial and tax difference for sales revenue	21,352	(1,483)	(330)	19,539
Tax payable for overseas earnings remittance	82,488	7,541	-	90,029
	$ 104,833	$ 5,065	($ 330)	$ 109,568

2022

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Temporary difference				
Unrealized exchange loss	$ 51	($ 51)	$ -	$ -
Financial and tax difference for cost of goods sold	3,600	6,515	19	10,134
Falling price of inventory	12,034	13,003	116	25,153
Right-of-use assets.	37	(37)	-	-
Allowance for losses	384	365	5	754
Deferred income	-	9,169	(52)	9,117
Loss deduction	820	(288)	-	532
	$ 16,926	$ 28,676	$ 88	$ 45,690

Deferred tax liabilities	Balance, beginning of year	Recognized in the profit or loss	Others	Balance, end of year
Temporary difference				
Unrealized exchange gain	$ -	$ 993	$ -	$ 993
Financial and tax difference for sales revenue	6,460	14,875	17	21,352
Tax payable for overseas earnings remittance	102,517	(20,029)	-	82,488
	$ 108,977	($ 4,161)	$ 17	$ 104,833

(5) Income tax audit

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

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

23. Earnings per share

Unit: NTD per share

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

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

Net profit for the year

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

Number of Shares Held

Unit: Thousand shares

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

If the consolidated company may choose to have the employee compensation distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. When diluted EPS is calculated in the next year resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

24. Government grant

(1) In July 2019, the consolidated company entered into an investment agreement with the People's Government of Anfu County, Jiangxi Province, in which subsidies amounting to RMB 3,681 thousand and RMB 3,523 thousand were paid for land use rights and buildings, respectively; in addition, subsidies amounting to RMB 2,123 thousand were paid for building-related improvements, for a total of approximately NTD 40,411 thousand. Therefore, the above-mentioned government grants are classified as asset-related subsidies and are recorded as deferred income, and a gain or loss of NTD 1,603 thousand and NTD 1,607 thousand is recognized in fiscal year 2023 and 2022 under other income on a systematic basis over the depreciation period (recorded under other income).

(2) The Consolidated Company received subsidies for taxes and logistics and other government grants for the years 2023 and 2022 totaling NTD 27,639 thousand and NTD 27,726 thousand, respectively (recorded as other income).

25. Financial instruments

(1) Information on fair value – financial instruments at fair value on repetition.

1. Fair value level

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
Sell-/buy-back of convertible bonds	$ -	$ -	$ 14	$ 14

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
Sell-/buy-back of convertible bonds	$ -	$ -	$ 900	$ 900

2. Financial instruments are adjusted according to Level 3 fair value.

2023

Financial liabilities	Financial liabilities at fair value through profit and loss Derivatives
Balance, beginning of year	$ 900
Recognized in profit and loss (Other profit or loss)	(875)
Delisting of convertible corporate bonds	(11)
Balance, end of year	$ 14

2022

Financial assets	Financial assets at fair value through other comprehensive profit or loss Equity instruments
Balance, beginning of year	$ 2,086
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	3,914
Disposition	(6,000)
Balance, end of year	$ -

Financial liabilities	Financial liabilities at fair value through profit and loss Derivatives
Balance, beginning of year	$ 288
Addition due to issuance of new debt	789
Recognized in profit and loss (Other profit or loss)	(177)
Balance, end of year	$ 900

3. Evaluation techniques and an input value of Level 3 fair value measurement

For selling-/buying-back of convertible bonds, the binary tree–based model for convertible bond valuation is used to estimate the fair value and the stock price volatility is used as significant unobservable inputs. When share price volatility increases, the fair value of these derivatives will increase. The stock price volatility adopted as of December 31, 2023 and 2022 was 27.81% and 35.77, respectively.

(2) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets based on cost after amortization (Note 1)	$ 1,200,706	$ 1,453,073
Financial liabilities		
The held-for-trade assets measured at fair value through profit or loss	$ 14	$ 900
Measured at amortized cost (Note 2)	685,254	958,872
	$ 685,268	$ 959,772

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable-net, refundable deposits and other receivables, and other financial assets measured at amortized cost.

Note 2: The balance includes short-term borrowings, notes and accounts payable, other payables, long-term borrowings due within one year, corporate bonds payable, and financial liabilities measured at amortized cost, such as corporate bonds payable and long-term borrowings.

(3) Financial risk management purpose and policies

The financial instruments of the consolidated company are account receivable, account payable, corporate bonds payable and lease liability included. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The managements monitor risk and execute policy to reduce risk exposure according to its' authority.

1. Market Risk

The major financial risk faced by the consolidated company resulted from the operating activities include foreign exchange rate risk [see (1) below] and interest rate risk [see (2) below].

There is no change in the consolidated company's related financial instruments market risk exposure and the way the consolidated company manages and assesses the exposure.

(1) Exchange rate risk

The consolidated company is exposure to exchange rate fluctuation because its' subsidiaries sell and purchase in foreign currency.

Please refer to Note 28 for the consolidated company's monetary assets and monetary liabilities book value (including the written-off monetary items that are measured with non-functional currency on the consolidated financial statements) that are measured with non-functional currency on the balance sheet date.

Sensitivity analysis

Influences to the consolidated companies mainly arise from fluctuations in USD.

The consolidated company's sensitivity analysis for New Taiwan Dollar (functional currency) to each relevant foreign currency exchange rates that increased or decreased by 5% is illustrated in the following table. The 5% sensitivity is used internally for reporting the exchange rate risk to management and is the assessment by management regarding the reasonable and possible changes in foreign exchange rates. The sensitivity analysis includes only the outstanding monetary items in foreign currency; also, the translation at year-end is adjusted in accordance with the changes in exchange rates by 5%. The table below indicates the income before tax increase amount when NTD devalued 5% against other related currencies; the income before tax decrease the same amount when NTD appreciated 5% against other related currencies.

	Impact of USD	
	2023	2022
Profit and loss	$ 16,093	$ 27,071

(2) Interest rate risk

The interest rate exposure is from the entities within the consolidated company borrowing with fixed and floating rates.

The book value of financial liability belonged to consolidated company exposed to interest rate as of balance sheet date is as below,

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
- Financial liabilities	$ 26,011	$ 44,094
With cash flow interest rate risk		
- Financial liabilities	198,040	212,680

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The change in interest rate reported internally to management is the interest rate plus or minus 50 BPS, which represents management's assessment of the reasonable and possible changes in interest rates.

If the interest increase 50 BPS and other variables remain unchanged, the income before tax of consolidated company decrease NTD 990 thousand and NTD 1,063 thousand in 2023 and 2022. It is mainly caused by the floating borrowing rates.

2. Credit Risk

Credit risk refers to the counterparty's default on contractual obligations resulting in financial loss to the Group. As of balance sheet date, the maximum financial loss credit risk exposure of financial loss on obligation unfulfilled by the transaction party and financial guarantee provided by consolidated company is mainly from the book value of financial asset recognized in consolidated balance sheet.

The consolidated company rates the important customers with publicly obtained financial information and transaction record. The consolidated company continuously monitor the credit exposure and transaction parties' credit ratings and scatters the total transaction amount to credit rating qualified customers. The credit facility of transaction party is reviews and approved yearly by accounting departments to control credit exposure.

The credit risk of the consolidated company is from its' biggest customer. The total account receivable portion from that customer is 22% and 27% as of December 31, 2023 and 2022 respectively.

3. Liquidity Risk

The consolidated company has supported the Group's business operation and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The consolidated company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is an important source of liquidity to the consolidated company. As of December 31, 2023 and 2022, the financing facility of the consolidated company, please refer to financing facility explanation (II) below.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company's undiscounted cash flow (including principal and estimated interest) of financial liabilities on the possible earliest repayment date upon request. Therefore, the consolidated company may be required to immediately repay the bank loan is illustrated in the following table without considering the probability that the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

For the cash flow of the interest paid in accordance with the floating rate, the undiscounted interest amount is deduced from the yield rate curve on the balance sheet date.

December 31, 2023

	Payment on demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~5 years	Over 5 years
Non-derivative financial liabilities					
Notes and account payables	$ 34,200	$ 77,501	$ 39,440	$ -	$ -
No interest-bearing liabilities	-	-	139,200	-	-
Lease liability	331	661	2,373	4,084	-
Floating rate instruments	1,220	2,440	10,980	58,560	124,840
Fixed interest rate	-	26,011	-	-	-
	$ 35,751	$ 106,613	$ 191,993	$ 62,644	$ 124,840

December 31, 2022

	Payment on demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~5 years	Over 5 years
Non-derivative financial liabilities					
Notes and account payables	$ 22,245	$ 74,706	$ 46,882	$ -	$ -
No interest-bearing liabilities	169,100	-	-	200,000	-
Lease liability	1,249	2,497	10,467	4,502	-
Floating rate instruments	1,220	2,440	10,980	58,560	139,480
Fixed interest rate	-	22,047	22,047	-	-
	$ 193,814	$ 101,690	$ 90,376	$ 263,062	$ 139,480

(2) Financing facilities

	December 31, 2023	December 31, 2022
Guaranteed bank loan amount		
- The amount expensed	$ 224,051	$ 256,774
- The amount not yet expensed	539,956	628,334
	$ 764,007	$ 885,108

26. Related party transactions

Remunerations to the management

	2023	2022
Short-term employee benefits	$ 22,946	$ 24,667
Retirement benefits	139	125
Share-based payment	-	378
	$ 23,085	$ 25,170

27. Pledged assets

Below assets are collaterals for bank borrowings:

	December 31, 2023	December 31, 2022
Land, buildings and architecture	$ 445,649	$ 450,268

28. Information on exchange rates of financial assets and liabilities denominated in foreign currencies

The following information is presented in foreign currency other than the functional currency of each entity of the Consolidated Company. The disclosed exchange rate refers to the exchange rate that such foreign currency converting into the functional currency. Foreign currency assets and liabilities with significant influence as follows:

December 31, 2023

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary item			
USD	$ 10,937	30.705 (USD : NTD)	$ 335,823
USD	695	7.0827 (USD : CNY)	$ 21,340
Foreign currency liabilities			
Monetary item			
USD	1,147	30.705 (USD : NTD)	$ 35,211
USD	3	7.0827 (USD : CNY)	$ 95

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary item			
USD	$ 16,905	30.710 (USD : NTD)	$ 519,148
USD	1,193	6.9646 (USD : CNY)	$ 36,634

(Continued on next page)

(Continued from previous page)

Foreign currency liabilities	Foreign currency	Exchange rate	Book value
Monetary item			
USD	$ 398	30.710 (USD : NTD)	$ 12,235
USD	70	6.9646 (USD : CNY)	$ 2,123

The consolidated company mainly take the foreign currency exchange risk other than the US dollar. The following information is presented in the functional currency of each entity possessing foreign currency. The disclosed exchange rate refers to the exchange rate of such functional currency converting into the presentation currency. Foreign currency gains/losses of material impact (including realized and unrealized):

	2023		2022	
Functional currency	Functional currency exchanges for presentation currency	Net gain (loss) on foreign exchange	Functional currency exchanges for presentation currency	Net gain (loss) on foreign exchange
NTD	1 (NTD: NTD)	$ 1,764	1 (NTD: NTD)	$ 22,431
CNY	4.424 (CNY: NTD)	3,796	4.435 (CNY: NTD)	21,467
		$ 5,560		$ 43,898

29. Notes of disclosure

(1) Material transactions(2) and transfer investment information:

1. The Loaning of funds: Attached table 1.
2. Endorsement and Guarantee: Attached table 2.
3. Securities held at period end (excluding investment in subsidiaries, affiliate, and Joint Ventures equities): None.
4. The accumulated amount of purchasing or selling the same securities reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate properties amounting to more than NTD 300 million or 20% of paid up capital: None.
6. Disposition of real estate properties amounting to more than NTD 300 million or 20% of paid up capital: None.
7. Purchase and sales transactions with related party amount over NTD 100 million or 20% and above of paid-in capital: Attached table 3.
8. Related party receivables amounting to more than NTD 100 million or 20% of paid up capital: Attached table 4.

9. Information on investees: Attached table 5.

10. Engagement in derivative trade: Note 7 and 25.

11. Business relationship and significant transactions between the Parent Company and Subsidiaries: Attached table 6.

(3) Information regarding investment in the territory of mainland china

1. The names of investees in China, operation items, paid-in capital, investment method, fund remittance –in and out, share-holding proportion, investment profit or loss, book value of investment of period end, wired-back investment profit or loss and investment limitation in China: Attached table 7.

2. The significant transactions conducted with the investee company in China directly or indirectly, and the price, payment terms, and unrealized profit and loss:

(1) Purchase amount and percentage and the related payables ending balance and percentage: Attached table 3 and 6.

(2) Sale amount and percentage and the related receivables ending balance and percentage: Attached table 3, 4 and 6.

(3) Property transaction amount and the profit and loss arising from the acquisitions: None.

(4) Notes endorsement and guarantee, or the provided collateral ending balance and its purpose: Attached table 2.

(5) The maximum financing balance, ending balance, interest rate interval, and total interest amount: Attached table 1.

(6) Others transactions with significant influences on the profit and loss or financial position, such as, the offer or acceptance of labor services: None.

(4) Information on major shareholders: Name, number and percentage of shares held by shareholders with at least 5% of ownership. (Attached table 8)

30. Capital risk management

The consolidated company manages capital to ensure the Group’s enterprises to maximize shareholder’s returns by optimizing the balance of debt and equity under the precondition of continuing operation.

The consolidated company capital structure is composed by the net liability of the consolidated company (e.g. loan deducted cash and cash equivalent) and equity.

The consolidated company is not required to comply with other external capital requirements.

31. Segment information

The consolidated company is operated for cooling fan production, purchase and sale mainly. The major business decision maker evaluate the operating performance based on the whole operating result. Therefore, the consolidated company is a single operating department and mainly operated in China. The operating department information and consolidated financial statements are consistent for 2023 and 2022.

(1) Main revenues from products and service

The major product and service revenue of the consolidated company analyzed as below:

	2023	2022
Cooling fan	$ 1,376,996	$ 1,632,089
Others	5,214	26,499
	$ 1,382,210	$ 1,658,588

(2) Information by areas

The territory information of consolidated company is as below. The revenue is classified per customers' geographic location and the non-current asset is classified per asset's geographic location.

Area	2023	2022
Revenue from external customers		
China	$ 1,164,918	$ 1,404,285
Taiwan	79,578	52,573
Others	137,714	201,730
Total	$ 1,382,210	$ 1,658,588
Non-current assets:		
China	$ 630,261	$ 633,831
Taiwan	507,652	521,236
Others	80	245
Total	$ 1,137,993	$ 1,155,312

Non-current asset exclude deferred tax asset.

(3) Information on key customers

Income generated from a single customer for more than 10% of the consolidated company's total income is as follows:

	2023	2022
Customer A	$ 239,184	$ 388,678
Customer B	238,443	339,688
	$ 477,627	$ 728,366

SUN MAX TECH LIMITED and its subsidiaries

The Loaning of Funds

2023

Attached table 1

Unit: Unless otherwise stated, NTD Thousand

No.	The lender of fund	The borrower of fund	Transaction title	Are they related parties	Maximum balance – current period	Balance, ending	The actual amounts disbursed	Interest rate collars	Nature of financing	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of provision for bad debts	Collateral		Limit of financing particular beneficiary (Note)	Total limit of financing (Note)	Remarks
													Name	Value			
1	POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Other receivables - related parties-Other	Yes	$ 5,000	$ -	$ -	1.9%	The necessity of short-term financing	$ -	Operation turnover	$ -	-	-	$ 35,395	$ 70,789	
2	POWER LOGIC HOLDINGS INC.	Sun Max Tech Limited	Other receivables - related parties-Other	Yes	16,213 (USD 500)	15,353 (USD 500)	- (USD -)	5.0%	The necessity of short-term financing	-	Operation turnover	-	-	-	193,838	193,838	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	13,552 (RMB 3,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	45,173 (RMB 10,000)	43,352 (RMB 10,000)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	45,173 (RMB 10,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	
7	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	31,621 (RMB 7,000)	- (RMB -)	- (RMB -)	3.5%	The necessity of short-term financing	-	Operation turnover	-	-	-	182,367	182,367	

Note: Should fill in the operating procedure of lending company’s money to others, lending limitation for individual party and total lending amount.

1. The total lending amount to others can’t exceed 20% of latest net financial statements recently audited or reviewed by CPA. The lending to 100% direct or in-direct owned subsidiaries is not subjected to the limitation, but the highest amount can’t exceed 40% of latest net financial statements.
2. Business related company or entity: The total lending amount can’t exceed 10% of latest net financial statements recently audited or reviewed by CPA. The individual lending amount can’t exceed the transaction amount of recent year. The transaction amount is the purchase or sale amount which is higher.
3. Business related company or entity with short-term loan requirement to the Company: the total lending amount can’t exceed 10% of latest net financial statements recently audited or reviewed by CPA and the individual lending amount can’t exceed 5% of latest financial statements net value recently audited or reviewed by CPA. The lending to 100% direct or in-direct owned subsidiaries is not subjected to the limitation, but the highest total lending amount and individual lending amount can’t exceed 40% of latest net financial statements.
4. The total amount of subsidiaries lending to others can’t exceed 40% of subsidiary’s latest financial statements net value.
5. Business related company or entity with subsidiary, the total lending amount can’t exceed 20% of subsidiary’s latest net financial statements. The individual lending amount can’t exceed the transaction amount of recent year. The transaction amount is the purchase or sale amount which is higher.
6. Business related company or entity with short-term loan requirement to the subsidiary: the total lending amount can’t exceed 20% of subsidiary’s latest net financial statements. The individual lending amount can’t exceed 10% of latest subsidiary’s net financial statements. The net value is based on the latest financial statement audited or reviewed by CPA.
7. The intercompany loan between 100% direct or in-direct owned domestic subsidiaries is not subjected to the previous three limitation, but the highest total lending amount and individual lending amount can’t exceed 40% of subsidiary’s latest net financial statements.
8. The intercompany loan between 100% direct or in-direct owned foreign subsidiaries is not subjected to the previous four limitation, but the highest total lending amount and individual lending amount can’t exceed Subsidiary’s latest net financial statements.
9. The amendment to the Procedures for Loaning of Funds to Others was approved in the shareholders’ meeting on June 22, 2018.

SUN MAX TECH LIMITED and its subsidiaries

Endorsement and Guarantee

2023

Attached table 2

Unit: Unless otherwise stated, NTD Thousand

No. (Note 1)	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		The limit of endorsements and/or guarantees to a single business entity	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/or guarantees	The actual amounts disbursed	The endorsements and/or guarantees secured with property	Ratio of cumulative endorsement and guarantee to net worth in the most recent financial statement (%)	The upper limit of an endorsement and/or guarantee	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	Guarantee and endorsement in Mainland China	Remarks
		Company name	Relation											
0	Sun Max Tech Limited	POWER LOGIC HOLDINGS INC.	Parent Company and Subsidiaries	Note 2	$ 90,105 (USD 3,000)	$ - (USD -)	$ - (USD -)	$ -	0%	Note 3	Y	N	N	
0	Sun Max Tech Limited	DONG GUAN DONG LI DIAN ZI CO. LTD	Parent Company and Sub-subsidiary	Note 2	36,139 (RMB 8,000)	34,682 (RMB 8,000)	- (RMB -)	-	2%	Note 3	Y	N	Y	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	40,000	40,000	-	-	2%	Note 3	Y	N	N	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	20,000	-	-	-	0%	Note 3	Y	N	N	
0	Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Parent Company and Subsidiaries	Note 2	162,125 (USD 5,000)	153,525 (USD 5,000)	- (USD -)	-	9%	Note 3	Y	N	N	
0	Sun Max Tech Limited	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Parent Company and Sub-subsidiary	Note 2	225,867 (RMB 50,000)	216,761 (RMB 50,000)	26,011 (RMB 6,000)	-	12%	Note 3	Y	N	Y	

Note 1: The column for numbering is elaborated below:

(1) Fill in 0 for the issuer.

(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The endorsement guarantee amount to individual company by the Company do not exceed 10% of latest net financial statements audited by CPA: 1,775,261×10%=177,526, but the endorsement guarantee amount to 100% direct or in-direct owned company by the Company is not subjected to the previous limitation. The endorsement guarantee amount to individual company do not exceed 150% net value of the Company: 1,775,261×150%=2,662,892.

Note 3: The total endorsement guarantee amount by the Company do not exceed 20% of latest net financial statements audited by CPA: 1,775,261×20%=355,052, but the endorsement guarantee amount to 100% direct or in-direct owned company by the Company is not subjected to the previous limitation. The total endorsement guarantee amount do not exceed 150% net value of the Company: 1,775,261×150%=2,662,892.

SUN MAX TECH LIMITED and its subsidiaries

The purchase or sale with the related party for an amount exceeding NTD 100 million or 20% of paid-in capital

2023

Attached table 3

Unit: Unless otherwise stated, NTD Thousand

Purchasing (selling) company	Name of Counterparty	Relation	Transaction				Trading terms different from general trade and reasons		Account receivable(payable)		Remarks
			Purchas (Sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage to total account receivable(payable)	
SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	$ 183,939	24.76%	Payment term is due 90 days from the invoice date	-	-	$ 42,529	18.06%	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH（BVI）	Affiliate	Sales	525,141	39.08%	Payment term is due 90 days from the invoice date	-	-	141,316	28.17%	
DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	165,787	85.10%	Payment term is due 90 days from the invoice date	-	-	29,124	77.19%	
POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	108,646	98.79%	Payment term is due 90 days from the invoice date	-	-	14,892	98.94%	

Note: the sales and account receivable is eliminated from this consolidated statement.

SUN MAX TECH LIMITED and its subsidiaries

Accounts receivable-related party reaching NTD 100 million thousand or more than 20% of the Paid-in shares capital

December 31, 2023

Attached table 4

Unit: Unless otherwise stated, NTD Thousand

The company booked in the receivables	Name of Counterparty	Relation	Receivables from related party	Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Provision for loss allowance
					Amount	Process		
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Affiliate	$ 141,316	3.24 times	$ -	-	$ 115,685	$ -

Note: the receivables from related parties is eliminated from this consolidated statement.

SUN MAX TECH LIMITED and its subsidiaries

The information of the invested company, the location, and so on

2023

Attached table 5

Unit: Unless otherwise stated, NTD Thousand

Investor	Investee's name (Note 1, 2)	Location	Principal business	Initial investment amount		Ending shareholding			Invested company's profit and loss	Investment profit/loss recognized in the current period	Remarks
				Current yearend	Last yearend	Number of Shares Held	Proportion	Book value			
Sun Max Tech Limited	POWER LOGIC TECH. INC	Taiwan	Sales of cooling fan	$ 219,200	$ 219,200	21,920	100	$ 358,767	$ 17,883	$ 17,883	
Sun Max Tech Limited	POWER LOGIC HOLDINGS INC.	Samoa	Investment in holding company and sales of cooling fan	134,548 (USD 4,445)	248,602 (USD 8,245)	3,050	100	186,774	6,062	6,062	
Sun Max Tech Limited	UNITED STRATEGY INC.	Samoa	Investment holding	511,021 (USD 16,960)	511,021 (USD 16,960)	3,025	100	1,251,461	64,375	64,375	
Sun Max Tech Limited	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	BVI	Investment in holding company and sales of cooling fan	46,741 (USD 1,550)	46,741 (USD 1,550)	490	100	160,485	57,994	56,374 (Note 4)	
POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Taiwan	Sales of cooling fan	40,000	40,000	4,000	80	36,285	(1,027)	(821)	

Note 1: If the public company is foreign holding company registered and takes the consolidated statements as the major statement according local laws, it is acceptable to disclose to the holding company only for foreign invested disclosure.

Note 2: Fill in by following regulations if not belongs to Note 1:

(1) Columns of "Investee name", "Area", "Operating items", "Original investment amount" and "Shares-holding at period end" should be filled in order according to the (public) Company reinvestment and the reinvestment of investee. The relationship between the (public) Company and investee is required to be indicated in the remarks column (e.g. it is a subsidiary or subordinate).

(2) "The investee income" column should be filled in with profit or loss amount of investee of the period.

(3) "The investee income" column is filled in with the recognized direct invested subsidiaries and investee profit and loss under equity of the Company only. No need to fill in other than these two. The subsidiary profit and loss included re-investment profit and loss to be recognized according to the regulations should be confirmed when filling in the "Recognized direct invested subsidiary profit and loss of the period".

Note 3: The details information of investee in China, please refer to the Attached table 7.

Note 4: Including unrealized gross from intercompany transactions.

SUN MAX TECH LIMITED and its subsidiaries

The business relationship between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts

2023

Attached table 6

Unit: Unless otherwise stated, NTD Thousand

No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount	Terms and conditions	The ratio of consolidated total income or assets (Note 3)
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	$ 108,646	Note 4	7.86%
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	14,892	Note 4	0.57%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	183,939	Note 4	13.31%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	42,529	Note 4	1.62%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	165,787	Note 4	11.99%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	29,124	Note 4	1.11%
4	POWER LOGIC TECH (TAI YI) CO., LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	23,715	Note 4	1.72%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	DONG GUAN DONG LI DIAN ZI CO. LTD	3	Sales revenue	22,086	Note 4	1.60%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Sales revenue	525,141	Note 4	37.99%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Accounts receivable	141,316	Note 4	5.39%
5	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Financial expenses	47,557	Note 4	3.44%
6	CICHENG TECHNOLOGY CO., LTD.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Sales revenue	15,257	Note 4	1.10%

Note 1: The information of business operation between the parent company and its subsidiaries should be documented in the respectively numbered column as follows:

(1) Fill in “0” for parent company.

(2) The subsidiaries are sequentially numbered from 1 and so forth.

Note 2: The relationship with the traders is classified into three categories, which should be specified (the transaction conducted between the parent company and its subsidiaries or between two subsidiaries need not be disclosed in duplication). Such as: if the parent company has the transaction with the subsidiaries disclosed, the subsidiaries need not to have it disclosed in duplication. If one of the two subsidiaries has the transaction disclosed, the other subsidiary needs not to have it disclosed in duplication).

(1) The Company to the Subsidiary.

(2) The Subsidiary to the Bank.

(3) The Subsidiary to the Subsidiary.

Note 3: Calculate the ratio of the transaction amount to consolidate the total income or total assets. For the assets and liabilities account, calculate the ratio of the ending balance to the consolidated total assets. For the profits and losses account, calculate the ratio of the interim cumulated amount to the consolidated total income.

Note 4: The transaction term is no apparent difference existed for related and non-related party.

Note 5: The transaction above and over 10 million.

SUN MAX TECH LIMITED and its subsidiaries

Information regarding investment in the territory of mainland china

2023

Attached table 7

Unit: Unless otherwise stated, NTD Thousand

Names of investees in China	Principal business	Paid-in shares Capital	Mode of investments (Note 1)	Accumulated amount of investment remitted from Taiwan at beginning	Amount of investment remitted or recovered in current period		Accumulated amount of investment remitted from Taiwan at ending	Invested company's profit and loss	Ratio of shareholding of investment directly or indirectly made by the Company	Investment profit/loss recognized in current period (Note 2)	Book value of investment at ending	The investment income received at the end of the current period	Remarks
					Outward remittance	Recover							
POWER LOGIC TECH (TAI YI) CO., LTD	Production and sale of cooling fan	$ 126,746 (CNY 27,500)	2 (POWER LOGIC HOLDINGS INC.)	$ -	$ -	$ -	$ -	$ 7,552	100.00	$ 7,333 (Note 4)	$ 175,720 (Note 4)	$ -	
DONG GUAN DONG LI DIAN ZI CO. LTD	Production and sale of cooling fan	88,456 (HKD 21,000)	2 (UNITED STRATEGY INC.)	-	-	-	-	(52,533)	100.00	(52,520) (Note 4)	138,270 (Note 4)	-	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Production and sale of cooling fan	688,394 (CNY 150,000)	2 (UNITED STRATEGY INC.)	-	-	-	-	120,541	100.00	120,412 (Note 4)	1,027,210 (Note 4)	-	

Accumulated investment from Taiwan to Mainland China at ending	Amount of investment approved by Investment Commission of MOEA	Compliance with the limit of investment in Mainland China set forth by Investment Commission of MOEA
Not applicable	Not applicable	Not applicable

Note 1: There are three types of investments labeled by the respective number:

(1) Direct investment in China.

(2) Investment in China through the third region (please indicate the invested company in the third region).

(3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

(1) Please mark out if there has no investment gain or loss yet because the investment is still under planning.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out.

A. Financial statements audited by international firm cooperated with accounting firm in R.O.C.

B. Financial statements audited by the CPAs who audit the parent company in Taiwan.

C. Others.

Note 3: All figures presented in new Taiwan dollars.

Note 4: including the un-realized gross profit from inter-company transaction.

Sun Max Tech Limited

Major shareholder information

December 31, 2023

Attached table 8

Name of Principle shareholder	Shares	
	Shareholding (shares)	Ratio of Shareholding
The investment account of Hsin Ting Holdings Ltd. is managed by Taishin International Commercial Bank.	6,673,245	18.72%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares of book-entry securities (including treasury stocks). The number of shares recorded in the consolidated financial statements and the actual number of delivered book-entry securities may differ depending on the calculation basis for preparation.