

Sun Max Tech Limited
And subsidiaries

Consolidated financial statements and
Auditor's Report
Second Quarter, 2024 and 2023

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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 prevail.

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Independent Auditors' Report

To: SUN MAX TECH LIMITED:

Opinion

We have audited the accompanying consolidated financial statements of SUN MAX TECH LIMITED and its subsidiaries (hereinafter, "SUN MAX Group") which comprise the balance sheets as of June 30, 2024 and 2023 and April 1 to June 30, 2024 and 2023 the related consolidated statements comprehensive of income, changes in shareholders' equity and cash flows for the January 1 to June 30, 2024 and 2023 ended and the notes to consolidated financial statement (including a summary of significant accounting policies).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SUN MAX Group as of June 30, 2024 and 2023, April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023 and the results of operations and cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and Article 34 "Interim Financial Reporting" of International Accounting Standards.

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 2024 Q2 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 2024 Q2 consolidated financial statements of SUN MAX TECH LIMITED follows:

Recognition of revenue

The operating revenue of the Power Group is mainly from the sales of cooling fans and concentrated in the top ten customers, of which the operating revenue of the top two customers’ accounts for about 38% of the total operating revenue in 2024 Q2. 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 period is recognized as a Key Audit Matters.

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 the management is to have the consolidated financial statements presented fairly in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and Article 34 “Interim Financial Reporting” of International Accounting Standards. Also, maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from frauds or errors.

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 an Independent Auditors' Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 material, 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 to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in SUN MAX Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness 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 is 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 manner 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 2024 Q2 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

August 15, 2024

SUN MAX TECH LIMITED and its subsidiaries

Consolidated Balance Sheets

June 30, 2024, December 31 and June 30, 2023

Unit: NTD thousand

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 754,857	28	\$ 627,497	24	\$ 873,327	31
1110	Financial assets at fair value through profit and loss current (Note 7)	60	-	-	-	-	-
1136	Financial assets based on cost after amortization- Current (Note 8)	-	-	921	-	11,833	-
1170	Net notes receivable and accounts receivable (Note 9)	485,142	18	560,958	21	501,567	18
1200	(Increase) / decrease in Other receivables	3,263	-	6,316	-	3,433	-
1220	Current income tax asset	4,725	-	10,582	1	3,677	-
130X	Inventories (Note 10)	186,588	7	220,274	8	249,799	9
1479	Other current assets (Note 11)	24,922	1	13,504	1	13,421	-
11XX	Total current assets	<u>1,459,557</u>	<u>54</u>	<u>1,440,052</u>	<u>55</u>	<u>1,657,057</u>	<u>58</u>
	Non-current assets						
1600	Property, plant and equipment (Note 13 and 27)	1,113,102	41	1,092,586	42	1,064,131	38
1755	Right-of-use assets (Note 14)	62,062	2	25,022	1	31,441	1
1780	Intangible asset (Note 15)	6,889	-	8,434	-	10,483	-
1900	Other non-current assets (Note 11)	80,572	3	57,861	2	70,610	3
15XX	Total non-current assets	<u>1,262,625</u>	<u>46</u>	<u>1,183,903</u>	<u>45</u>	<u>1,176,665</u>	<u>42</u>
1XXX	Total assets	<u>\$ 2,722,182</u>	<u>100</u>	<u>\$ 2,623,955</u>	<u>100</u>	<u>\$ 2,833,722</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 16)	\$ -	-	\$ 26,011	1	\$ 10,000	-
2120	Financial liabilities at fair value through profit and loss current (Note 7)	-	-	14	-	105	-
2170	Notes and account payables	131,980	5	151,141	6	165,338	6
2200	Other payable (Note 17)	294,782	11	175,602	7	299,742	11
2230	Current Tax Liability	10,660	-	21,743	1	18,763	1
2280	Leasehold liability- current (Note 14)	17,748	1	3,243	-	8,935	-
2320	Long-term debts and bonds payable that are due within one year (Notes 16, 18 and 27)	63,457	2	149,100	5	183,148	7
2399	Other current liabilities	6,663	-	6,957	-	7,788	-
21XX	Total current liability	<u>525,290</u>	<u>19</u>	<u>533,811</u>	<u>20</u>	<u>693,819</u>	<u>25</u>
	Non-current liabilities						
2530	Corporate bonds payable (Note 18)	-	-	-	-	166,743	6
2540	Long-term loan (Note 16 and 27)	176,080	7	183,400	7	190,720	7
2570	Deferred tax liabilities	104,651	4	109,568	4	95,912	3
2580	Leasehold liability- non-current (Note 14)	26,092	1	4,023	-	5,502	-
2630	Deferred income- non-current (Note 24)	35,180	1	34,281	2	34,859	1
2670	Other non-current liabilities	318	-	339	-	377	-
25XX	Total non-current liability	<u>342,321</u>	<u>13</u>	<u>331,611</u>	<u>13</u>	<u>494,113</u>	<u>17</u>
2XXX	Total liabilities	<u>867,611</u>	<u>32</u>	<u>865,422</u>	<u>33</u>	<u>1,187,932</u>	<u>42</u>
	Equity Attributable to Owners of the company (Note 20)						
3110	Common stock capital	376,515	14	356,403	14	347,304	12
3200	Capital surplus	893,361	33	826,927	31	796,215	28
	Retained earnings						
3310	Legal reserve	110,992	4	99,140	4	99,140	4
3320	Special reserve	56,738	2	33,518	1	33,518	1
3350	Unappropriated earnings	397,588	15	490,212	19	424,144	15
3300	Total retained earnings	<u>565,318</u>	<u>21</u>	<u>622,870</u>	<u>24</u>	<u>556,802</u>	<u>20</u>
	Other equity						
3410	Exchange differences on Translating the financial statements of foreign operations	10,932	-	(56,738)	(2)	(63,469)	(2)
3400	Total other equity	<u>10,932</u>	<u>-</u>	<u>(56,738)</u>	<u>(2)</u>	<u>(63,469)</u>	<u>(2)</u>
31XX	Total equity of the company	<u>1,846,126</u>	<u>68</u>	<u>1,749,462</u>	<u>67</u>	<u>1,636,852</u>	<u>58</u>
36XX	Non-controlling interest	<u>8,445</u>	<u>-</u>	<u>9,071</u>	<u>-</u>	<u>8,938</u>	<u>-</u>
3XXX	Total equity	<u>1,854,571</u>	<u>68</u>	<u>1,758,533</u>	<u>67</u>	<u>1,645,790</u>	<u>58</u>
	Total liabilities and equity	<u>\$ 2,722,182</u>	<u>100</u>	<u>\$ 2,623,955</u>	<u>100</u>	<u>\$ 2,833,722</u>	<u>100</u>

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 and its subsidiaries
Consolidated Statement of Comprehensive Income
April 1 to June 30, 2024 and 2023, January 1 to June 30, 2024 and 2023

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

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	\$ 324,458	100	\$ 316,036	100	\$ 632,543	100	\$ 633,876	100
5000	Operating cost (Note 10 and 21)	(244,301)	(75)	(239,311)	(76)	(469,565)	(74)	(468,055)	(74)
5900	Gross profit	<u>80,157</u>	<u>25</u>	<u>76,725</u>	<u>24</u>	<u>162,978</u>	<u>26</u>	<u>165,821</u>	<u>26</u>
	Operating expenses (Note 21 and 26)								
6100	Selling and Marketing expense	(9,928)	(3)	(9,552)	(3)	(18,468)	(3)	(18,385)	(3)
6200	General and administrative expenses	(37,771)	(12)	(34,750)	(11)	(71,945)	(11)	(75,481)	(12)
6300	Research and development expenses	(20,358)	(6)	(18,005)	(5)	(34,978)	(6)	(34,769)	(5)
6000	Total operating expenses	(68,057)	(21)	(62,307)	(19)	(125,391)	(20)	(128,635)	(20)
6900	Profit from operations	<u>12,100</u>	<u>4</u>	<u>14,418</u>	<u>5</u>	<u>37,587</u>	<u>6</u>	<u>37,186</u>	<u>6</u>
	Non-operating revenues and expenses								
7100	Interest revenue (Note 21)	4,163	1	5,682	2	8,672	1	10,288	1
7010	Other income (Note 21 and 24)	5,182	2	24,610	7	7,171	1	27,564	4
7020	Other gains and losses (Note 21)	5,777	2	8,956	3	21,786	4	4,324	1
7050	Financial cost (Note 21)	(2,056)	(1)	(3,399)	(1)	(4,576)	(1)	(7,160)	(1)
7000	Total non-operating income and expenses	<u>13,066</u>	<u>4</u>	<u>35,849</u>	<u>11</u>	<u>33,053</u>	<u>5</u>	<u>35,016</u>	<u>5</u>
7900	Profit before income tax	25,166	8	50,267	16	70,640	11	72,202	11
7950	Income tax expense (Note 4 and 22)	(6,265)	(2)	(13,400)	(4)	(26,355)	(4)	(20,092)	(3)
8200	Net profit for the year	<u>18,901</u>	<u>6</u>	<u>36,867</u>	<u>12</u>	<u>44,285</u>	<u>7</u>	<u>52,110</u>	<u>8</u>
	Other comprehensive income (Note 20)								
8360	Accounts to be reclassified to profit or loss subsequently:								
8361	Exchange differences on Translating the financial statements of foreign operations	<u>13,399</u>	<u>4</u>	(36,287)	(12)	<u>67,670</u>	<u>11</u>	(29,950)	(4)
8300	Total other comprehensive income or loss	<u>13,399</u>	<u>4</u>	(36,287)	(12)	<u>67,670</u>	<u>11</u>	(29,950)	(4)
8500	Total Comprehensive Income for the year	<u>\$ 32,300</u>	<u>10</u>	<u>\$ 580</u>	<u>-</u>	<u>\$ 111,955</u>	<u>18</u>	<u>\$ 22,160</u>	<u>4</u>
	Net profit attributable to:								
8610	Owners of the Company	\$ 19,342	6	\$ 37,082	12	\$ 44,911	7	\$ 52,448	8
8620	Non-controlling interest	(441)	-	(215)	-	(626)	-	(338)	-
8600		<u>\$ 18,901</u>	<u>6</u>	<u>\$ 36,867</u>	<u>12</u>	<u>\$ 44,285</u>	<u>7</u>	<u>\$ 52,110</u>	<u>8</u>
	Comprehensive income attributable to:								
8710	Owners of the Company	\$ 32,741	10	\$ 795	-	\$ 112,581	18	\$ 22,498	4
8720	Non-controlling interest	(441)	-	(215)	-	(626)	-	(338)	-
8700		<u>\$ 32,300</u>	<u>10</u>	<u>\$ 580</u>	<u>-</u>	<u>\$ 111,955</u>	<u>18</u>	<u>\$ 22,160</u>	<u>4</u>
	Earnings per share (Note 23)								
9710	Basic	<u>\$ 0.51</u>		<u>\$ 1.08</u>		<u>\$ 1.22</u>		<u>\$ 1.53</u>	
9810	Diluted	<u>\$ 0.51</u>		<u>\$ 0.93</u>		<u>\$ 1.18</u>		<u>\$ 1.35</u>	

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 and its subsidiaries
Consolidated Statements of Changes in Equity
January 1 to June 30, 2024 and 2023

Unit: NTD thousand

Code		Equity of the company					Other equity	Total	Non-controlling interest	Total equity
		Common stock capital	Capital surplus	Retained earnings			Exchange differences on Translating the financial statements of foreign operations			
				Legal reserve	Special reserve	Unappropriated earnings				
A1	Balance at January 1, 2023	\$ 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	5,335	19,028	-	-	-	-	24,363	-	24,363
D1	Net profit for the January 1 to June 30, 2023	-	-	-	-	52,448	-	52,448	(338)	52,110
D3	Other comprehensive income in January 1 to June 30, 2023	-	-	-	-	-	(29,950)	(29,950)	-	(29,950)
D5	Total Comprehensive profit or loss in January 1 to June 30, 2023	-	-	-	-	52,448	(29,950)	22,498	(338)	22,160
Z1	Balance at June 30, 2023	<u>\$ 347,304</u>	<u>\$ 796,215</u>	<u>\$ 99,140</u>	<u>\$ 33,518</u>	<u>\$ 424,144</u>	<u>(\$ 63,469)</u>	<u>\$ 1,636,852</u>	<u>\$ 8,938</u>	<u>\$ 1,645,790</u>
A1	Balance at January 1, 2024	\$ 356,403	\$ 826,927	\$ 99,140	\$ 33,518	\$ 490,212	(\$ 56,738)	\$ 1,749,462	\$ 9,071	\$ 1,758,533
	Appropriation of 2023 earnings									
B1	Legal reserve	-	-	11,852	-	(11,852)	-	-	-	-
B3	Special reserve	-	-	-	23,220	(23,220)	-	-	-	-
B5	Cash dividends	-	-	-	-	(102,463)	-	(102,463)	-	(102,463)
I1	Conversion of convertible bonds	20,112	66,434	-	-	-	-	86,546	-	86,546
D1	Net profit for the January 1 to June 30, 2024	-	-	-	-	44,911	-	44,911	(626)	44,285
D3	Other comprehensive income in January 1 to June 30, 2024	-	-	-	-	-	67,670	67,670	-	67,670
D5	Total Comprehensive profit or loss in January 1 to June 30, 2024	-	-	-	-	44,911	67,670	112,581	(626)	111,955
Z1	Balance at June 30, 2024	<u>\$ 376,515</u>	<u>\$ 893,361</u>	<u>\$ 110,992</u>	<u>\$ 56,738</u>	<u>\$ 397,588</u>	<u>\$ 10,932</u>	<u>\$ 1,846,126</u>	<u>\$ 8,445</u>	<u>\$ 1,854,571</u>

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 and its subsidiaries

Consolidated Statements of Cash Flows

January 1 to June 30, 2024 and 2023

Unit: NTD thousand

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flow from operating activities		
A10000	Current period net income before tax	\$ 70,640	\$ 72,202
A20010	Adjustments for:		
A20100	Depreciation expenses	44,637	38,288
A20200	Amortization expenses	1,847	1,889
A20300	Gain on reversal of expected credit	(1,889)	(1,411)
A20400	Net gain (loss) on financial assets and liabilities at fair value through profit and loss	(163)	(781)
A20900	Financial cost	4,576	7,160
A21200	Interest revenue	(8,672)	(10,288)
A22500	Loss on disposal and scrapping of property, plant and equipment	-	3,405
A23700	Write-downs of inventories and loss of idle inventory	44,088	7,363
A29900	Reversal of provision	(19)	(159)
A29900	Government grant	(4,460)	(23,221)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	276	362
A31150	Accounts receivable	77,358	27,848
A31180	(Increase) / decrease in Other receivables	3,408	1,189
A31200	Inventories	(10,402)	5,931
A31240	(Increase) / decrease in Other current assets	(11,418)	7,905
A32150	Notes and account payables	(19,161)	21,505
A32180	Other payables	12,871	(39,317)
A32230	Other current liabilities	(285)	267
A32990	Other non-current liabilities	(11)	301
A33000	Cash generated for operations	203,221	120,438
A33100	Interest received	8,317	8,587
A33300	Interest paid	(3,699)	(3,554)
A33500	Income tax refund	7,598	5,031
A33500	Income tax paid	(48,722)	(89,674)
AAAA	Net cash inflow generated from operating activities	<u>166,715</u>	<u>40,828</u>

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash payments for investing activities		
B00040	Acquisition of financial assets measured at amortized cost	\$ -	(\$ 11,833)
B00050	Disposal of financial assets based on cost after amortization	921	-
B02700	Purchase of property, plant, and equipment	(17,699)	(17,351)
B02800	Disposal of property, plant, and equipment	-	359
B03700	Increase in refundable deposits	(1,571)	(16)
B04500	Purchase of intangible assets	(71)	(3,810)
B07100	Increase in installment on equipment	(19,908)	(8,963)
B09900	Receipt of government grants	<u>3,604</u>	<u>22,393</u>
BBBB	Net cash used in from investing activities	<u>(34,724)</u>	<u>(19,221)</u>
	Cash flow from financing activities		
C00200	Repayments of short-term borrowings	(26,011)	(34,094)
C01700	Repayments of proceeds from long-term loans	(7,320)	(7,320)
C04020	Payment of principal element of lease liabilities	<u>(8,669)</u>	<u>(7,298)</u>
CCCC	Net cash used in from financing activities	<u>(42,000)</u>	<u>(48,712)</u>
DDDD	Effects of exchange rate changes on the balance of Cash held in foreign currencies	<u>37,369</u>	<u>(16,452)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	127,360	(43,557)
E00100	Balance of cash and cash equivalents at the beginning of period	<u>627,497</u>	<u>916,884</u>
E00200	Balance of cash and cash equivalents at the ending of period	<u>\$ 754,857</u>	<u>\$ 873,327</u>

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 June 30, 2024 and 2023
(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 August 15, 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 2024 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 2025 that were recognized by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. At the date of initial application of the amendments, the Company shall not restate comparative information. Instead, it shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or to the cumulative amount of translation differences of foreign financial statements under equity (whichever appropriate) and to the affected assets and liabilities.

The consolidated company assessed the adoption of the IFRSs that were recognized by the Financial Supervisory Commission in 2025 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)
“Annual Improvements to IFRS Accounting Standards—Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

1. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”, and major changes of the Standard include:

- All items of income and expense in the statement of profit or loss shall be classified in one of five categories, the operating category, the investing category, the financing category, the income taxes category, and the discontinued operations category.
- The Company has to present totals and subtotals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- The Standard enhances guidance on the principles of aggregation and disaggregation: The consolidated company shall identify assets, liabilities, equity, income, expenses and cash flows arising from individual transactions or events and aggregate them into items based on similar characteristics so

that items aggregated and presented as line items in the primary financial statements have at least one similar characteristic. Conversely, a single dissimilar characteristic may result in disaggregated information being disclosed in the primary financial statements and the notes thereto. The consolidated company can only label a line item as “other” when it is unable to find a more informative label.

- Inclusion of specific requirements for the disclosure of management-defined performance measures: The consolidated company shall disclose all information about management-defined performance measures in a single note to the financial statements, including description of the measure, how the measure is calculated, reconciliation between the measure and total/subtotal required to be presented or disclosed by IFRS Accounting Standards, and tax and non-controlling interest effects for each reconciling item, when they are used in public communications outside the financial statements to communicate to users of financial statements management’s view of an aspect of the financial performance of the consolidated company as a whole.

Except the effects described above, the consolidated company has been continuously evaluating other effects of various amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced, and will make appropriate disclosure after 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 IAS 34 “Interim Financial Reporting” that are authorized by the FSC. This consolidated financial statement does not cover the IFRSs disclosure as required by the whole annual financial reporting.

(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) Basis of consolidation

Principle of consolidated financial statements preparation

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 more details, shareholding ratio and operating items of the subsidiaries, please refer to Note 12, Attached table 5 and Attached table 7.

(4) Other major accounting policy

Further to the elaboration specified hereunder, refer to the notes to major accounting policy of the consolidated financial statements for 2023.

1. 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 due to be settled within 12 months after the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue; or
- (3) liabilities the Consolidated Company on the balance sheet date does not have in substance the right to defer settlement thereof 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Consolidated Company's own equity instruments do not affect its classification as current or non-current if the Consolidated Company classifies the option as an equity instrument.

2. Income tax expense

Income tax expense is the sum of the current income tax and deferred income tax. The income tax in the interim period is estimated based on the whole period and at the tax rate applicable to the total earnings expected in the period for the interim earnings before taxation.

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

Please refer to the 2023 Consolidated Financial Report for the significant accounting judgment, estimation, and the main source of assumption uncertainties.

6. Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 1,047	\$ 1,140	\$ 1,143
Bank checks and demand deposits	91,195	146,569	260,335
Cash equivalents			
Time deposits with an initial maturity of less than three months	<u>662,615</u>	<u>479,788</u>	<u>611,849</u>
	<u>\$ 754,857</u>	<u>\$ 627,497</u>	<u>\$ 873,327</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Time deposits	1.25%~5.25%	1.50%~5.37%	1.50%~5.17%

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Held-for-trade financial assets-</u>			
<u>Current</u>			
Derivative instrument-buy-/sell-back of convertible bonds	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Held-for-trade financial liabilities- Current</u>			
Derivative instrument-buy-/sell-back of convertible bonds	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 105</u>

8. Financial assets based on cost after amortization- Current

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits with an initial maturity of more than three months	\$ <u>-</u>	\$ <u>921</u>	\$ <u>11,833</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits	-	4.00%	4.00%~4.10%

9. Notes and accounts receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 1,333	\$ 1,609	\$ 979
Receivable accounts- based on cost after amortization	488,930	566,288	504,742
Less: Allowance for losses	(<u>5,121</u>)	(<u>6,939</u>)	(<u>4,154</u>)
	<u>\$ 485,142</u>	<u>\$ 560,958</u>	<u>\$ 501,567</u>

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:

June 30, 2024

	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%	4.93%~7.81%	20.12%~31.78%	100%	-
Total book value	\$ 472,343	\$ 11,252	\$ 3,153	\$ 2,182	\$ 488,930
Allowance for loss (expected credit loss of the given duration)	(<u>1,396</u>)	(<u>611</u>)	(<u>932</u>)	(<u>2,182</u>)	(<u>5,121</u>)
Cost after amortization	<u>\$ 470,947</u>	<u>\$ 10,641</u>	<u>\$ 2,221</u>	<u>\$ -</u>	<u>\$ 483,809</u>

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)	(<u>1,216</u>)	(<u>539</u>)	(<u>3,068</u>)	(<u>2,116</u>)	(<u>6,939</u>)
Cost after amortization	<u>\$ 543,639</u>	<u>\$ 9,932</u>	<u>\$ 5,778</u>	<u>\$ -</u>	<u>\$ 559,349</u>

June 30, 2023

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue over 60 days	Total
Expected credit loss rate	0.09%~0.34%	4.73%~4.99%	36.16%	100%	-
Total book value	\$ 484,539	\$ 18,132	\$ 135	\$ 1,936	\$ 504,742
Allowance for loss (expected credit loss of the given duration)	(1,289)	(880)	(49)	(1,936)	(4,154)
Cost after amortization	<u>\$ 483,250</u>	<u>\$ 17,252</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 500,588</u>

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

	January 1 to June 30, 2024	January 1 to June 30, 2023
	Accounts receivable	Accounts receivable
Balance, beginning	\$ 6,939	\$ 5,596
Add: Current period reversal of impairment loss	(1,889)	(1,411)
Foreign currency translation differences	71	(31)
Balance, ending	<u>\$ 5,121</u>	<u>\$ 4,154</u>

10. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 90,372	\$ 102,509	\$ 114,871
Work-in-process goods	38,636	59,159	67,831
Raw materials	<u>57,580</u>	<u>58,606</u>	<u>67,097</u>
	<u>\$ 186,588</u>	<u>\$ 220,274</u>	<u>\$ 249,799</u>

The loss allowance on inventory valuation is NTD 138,079 thousand, NTD 93,991 thousand and NTD 108,425 thousand on June 30, 2024, December 31 and June 30, 2023 respectively.

The cost of goods sold on April 1 to June 30, 2024 and 2023, and on January 1 to June 30, 2024 and 2023 included loss of inventory in valuation for an amount of NTD 27,841 thousand, NTD 5,310 thousand, NTD 44,088 thousand, and NTD 7,363 thousand, respectively.

11. Other assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Prepaid expenses	\$ 7,100	\$ 6,577	\$ 8,383
Prepayment for Purchases	4,019	3,679	37
Excess business tax paid	13,603	3,244	5,001
Others	<u>200</u>	<u>4</u>	<u>-</u>
	<u>24,922</u>	<u>13,504</u>	<u>13,421</u>

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	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Deferred income tax assets	\$ 51,454	\$ 45,910	\$ 43,891
Refundable deposits	6,585	5,014	4,949
Prepayments for equipment	22,533	6,937	21,770
	<u>80,572</u>	<u>57,861</u>	<u>70,610</u>
	<u>\$ 105,494</u>	<u>\$ 71,365</u>	<u>\$ 84,031</u>

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	The share-holding percentage as of June 30, 2024	The share-holding percentage as of December 31, 2023	The share-holding percentage as of June 30, 2023
The Company	Power Logic Holdings Inc.	Investment in holding company and sales of cooling fan	100%	100%	100%
The Company	United Strategy Inc.	Investment holding	100%	100%	100%
The Company	POWER LOGIC TECH. INC	sales of cooling fan	100%	100%	100%
The Company	Sunny Sharp International Limited (including Taiwan branch)	Investment in holding company and sales of cooling fan	100%	100%	100%
United Strategy Inc.	DONG GUAN DONG LI DIAN ZI CO. LTD	Production and sale of cooling fan	100%	100%	100%
United Strategy Inc.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Production and sale of cooling fan	100%	100%	100%
Power Logic Holdings Inc.	POWER LOGIC TECH (TAI YI) CO., LTD. (Note 1)	Production and sale of cooling fan	100%	100%	100%
POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Production and sale of cooling fan	80%	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 August 15, 2024, the cancellation was pending.

13. Property, plant, and equipment

	January 1 to June 30, 2024						
	Land	Buildings and leasehold improvement	Machine and equipment	Transportation equipment	Furniture and fixtures	Other equipment	Total
<u>Cost</u>							
Balance, beginning	\$ 286,501	\$ 671,296	\$ 306,761	\$ 12,153	\$ 25,488	\$ 112,468	\$ 1,414,667
Increase	-	629	17,849	-	-	3,182	21,660
Current disposal	-	-	(15)	-	(4)	(21)	(40)
Reclassification	-	-	4,236	-	-	76	4,312
Net exchange differences	-	24,513	11,408	612	345	5,004	41,882
Balance, ending	<u>\$ 286,501</u>	<u>\$ 696,438</u>	<u>\$ 340,239</u>	<u>\$ 12,765</u>	<u>\$ 25,829</u>	<u>\$ 120,709</u>	<u>\$ 1,482,481</u>
<u>Accumulated depreciation</u>							
Balance, beginning	\$ -	\$ 82,975	\$ 153,189	\$ 4,382	\$ 20,889	\$ 60,646	\$ 322,081
Increase	-	11,505	15,597	435	821	7,182	35,540
Current disposal	-	-	(15)	-	(4)	(21)	(40)
Net exchange differences	-	3,109	5,559	227	240	2,663	11,798
Balance, ending	<u>\$ -</u>	<u>\$ 97,589</u>	<u>\$ 174,330</u>	<u>\$ 5,044</u>	<u>\$ 21,946</u>	<u>\$ 70,470</u>	<u>\$ 369,379</u>
Net, ending	<u>\$ 286,501</u>	<u>\$ 598,849</u>	<u>\$ 165,909</u>	<u>\$ 7,721</u>	<u>\$ 3,883</u>	<u>\$ 50,239</u>	<u>\$ 1,113,102</u>

January 1 to June 30, 2023							
	Land	Buildings and leasehold improvement	Machine and equipment	Transportation equipment	Furniture and fixtures	Other equipment	Total
<u>Cost</u>							
Balance, beginning	\$ 286,501	\$ 681,955	\$ 254,668	\$ 11,849	\$ 24,892	\$ 102,502	\$ 1,362,367
Increase	-	272	7,033	1,513	656	7,877	17,351
Current disposal	-	-	(1,566)	-	(133)	(3,760)	(5,459)
Reclassification	-	-	5,343	-	-	3,124	8,467
Net exchange differences	-	(11,084)	(4,372)	(303)	(152)	(2,144)	(18,055)
Balance, ending	<u>\$ 286,501</u>	<u>\$ 671,143</u>	<u>\$ 261,106</u>	<u>\$ 13,059</u>	<u>\$ 25,263</u>	<u>\$ 107,599</u>	<u>\$ 1,364,671</u>
<u>Accumulated depreciation</u>							
Balance, beginning	\$ -	\$ 70,696	\$ 128,285	\$ 5,589	\$ 19,837	\$ 51,065	\$ 275,472
Increase	-	10,948	13,277	449	754	6,100	31,528
Current disposal	-	-	(961)	-	(132)	(602)	(1,695)
Net exchange differences	-	(1,178)	(2,299)	(137)	(103)	(1,048)	(4,765)
Balance, ending	<u>\$ -</u>	<u>\$ 80,466</u>	<u>\$ 138,302</u>	<u>\$ 5,901</u>	<u>\$ 20,356</u>	<u>\$ 55,515</u>	<u>\$ 300,540</u>
Net, ending	<u>\$ 286,501</u>	<u>\$ 590,677</u>	<u>\$ 122,804</u>	<u>\$ 7,158</u>	<u>\$ 4,907</u>	<u>\$ 52,084</u>	<u>\$ 1,064,131</u>

The net operating lease for buildings and leasehold improvements and related equipment as of June 30, 2024 and 2023 were NTD 38,972 thousand and NTD 39,542 thousand, respectively.

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.

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of the right-of-use asset			
Land	\$ 18,574	\$ 17,888	\$ 17,984
Buildings	38,452	3,996	9,271
Transportation equipment	5,036	3,138	4,186
	<u>\$ 62,062</u>	<u>\$ 25,022</u>	<u>\$ 31,441</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Addition of right-of-use assets			<u>\$ 44,748</u>	<u>\$ 3,659</u>
Depreciation expense of the right-of-use asset				
Land	\$ 106	\$ 102	\$ 210	\$ 206
Buildings	3,958	2,674	7,820	5,379
Transportation equipment	<u>543</u>	<u>636</u>	<u>1,067</u>	<u>1,175</u>
	<u>\$ 4,607</u>	<u>\$ 3,412</u>	<u>\$ 9,097</u>	<u>\$ 6,760</u>

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 January 1 to June 30, 2024 and 2023.

(2) Lease liability

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of the lease liabilities			
Current	<u>\$ 17,748</u>	<u>\$ 3,243</u>	<u>\$ 8,935</u>
Non-current	<u>\$ 26,092</u>	<u>\$ 4,023</u>	<u>\$ 5,502</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	2.00%~3.80%	2.00%~5.00%	2.00%~5.00%
Transportation equipment	2.00%	2.00%	2.00%

(3) Other lease information

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Low-value asset lease expense	<u>\$ 88</u>	<u>\$ 96</u>	<u>\$ 181</u>	<u>\$ 192</u>
Total cash of leases (outflow)			<u>(\$ 9,545)</u>	<u>(\$ 7,786)</u>

15. Intangible assets

	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Cost</u>		
Balance, beginning	\$ 29,117	\$ 26,467
Increase	71	3,810
Decrease in the period	(560)	(271)
Reclassification	-	1,548
Net exchange differences	707	(374)
Balance, ending	<u>\$ 29,335</u>	<u>\$ 31,180</u>
<u>Accumulated amortization</u>		
Balance, beginning	\$ 20,683	\$ 19,316
Amortization in the current period	1,847	1,889
Decrease in the period	(560)	(271)
Net exchange differences	476	(237)
Balance, ending	<u>\$ 22,446</u>	<u>\$ 20,697</u>
Net, ending	<u>\$ 6,889</u>	<u>\$ 10,483</u>

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

16. Borrowings

(1) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured loans</u>			
Credit loan	<u>\$ -</u>	<u>\$ 26,011</u>	<u>\$ 10,000</u>

The bank borrowing rates were 3.80% and 2.45% on December 31, 2023 and June 30, 2023.

(2) Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Secured loan (Note 27)</u>			
Bank's debt	\$ 190,720	\$ 198,040	\$ 205,360
Less: Amount due in one year	<u>14,640</u>	<u>14,640</u>	<u>14,640</u>
Long-term borrowings	<u>\$ 176,080</u>	<u>\$ 183,400</u>	<u>\$ 190,720</u>

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 2.46%, 2.41% and 2.41% on June 30, 2024, December 31 and June 30, 2023, 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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Salaries payable	\$ 41,522	\$ 52,027	\$ 45,981
Insurance and housing fund payable	52,645	53,639	49,507
Dividend payable	102,463	-	136,788
Processing expenses payable	50,415	37,010	33,486
Temporary employee service payable	574	792	1,028
Commission and marketing expense	1,239	789	1,495
Other payable	23,982	24,434	23,842
Equipment payables	8,075	4,114	6,309
Other payables	<u>13,867</u>	<u>2,797</u>	<u>1,306</u>
	<u>\$ 294,782</u>	<u>\$ 175,602</u>	<u>\$ 299,742</u>

18. Corporate bonds payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
The second domestic unsecured convertible corporate bond	\$ -	\$ -	\$ 169,100
The third domestic unsecured convertible corporate bond	<u>50,000</u>	<u>139,200</u>	<u>174,500</u>
	50,000	139,200	343,600
Less: Domestic second unsecured convertible corporate bonds amount net of depreciation	-	-	(592)
Domestic third unsecured convertible corporate bonds amount net of depreciation	(<u>1,183</u>)	(<u>4,740</u>)	(<u>7,757</u>)
	(1,183)	(4,740)	(8,349)
Less: Amount due in one year	(<u>48,817</u>)	(<u>134,460</u>)	(<u>168,508</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,743</u>

(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 liability component at issuance date	(<u>583</u>)
	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	(<u>163,100</u>)
Liability component on June 30, 2024	<u>\$ -</u>

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 liability component at issuance date	(789)
	187,514
Interest calculated at the effective rate of 2.17%	6,108
Conversion of bonds payable into common shares	(144,805)
Liability component on June 30, 2024	<u>\$ 48,817</u>

As of June 30, 2024, of the third issuance of unsecured convertible bonds, a total par value of NTD 150,000 thousand was converted to 3,341 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 defined contributed pension cost recognized in April 1 to June 30, 2024 and 2023, January 1 to June 30, 2024 and 2023 were NTD 804 thousand, NTD 744 thousand, NTD 1,514 thousand and NTD 1,432 thousand, respectively, by consolidated company.

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 April 1 to June 30, 2024 and 2023, January 1 to June 30, 2024 and 2023 were NTD 4,673 thousand, NTD 6,386 thousand, NTD 9,377 thousand and NTD 14,142 thousand, respectively, per previous pension plan.

20. Equity

(1) Share Capital

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Authorized number of shares (thousand shares)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Authorized capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued with fully paid-in capital (thousand shares)	<u>37,652</u>	<u>35,640</u>	<u>34,730</u>
Outstanding capital	<u>\$ 376,515</u>	<u>\$ 356,403</u>	<u>\$ 347,304</u>

On the "Second Domestic Unsecured Convertible Bonds" and the "Third Domestic Unsecured Convertible Bonds" issued by the Company from January 1 to June 30, 2024 and 2023, the bondholders used 892 and 255 convertible bonds for conversion to the issued 2,011 thousand and 534 thousand new shares.

(2) Capital surplus

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>May be applied to cover accumulated deficit, distributed in cash or transferred to capital.</u>			
Other capital surplus of shares	\$ 882,678	\$ 812,286	\$ 779,757
Lapsed stock options	8,465	8,465	1,637
<u>May not be used for any purpose.</u>			
Convertible corporate bond equity constituents - stock options	<u>2,218</u>	<u>6,176</u>	<u>14,821</u>
	<u>\$ 893,361</u>	<u>\$ 826,927</u>	<u>\$ 796,215</u>

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 2023 and 2022 earnings distributions are planned as follows:

	<u>Distribution of retained earnings</u>	
	<u>2023</u>	<u>2022</u>
Legal reserve appropriated	<u>\$ 11,852</u>	<u>\$ 23,131</u>
Appropriation (reversal) of special reserve	<u>\$ 23,220</u>	<u>(\$ 25,295)</u>
Cash dividends	<u>\$ 102,463</u>	<u>\$ 136,788</u>
Cash dividend per share (NTD)	<u>\$ 2.75</u>	<u>\$ 4</u>

The cash dividend for the years 2023 and 2022 was resolved by the Board of Directors on March 14, 2024, and March 13, 2023, respectively. The earnings distribution for the years 2023 and 2022 was resolved in the shareholder's meeting on May 31, 2023, and May 31, 2024, respectively.

(4) Other equity

Exchange differences on Translating the financial statements of foreign operations

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Balance, beginning	(\$ 56,738)	(\$ 33,519)
Exchange differences from financial statements of foreign operating entities	<u>67,670</u>	<u>(29,950)</u>
Balance, ending	<u>\$ 10,932</u>	<u>(\$ 63,469)</u>

(5) Non-controlling interest

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Balance, beginning	\$ 9,071	\$ 9,276
Net profit (loss) of current period	<u>(626)</u>	<u>(338)</u>
Balance, ending	<u>\$ 8,445</u>	<u>\$ 8,938</u>

21. Consolidated net income

(1) Interest revenue

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Bank deposits	<u>\$ 4,163</u>	<u>\$ 5,682</u>	<u>\$ 8,672</u>	<u>\$ 10,288</u>

(2) Other income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Rental income	\$ 1,038	\$ 1,089	\$ 2,053	\$ 1,963
Government grants (Note 24)	3,796	22,788	4,460	23,221
Others	348	733	658	2,380
	<u>\$ 5,182</u>	<u>\$ 24,610</u>	<u>\$ 7,171</u>	<u>\$ 27,564</u>

(3) Other gains and losses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Gain or loss on disposal and scrapping of property, plant and equipment	\$ -	(\$ 3,402)	\$ -	(\$ 3,405)
Net foreign exchange gain (loss)	5,766	12,241	21,623	6,992
Gain (loss) on financial assets and liabilities at fair value through profit and loss	11	161	163	781
Others	-	(44)	-	(44)
	<u>\$ 5,777</u>	<u>\$ 8,956</u>	<u>\$ 21,786</u>	<u>\$ 4,324</u>

(4) Financial cost

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Bank's debt	\$ 1,379	\$ 1,411	\$ 2,889	\$ 3,169
Interest on the convertible bonds	272	1,853	992	3,695
Interest on lease liabilities	405	135	695	296
Total	<u>\$ 2,056</u>	<u>\$ 3,399</u>	<u>\$ 4,576</u>	<u>\$ 7,160</u>

(5) Depreciation, and amortization

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Property, plant, and equipment	\$ 18,065	\$ 15,836	\$ 35,540	\$ 31,528
Right-of-use assets.	4,607	3,412	9,097	6,760
Intangible assets	929	1,035	1,847	1,889
Total	<u>\$ 23,601</u>	<u>\$ 20,283</u>	<u>\$ 46,484</u>	<u>\$ 40,177</u>
Depreciation expense summary by function				
Operating cost	\$ 13,646	\$ 9,521	\$ 27,256	\$ 18,839
Operating expenses	9,026	9,727	17,381	19,449
	<u>\$ 22,672</u>	<u>\$ 19,248</u>	<u>\$ 44,637</u>	<u>\$ 38,288</u>
Amortization expense summary by function				
Operating cost	\$ 103	\$ 70	\$ 204	\$ 78
Operating expenses	826	965	1,643	1,811
	<u>\$ 929</u>	<u>\$ 1,035</u>	<u>\$ 1,847</u>	<u>\$ 1,889</u>

(6) Employee benefits expenses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits				
Salaries and wages	\$ 68,248	\$ 70,479	\$ 137,299	\$ 140,665
Labor insurance and national health insurance	4,276	3,125	8,491	7,026
Retirement benefits	5,477	7,130	10,891	15,574
Other employee benefits	<u>3,806</u>	<u>3,026</u>	<u>8,448</u>	<u>8,099</u>
Total employee benefits expenses	<u>\$ 81,807</u>	<u>\$ 83,760</u>	<u>\$ 165,129</u>	<u>\$ 171,364</u>
Summary by function				
Operating cost	\$ 47,429	\$ 49,090	\$ 95,806	\$ 100,765
Operating expenses	<u>34,378</u>	<u>34,670</u>	<u>69,323</u>	<u>70,599</u>
	<u>\$ 81,807</u>	<u>\$ 83,760</u>	<u>\$ 165,129</u>	<u>\$ 171,364</u>

(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 estimated remuneration to employees and Directors and Supervisors in the April 1 to June 30, 2024 and 2023, January 1 to June 30, 2024 and 2023, were specified below:

Estimate on ratio

	January 1 to June 30, 2024	January 1 to June 30, 2023
Remuneration to employees	4%	2.5%
Remuneration to directors/supervisors	2%	2%

Amount

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Remuneration to employees	<u>\$ 868</u>	<u>\$ 992</u>	<u>\$ 1,973</u>	<u>\$ 1,396</u>
Remuneration to directors/supervisors	<u>\$ 433</u>	<u>\$ 794</u>	<u>\$ 986</u>	<u>\$ 1,117</u>

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 compensation of employees and remuneration to Directors and Supervisors 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:

Amount

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

The actual amount for remuneration to employees and Directors and Supervisors in 2023 and 2022 did not vary from the amount recognized in the consolidated financial statements of 2023 and 2022.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the 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 are as follows:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Income tax expenses in the current period				
Current	\$ 14,955	\$ 15,470	\$ 31,278	\$ 29,486
Additional 5% tax levied on undistributed earnings	(516)	-	289	1,944
Prior year adjustment	(2,842)	(50)	3,899	(3,518)
	<u>11,597</u>	<u>15,420</u>	<u>35,466</u>	<u>27,912</u>
Deferred tax				
Current	(5,332)	(2,020)	(9,111)	(7,820)
Income tax expense recognized in the profit or loss	<u>\$ 6,265</u>	<u>\$ 13,400</u>	<u>\$ 26,355</u>	<u>\$ 20,092</u>

(2) Income tax audit

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

	<u>Year verified</u>
POWER LOGIC TECH. INC	2022
SUNNY SHARP INTERNATIONAL LIMITED	
TAIWAN BRANCH (BVI)	2021
CICHENG TECHNOLOGY CO., LTD.	2022

23. Earnings per share

Unit: NTD per share

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Basic earnings per share	<u>\$ 0.51</u>	<u>\$ 1.08</u>	<u>\$ 1.22</u>	<u>\$ 1.53</u>
Diluted earnings per share	<u>\$ 0.51</u>	<u>\$ 0.93</u>	<u>\$ 1.18</u>	<u>\$ 1.35</u>

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

Net profit of current period

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
The net income applied to calculate basic earnings per share	\$ 19,342	\$ 37,082	\$ 44,911	\$ 52,448
Effect of dilutive potential common stock:				
Net interest on convertible bonds	<u>272</u>	<u>1,853</u>	<u>992</u>	<u>3,695</u>
Net profits for the calculation of diluted earnings per share	<u>\$ 19,614</u>	<u>\$ 38,935</u>	<u>\$ 45,903</u>	<u>\$ 56,143</u>

Number of Shares

Unit: Thousand shares

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Weighted average common stock shares used to calculate basic earnings per share	37,607	34,366	36,881	34,283
Effect of dilutive potential common stock:				
Remuneration to employees	32	26	67	79
Convertible corporate bonds	<u>1,172</u>	<u>7,527</u>	<u>1,898</u>	<u>7,079</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>38,811</u>	<u>41,919</u>	<u>38,846</u>	<u>41,441</u>

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 413 thousand, NTD 396 thousand, NTD 814 thousand and NTD 799 thousand were recognized in April 1 to June 30, 2024 and 2023, January 1 to June 30, 2024 and 2023 under other income on a systematic basis over the depreciation period (recorded under other income).
- (2) The Consolidated Company received other government subsidies for an amount of NTD 3,383 thousand and NTD 22,392 thousand on April 1 to June 30, 2024, and 2023, respectively; also, NTD 3,646 thousand and NTD 22,422 thousand (booked in the “other income” account) on January 1 to June 30, 2024 and 2023, respectively.

25. Financial instruments

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

1. Fair value level

June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit and loss</u>				
Sell-/buy-back of convertible bonds	\$ -	\$ -	\$ 60	\$ 60

December 31, 2023

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

June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit and loss</u>				
Sell-/buy-back of convertible bonds	\$ -	\$ -	\$ 105	\$ 105

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

January 1 to June 30, 2024

<u>Financial assets (liabilities)</u>	<u>Financial assets (liabilities) at fair value through profit and loss</u>
	<u>Derivatives</u>
Balance, beginning	(\$ 14)
Recognized in profit and loss (Other profit or loss)	163
Delisting of convertible corporate bonds	(89)
Balance, ending	<u>\$ 60</u>

January 1 to June 30, 2023

<u>Financial liabilities</u>	<u>Financial liabilities at fair value through profit and loss</u>
	<u>Derivatives</u>
Balance, beginning	\$ 900
Recognized in profit and loss (Other profit or loss)	(781)
Delisting of convertible corporate bonds	(14)
Balance, ending	<u>\$ 105</u>

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 June 30, 2024, December 31 and June 30, 2023 were 34.19%, 27.81% and 28.95%, respectively.

- (2) Categories of financial instruments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets based on cost after amortization (Note 1)	\$ 1,249,847	\$ 1,200,706	\$ 1,395,109
The held-for-trade assets measured at fair value through profit or loss	60	-	-
	<u>\$ 1,249,907</u>	<u>\$ 1,200,706</u>	<u>\$ 1,395,109</u>

(Continued on next page)

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	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
The held-for-trade assets measured at fair value through profit or loss	\$ -	\$ 14	\$ 105
Measured at amortized cost (Note 2)	<u>666,299</u>	<u>685,254</u>	<u>1,015,691</u>
	<u>\$ 666,299</u>	<u>\$ 685,268</u>	<u>\$ 1,015,796</u>

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	
	January 1 to June 30, 2024	January 1 to June 30, 2023
Profit and loss	\$ 18,318	\$ 27,479

(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,

	June 30, 2024	December 31, 2023	June 30, 2023
	With fair value interest rate risk -Financial liabilities	\$ -	\$ 26,011
With cash flow interest rate risk -Financial liabilities	190,720	198,040	205,360

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 954 thousand and NTD 1,027 thousand in January 1 to June 30, 2024 and 2023. 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 23%, 22% and 19% as of June 30, 2024, December 31 and June 30, 2023 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 June 30, 2024, December 31 and June 30, 2023, the financing facility of the consolidated company, please refer to financing facility explanation (2) 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.

June 30, 2024

	Payment on demand or less than 1 month	One-three months	3 months ~ 1 year	1 ~5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Notes and account payables	\$ 35,197	\$ 67,241	\$ 29,542	\$ -	\$ -
No interest-bearing liabilities	-	-	50,000	-	-
Lease liability	1,585	3,169	14,263	26,825	-
Floating rate instruments	1,220	2,440	10,980	58,560	117,520
	<u>\$ 38,002</u>	<u>\$ 72,850</u>	<u>\$ 104,785</u>	<u>\$ 85,385</u>	<u>\$ 117,520</u>

December 31, 2023

	Payment on demand or less than 1 month	One-three months	3 months ~ 1 year	1 ~5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
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	-	-	-
	<u>\$ 35,751</u>	<u>\$ 106,613</u>	<u>\$ 191,993</u>	<u>\$ 62,644</u>	<u>\$ 124,840</u>

June 30, 2023

	Payment on demand or less than 1 month	One-three months	3 months ~ 1 year	1 ~5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Notes and account payables	\$ 48,220	\$ 86,958	\$ 30,160	\$ -	\$ -
No interest-bearing liabilities	169,100	-	-	174,500	-
Lease liability	1,223	2,446	5,502	5,615	-
Floating rate instruments	1,220	2,440	10,980	58,560	132,160
Fixed interest rate:	10,000	-	-	-	-
	<u>\$229,763</u>	<u>\$ 91,844</u>	<u>\$ 46,642</u>	<u>\$238,675</u>	<u>\$132,160</u>

(2) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Guaranteed bank loan amount			
- The amount expensed	\$ 190,720	\$ 224,051	\$ 215,360
- The amount not yet expensed	587,338	539,956	566,654
	<u>\$ 778,058</u>	<u>\$ 764,007</u>	<u>\$ 782,014</u>

26. Related party transactions

Remunerations to the management

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits	\$ 3,758	\$ 2,479	\$ 7,249	\$ 6,008
Retirement benefits	<u>61</u>	<u>35</u>	<u>120</u>	<u>68</u>
	<u>\$ 3,819</u>	<u>\$ 2,514</u>	<u>\$ 7,369</u>	<u>\$ 6,076</u>

27. Pledged assets

Below assets are collaterals for bank borrowings:

	June 30, 2024	December 31, 2023	June 30, 2023
Land, buildings and architecture	<u>\$ 443,204</u>	<u>\$ 445,649</u>	<u>\$ 448,094</u>

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:

June 30, 2024

	Foreign currency	Exchange rate	Book value
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 11,622	32.450 (USD : NTD)	<u>\$ 377,149</u>
USD	767	7.1268 (USD : CNY)	<u>\$ 24,878</u>
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	1,049	32.450 (USD : NTD)	<u>\$ 34,060</u>
USD	50	7.1268 (USD : CNY)	<u>\$ 1,612</u>

December 31, 2023

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

June 30, 2023

	Foreign currency	Exchange rate	Book value
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 18,163	31.140 (USD : NTD)	\$ <u>565,581</u>
USD	526	7.2258 (USD : CNY)	\$ <u>16,394</u>
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	996	31.140 (USD : NTD)	\$ <u>31,015</u>
USD	44	7.2258 (USD : CNY)	\$ <u>1,381</u>

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):

Functional currency	<u>January 1 to June 30, 2024</u>		<u>January 1 to June 30, 2023</u>	
	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)	\$ 20,348	1 (NTD: NTD)	\$ 2,466
CNY	4.490 (CNY: NTD)	<u>1,275</u>	4.411 (CNY: NTD)	<u>4,526</u>
		<u>\$ 21,623</u>		<u>\$ 6,992</u>
Functional currency	<u>April 1 to June 30, 2024</u>		<u>April 1 to June 30, 2023</u>	
	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)	\$ 5,148	1 (NTD: NTD)	\$ 5,011
CNY	4.490 (CNY: NTD)	<u>618</u>	4.411 (CNY: NTD)	<u>7,230</u>
		<u>\$ 5,766</u>		<u>\$ 12,241</u>

29. Notes of disclosure

(1) Material transactions(II) 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 account receivable ending balance and percentage: Attached table 3 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) Major shareholder information: 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 January 1 to June 30, 2024 and 2023.

(1) Main revenues from products and service

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

	January 1 to June 30, 2024	January 1 to June 30, 2023
Cooling fan	\$ 631,291	\$ 630,909
Others	<u>1,252</u>	<u>2,967</u>
	<u>\$ 632,543</u>	<u>\$ 633,876</u>

(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	January 1 to June 30, 2024	January 1 to June 30, 2023
Revenue from external customers		
China	\$ 547,377	\$ 521,448
Taiwan	29,508	45,851
Others	<u>55,658</u>	<u>66,577</u>
Total	<u>\$ 632,543</u>	<u>\$ 633,876</u>
Non-current assets:		
China	\$ 705,684	\$ 613,918
Taiwan	505,456	518,715
Others	<u>31</u>	<u>141</u>
Total	<u>\$ 1,211,171</u>	<u>\$ 1,132,774</u>

Non-current asset exclude financial instrument and 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:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Customer A	\$ 121,171	\$ 99,665
Customer B	119,662	104,765
Customer C	<u>66,183</u>	<u>57,946</u>
	<u>\$ 307,016</u>	<u>\$ 262,376</u>

SUN MAX TECH LIMITED and its subsidiaries

The Loaning of Funds

January 1 to June 30, 2024

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	Sun Max Tech Limited	Other receivables - related parties- Other	Yes	\$ 33,000	\$ 33,000	\$ -	1.97%	The necessity of short-term financing	\$ -	Operation turnover	\$ -	-	-	\$ 146,574	\$ 146,574	
2	POWER LOGIC HOLDINGS INC.	Sun Max Tech Limited	Other receivables - related parties- Other	Yes	16,273 (USD 500)	16,225 (USD 500)	- (USD -)	5.00%	The necessity of short-term financing	-	Operation turnover	-	-	-	194,933	194,933	
3	UNITED STRATEGY INC.	Sun Max Tech Limited	Other receivables - related parties- Other	Yes	116,222 (RMB 25,500)	116,108 (RMB 25,500)	- (RMB -)	4.14%	The necessity of short-term financing	-	Operation turnover	-	-	-	1,331,821	1,331,821	
5	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Sun Max Tech Limited	Other receivables - related parties- Other	Yes	14,603 (USD 450)	14,603 (USD 450)	- (USD -)	5.98%	The necessity of short-term financing	-	Operation turnover	-	-	-	76,206	76,206	
7	POWER LOGIC TECH (TAI YI) CO., LTD.	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Other receivables - related parties	Yes	44,456 (RMB 10,000)	- (RMB -)	- (RMB -)	3.50%	The necessity of short-term financing	-	Operation turnover	-	-	-	180,734	180,734	

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.

SUN MAX TECH LIMITED and its subsidiaries

Endorsement and Guarantee

January 1 to June 30, 2024

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	DONG GUAN DONG LI DIAN ZI CO. LTD	Parent Company and Sub-subsidiary	Note 2	\$ 36,638 (RMB 8,000)	\$ 36,426 (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	162,725 (USD 5,000)	162,250 (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	228,987 (RMB 50,000)	227,662 (RMB 50,000)	- (RMB -)	-	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: $1,846,126 \times 10\% = 184,613$, 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: $1,846,126 \times 150\% = 2,769,189$.

Note 3: The total endorsement guarantee amount by the Company do not exceed 20% of latest net financial statements audited by CPA: $1,846,126 \times 20\% = 369,225$, 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: $1,846,126 \times 150\% = 2,769,189$.

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

January 1 to June 30, 2024

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)	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Affiliate	Sales	\$ 212,578	33.36%	Payment term is due 90 days from the invoice date	-	-	\$ 142,279	30.31%	
SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	79,809	26.00%	Payment term is due 90 days from the invoice date	-	-	41,276	19.38%	
DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	Sales	98,567	93.49%	Payment term is due 90 days from the invoice date	-	-	81,205	93.63%	

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

June 30, 2024

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	\$ 142,279	3 times	\$ -	-	\$ 91,723	\$ -
DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Affiliate	81,205	3.57 times	-	-	46,018	-

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
January 1 to June 30, 2024

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	Proportion	Book value			
Sun Max Tech Limited	POWER LOGIC TECH. INC	Taiwan	sales of cooling fan	\$ 219,200	\$ 219,200	21,920	100	\$ 366,435	\$ 7,668	\$ 7,668	
Sun Max Tech Limited	POWER LOGIC HOLDINGS INC.	Samoa	Investment holding	134,548 (USD 4,445)	134,548 (USD 4,445)	3,050	100	194,933	(612)	(612)	
Sun Max Tech Limited	UNITED STRATEGY INC.	Samoa	Investment holding	511,021 (USD 16,960)	511,021 (USD 16,960)	3,025	100	1,331,821	21,461	21,461	
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	187,101	25,265	26,616 (Note 4)	
POWER LOGIC TECH. INC	CICHENG TECHNOLOGY CO., LTD.	Taiwan	sales of cooling fan	40,000	40,000	4,000	80	33,783	(3,128)	(2,502)	

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

January 1 to June 30, 2024

Attached table 6

Unit: Unless otherwise stated, NTD Thousand

No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			The ratio of consolidated total income or assets (Note 3)
				Title	Amount	Terms and conditions	
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	\$ 54,940	Note 4	8.69%
1	POWER LOGIC TECH. INC	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	18,686	Note 4	0.69%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	79,809	Note 4	12.62%
2	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	41,276	Note 4	1.52%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Sales revenue	98,567	Note 4	15.58%
3	DONG GUAN DONG LI DIAN ZI CO. LTD	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	3	Accounts receivable	81,205	Note 4	2.98%
4	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	DONG GUAN DONG LI DIAN ZI CO. LTD	3	Sales revenue	21,782	Note 4	3.44%
4	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	DONG GUAN DONG LI DIAN ZI CO. LTD	3	Accounts receivable	17,019	Note 4	0.63%
4	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Sales revenue	212,578	Note 4	33.61%
4	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Accounts receivable	142,279	Note 4	5.23%
4	Taiyi (Jiangxi) Electronic Technology Co., Ltd.	SUNNY SHARP INTERNATIONAL LIMITED TAIWAN BRANCH (BVI)	3	Financial expenses	20,609	Note 4	3.26%

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
January 1 to June 30, 2024

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.)	\$ -	\$ -	\$ -	\$ -	\$ 1,954	100	\$ 1,734	\$ 180,516 (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.)	-	-	-	-	(10,524)	100	(14,289)	130,658	-	
Taiyi (Jiangxi) Electronic Technology Co., Ltd.	Production and sale of cooling fan	688,394 (CNY 150,000)	2 (UNITED STRATEGY INC.)	-	-	-	-	30,250	100	29,952 (Note 4)	1,109,385 (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.

Note3: 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
June 30, 2024

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	17.72%

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.