**Stock Code: 6126**

信音企業股份有限公司

SINGATRON ENTERPRISE CO., LTD.

# 2023
# Annual Report

Date of publication: April 9, 2024

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Website of the Market Observation Post System: http://mops.twse.com.tw

This English version is prepared based on the Chinese version and is for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

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V. Name of the offshore exchange where the Company's securities are listed and the method by which to access information on the offshore securities: not applicable.

VI. Company website:

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Appendix 1. 2023 Consolidated Financial Statements and Independent Auditor's Report
Appendix 2. 2023 Standalone Financial Statements and Independent Auditor's Report

## One. Letter to Shareholders

Good day, ladies and gentlemen,

On behalf of the Board of Directors and all employees, I would like to thank all shareholders for your support and love for the Company. I would also like to report the results of the Company's operations for the year 2023 and the business plan for the year 2024.

### I. 2023 business report

#### 1. Implementation results of business plan

In 2021, the Company repositioned its market development strategy as [WECAN], where [W] represents the Company's special product series of waterproof connector products, [E] represents new energy product applications, [C] represents consumer electronics applications, [A] represents automotive electronics applications, and [N] represents notebook computer product applications. The Company's future market development direction will be to expand the market of [W] waterproof connector products and actively develop towards [E] new energy and [A] automotive electronics applications. The Company's revenue percentage for [E] new energy and [A] automotive electronics applications has grown year over year and climbed to 22.8% in 2022. In 2023, due to factors such as the de-stocking of electric bicycles by brand customers and the decline of the export market due to fierce competition among solar energy customers in China, the revenue of the Company's "E" new energy and "A" automotive electronics products applications declined, and the proportion of revenue fell to 19.6%.

Description of the Company's consolidated operating results for 2023: In recent years, the Company has been committed to transforming its business in the application markets of the [E] new energy and [A] automotive electronics industries. However, 2023, the four major application markets of the [E], [C], [A] and [N] products were simultaneously affected by global inflation, geopolitical factors, and the inventory reduction of the consumer electronics and bicycle industries, resulting in a significant decline in the demand for the relevant application industries. However, due to the exchange rate of RMB against USD, the significant depreciation and the Company's inventory management efficiency reversing the loss of allowance for slow inventory were positive to the gross profit margin and affected the overall gross profit margin to increase, the overall gross profit margin increased, while the operating expense ratio increased due to the decline in revenue. In summary, the Group's consolidated revenue declined by 11.3% from the previous year; the consolidated gross margin in the financial statements was higher than the previous year, from 26.1% in 2022 to 27.5% in 2023, with a slight decline in operating profit margin and a roughly flat after-tax net interest rate. In Q3 2023, the successful listing of the subsidiary in China on the Shenzhen GEM A-share market and the issuance of additional shares, the Company's shareholding ratio in the said subsidiary decreased from 81.89% to 61.20%, the net profit margin attributable to owners of the parent company fell from 5.7% in 2022 to 5.2% in 2023, and there was a small decline in profitability as compared to that of the previous year, as shown in the following table.

(Unit: Thousand NTD, except earnings per share)

| Item | 2023 | | 2022 | | Difference | |
|---|---|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage | Amount | Growth rate |
| Operating revenue | 3,451,730 | 100.0% | 3,892,540 | 100.0% | (440,810) | -11.32% |
| Operating gross profit | 947,952 | 27.5% | 1,014,996 | 26.1% | (67,044) | -6.61% |
| Operating expenses | (649,089) | -18.8% | (675,268) | -17.4% | 26,179 | NA |
| Operating profit | 298,863 | 8.7% | 339,728 | 8.7% | (40,865) | -12.03% |
| Non-operating income and expenses, net | 34,203 | 1.0% | 62,179 | 1.6% | (27,976) | -44.99% |
| Net profit (loss) before tax | 333,066 | 9.7% | 401,907 | 10.3% | (68,841) | -17.13% |
| Income tax expense | (69,634) | -2.1% | (105,952) | -2.7% | 36,318 | NA |
| Net profit (loss) after tax | 263,432 | 7.6% | 295,955 | 7.6% | (32,523) | -10.99% |
| Net profit (loss) attributable to owners of the parent company | 177,777 | 5.2% | 222,508 | 5.7% | (44,731) | -20.10% |
| EPS (Unit: NTD) | 1.52 | | 1.85 | | -0.33 | |

2. Profitability and analysis of important financial ratios

In 2023, compared with the previous year, the consolidated total assets and the parent company's net equity increased significantly due to the China subsidiary's listing of A-shares on GEM of Shenzhen Stock Exchange Q3 and the issuance of additional shares to obtain significant funds. The shareholding ratio declined, resulting in consolidated debt ratio declining significantly in 2023, the current ratio and quick ratio increased significantly, the return on assets and return on equity declined significantly, and the net profit margin declined slightly. Overall, the overall financial health will become more stable.

| Analysis item \ Year | | 2023 | 2022 |
|---|---|---|---|
| Capital structure | Debt to assets ratio (%) | 33.42% | 51.82% |
| Solvency | Current ratio (%) | 483.19% | 183.22% |
| | Quick ratio (%) | 453.32% | 156.74% |
| Profitability | Return on assets (%) | 3.01% | 5.51% |
| | Return on equity (%) | 7.68% | 14.50% |
| | Net profit margin (%) | 5.15% | 5.72% |

3. Budget execution

In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company has not disclosed financial forecast information for 2023 and is not required to disclose budget execution and analysis information for 2023.

4. R&D status

(1). R&D expenditures for the last two years

(Unit: Thousand NTD)

| Year | 2023 | 2022 |
|---|---|---|
| Operating revenue | 3,451,730 | 3,892,540 |
| R&D expenses | 123,298 | 137,965 |
| As a percentage of revenue for the year (%) | 3.57% | 3.54% |

(2). R&D results

The Company has been dedicated to the connector business for more than 40 years and has been insisting on independent innovation in R&D technology, focusing on in-depth research on connector R&D and manufacturing technology, and forming an innovative mechanism combining forward-looking research and application-oriented research. The Company's core technologies have unique competitive advantages and broad application prospects in the industry. The efficient R&D system, rich technical repository and manufacturing and automation advantages enable the Company to analyze the manufacturing feasibility and process improvement for customers' product requirements, and provide corresponding support for customers' new product development, which effectively enhances the Company's overall service capability and customer adhesion. In recent years, our marketing and R&D programs have gradually transformed and expanded our products into [E] new energy and [A] automotive electronics and server applications. In December 2020, the Company became one of the first manufacturers in the world to obtain USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certification. For three consecutive years, the Company ranked at the top of the number of USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certifications. In Q2 2023, we will develop new ddr5 DIMM socket products and continue to achieve remarkable results in product innovation.

The Company will continue to improve its competitiveness by providing customized design services and satisfying customers' needs in order to move towards sustainable business operations.

R&D plans and results for 2023 are as follows:

| Item | Industry | R&D project name | R&D project content | Progress |
|---|---|---|---|---|
| 1 | Notebook computer 【N】 | Double SMT pin Type-C connector | This product greatly reduces the physical size, which is 1/3 times that of the traditional USB, and can be used in short, thin and light computers. The breaking strength is required to be over 10Kgf. The product is designed in one piece and adopts the I/M method. The metal shell is made of high-strength stainless steel. The two shells are welded together by laser welding. | Trial production stage |
| 2 | Notebook computer 【N】 | Two-color LED light RJ connector | In order to be able to see the network connection state (normal connection and network error), the LED light will display two different colors as a reminder. Two LED lights are placed on both sides of the product, and the LED lights are fixed by thermal melting. A cap is added to the top of the product for the convenience of customers. | Mass production stage |
| 3 | Consumer electronics 【C】 | Waterproof audio connector | The product itself needs to be able to achieve IP67 waterproof, and can be placed in a thin model and a limited space, and its function and strength must also meet the customer's requirements. In response to these requirements, the product terminals are inserted into the terminals from the tail end with plastic covers filled with waterproof silicone to achieve the waterproof requirement. | Design stage |
| 4 | Consumer electronics 【C】 | Raised USB 3.0 connector | The traditional USB3.0 product height is only 3.1mm. Due to customer requirements, the product height must be increased to 5.0mm or more, and meet the 350g strength test standard of the KICK TEST. Therefore, we have developed a raised product. Through the ingenious structural design and precision manufacturing process, the product not only meets the USB3.0 requirements of the Association, but the customer's product strength requirements. | Mass production stage |
| 5 | Notebook computer 【N】 | Low voltage molded power connector | The product is a wire welding type with a current of 20A. To ensure that the product can withstand large currents, the product design has been adjusted to use a multi-point contact method that is balanced to ensure reliable contact. The welding wire is fixed with a low-voltage type method at the wire bonding point, hence it will not be disconnected. | Mass production stage |
| 6 | Notebook computer 【N】 | Spring type battery connector | This product is used as the battery interface on the notebook. This product has 12 terminals, which are designed in the form of spring-flap contact to ensure a wide contact area. The positive and negative terminals of the product are designed with double contacts. The signal terminal is designed with single contact. There is a metal locking piece on the outside, which can firmly lock the male end for reliable contact. | Trial production stage |
| 7 | Consumer electronics 【C】 | Spring type battery connector | The product space is limited, so it is designed with double spring pieces to meet the flexibility requirements and reliable contact. Embedding a metal frame into the plastic part enhances the tolerance of the plastic frame and effectively prevents plastic deformation before and after the baking process. This can prevent the structural deformation of the product from affecting customers' application. | Mass production stage |
| 8 | Consumer electronics 【C】 | Interface connector for blood glucose meter | This product is a 10P product, dual SMT type, can have an automatic eject function, and 10 flexible contacts are in contact with the contact points of the test paper, because the service life in the hospital is more than 150,000 times. In the product design, the terminals are narrow at the front and wide at the back, using high conductivity copper with good flexibility. When the patients complete the self-test, they do not need to touch the test strips. The product has a pop-up design that allows the test strips to be automatically withdrawn from the product to protect the user. | Trial production stage |

| | | | | |
|---|---|---|---|---|
| 9 | Consumer electronics<br>【C】 | Power charging connector | This product needs to meet the current 15A in order to pass the 20V/15A temperature rise test. The positive and negative terminals are made of copper with high conductivity and low contact resistance. The contact area of the positive and negative terminals is plated with thick gold. The positive and negative terminals are divided into two parts. The contact area is plated with brushed gold for reliable plating. | Trial production stage |
| 10 | Notebook computer<br>【N】 | Circular arc audio connector | Customers have special requirements for the appearance of the whole machine. Some of them are arc-shaped and beautiful in appearance. This product is designed in the form of a circular arc as required to match the customer's enclosure. The contact type of the product is designed as CMLR. During the insertion process, the terminals do not touch each other, which can prevent cross-flexing. | Mass production stage |
| 11 | Automotive electronics<br>【A】 | M8 series IP69K connection cable | The product has reached IP69K, can be operated for at least 1,000H in high temperature and high humidity (85℃, 95%RH) environment without abnormality, and can pass mechanical impact and gravel impact. | Trial production stage |
| 12 | New energy<br>【E】 | High current PCB solder terminal | The interior of the product uses highly conductive materials and structures, which can effectively reduce circuit resistance and voltage drop while dissipating heat.<br>In addition, the product and PCB are welded to enable the product and PCB to be accurately and evenly fused together. This way, the product can provide safe and reliable electrical connection in harsh environments to ensure the normal operation and stability of the system. | Sampling stage |
| 13 | New energy<br>【E】 | Outdoor display waterproof connector | The connection between the connector and the display screen must be sealed. The waterproof level needs to reach IPX7 to prevent water ingress and moisture and affecting the function.<br>The wire plug is designed with a rotary latching structure and is aligned with the receptacle connector to form a locking mechanism to meet the need. This ensures that the connector does not come loose when the wire is shaken and pulled during use.<br>The male and female of the product can be locked by manually rotating the nut manually and pulling back the shell of the cable end connector when they are inserted into the respective positions. | Trial production stage |
| 14 | New energy<br>【E】 | Photovoltaic energy storage multiplex communication modular connector | The products passed the "stop-and-return" of the locked position and anti-loosening gaskets to meet the functional requirements of the customers and prevent the water seepage of the customer's chassis. The process is simple and the cost is low.<br>The shell uses an O-ring to achieve the waterproof level of the product. At the same time, it is snap-locked to ensure dimensional stability, no deformation, and low cost.<br>The product can be locked with a crisp click which is easy to operate and has stable signal transmission. | Trial production stage |
| 15 | New energy<br>【E】 | New fiber optic connector | The product can be locked after inserting the matching male and female products in place. The cable connector shell can be unlocked by rotating it which is easy to operate, making it more convenient than the traditional screw locking method . | Trial production stage |
| 16 | Automotive electronics<br>【A】 | Development of waterproof high-current charging port for electric motorcycles | Product size to meet customer specified needs, plug and socket independent state to meet the waterproof, plug into the power also need to meet the waterproof IPX7, the use of current 120A, peak 150A 20S life 10,000cycles. | Trial production stage |
| 17 | Notebook computer<br>【N】 | 16K Life Type-C PLUG Connector | The product must meet the customer's life 16K requirements, during the test according to the customer's number of times to stop and record the plugging and unplugging information and records to remove the measurement LLCR and then reverse the plugging and unplugging until after life and TID certification is also required. | Testing stage |
| 18 | Notebook computer<br>【N】 | 240W Type-C PLUG Connector | According to the customer's demand, it needs to meet 16AWG welding, voltage 48V, current 5A and all designs need to meet the association and demand TID certification. | Mass production stage |

II. Outline of 2024 business plan

1. Management Guidelines

The vision, mission and management philosophy of the Company are as follows:
Vision: To be the preferred connector solution provider in the industry
Mission: To build a healthy and efficient team to accomplish the mission
Business philosophy: “Innovation, Service, Efficiency”

The Company focuses on its core business, researching, developing and producing various electronic connection products, providing customers with high quality, accurate delivery and competitive prices. Through the efforts and dedication of all employees, the Company has gained a good reputation and credibility in the industry. At the same time, we continue to upgrade our smart manufacturing capabilities to provide better services to our customers and develop new markets with high added value.

2. Estimated sales volume and basis

| Main product category | Estimated sales targets of the Consolidated Group |
|---|---|
| | Volume (K pcs) |
| Electronic module products | 4,780 |
| Connectors segment | 384,000 |

3. Important production and sales policies

(1) On the one hand, continue to actively expand our business in the global market, develop new products for new customers in new markets, and focus our business development on four major product applications, including new energy applications, consumer electronics applications, automotive electronics applications, notebook computers and server products applications; and effectively manage our performance by target management. In addition, we will continue to increase our sales channels through distributors in the U.S., Asia, and Europe to establish an overall sales and marketing network.

(2) Improve our ability to control orders and optimize plant scheduling, and enhance the flexibility of supply chain delivery and production and sales coordination on the plant-side in order to meet customer needs in a timely manner in response to changes in the global economic environment, and to control and reduce the risk of inventory slow moving and shorten inventory turnover days.

(3) Actively develop new products, such as DDR5 DIMM Socket, expand the breadth of sales products and open up new markets; apply for USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certification to raise the entrance barrier for competitors; strengthen the technical capabilities of waterproof products; continue to improve the competitiveness of waterproof products and establish market segmentation.

(4) Improve the automation capability and degree of factory equipment, reduce labor costs, and increase production efficiency; strengthen the technological capabilities of stamping, injection molding, mold parts finishing and other processes, and continuously improve the competitiveness at the technical level; introduce factory intelligent manufacturing, manufacturing execution system (MES) to improve factory digital management.

(5) The Group shall continue to work on green production quality operations, green procurement, efficient energy management measures for equipment, the construction of a transitional research and development of a supply chain of recycled raw materials and low-carbon materials, the disclosure of carbon inventory information in the supply chain, renewable energy and solar power generation devices, and energy-saving and waste-reducing environmental protection facilities to initiate actions for sustainable management of the Company.

(6) Strengthen vertical integration with upstream and downstream manufacturers, deepen the relationship between the upstream and downstream supply chains through investment or various commercial cooperation, and enhance industrial competitiveness and economies of scale.

III. Future development strategy of the Company

Connectors are key components of end-use products in the electronics industry. In recent years, the global connector market has continued to grow due to the continued development of the automotive electronics, new energy application industry, 5G communication industry, computer peripheral and server industry, consumer electronics and other downstream industries. According to statistics, the global industrial connector market scale is expected to expand at a compound annual growth rate of 6.8% from 2023 to 2028, reaching USD 8.7 billion by 2028, mainly due to the wider use in industrial automation, robotics, and other advanced technology areas. At present, Type-C has become the mainstream in the market. As notebooks move towards slim and light, the socket and connection ports are reduced, and the demand for notebooks and tablets has greatly increased the penetration rate of the next-generation Type-C. AI has become the world's hottest topic. In addition, there are 5G, electric vehicles, self-driving cars, meta-verse and other fields will continue to drive the expansion of the data center and server market demand, and Intel, AMD and other processor manufacturers has begun to fully support USB4 high-speed transmission applications market. Apple has also joined to support the ranks of the USB4 specifications, and the USB4 is only used in the USB Type-C connector, which is the next wave of the growth of the USB Type-C connector market momentum. In 2023, due to factors such as the U.S. Federal Reserve's violent interest rate hike and destocking, the consumer electronics industry was weak. With the rise of generative AI, inventory adjustment was drawing to a close, as well as the Fed's cycle of interest rate hikes. The rapid rise of AI servers and the global demand for electric vehicles continued to drive the demand for high-speed data transmission interface, high-current and high-voltage transmission lines for connectors. In particular, electric vehicles, aerospace, green energy, industrial applications and other industries continued to grow in 2023. The second half of 2024 is expected to be better than the first half, and the recovery of the economy will prompt the growth momentum of the connector group. There will always be demand for connectors in the market. In particular, AI applications require high-speed data transmission. High-speed transmission chips, transmission interface connectors, memory and thermal modules will all undergo upgrades in specifications, which means the arrival of new business opportunities. The Company's market development strategy is closely related to the application and development trends of the global electronics industry and connector products, and there is broad room for growth in the future.

Future business direction and development goals:

1. Build a management team featuring "leading technology, outstanding production, customer satisfaction, shareholders' satisfaction, and employees' enthusiasm".
2. Provide excellent service to customers: Through the Company's research and development innovation, provide customers with high-quality products and excellent service.
3. Strengthen strategic cooperation or integration with upstream and downstream: Seek strategic partners to strengthen cooperation or integration to enhance the integrated efficiency or technology improvement or cost reduction in the market on the customer side.
4. Leash out the potential of each employee: The company will create a caring, challenging and rewarding work environment to inspire team assistance, work motivation and growth potential of each employee.
5. Create further value for shareholders: As a growth- and sustainability-oriented enterprise, the Company will take continuous growth of revenue and profit as the goal to maximize the interests of shareholders.
6. Continue to promote the Company's ESG program: We will do our best to contribute to the sustainability of society and the environment, and continue to promote corporate governance, sustainable development, energy saving and carbon reduction, and fulfill corporate social responsibility.

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

(1) The Company operates in a mature industry. Competition among the industry peers by low prices and the continuous price reduction pressure from customers have reduced profit margins. The Company will continue to focus on the products and application industries of the above-mentioned market development strategies, strengthen the operational efficiency and service quality to customers, and expand its overseas market territory. In terms of products, we are developing towards niche waterproof application products, high-frequency and high-speed products with high added value, and in terms of application industries, we are developing for automotive electronics and new energy application industries to continuously improve our competitiveness.

(2) We will strengthen our plant automation, manufacturing and engineering technical capabilities to reduce the risk of rising labor costs.

(3) Establish a technology center, and continue to focus on and invest resources in new product and industry R&D transformation, and R&D technology talent enhancement. Proactively advance into diversified product applications and development.

(4) We are concerned about the risks and impacts of changes in labor, environmental and tax laws and regulations of the Group's subsidiaries and the global economic situation that may cause fluctuations in foreign currency exchange rates on our operations, and respond to them as soon as possible.
(5) Global corporate information security incidents are frequent. With the high reliance of global enterprises on information technology, a serious information security incident may affect the normal operations of the Company. As such, the Company will also strengthen the Group's information security software and hardware to reduce the risk of information security incidents.
(6) In view of the fact that the Group's production is currently limited to China, and there is a risk of concentration of production capacity in one single location, the Group will evaluate the establishment of a second production base in Southeast Asian countries to reduce the risk of production concentration.

Once again, we would like to thank our shareholders for your support, and the management team and all employees of SINGATRON will continue to work hard to meet the expectations of our shareholders.

Chairperson: Hsin-Nan Kan President: Peng-Huang Peng Head of accounting: Rui-Chen Hu

Two. Company Profile

(I) Date of establishment: August 25, 1976

(II) Company History

| Date | Important Events |
|---|---|
| August 1976 | Founded with a paid-in capital of NT$1,350 thousand, located in Hukou Township, Hsinchu County and engaged in the production of various connectors and sockets. |
| January 1978 | Increased capital by cash of NT$3,650 thousand, resulting in paid-in capital of NT$5 million after the capital increase. |
| July 1984 | Increased capital by cash of NT$5 million for business expansion, resulting in paid-in capital of NT$10 million after the capital increase. |
| June 1985 | Developed and produced computer connectors and expanded product lines to include information products. |
| December 1986 | Increased capital by cash of $10 million, resulting in paid-in capital of NT$20 million after the capital increase. |
| January 1995 | Passed ISO 9002 international quality certification. |
| December 1995 | Increased capital by cash of $40 million, resulting in paid-in capital of NT$60 million after the capital increase. |
| November 1998 | Increased capital by cash of $60 million, resulting in paid-in capital of NT$120 million after the capital increase.<br>Invested in Chung Shan Lung Tais Hing Electroplating Co., Ltd. to ensure the quality of product electroplating. |
| March 1999 | Invested in Singatron Electronics Enterprise Co. to establish overseas presence. |
| April 1999 | Invested and established Singatron Enterprise (BVI) Co. to enter the Mainland China market. |
| June 1999 | Developed and produced special connectors for communication and the Company officially entered the 3C field. |
| September 1999 | Moved in the new office and plant building in Hukou upon completion of construction. |
| November 1999 | Public offering of shares as approved by the Securities and Futures Commission, Ministry of Finance. |
| December 1999 | Increased capital from earnings of $60 million and by cash of $10 million, resulting in paid-in capital of NT$190 million after the capital increase. |
| May 2000 | Invested in a new plant in Zhongshan, Guangdong, with ground breaking for construction. |
| July 2000 | Increased capital from earnings of $77.8 million and by cash of $32.2 million, resulting in paid-in capital of NT$300 million after the capital increase. |
| July 2001 | Increased capital from earnings of $77.5 million, resulting in paid-in capital of NT$377.5 million after the capital increase. |
| August 2001 | Passed ISO14001:1996 environmental management system certification. |
| January 2002 | The Company's shares were listed on Taipei Exchange on January 18, 2002. |
| February 2002 | Invested in a new plant in Zhongshan, Guangdong, with completion of construction and release to operations.<br>Invested in Suzhou Singatron and started production. |
| September 2002 | Increased capital from earnings of $42.5 million, resulting in paid-in capital of NT$420 million after the capital increase. |
| May 2003 | Passed SONY GP environmental management system audit. |
| September 2003 | Increased capital from earnings of $30 million, resulting in paid-in capital of NT$450 million after the capital increase. |
| December 2003 | Passed ISO9001:2000 environmental management system certification. |
| September 2004 | Increased capital from earnings of $50 million, resulting in paid-in capital of NT$500 million after the capital increase. |
| April 2005 | Reduced capital by treasury stock of $20 million, resulting in paid-in capital of NT$480 million after the capital reduction.<br>Complete the construction of the structure of the new Suzhou Singatron plant. |
| August 2005 | Increased capital from earnings of $27 million, resulting in paid-in capital of NT$507 million after the capital increase. |
| November 2005 | Reduced capital by treasury stock of $6 million, resulting in paid-in capital of NT$501 million after the capital reduction. |
| December 2005 | Passed ISO14001:2004 environmental management system revision certification. |
| January 2006 | Passed the OHASA-18001:1999 occupational safety and health management system certification. |
| March 2006 | Reduced capital by treasury stock of $18 million, resulting in paid-in capital of NT$483 million after the capital reduction. |
| September 2006 | Increased capital from earnings of $67 million, resulting in paid-in capital of NT$550 million after the capital increase. |
| October 2006 | Issued NT$500 million of the 1st domestic unsecured convertible bonds. |
| January 2007 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$563,235,740 after conversion. |
| May 2007 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$580,471,520 after conversion. |
| July 2007 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$592,426,500 after conversion. |
| September 2007 | Increased capital from earnings and capital surplus of $1,101,375,430, resulting in paid-in capital of |

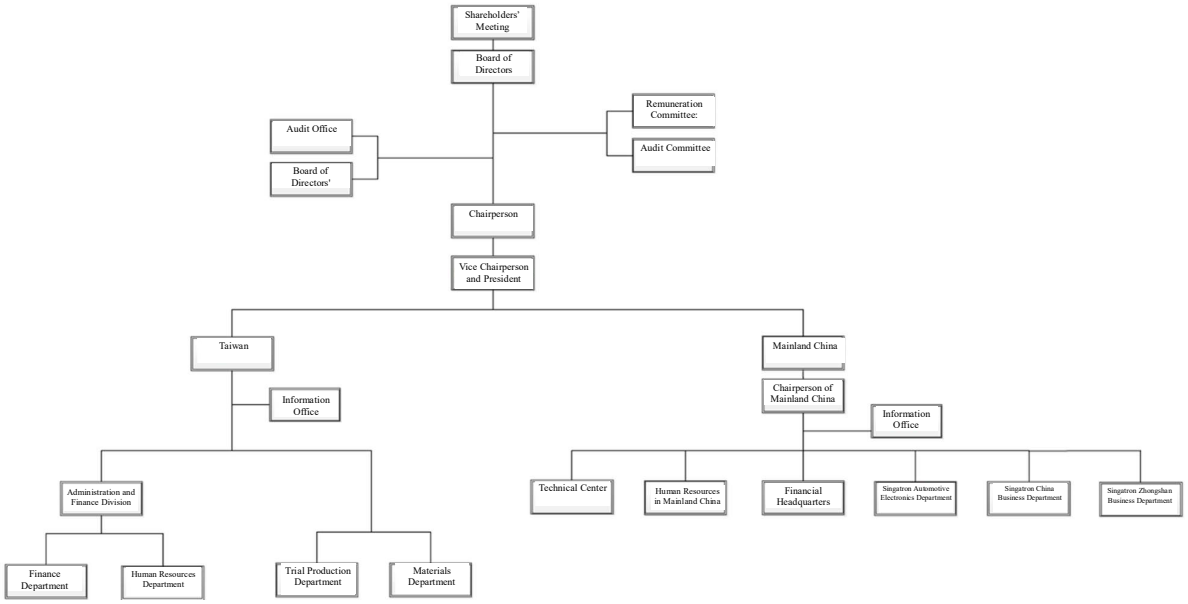
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| | NT$693,801,930 after the capital increase. |
| November 2007 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$694,004,170 after conversion. |
| January 2008 | Singatron Enterprise (BVI) Co., Ltd. invested in Singatron (Hong Kong) International Holding Ltd. to adjust its investment structure in Mainland China. |
| June 2008 | Invested in Shin Ying Investment Co., Ltd. |
| July 2008 | Singatron Electronic (Zhongshan) Co., Ltd. expanded its production line in Nanlang. |
| September 2008 | Increased capital from earnings of $103,320,540, resulting in paid-in capital of NT$797,324,710 after the capital increase. |
| October 2008 | Established Yancheng Branch of Singatron Electronic (Suzhou) Co., Ltd.<br>Redeemed all of the 1st domestic unsecured convertible bonds.<br>Invested in SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| December 2008 | Completed the construction of the third phase of the plant of Singatron Electronic (Suzhou) Co., Ltd.<br>Dongguan Singatron Plastic Hardware Co., Ltd. merged with Singatron Electronic (Zhongshan) Co., Ltd.<br>Reduced capital by treasury stock of $7 million, resulting in paid-in capital of NT$790,324,710 after the capital reduction. |
| January 2009 | Reduced capital by treasury stock of $35 million, resulting in paid-in capital of NT$755,324,710 after the capital reduction. |
| February 2009 | Singatron (Hong Kong) International Holding Ltd. transferred 75% of the shares of Singatron Electronic (Zhongshan) Co., Ltd. to Singatron Electronic (Suzhou) Co., Ltd. |
| August 2009 | Increased capital from earnings of $43,519,480, resulting in paid-in capital of NT$798,844,190 after the capital increase.<br>Singatron (Hong Kong) International Holding Ltd. increased the capital of Singatron Electronic (Suzhou) Co., Ltd. by cash of US$2 million. |
| October 2009 | Sold 13.2% equity interest in Singatron Electronic (Suzhou) Co., Ltd. |
| March 2010 | Established Taizhou Branch of Singatron Electronic (Suzhou) Co., Ltd. |
| April 2010 | Singatron Electronic (Suzhou) Co., Ltd. was restructured and renamed SINGATRON Electronics (China) Co. Ltd. |
| August 2010 | Increased capital from earnings of $153,768,830, resulting in paid-in capital of NT$952,613,020 after the capital increase. |
| November 2010 | Shin Ying Investment Co., Ltd. filed for liquidation. |
| December 2010 | Singatron (Hong Kong) International Holding Ltd. increased the capital of Chung Shan Lung Tais Hing Electroplating Co., Ltd. by cash of US$600 thousand.<br>Chang Wang Enterprise Co., Ltd. completed the liquidation procedures.<br>SINGATRON Electronic Enterprise Co., Ltd. changed its name to SINGATRON Investment Co., Ltd. |
| February 2011 | Reduced capital by treasury stock of $13 million, resulting in paid-in capital of NT$939,613,020 after the capital reduction. |
| March 2011 | Singatron (Hong Kong) International Holding Ltd. increased the capital of Chung Shan Lung Tais Hing Electroplating Co., Ltd. by cash of US$500 thousand. |
| August 2011 | Increased capital from earnings and capital surplus of $93,961,300, resulting in paid-in capital of NT$1,033,574,320 after the capital increase. |
| September 2011 | SINGATRON Electronics (China) Co. Ltd. established a subsidiary, Suzhou Singatron Connector Co., Ltd.<br>Singatron Electronic (Zhongshan) Co., Ltd. established a subsidiary, Chung Shan Singatron Connector Co., Ltd. |
| April 2012 | Increased the capital of Chung Shan Lung Tais Hing Electroplating Co., Ltd. by cash of US$700 thousand. |
| August 2012 | Increased capital from earnings and capital surplus of $103,357,430, resulting in paid-in capital of NT$1,136,931,750 after the capital increase. |
| March 2013 | SINGATRON Electronics (China) Co. Ltd. established a subsidiary, Singatron Enterprise Co., Ltd.(SJ). |
| November 2013 | SINGATRON Electronics (China) Co. Ltd. established a subsidiary, Singatron Electronic (Leshan) Co., Ltd. |
| January 2014 | Launched the waterproof connector brand "SGConn." |
| September 2014 | Obtained ISO/TS16949:2009 quality management certification. |
| November 2014 | Singatron (Hong Kong) International Holding Ltd. disposed of 100% equity interest in Chung Shan Lung Tais Hing Electroplating Co., Ltd. |
| January 2015 | SINGATRON Electronics (China) Co. Ltd. was listed on the National Equities Exchange And Quotations System in Mainland China. |
| March 2016 | The 2nd domestic secured convertible bonds were listed for trading. |
| November 2016 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,161,740,460 after conversion. |
| May 2017 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,163,707,580 after conversion. |
| August 2017 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,181,193,750 after conversion. |
| September 2017 | SINGATRON Electronics (China) Co. Ltd. established a subsidiary, Suzhou Singatron Auto Co., Ltd. |
| November 2017 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,203,816,490 after conversion. |
| December 2017 | Singatron Electronic (Leshan) Co., Ltd. completed the deregistration procedures. |
| February 2018 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,204,350,060 after |

| | |
|---|---|
| | conversion. |
| May 2018 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,256,165,760 after conversion. |
| July 2018 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,237,315,760 after the capital reduction. |
| September 2018 | Corporate bonds converted into common stock and increased capital from earnings, resulting in paid-in capital of NT$1,299,077,740 after the conversion and the capital increase. |
| December 2018 | Corporate bonds converted into common stock, resulting in paid-in capital of NT$1,366,504,260 after conversion. |
| February 2019 | Corporate bonds converted into common stock and reduced capital from earnings, resulting in paid-in capital of NT$1,358,963,480 after the conversion and the capital reduction. |
| March 2019 | The 2nd domestic secured convertible bonds were delisted from Taipei Exchange. |
| May 2019 | Corporate bonds converted into common stock and reduced capital from earnings, resulting in paid-in capital of NT$1,359,275,870 after the conversion and the capital reduction. |
| February 2020 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,318,395,870 after the capital reduction. |
| April 2020 | Established a special committee to examine the initial public offering of common stock in RMB (A shares) in China and application for listing on an overseas stock exchange by the Company's subsidiary, SINGATRON Electronics (China) Co. Ltd. |
| May 2020 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,268,395,870 after the capital reduction. |
| December 2020 | The trading of the shares of SINGATRON Electronics (China) Co. Ltd. on the National Equities Exchange and Quotations system in China was suspended. |
| June 2021 | SINGATRON Electronics (China) Co. Ltd. completed the filing of application for A-share listing on the Growth Enterprise Market of the Shenzhen Stock Exchange in China. |
| November 2021 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,227,625,870 after the capital reduction. |
| August 2022 | Progress of China IPO Application of SINGATRON Electronics (China) Co. Ltd.: The examination results of the listing Committee of the Growth Enterprise Market of the Shenzhen Stock Exchange of SINGATRON Electronics (China) Co. Ltd. (IPO): In compliance with the issue criteria, listing criteria and disclosure requirements. |
| September 2022 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,197,625,870 after the capital reduction. |
| November 2022 | Reduced capital by treasury stock, resulting in paid-in capital of NT$1,172,655,870 after the capital reduction. |
| November 2022 | Progress of China IPO Application of SINGATRON Electronics (China) Co. Ltd. Formally submitted to the Beijing Office of the China Securities Regulatory Commission for registration and entered the stage of registration examination by the China Securities Regulatory Commission. |
| May 2023 | Received "IPO Registration Approval of Singatron Electronic (China) Co., Ltd.'s" from China Securities Regulatory Commission. |
| July 2023 | SINGATRON Electronics (China) Co. Ltd. was officially listed on the A-share listing on the Growth Enterprise Market of the Shenzhen Stock Exchange in China. |
| August 2023 | Invested in the equity of Taisol Electronics Co., Ltd., a listed company, and became the major shareholder of Taisol Electronics with more than 10% of its shares. |
| November 2023 | Issued the 3rd domestic unsecured convertible bonds which were listed for trading. |

# Three. Corporate Governance Report

## I. Organizational System

### 1. Organizational Structure




### 2. Business activities of each major department

| Department | Business activities |
|---|---|
| Taiwan Finance Department<br>Financial Headquarters, Mainland China | (1) Responsible for the treasury, accounting, cashier and cost control of their respective regions. |
| | (2) Prepare short, medium and long term capital acquisition and deployment plans for their respective regions. |
| | (3) Responsible for the management of cash flow, exchange rate and interest rate for their respective regions. |
| | (4) Cashiering and banking transactions in their respective regions. |
| | (5) Responsible for the formulation of accounting policies and accounting estimates for their respective regions. |
| | (6) Book-keeping and tax handling for their respective regions. |
| | (7) Budget preparation, variance analysis and control for their respective regions. |
| | (8) Effective control of capital expenditure and evaluation of efficiency of capital expenditure for their respective regions. |
| | (9) To be responsible for the investment management in their respective regions. |
| Information Office of Taiwan<br>Information Office of Mainland China | (1) Information resource planning and management for their respective regions. |
| | (2) Maintaining and managing information network security in their respective regions. |
| | (3) Software project evaluation and implementation for their respective regions. |
| | (4) Software system design and development for their respective regions. |
| | (5) Integrated network construction and management for their respective regions. |
| Human Resources Department, Taiwan<br>Human Resources in Mainland China | (1) The planning and execution of the Company's organizational details for their respective regions. |
| | (2) Preparation of company management rules for their respective regions. |
| | (3) Human resources management and application for their respective regions. |
| | (4) Establish personnel rules and regulations, develop human resources, and build talent pools for their respective regions. |
| | (5) Responsible for education and training, talent development and implement the training plan for their respective regions. |
| | (6) Handle the matters related to salary, insurance, reward and punishment, promotion, lay-off, leave of absence and performance appraisal of all employees for their respective regions. |
| | (7) Implement the policies of on-boarding and replacement, employee recruitment and selection and so on for their respective regions. |
| | (8) Responsible for the supervision of matters related to public safety and health, occupational safety system training and public relations for their respective regions. |
| Technical Center | (1) Design and development of new connector products. |
| | (2) Search, development and introduction of new connector materials. |
| | (3) Establishment of new product specifications for connectors. |
| Singatron China Business Department | R&D, production and sales of connector products in Eastern China. |
| Singatron Zhongshan Business Department | R&D, production and sales of connector products in Southern China. |
| Singatron Automotive Electronics Department | R&D, production and sales of automotive electronics and waterproof connector products. |
| Trial Production Department, Taiwan | Trial production and inspection of electronic modularized products in Taiwan |
| Materials Department, Taiwan | Procurement, warehousing, and logistics related affairs management in Taiwan. |

II. Information on directors, president and officers of departments and branches

(I). Information on directors

1. Name of directors, education and work experience, shareholding and nature

04/9/2024 (the date for suspension of stock transfer) Unit: Shares; %

| Position | Nationality or place of registration | Name | Gender / Age | Date elected | Term of office | Date first elected (Note 2) | Shareholding while elected | | Current shareholdings | | Current shareholding by spouse and minor children | | Shareholding in the name of others | | Major education and work experiences (Note 3) | Concurrent positions in the Company and other companies now | Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company | | | Remarks (Note 4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | | | Position | Name | Relationship | |
| Chairperson | R.O.C. | KAN SHI INVESTMENT CO., LTD. | - | 2022.06.16 | 3 | 2023.06.20 | 7,764,829 | 6.33 | 7,764,829 | 6.17 | 0 | 0.00 | 0 | 0.00 | - | - | None | None | None | None |
| | R.O.C. | Representative: Hsin-Nan Kan | Male 71-80 Years old | 2022.06.16 | 3 | 2016.06.14 | 3,607,843 | 2.94 | 3,607,843 | 2.87 | 173,831 | 0.14 | 0 | 0.00 | Department of Accounting and Statistics, National Hsinchu Commercial Vocational High School Chairperson of SINGATRON ENTERPRISE CO., LTD. | Note 1 | Director Representative | Chih-Chiang Chu | Relative by marriage within 2nd degree of kinship | None |
| Vice - Chairperson | R.O.C. | Dong Yi Enterprise Management Co., Ltd. | - | 2022.06.16 | 3 | 2016.06.14 | 1,106,000 | 0.90 | 1,200,000 | 0.95 | 0 | 0.00 | 0 | 0.00 | - | - | None | None | None | None |
| | R.O.C. | Representative: Peng-Huang Peng | Male 61-70 Years old | 2022.06.16 | 3 | 2016.06.14 | 2,384,000 | 1.94 | 2,384,000 | 1.89 | 767,000 | 0.61 | 0 | 0.00 | MBA, Soochow University Vice Chairperson and President of SINGATRON ENTERPRISE CO., LTD. | Note 1 | None | None | None | None |
| Director | R.O.C. | ZHEN CHUN INVESTMENT CO., LTD. | - | 2022.06.16 | 3 | 2023.06.20 | 3,243,458 | 2.64 | 3,243,458 | 2.58 | 0 | 0.00 | 0 | 0.00 | - | - | None | None | None | None |
| | R.O.C. | Representative: Chien-Nian Chi | Male 71-80 Years old | 2022.08.04 | 3 | 2016.06.14 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Institute of Electrical Engineering, National Cheng Kung University Vice President of KINYO CO., LTD. | Senior Vice President of JONDER INDUSTRIES LTD. Supervisor of SINGATRON Electronics (China) Co. Ltd. | None | None | None | None |
| Director . | R.O.C. | KAN SHI INVESTMENT CO., LTD. | - | 2022.06.16 | 3 | 2023.06.20 | 7,764,829 | 6.33 | 7,764,829 | 6.17 | 0 | 0.00 | 0 | 0.00 | - | - | None | None | None | None |
| | R.O.C. | Representative: Chih-Chiang Chu | Male 61-70 Years old | 2022.06.16 | 3 | 2018.09.25 | 338,429 | 0.28 | 293,429 | 0.23 | 112,006 | 0.09 | 0 | 0.00 | Full-Term Class of Republic of China Military Academy Vice President of Chung Shan Lung Tais Hing Electroplating Co., Ltd. | Director of SINGATRON Electronics (China) Co. Ltd. | Chairperson Representative | Hsin-Nan Kan | Relative by marriage within 2nd degree of kinship | None |
| Independent director | R.O.C. | Chien-Liang Chen | Male 61-70 Years | 2022.06.16 | 3 | 2023.06.20 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | PhD. in Industrial Engineering, | Full-time Professor of National Tsing | None | None | None | None |

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| | | | old | | | | | | | | | | | | Wisconsin (Madison Campus), USA Full-time Professor of Department of Industrial and Systems Engineering, Chung Yuan University | Hua University Member of Remuneration Committee and Audit Committee, SINGATRON ENTERPRISE CO., LTD. | | | | |
| Independent director | R.O.C. | Hui-Chou Chen | Male 61-70 Years old | 2022.06.16 | 3 | 2018.06.11 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | EMBA, National Chengchi University Chairperson of SENYUN PRECISION OPTICAL CORPORATION | Note 1 | None | None | None | None |
| Independent director | R.O.C. | Kung-Chien Huang | Male 61-70 Years old | 2022.06.16 | 3 | 2022.06.16 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Vice President of Asset Management Department (Taipei), Commerzbank AG | Member of Remuneration Committee and Audit Committee, SINGATRON ENTERPRISE CO., LTD. | None | None | None | None |

Note 1,

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|---|---|---|
| Chairperson | Hsin-Nan Kan | Chairperson: KAN SHI INVESTMENT CO., LTD.<br>Director: SINGATRON(BVI)ENTERPRISE CO LTD, Singatron (Hong Kong) International Holding Ltd., SINGATRON Investment Co., Ltd. Singatron Electronic (China) Co., Ltd., Singatron Electronic (Zhongshan) Co., Ltd.,Suzhou Singatron Auto Co., Ltd. , SINGATRON TECHNOLOGY (HongKong) CO., LIMITED, FineLink Investment Holding (HK) Co., Limited. |
| Vice Chairperson | Peng-Huang Peng | Chairman of the Board of Directors: Dong Yi Enterprise Management Co., Ltd., Taisol Electronics Co., Ltd.<br>Director: Singatron Electronic (China) Co., Ltd. SINGATRON TECHNOLOGY (HongKong) CO., LIMITED, KINGSTATE ELECTRONICS CORP., Suzhou Singatron Auto Co., Ltd., Singatron Electronic (Zhongshan) Co., Ltd. MacroStar Investment Holding (HK) Co., Limited, Suzhou Zhou Quan Management Consulting Co., Ltd., Info-Tek Corporation, SUN RISE INFO-TEK HOLDING CO.,LTD, Info-Tek Electronics (Suzhou) Co., Ltd.<br>Independent director: GIGA-BYTE TECHNOLOGY CO., LTD.<br>President: SINGATRON ENTERPRISE CO., LTD., Suzhou Zhou Quan Management Consulting Co., Ltd.<br>Manager: Taisol Electronics Co., Ltd. |
| Independent director | Hui-Chou Chen | Chairperson: CHING HWA BIOTECH. CO., LTD.<br>Director: SENYUN PRECISION OPTICAL CORPORATION<br>Independent Director: Info-Tek Corporation, HUA JUNG COMPONENTS CO., LTD.<br>Members: Remuneration Committee of SINGATRON ENTERPRISE CO., LTD. and Audit Committee of SINGATRON ENTERPRISE CO. |

Note 2: Enter the time when the individual first became a director or supervisor of the Company. If there is any interruption, please make a note: Not applicable.

Note 3: For experience related to the current position, if the individual has worked for a certified public accountant firm or an affiliate during the above-mentioned reporting, please specify the title and responsibilities of the position: No such situation.

Note 4: If the chairperson and the President or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures: The Company's Chairperson and President are neither the same person nor spouses or relatives of each other within 1st degree of kinship.

2. Major shareholders of the corporate shareholder:

| Name of the corporate shareholder | Major shareholders of the corporate shareholder |
|---|---|
| KAN SHI INVESTMENT CO., LTD. | Hsin-Nan Kan (25%), Yi-Ling Chu (25%), Yi-Chun Kan (25%), Mei-Hua Gu (12.5%), Guo-Yun Chu (12.5%). |
| Dong Yi Enterprise Management Co., Ltd. | Peng-Huang Peng (100%) |
| ZHEN CHUN INVESTMENT CO., LTD. | Shi-Jian Wu (80%), Jin-Yin Chang (8%), Rui-Ping Hsu (6%), An-Li Cheng (3%), Feng-Yin Shu (3%). |

3. If the major shareholder of a corporate shareholder is a corporation, its major shareholder: Not applicable.

4. If the corporate shareholder is not a corporate organization: Not applicable.

5. Disclosure of professional qualifications of directors and independence of independent directors

| Criteria / Name | Professional qualifications and experiences | Status of independence | Number of other public companies in which the individual is concurrently serving as an independent director |
|---|---|---|---|
| Chairperson: Representative of KAN SHI INVESTMENT CO., LTD.: Hsin-Nan Kan | With more than 5 years of experiences in the areas required for Company's business and currently serving as the Chairperson of the Company and the Director of KAN SHI INVESTMENT CO., LTD.<br>Not a person with any of the circumstances under Article 30 of the Company Act. | 1. Not an employee of the Company or its affiliates.<br>2. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>3. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>4. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>5. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000. | None |
| Vice -Chairperson: Representative of Dong Yi Enterprise Management Co., Ltd.: Peng-Huang Peng | With more than 5 years of experiences in the areas required for Company's business and currently serving as the Vice Chairperson of the Company and the Chairperson of Dong Yi Enterprise Management Co., Ltd.<br>Not a person with any of the circumstances under Article 30 of the Company Act. | 1. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of the Company Act.<br>2. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>3. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>4. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>5. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>6. Not a person who has a spouse or relatives of the second degree of kinship with other directors. | 1 |
| Director: ZHEN CHUN INVESTMENT CO., LTD.<br>Representative: Chien-Nian Chi | With more than 5 years of experiences in the areas required for Company's business and currently serving as a director of the Company and the Senior Vice- President of JONDER INDUSTRIES LTD. | 1. Not an employee of the Company or its affiliates.<br>2. Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>3. Not a director, supervisor, or employee of other company. If a majority of the | None |

| | | | |
|---|---|---|---|
| | Not a person with any of the circumstances under Article 30 of the Company Act. | Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>4. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>5. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>6. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>7. Not a person who has a spouse or relatives of the second degree of kinship with other directors. | |
| Director: KAN SHI INVESTMENT CO., LTD.<br>Representative: Chih-Chiang Chu | With more than 5 years of experiences in the areas required for Company's business and currently serving as a director of the Company<br>Not a person with any of the circumstances under Article 30 of the Company Act. | 1. Not an employee of the Company or its affiliates.<br>2. Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>3. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>4. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>5. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>6. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000. | None |
| Independent director: Chien-Liang Chen | With more than 5 years of experiences in the areas required for Company's business and currently serving as a Full-time Professor of National Tsing Hua University<br>Not a person with any of the circumstances under Article 30 of the Company Act. | 1. Not an employee of the Company or its affiliates.<br>2. Not a director or supervisor of the Company or its affiliates.<br>3. Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>4. Not a managerial officer under (1) or a spouse, relative within the second degree of kinship or lineal relative by blood within the third degree of kinship under (2), (3).<br>5. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of the Company Act.<br>6. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person. | None |

| | | | |
|---|---|---|---|
| | | 7. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>9. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>10. Not a person who has a spouse or relatives of the second degree of kinship with other directors.<br>11. Not a person elected in the capacity of the government, a corporation, or a representative as provided in Article 27 of the Company Act. | |
| Independent director: Hui-Chou Chen | With more than 5 years of experiences in the areas required for Company's business, former Junior Manager of FAR EASTERN INTERNATIONAL BANK and currently serving as the Chairperson of CHING HWA BIOTECH. CO., LTD..<br>Not a person with any of the circumstances under Article 30 of the Company Act. | 1. Not an employee of the Company or its affiliates.<br>2. Not a director or supervisor of the Company or its affiliates.<br>3. Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>4. Not a managerial officer under (1) or a spouse, relative within the second degree of kinship or lineal relative by blood within the third degree of kinship under (2), (3).<br>5. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of the Company Act.<br>6. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>7. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>9. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>10. Not a person who has a spouse or relatives of the second degree of kinship with other directors.<br>11. Not a person elected in the capacity of the government, a corporation, or a representative as provided in Article 27 of the Company Act. | 2 |
| Independent director: Kung-Chien Huang | With more than 5 years of experiences in the areas required for Company's business, former Vice President of Asset Management Department | 1. Not an employee of the Company or its affiliates.<br>2. Not a director or supervisor of the Company or its affiliates.<br>3. Not a natural-person shareholder holding more than 1% of the total number of | None |

| | | | |
|---|---|---|---|
| | (Taipei), Commerzbank AG.<br>Not a person with any of the circumstances under Article 30 of the Company Act. | issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>4. Not a managerial officer under (1) or a spouse, relative within the second degree of kinship or lineal relative by blood within the third degree of kinship under (2), (3).<br>5. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of the Company Act.<br>6. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>7. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>9. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>10. Not a person who has a spouse or relatives of the second degree of kinship with other directors.<br>11. Not a person elected in the capacity of the government, a corporation, or a representative as provided in Article 27 of the Company Act. | |

6. Diversity and Independence of the Board of Directors.

(1) Diversity of the Board of Directors.

Based on the Company's corporate governance and diversity policy, the nomination of director candidates is based on the candidate nomination system in accordance with the Company's Articles of Incorporation. In addition to that, the number of directors who are also managerial officers of the Company should not exceed one-third of the number of directors, the Company shall formulate appropriate diversity policies with respect to its development needs and operating status, which should include but not be limited to the following criteria:

a、 Basic composition: Nationality, gender, age, and whether directors are also employees.

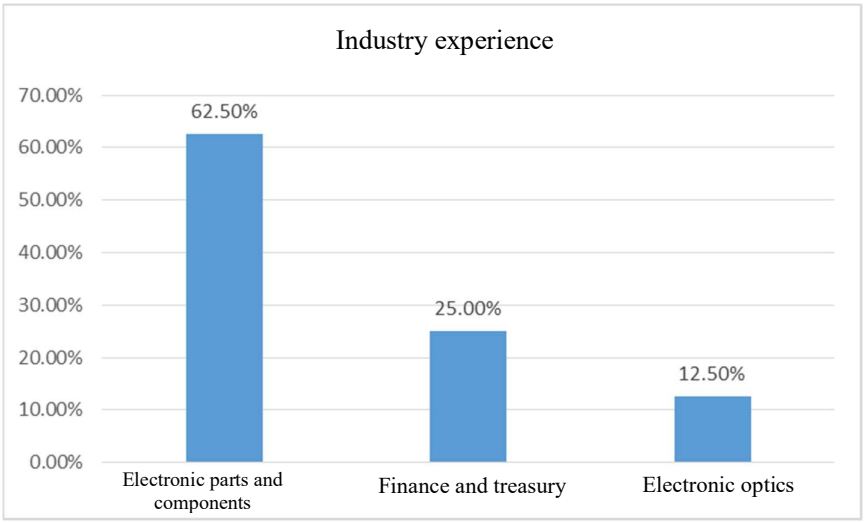
b、 Professional knowledge and skills: Industry knowledge, operational judgement ability, accounting and financial analysis ability, business management ability, crisis management ability, international market perspective, leadership ability, decision-making ability, etc.

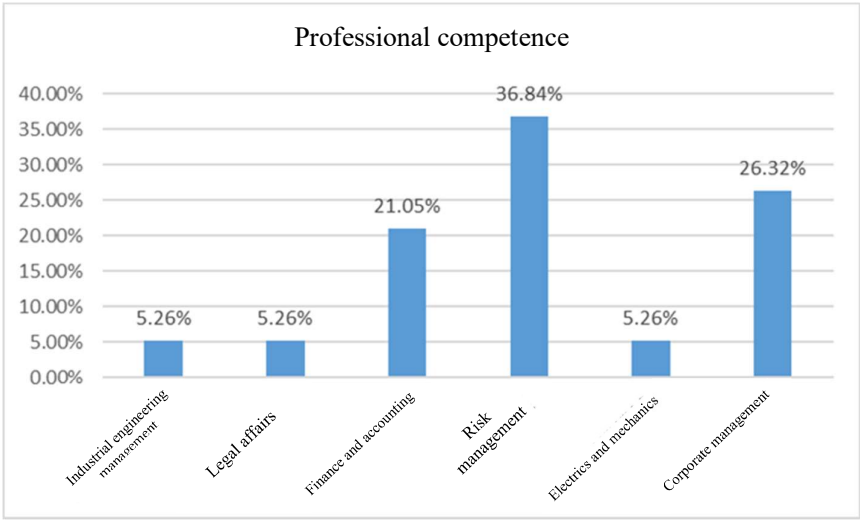
The 16th Board of Directors of the Company consists of seven directors. The specific objectives of the Board of Directors' diversity and the status of their achievement are as follows:

| Objective | Status of achievement |
|---|---|
| The number of directors who are also managerial officers of the Company should not exceed one-third of the number of directors | V |
| At least one independent director with financial or corporate management background | V |
| Adequate professional knowledge and skills | V |

The members of the Board of Directors of the Company shall formulate and implement a diversity policy. The Company's Board members are diversified and have experiences in the industries of electronic components, finance and treasury and electronic optics in order to meet the diversity policy for a sound structure of the Company's Board of Directors. Please refer to the following table for the industry experience and professional competence of the Board members.

| Diversity core / Name of director | Basic composition | | | | | | | | Industry experience | | | Professional competence | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nationality | Gender | With a position as an employee | Age | | Years of service as an independent director | | | Electronic parts and components | Finance and treasury | Electronic optics | Industrial engineering management | Legal affairs | Finance and accounting | Risk management | Electrics and mechanics | Corporate management |
| | | | | 61-70 years old | 71-80 years old | Less than 3 years | Less than 6 years | More than 9 years | | | | | | | | | |
| Representative of KAN SHI INVESTMENT CO., LTD.: Hsin-Nan Kan | R.O.C. | Male | - | - | V | - | - | - | V | - | - | - | - | V | V | - | V |
| Representative of Dong Yi Enterprise Management Co., Ltd.: Peng-Huang Peng | R.O.C. | Male | V | V | - | - | - | - | V | - | - | - | - | - | V | V | V |
| Representative of ZHEN CHUN INVESTMENT CO., LTD.: Chien-Nian Chi | R.O.C. | Male | - | - | V | - | - | - | V | - | - | - | V | V | V | - | - |
| Representative of KAN SHI INVESTMENT CO., LTD.: Chih-Chiang Chu | R.O.C. | Male | - | V | - | - | - | - | V | - | - | - | - | - | V | - | V |
| Chien-Liang Chen | R.O.C. | Male | - | V | - | - | - | V | - | - | - | V | - | - | V | - | V |
| Hui-Chou Chen | R.O.C. | Male | - | V | - | | V | - | V | V | V | - | - | V | V | - | V |
| Kung-Chien Huang | R.O.C. | Male | - | V | - | V | - | - | - | V | - | - | - | V | V | - | - |




(2). Independence of the Board of Directors

a. The Company has 7 Board members, including 4 regular directors and 3 independent directors, the latter of which account for 42.86% of all directors and 1 director is also an employee, which accounts for 14.29% of all directors. Independent directors are in compliance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

b. Except for the fact that Chairperson Hsin-Nan Kan, representative of KAN SHI INVESTMENT CO., LTD., and Director Chih-Chiang Chu, representative of KAN SHI INVESTMENT CO., LTD., are related by marriage within second degree of kinship, there are no other directors and independent directors who are related to each other as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II). Information on president, vice president and assistant VP and officers of departments and branches

April 9, 2024 (the date for suspension of stock transfer) Unit: Shares; %

| Title | Nationality | Name | Gender | Date elected | Shareholding | | Shareholding by spouse and minor children | | Shareholding in the name of others | | Major education and work experiences | Concurrent positions in other companies now | Spouse or relatives within the second degree of kinship who are managerial officers of the Company | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | | | Position | Name | Relationship | |
| Group President | R.O.C. | Peng-Huang Peng | Male | 2020.09.01 | 2,384,000 | 1.89 | 767,000 | 0.61 | 0 | 0.00 | MBA, Soochow University<br>Vice Chairperson and President of SINGATRON ENTERPRISE CO., LTD. | Note 2 | None | None | None | None |
| Chairperson of Singatron Electronic (China) Co., Ltd. | R.O.C. | Cheng-Gang Yang | Male | 2019.06.17 | 238,300 | 0.19 | 0 | 0.00 | 0 | 0.00 | Graduate School of Business Administration, University of South Australia<br>President of QI DONG Linkconn Electronics Co., Ltd. | Note 2 | None | None | None | None |
| President of Singatron Electronic (China) Co., Ltd. | R.O.C. | Mao-Hsien Lin | Male | 2018.10.15 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | EMBA, Fudan University<br>Business Unit of JESS-LINK PRODUCTS CO., LTD. - Vice President | Note 2 | None | None | None | None |
| Singatron Electronic (Zhongshan) Co., Ltd. - Vice President | R.O.C. | Tian-Shan Shi | Male | 2019.06.01 | 70,748 | 0.06 | 0 | 0.00 | 0 | 0.00 | Department of Library Information, Shih Hsin Journalism Junior College<br>Vice Chairperson of Sales Division, SINGATRON ENTERPRISE CO., LTD. | Director of Hsin City Investment Holding (HK) Co., Limited | None | None | None | None |
| Suzhou Singatron Auto Co., Ltd. - Operation Director | R.O.C. | Jian-Hui Guo | Male | 2010.02.01 | 30,663 | 0.02 | 145,339 | 0.12 | 0 | 0.00 | Department of Electrical Engineering, Ta Hwa Institute of Technology<br>Chief of Sales Division, SINGATRON ENTERPRISE CO., LTD. | Director of Suzhou Singatron Auto Co., Ltd. | None | None | None | None |
| Chief of Administration and Finance Division | R.O.C. | Rui-Chen Hu | Female | 2016.11.04 | 36,185 | 0.03 | 0 | 0.00 | 0 | 0.00 | Department of Accounting, Tunghai University<br>CFO, Spokesperson and Corporate Governance Officer of Info-Tek Corporation | Note 2 | None | None | None | None |
| Chief of Finance Division and Board Secretary, SINGATRON Electronics (China) Co. Ltd. | R.O.C. | Chi-Bin Tseng | Male | 2020.07.01 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | EMBA, National Central University<br>Finance Director of New Egg Information Technology(Shanghai)Co., Ltd.<br>Newegg Tech Inc. | Director of Hsin City Investment Holding (HK) Co., Limited | None | None | None | None |

Note 1: For experience related to the current position, if the individual has worked for a certified public accountant firm or an affiliate during the above-mentioned reporting, please specify the title and responsibilities of the position: No such situation.

Note 2

| Position | Name | Concurrent positions in other companies now |
|---|---|---|
| Vice-Chairperson and Group President | Peng-Huang Peng | Chairman of the Board of Directors: Dong Yi Enterprise Management Co., Ltd., Taisol Electronics Co., Ltd.<br>Director: Singatron Electronic (China) Co., Ltd. SINGATRON TECHNOLOGY (HongKong) CO., LIMITED, KINGSTATE ELECTRONICS CORP., Suzhou Singatron Auto Co., Ltd., Singatron Electronic (Zhongshan) Co., Ltd. MacroStar Investment Holding (HK) Co., Limited, Suzhou Zhou Quan Management Consulting Co., Ltd., Info-Tek Corporation, SUN RISE CORP., INFO-TEK HOLDING CO.,LTD, Info-Tek Electronics (Suzhou) Co., Ltd.<br>Independent director: GIGA-BYTE TECHNOLOGY CO., LTD.<br>President: SINGATRON ENTERPRISE CO., LTD., Suzhou Zhou Quan Management Consulting Co., Ltd.<br>Manager: Taisol Electronics Co., Ltd. |
| Chairperson of SINGATRON Electronics (China) Co. Ltd. | Cheng-Gang Yang | Chairperson: Singatron Electronic (Zhongshan) Co., Ltd., Suzhou Singatron Connector Co., Ltd. , Chung Shan Singatron Connector Co., Ltd., Singatron Enterprise Co., Ltd.(SJ), Suzhou Singatron Auto Co., Ltd.<br>Director: SINGATRON TECHNOLOGY (HongKong) CO., LIMITED, Hsin City Investment Holding (HK) Co., Limited. |
| President of SINGATRON Electronics (China) Co. Ltd. | Mao-Hsien Lin | Director: SINGATRON Electronics (China) Co. Ltd., SINGATRON TECHNOLOGY (HongKong) CO., LIMITED, MacroStar Investment, Suzhou Singatron Auto Co., Ltd. |
| Chief of Administration and Finance Division | Rui-Chen Hu | Supervisor: Singatron Electronic (Zhongshan) Co., Ltd., Suzhou Singatron Connector Co., Ltd. , Chung Shan Singatron Connector Co., Ltd., Suzhou Singatron Auto Co., Ltd. |

Note 3: If the president or equivalents (the top managerial officer) and the chairperson of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures: None.

III. Remuneration paid to directors, supervisors, president and vice president for the most recent year

(I). Remuneration for general directors and independent director

Unit: Thousand NTD; %

| Position | Name | Directors' Remuneration | | | | | | | | A, B, C and D as a % of the net profit after tax | | Remuneration for concurrent position as an employee | | | | | | A, B, C, D, E, F and G as a % of the net profit after tax | | Remuneration from investees outside subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base remuneration (A) | | Severance and pension (B) | | Profit sharing remuneration for directors (C) | | Business execution expenses (D) | | | | Salary, bonus, allowance (E) | | Severance and pension (F) | | Profit sharing remuneration for employees (G) | | | | |
| | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | |
| Chairperson | KAN SHI INVESTMENT CO., LTD. | 0 | 0 | 0 | 0 | 600 | 600 | 0 | 0 | 600<br>0.34% | 600<br>0.34% | 0 | 0 | 0 | 0 | 0 | 0 | 600<br>0.34% | 600<br>0.34% | None |
| | Representative: Hsin-Nan Kan | 0 | 11,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0<br>0.00% | 11,000<br>6.19% | 0 | 0 | 0 | 0 | 0 | 0 | 0<br>0.00% | 11,000<br>6.19% | None |
| Vice Chairperson | Dong Yi Enterprise Management Co., Ltd. | 0 | 0 | 0 | 0 | 600 | 600 | 1,200 | 1,200 | 1,800<br>1.01% | 1,800<br>1.01% | 0 | 0 | 0 | 0 | 0 | 0 | 1,800<br>1.01% | 1,800<br>1.01% | None |
| | Representative: Peng-Huang Peng | 0 | 3,396 | 0 | 0 | 0 | 0 | 0 | 0 | 0<br>0.00% | 3,396<br>1.91% | 0 | 1,800 | 0 | 0 | 0 | 0 | 0<br>0.00% | 5,196<br>2.92% | 2,042 |
| Director | KAN SHI INVESTMENT CO., LTD. | 600 | 600 | 0 | 0 | 600 | 600 | 0 | 0 | 1,200<br>0.68% | 1,200<br>0.68% | 0 | 0 | 0 | 0 | 0 | 0 | 1,200<br>0.68% | 1,200<br>0.68% | None |
| | Representative: Chih-Chiang Chu | 0 | 221 | 0 | 0 | 0 | 0 | 42 | 42 | 42<br>0.02% | 263<br>0.15% | 0 | 0 | 0 | 0 | 0 | 0 | 42<br>0.02% | 263<br>0.15% | None |
| Director | ZHEN CHUN INVESTMENT CO., LTD. | 600 | 600 | 0 | 0 | 600 | 600 | 0 | 0 | 1,200<br>0.68% | 1,200<br>0.68% | 0 | 0 | 0 | 0 | 0 | 0 | 1,200<br>0.68% | 1,200<br>0.68% | None |
| | Representative: Chien-Nian Chi | 0 | 133 | 0 | 0 | 0 | 0 | 42 | 42 | 42<br>0.02% | 175<br>0.10% | 0 | 0 | 0 | 0 | 0 | 0 | 42<br>0.02% | 175<br>0.10% | None |
| Independent director | Chien-Liang Chen | 600 | 600 | 0 | 0 | 700 | 700 | 42 | 42 | 1,342<br>0.75% | 1,342<br>0.75% | 0 | 0 | 0 | 0 | 0 | 0 | 1,342<br>0.75% | 1,342<br>0.75% | None |
| Independent director | Hui-Chou Chen | 600 | 600 | 0 | 0 | 700 | 700 | 42 | 42 | 1,342<br>0.75% | 1,342<br>0.75% | 0 | 0 | 0 | 0 | 0 | 0 | 1,342<br>0.75% | 1,342<br>0.75% | None |
| Independent director | Kung-Chien Huang | 600 | 600 | 0 | 0 | 700 | 700 | 42 | 42 | 1,342<br>0.75% | 1,342<br>0.75% | 0 | 0 | 0 | 0 | 0 | 0 | 1,342<br>0.75% | 1,342<br>0.75% | None |

Note F. The actual amount of severance and pension paid in 2023 was $0 thousand, where the provision of severance for the Company was $0 thousand; and the provision of severance for all companies in the financial statements was $0 thousand.

(1). The policy, system, criteria and structure for the Directors' Remuneration, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:

a. The remuneration of independent directors is evaluated and reviewed by the Remuneration Committee of the Company on a regular basis in accordance with the regulations, and recommendations are made in accordance with the degree of participation in the Company's operations and contribution of each independent director to the Board of Directors for approval.

b. The fixed business execution remuneration of the independent directors is determined by taking into account the Company's business objectives, financial position and performance of duties and responsibilities, and the risks assumed.

(2) Except as disclosed in the table above, the remuneration received by the directors for services rendered to all companies in the financial statements (such as serving as non-employee consultants to the parent company/all companies in the financial statements/re-investees) in the most recent year: None.

## (II) Remuneration for Group President, President and Vice-President

Unit: Thousand NTD; %

| Position | Name | Salary (A) | | Severance and pension (Note B) | | Bonus and allowance (C) | | Profit sharing remuneration for employees (D) | | | | A, B, C and D as a % of the net profit after tax | | Remuneration from investees outside subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | | All companies in the financial statements | | The Company | All companies in the financial statements | |
| | | | | | | | | Cash amount | Stock amount | Cash amount | Stock amount | | | |
| Group President | Peng-Huang Peng | 0 | 12,732 | 0 | 181 | 0 | 8,037 | 0 | 0 | 0 | 0 | 0<br>0.00% | 20,950<br>11.78% | 2,042 |
| Chairperson of the subsidiary in Mainland China | Cheng-Gang Yang | | | | | | | | | | | | | None |
| President of the subsidiary in Mainland China, Singatron Electronic (China) Co., Ltd. | Mao-Hsien Lin | | | | | | | | | | | | | None |
| Vice President of the subsidiary in Mainland China, Singatron Electronic (Zhongshan) Co., Ltd. | Tian-Shan Shi | | | | | | | | | | | | | None |

Note B. The actual amount of severance and pension paid in 2023 was $0 thousand, where the provision of severance for the Company was $0 thousand; and the provision of severance for all companies in the financial statements was is $181 thousand.

### Remuneration range for the President and Vice-President

| Remuneration range for the Company's President and vice president | Name of President and Vice President | |
|---|---|---|
| | The Company | All companies in the financial statements |
| Less than $1,000,000 | - | - |
| $1,000,000 (inclusive)～$2,000,000 (exclusive) | - | Peng-Huang Peng |
| $2,000,000 (inclusive)～$3,500,000 (exclusive) | - | - |
| $3,500,000 (inclusive)～$5,000,000 (exclusive) | - | Tian-Shan Shi |
| $5,000,000 (inclusive)～$10,000,000 (exclusive) | - | Cheng-Gang Yang, Mao-Hsien Lin |
| $10,000,000 (inclusive)～$15,000,000 (exclusive) | - | - |
| $15,000,000 (inclusive)～$30,000,000 (exclusive) | - | - |
| $30,000,000 (inclusive)～$50,000,000 (exclusive) | - | - |
| $50,000,000 (inclusive)～$100,000,000 (exclusive) | - | - |
| More than $100,000,000 | - | - |
| Total | 0 | 4 |

(III). The Company shall disclose the names and remuneration of its directors or supervisors on an individual basis if any of the following apply; the remainder may be disclosed either by aggregating the remuneration in accordance with the remuneration range, or by disclosing the names and remuneration on an individual basis (for individual disclosure, please list the title, name and amount individually, without the need to fill in the table of remuneration range).

1.

(1). The names and remuneration of "directors and supervisors" should be disclosed individually if there has been an after-tax loss in the standalone or parent company only financial statements for the last three years, except for the circumstance where there was net profit after tax in the standalone or parent company only financial statements for the most recent year, which is sufficient to cover the accumulated losses: no such situation.

(2). The remuneration of individual directors shall be disclosed if the shareholding percentage of directors has been insufficient for at least three consecutive months in the most recent year and the remuneration of individual supervisors shall be disclosed if the shareholding percentage of supervisors has been insufficient for at least three consecutive months in the most recent year: no such situation.

(3). If the average percentage of shares pledged by directors or supervisors is greater than 50% in any three months of the most recent year, the remuneration of each director or supervisor whose percentage of shares pledged is greater than 50% should be disclosed for each of those months: Please refer to P23.

(4). If the remuneration for all directors and supervisors paid by all the consolidated entities exceeds 2% of the net profit after tax and the remuneration received by any individual directors or supervisors exceeds NT$15 million, the remuneration of individual directors or supervisors shall be disclosed.
(Explanation: The forgoing remuneration for directors and supervisors is calculated by adding "remuneration for supervisors" to "remuneration for directors" in the table above, excluding the remuneration for their concurrent positions as employees.): No such situation.

(5). If the results of corporate governance evaluation for the most recent year fall to the last two tiers for the TWSE/TPEx company, or if the Company's shares have been changed in trading methods, suspended from trading, terminated from the listing, or the Company has been deemed by the Corporate Governance Evaluation Committee not to be evaluated for the most recent year and for the current year as of the date of publication of the annual report: no such situation.

(6) The average annual salary of the full-time non-management employees in a TWSE or TPEx listed company is less than NT$500,000 in the most recent fiscal year: None.

(7) A company listed on the TWSE or TPEx that its after-tax net profit in the most recent year has increased by more than 10%, but the average annual salary of a full-time employee holding a non-managerial position has not increased from the previous year: No such situation.

(8) The Company's after-tax profit or loss in the most recent year declined by more than 10% and exceeded NTD 5 million, and the average remuneration to each director (excluding remunerations as employees) increased by more than 10% and over NTD 100,000: Not applicable.

(2) If either of the above (1) or (5) applies, information on the remuneration of the top five most highly paid officers (such as the president, vice president, chief executive officer, or finance officer) shall be disclosed individually: not applicable.

(IV). Managerial officers who received profit sharing remuneration for employees and status of distribution

Unit: Thousand NTD; %

| | Position | Name | Stock amount | Cash amount | Total | Total amount as a % of net profit after tax (%) |
|---|---|---|---|---|---|---|
| Managerial officer | Group President | Peng-Huang Peng | 0 | 605 | 605 | 0.34 |
| | Division Chief | Rui-Chen Hu | | | | |

(V). Compare and describe the total remuneration paid to directors, supervisors, Presidents and Vice- Presidents in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profit after tax. And explain the policies, criteria, package, the procedures for determining remuneration and the correlation to operating performances and future risks.

1. The total remuneration paid to the Company's directors, supervisors, President and Vice- President as a percentage of net profit after tax for the last two years by the Company and all companies in the consolidated statements.

| Item / Position | The Company | | | | All companies in the financial statements | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2022 | | 2023 | |
| | Total amount (Thousand of NTD) | As a % of the net profit after tax (%) | Total amount (Thousand of NTD) | As a % of the net profit after tax (%) | Total amount (Thousand of NTD) | As a % of the net profit after tax (%) | Total amount (Thousand of NTD) | As a % of the net profit after tax (%) |
| Directors' Remuneration | 9,601 | 4.31 | 8,910 | 5.01 | 25,856 | 11.62 | 23,660 | 13.31 |
| Remuneration for supervisors (Note 2) | 2,070 | 0.93 | Not applicable | Not applicable | 2,158 | 0.97 | Not applicable | Not applicable |
| Remuneration for President and Vice-President | 0 | 0.00 | 0 | 0.00 | 21,302 | 9.57 | 20,950 | 11.78 |
| Net profit after tax | 222,508 | - | 177,777 | - | 222,508 | - | 177,777 | - |

Note 1: Remuneration to be distributed for 2023 is the pro forma amount.
Note 2: The Audit Committee was established to replace supervisors after the general re-election on 2022/06/16.

2. The policies, criteria, package, the procedures for determining remuneration:

Directors' Remuneration

(1) In accordance with the provisions of Article 16 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the directors, members of the Audit Committee, the Remuneration Committee and other functional committees for the performance of the Company's business, regardless of the Company's profit or loss, in accordance with the usual standards in the industry based on the value of their participation in and contribution to the Company's operations.

(2) In accordance with the provisions of Article 20 of the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall make an appropriation of not less than one-thousandth of the profit as profit-sharing remuneration for employees and not more than three percent as profit-sharing remuneration for directors.

(3). The Company periodically evaluates the remuneration of directors in accordance with the Regulations for Performance Evaluation of the Board of Directors, and the related performance evaluation and the reasonableness of the remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors.

Remuneration for managerial officers

The remuneration of the Company's managerial officers is calculated in accordance with the allowances and bonuses set forth in the Company's Salary Management Regulations to reward the managerial officers for their efforts and dedication to their work. The bonus is based on the Company's annual performance, financial position and personal performance. The Company conducts performance evaluations in accordance with the "Bonus Provision and Distribution Policy of the SINGATRON Group" and the evaluation results are used as a reference for granting bonuses to managerial officers. The performance evaluation of managerial officers can be divided into two major parts. The first part is driven by financial indicators: Bonus is determined based on each subsidiary's contribution to the Group's profit and each manager's annual KPI achievement rate; the second part is driven by non-financial indicators: Business performance bonus is calculated based on each manager's alignment with the core values of the Company and operational management ability.

The remuneration package paid by the Company is determined in accordance with the Remuneration Committee Charter and includes cash remuneration, stock options, profit sharing with stock ownership, retirement benefits or severance pay, allowances and other material incentives; the scope of which is consistent with the Regulations Governing Information to be Published in Annual Reports of Public Companies on the remunerations for directors, supervisors and officers.

3. Procedures for determining remuneration:

The remuneration of directors is based on the "Regulations for Performance Evaluation of the Board of Directors" of the Company, and the remuneration of managerial officers is based on the evaluation results in accordance with the "Bonus Provision and Distribution Policy of the SINGATRON Group". The actual amounts of remuneration for directors, supervisors and managerial officers are discussed and considered by the Remuneration Committee and submitted to the Board of Directors for resolution. 4. Correlation with operating performance and future risks:

(1) The Company's remuneration policy is based on the Company's overall operating performance, financial position, performance of directors and supervisors' duties and risk taking and other factors and the payment standards are determined based on the performance achievement rate and individual contribution.

(2) Bonuses and profit sharing remuneration for employees received by managerial officers of the Company are determined with the manager's professional ability and annual performance evaluation taken into account, as well as the Company's operating and financial position, with reference to the industry standard to ensure that the Company's remuneration is competitive in order to retain talent.

(3) The important decisions on the operating management of the Company are made after weighing various risk factors, and the related decisions will reflect the future profitability of the Company, which will be related to the remuneration of the Company's management.

IV. Operations of Corporate Governance

(I) Information on the operations of the Board of Directors.

For the most recent year, the Board of Directors met 18 times (A) and the attendance of directors was as follows (18 times from January 01, 2023 to March 21, 2024)

| Position | Name | Number of attendance in person (B) | Number of attendance by proxy | Percentage of attendance in person (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Chairperson | Representative of KAN SHI INVESTMENT CO., LTD.: Hsin-Nan Kan | 18 | 0 | 100.00 | None |
| Vice - Chairperson | Representative of Dong Yi Enterprise Management Co., Ltd.: Peng-Huang Peng | 18 | 0 | 100.00 | None |
| Director | Representative of ZHEN CHUN INVESTMENT CO., LTD.: Chien-Nian Chi | 18 | 0 | 100.00 | None |
| Director | Representative of KAN SHI INVESTMENT CO., LTD.: Chih-Chiang Chu | 18 | 0 | 100.00 | None |
| Independent director | Chien-Liang Chen | 18 | 0 | 100.00 | None |
| Independent director | Hui-Chou Chen | 18 | 0 | 100.00 | None |
| Independent director | Kung-Chien Huang | 18 | 0 | 100.00 | None |

Other matters required to be recorded:

I. If the operations of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act:

The Company has established an Audit Committee, and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters set forth in Article 14-5 of the Securities and Exchange Act, please refer to the description of the operations of the Audit Committee's (P34-P40).

(II) In addition to the previous matters, other Board meeting resolutions that have been opposed or reserved by independent directors with records or written statements:

No such situation.

II. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated:

The 1st meeting in 2023 of the 16th Board of Directors (2023/01/11)

Subject 5: discussion of the year-end director's remuneration for 2021 for the executive Chairperson and Vice Chairperson of the Company.

Resolution: Chairperson Hsin-Nan Kan and Vice Chairperson Peng-Huang Peng recused themselves from the discussion and the Chair appointed Chien-Liang Chen, an independent director, to act as the Chair. The remaining directors present approved the motion as proposed without objections after being consulted.

The 6th meeting in 2023 of the 16th Board of Directors (2023/08/09)

Subject 5: Discussion of the director's performance-based remuneration for 2022 for the executive Chairperson and Vice Chairperson of the Company

Resolution: Chairperson Hsin-Nan Kan and Vice Chairperson Peng-Huang Peng recused themselves from the discussion and the Chair appointed Chien-Liang Chen, an independent director, to act as the Chair. The remaining directors present approved the motion as proposed without objections after being consulted.

The 8th meeting in 2023 of the 16th Board of Directors (2023/10/03)

Subject 7: Discussion of the release of non-compete restriction on directors and managerial officers.

Resolution: The Vice Chairperson cum President, Peng-Huang Peng recused himself from participating in the discussion. The remaining directors present approved the motion as proposed without objection after being consulted by the Chair.

The 1st meeting in 2024 of the 16th Board of Directors (2024/01/26)

Subject 3: discussion of the year-end director's remuneration for 2023 for the executive Chairperson and Vice Chairperson of the Company.

Resolution: Chairperson Hsin-Nan Kan and Vice Chairperson Peng-Huang Peng recused themselves from the discussion and the Chair appointed Chien-Liang Chen, an independent director, to act as the Chair. The remaining directors present approved the motion as proposed without objections after being consulted.

III. The Company should disclose information on the frequency, scope, method and content of the self-evaluation (or peer evaluation) by the Board of Directors:

To implement corporate governance and enhance the functions of the Board of Directors, the Company has established the "Procedures of Performance Evaluation of the Board of Directors" on January 10, 2020, and the last amendment date was January 10, 2022. In addition to conducting the performance self-evaluation once a year, an external evaluation shall be conducted by an external team of experts and scholars at least once every three years; the internal and external performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the next year.

(I) The Company's most recent internal performance evaluation was completed on February 21, 2024, and the report was made in the 2nd meeting of the 16th Board of Directors in 2024 (March 12, 2024). Information on internal evaluation is as follows:

| Evaluation frequency | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|---|---|---|---|---|
| Internal evaluation<br>Once every 1 year | 2023/01/01/-2023/12/31 | Board of Directors | Internal self-evaluation of the Board of Directors | 1、 Participation in the operation of the Company<br>2、 Improvement of the quality of the Board of Directors' decision making<br>3、 Composition and structure of the Board of Directors<br>4、 Election and continuing education of the directors<br>5、 Internal control |
| Internal evaluation<br>Once every 1 year | 2023/01/01-2023/12/31 | Board members | Self-evaluation of directors | 1、 Understanding of the goals and mission of the company.<br>2、 Awareness of the duties of a director<br>3、 Participation in the operation of the Company<br>4、 Management of internal relationship and communication<br>5、 Election and continuing education of the directors<br>6、 Internal control |
| Internal evaluation<br>Once every 1 year | 2023/01/01-2023/12/31 | Audit Committee | Internal self-evaluation of the Committee | 1、 Participation in the operation of the Company<br>2、 Awareness of the duties of the Audit Committee<br>3、 Improvement of the quality of the Audit Committee's decision making<br>4、 Composition and member selection of Audit Committee<br>5、 Internal control |
| Internal evaluation<br>Once every 1 year | 2023/01/01-2023/12/31 | Remuneration Committee: | Internal self-evaluation of the Committee | 1. Their degree of participation in the Company's operations<br>2. Awareness of the duties of the Remuneration Committee<br>3. Improving the quality of the Remuneration Committee's decision making<br>4. Composition of the Remuneration Committee and election of its members<br>5. Internal control |

1、 The Board of Directors actively participates in the operations of the Company, and is responsible for directing and supervising the Company's strategy, major business and risk management and establishing a proper internal control system: score: 97.97%.

2、 Based on the directors' performance evaluation for 2023 by themselves: average score of 97.76%.

3、 The overall operation of functional committees is sound and in line with corporate governance, with each committee fulfilling its responsibilities and effectively enhancing the functions of the Board of Directors:

(1). Evaluation score of the Special Committee: score of 97.88%.

(2). Evaluation score of the Remuneration Committee: score of 98.22%.

(II) The Company commissioned Ernst & Young Management Consulting Co., Ltd. to conduct the performance evaluation of the Board of Directors from December 2021 to March 2022, and reported to the Board of Directors on April 28, 2022.

| Evaluation frequency | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|---|---|---|---|---|
| External evaluation Once every 3 years | 2021/01/01-2021/12/31 | Composition, direction, authorization, supervision, communication and self-regulation of the Board of Directors, and internal control and risk management | An external professional independent organization or external experts and scholars were appointed to conduct performance evaluation. The operations of the Company's current Board of Directors and functional committees are reviewed through professional organizations to obtain professional and objective examination reports through the guidance and communication of evaluation members. | The evaluation was conducted on the three major aspects of the Board structure, membership, and process and information, respectively, by means of document review, self-evaluation by directors, self-evaluation by the Board affairs administration units, and individual interviews of directors, covering eight items, including Board structure and process, Board composition and membership, corporate and organizational structure, roles and responsibilities, behavior and culture, training and development of directors, supervision of risk control, and reporting, disclosure and performance monitoring. |

The evaluation of the effectiveness of the Board of Directors was conducted by EY ADVISORY SERVICES INC. and the evaluation result was "The Board of Directors is operating well at this stage, but needs to make structural adjustments in the coming year in accordance with the requirements of the competent authorities". The main recommendations and improvements to the Board of Directors and functional committees of the Company are as follows:

1. Propose the professional competencies required by the Company at this stage and discuss with the directors to define the professional knowledge courses and continuous development plans required for them to perform their functions as directors.
2. Plan ESG-related professional training programs for Board members in light of international ESG development trends.
3. Establish the nomination method for Board members and refine the criteria for considering the professionalism, diversity, and independence of Board members.
4. Establish a succession plan for Board members. The succession training should cover the core values of the company, industry-related knowledge and the requirements of Board functions.
5. In response to the request of the competent authorities, abolish the supervisor system and complete the establishment of the audit committee in 2022.
6. In accordance with the government's vision of Corporate Governance Blueprint 3.0, include the establishment of the Nomination Committee in the future Board of Directors' discussion.
7. Select one important corporate issue every quarter and have the responsible officer report it in the Board of Directors' meeting to help the directors better understand the company's operation and future development direction.
8. Include the company's risk management plan in the Board of Directors' meeting, and discuss the major risks of the company every year.

IV. Evaluation of the objective for enhancing the functions of the Board of Directors (*e.g.,* establishing an audit committee, enhancing information transparency, etc.) and its implementation.

1. Aiming to strengthen the functions of the Board of Directors, the Company has established the following functional committees, and the operation of which is disclosed: (1) Remuneration Committee (Please refer to "Remuneration Committee Operation" on page 49 of this annual report).(2) Audit Committee (Please refer to "Audit Committee Operation" on Page 31 of this annual report).
2. The 18th Board meeting of the 16th Board of Directors of the Company was convened from January 1, 2023 to March 21, 2024. The procedures of each meeting and the execution of recusal due to conflicts of interests were in compliance with the Company's Rules of Procedure for Board Meetings. Meetings are convened at least once per quarter as required by the Regulations Governing Board Procedures; all important proposals are announced on the Market Observation Post System and disclosed on the Company's website to ensure timely disclosure of information and maintain good board governance, improving its supervisory function and strengthening the management function.
3. In order to establish a good corporate governance system, the Company has made reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" jointly formulated by the Taiwan Stock Exchange and the Taipei Exchange and established the "Corporate Governance Best Practice Principles" which were approved by the Board of Directors on 2015/01/30, and has made amendments every time in accordance with the revisions of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The latest amendments to the Company's “Corporate Governance Best Practice Principles” were approved by the Board of Directors on 2023/03/03.
4. Please refer to P46 for details of the continuing education of directors in 2023.
5. The Chairperson of the Board of Directors of the Company does not concurrently hold the position of managerial officer of the Company and his or her authorities and responsibilities are clearly delineated for a good checks and balances mechanism.

(II) The operation of the Audit Committee:

1. Information on establishment

To strengthen the internal supervisory mechanism of corporate governance and improve the Company's operating efficiency, the Company has appointed an "Audit Committee" to replace supervisors on June 16, 2022 in accordance with the Securities and Exchange Act. The members of the committee are all independent directors.

2. The main functions and powers of the Audit Committee are to review or handle the following matters:
   (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
   (2) Evaluation of the effectiveness of the internal control system.
   (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
   (4) Matters involving the interests of directors themselves.
   (5) Major asset or derivative transactions.
   (6) Material loans, endorsements, or guarantees.
   (7) The offering, issuance, or private placement of any equity-type securities.
   (8) The appointment, dismissal or remuneration of CPAs.
   (9) The appointment or dismissal of a financial, accounting, or internal auditing officer.
   (10) The first, second, and third quarter financial statements and annual financial statements signed or sealed by the chairman, managerial officers, and accounting supervisor.
   (11) Other important matters regulated by the Company or the competent authority.

3. Members and their professional qualifications and independence

For the members, the professional qualifications, and independence of the Audit Committee, please refer to the Directors' Information on pages12-13 and Disclosure of Information on Directors' Professional Qualifications and Independence of Independent Directors on pages 14-17.

4. During the period from January 1, 2023 to March 21, 2024, the 1st Audit Committee held a total of 18 meetings (A). The attendance of the independent directors is as follows:

| Position | Name | Number of attendance in person (B) | Number of attendance by proxy | Percentage of attendance in person (B/A) (%) | Remarks |
|---|---|---|---|---|---|
| Independent director | Hui-Chou Chen | 18 | 0 | 100.00 | None |
| Independent director | Chien-Liang Chen | 18 | 0 | 100.00 | None |
| Independent director | Kung-Chien Huang | 18 | 0 | 100.00 | None |

Other matters required to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, session, motion content, the objections, reservations or major recommendations of the independent directors, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:
   (I). Matters listed in Article 14-5 of the Securities and Exchange Act:
   Please refer to P34-P40.
   (II). Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: none.

II. In the implementation of an independent director's recusal for being an interested party in a proposal, the independent director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated: None.

III. Communication between independent directors, internal audit officer and CPAs (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included).
   (I) The communication methods for audit executives are as follows (2023 and as of the publication date of the annual report)
   The Audit Officer holds meetings and communicates with the Audit Committee

| Date | Communication method | Communication contents | Communication situation and results |
|---|---|---|---|
| 2023/01/11 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for October to December 2022 Q4.<br>2. Follow-up on the continuous improvement of the 2022 audit plan.<br>3. In December 2022, Ernst & Young reported the missing items during the interim internal control audit.<br>4. Key operations and audit matters in 2023 Q1. | Agreed as reported |
| 2023/03/03 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for January 2023.<br>2. Issuance of the 2022 internal control statement. | Agreed as reported |
| 2023/05/04 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for February to March 2023.<br>2. Other audits. | Agreed as reported |
| 2023/06/29 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for April to May 2023.<br>2. Other audits. | Agreed as reported |
| 2023/08/09 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for June 2023. | Agreed as reported |
| 2023/10/03 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for July to August 2023.<br>2. To submit the 2024 audit plan. | Agreed as reported |
| 2023/10/30 | Communication during the Audit Committee's meetings | 1. Report on the execution of audit work and tracking of improvements for September 2023.<br>2. Improvement and follow-up of the risk inventory of the automotive electronics subsidiary. | Agreed as reported |
| 2023/11/07 | Audit officers held a video conference | 1. The supervision items of the subsidiary and the execution and communication of the internal auditor: The internal audit project of the subsidiary's financing cycle and the investment account of the project initiation.<br>2. The Company's long-term investment and internal audit execution communication: The Company's internal audit is supervised by the subsidiary. | Agreed as reported |
| 2023/12/27 | Communication during the Audit Committee's meetings | 1. Implementation status of audit work during October to December 2023. | Agreed as reported |
| 2024/01/26 | Communication during the Audit Committee's meetings | 1. Conduct project review and improvement on the deficiencies of internal control audited by Ernst & Young. | Agreed as reported |
| 2024/03/21 | Communication during the Audit Committee's meetings | 1. Implementation status of audit work during January to February 2024.<br>2. Ernst & Young audits the deficiencies of internal control and continues to track projects. | Agreed as reported |

(II). The CPAs can communicate in the following methods:

(1). Communication with the independent directors

| Communication date | Communication counterparty | Communication contents | Independent directors' opinion and suggestion | The Company's handling of the situation |
|---|---|---|---|---|
| 2024/01/26 | Independent director | Internal communication matters | No opinion nor suggestion | Not applicable |
| 2024/03/12 | Independent director | Communication matters in parent company only financial statement and consolidated financial statement | No opinion nor suggestion | Not applicable |

(2) Communication with all directors

| Communication date | Communication counterparty | Communication contents | Independent directors' and supervisors' opinion and suggestion | The Company's handling of the situation |
|---|---|---|---|---|
| 2023/03/03 | All Directors | 1、 Independence of CPAs<br>2、 Audit scope of the Group<br>3、 Audit opinion of the CPAs for 2022<br>4、 Key Audit Matters<br>5、 Material accounting and auditing issues<br>6、 Revision of the International Code of Professional Ethics for Certified Public Accountant | No opinion nor suggestion | Not applicable |
| 2023/08/09 | All Directors | 1. Review scope and review report for the Group<br>2. Updates to securities laws and regulations<br>3. Update of tax laws and regulations | No opinion nor suggestion | Not applicable |
| 2024/03/12 | All Directors | 1. Independence of CPAs<br>2. Audit scope of the Group<br>3. Audit opinion of the CPAs for 2023<br>4. Key Audit Matters<br>5. Material accounting and auditing issues | No opinion nor suggestion | Not applicable |

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

| Audit Committee (Session/date) | Motion content | Objections, reservations or major recommendations of the independent directors | Resolution of the Audit Committee | The Company's handling of the Audit Committee's opinions |
|---|---|---|---|---|
| 1st meeting in 2023 of the 1st Audit Committee (2023/01/11) | 1、 Discussion of the Company's acquisition of credit facilities from financial institutions. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 1st meeting in 2023 of the Board of Directors of the 16th term. |
| | 2、 Discussion of the amendments to certain provisions of the "Rules of Procedure for the Board of Directors' Meetings" of the Company. | | | |
| 2nd meeting in 2023 of the 1st Audit Committee (2023/03/03) | 1. Review of the Company's 2022 Business Report. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 2nd meeting in 2023 of the Board of Directors of the 16th term. |
| | 2. Review of the Company's standalone financial statements and consolidated financial statements for 2022. | | | |
| | 3. Discussion of the appointment of CPAs and evaluation of the professionalism, competency and independence of the attesting CPAs of the Company. | | | |
| | 4. Discussion of the amendments to certain provisions of the Company's Articles of Incorporation. | | | |
| | 5. Discussion of the amendments to certain provisions of the "Corporate Governance Best Practice Principles" by the Company. | | | |
| | 6. Amendments to certain provisions of the Company's "Standard Operating Procedures for Handling Directors' Requests." | | | |
| | 7. Discussion of the Company's plan to establish the "General Policy on Pre-Approval for Non-Assurance Services." | | | |
| | 8. Discussion of issuing the Company's Statement of Internal Control System for 2022. | | | |
| | 9. Discussion of the Company's acquisition of credit facilities from financial institutions. | | | |
| 1st interim meeting in 2023 of the 1st Audit Committee (2023/03/07) | 1. Discussion of the "Confirmative Opinion of Controlling Shareholders and Substantive Controllers on Securities Issuance Documents" issued by the Company, SINGATRON(BVI)ENTERPRISE CO LTD, Singatron (Hong Kong) International Holding Ltd. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 1st interim meeting in 2023 of the Board of Directors of the 16th term. |
| | 2. Discussion of the "Letter of commitment not | | | |

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| | to influence or interfere with the audit" issued by the Company, SINGATRON(BVI)ENTERPRISE CO LTD, Singatron (Hong Kong) International Holding Ltd. and SINGATRON Electronics (China) Co. Ltd. | | | |
| 3rd meeting in 2023 of the 1st Audit Committee (2023/04/26) | 1. Discussion of the Company's 2022 earnings distribution proposal. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 3rd meeting in 2023 of the Board of Directors of the 16th term. |
| | 2. Discussion of the plan for the Company and the subsidiary, Singatron Electronics Enterprise Co., Ltd. (HK) to obtain credit facilities from financial institutions. | | | |
| | 3. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | | | |
| | 4. Discussion of the amendments to certain provisions of the Company's Articles of Incorporation. | | | |
| | 5. Discussion of the amendments to certain provisions of the Company's "Operating Procedures for Acquisition or Disposal of Assets." | Chairman, Hui-Chou Chen, proposed that the Company re-examine or amend the investment cycle-related internal control and internal audit system in accordance with the Company's future operation and development plan in order to establish a good internal control system related to the investment cycle. | After the discussion on the proposal, the motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 3rd meeting in 2023 of the Board of Directors of the 16th term. |
| | 6. Authorization for strategic or long-term investments for diversified business development. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 3rd meeting in 2023 of the Board of Directors of the 16th term. |
| | 7. Authorization for the intention evaluation of strategic or long-term investments for diversified business development. | | | |
| 4th meeting in 2023 of the 1st Audit Committee (2023/05/04) | 1. Review of the 2023 Q1 consolidated reports of the Company. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 4th meeting in 2023 of the Board of Directors of the 16th term. |
| | 2. Discussion of the plan for the Company and the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to apply for credit facilities from financial institutions. | | | |
| | 3. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | | | |

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| 2nd interim meeting in 2023 of the 1st Audit Committee (2023/05/24) | 1. Discussion about issuance of the "Declaration and Undertaking by the Controlling Shareholder and De facto Controller for a GEM Listed Company" by the Company and its subsidiaries to the Shenzhen Stock Exchange in China for the purpose of IPO of the subsidiary, SINGATRON Electronics (China) Co. Ltd.. | During the discussion of this proposal, Committee member Chien-Liang Chen raised the following two issues for further confirmation:<br>1. This Letter of Undertaking is required by Shenzhen Stock Exchange to address the controlling shareholders of the issuer before listing. If a new controlling shareholder of the issuer arises after the company is listed, does the new controlling shareholder of the issuer need to sign this letter of commitment?<br>2. If the parent company in Taiwan and the subsidiary in China are listed on the securities markets of both places, what should I do if the requirements set by the Chinese securities authority for controlling shareholders in Taiwan conflict with those in Taiwan?<br>The Company's reply to the above two questions is as follows:<br>1. Upon consultation with China IPO, Lawyer Qin-Yan Chao replied:<br>Yes, if the issuing company has a new controlling shareholder after listing, it still needs to sign this letter of commitment. In accordance with "Section 5 Controlling Shareholders and Actual Controllers" section of the "Shenzhen Stock Exchange Stock Listing Rules (2022 Revision)" Regulations: “4.5.2 The controlling shareholder or actual controller of a listed company shall, before the IPO and listing or within one month after the completion of the change of control, sign the ‘Declaration and Undertaking of the Controlling Shareholder and Actual Controller,’ and submit it to the Exchange and the company's board of directors."The analysis of the clause shows that | After the discussion on the proposal, the motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 2nd interim meeting in 2023 of the Board of Directors of the 16th term. |

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| | | before the Company's IPO, the Shanghai and Shenzhen Stock Exchanges required the Company's directors, supervisors, senior management, and controlling shareholders and de facto controllers to make statements and commitments before the Company's shares are listed for the first time, and submit them to the stock exchanges and the Company's board of directors for reference; for the company after listing, the Shanghai and Shenzhen Stock Exchange also requires new directors, supervisors, senior management, and actual controllers and controlling shareholders after a change in control of the company to sign a declaration and undertaking within one month after the appointment takes effect or the change is completed. This regulation can be traced back to the "Rules Governing the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange" of the Shenzhen Stock Exchange in 2009.<br>2. If the future requirements imposed by the Chinese securities authorities on Taiwan's controlling shareholders are in conflict with Taiwanese laws and regulations, please consult with the Chinese securities authorities once again to prevent the Company from violating the relevant laws and regulations in Taiwan. | | |
| | 2. Discussion about proposal of subsidiary SINGATRON Electronics (China) Co. Ltd. on issuing a letter of commitment to the Shenzhen Stock Exchange, China, for the special purpose of IPO. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 2nd interim meeting in 2023 of the Board of Directors of the 16th term. |
| 5th meeting in 2023 of the 1st Audit Committee (2023/06/29) | 1. Discussion of the proposal for the Company to reduce the cumulative shareholding of more than 10% of an important subsidiary of the | None | The motion was approved as proposed by all members present without objection | The motion was proposed for resolution at the 5th meeting in 2023 of the |

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| | Group, SINGATRON Electronics (China) Co. Ltd..<br>2. Discussion of the plan for the Company and the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to apply for credit facilities from financial institutions.<br>3. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | | after being consulted and submitted to the Board of Directors for deliberation. | Board of Directors of the 16th term. |
| 6th meeting in 2023 of the 1st Audit Committee (2023/08/09) | 1. Review of the 2023 Q2 consolidated reports of the Company.<br>2. Discussion about the Company's plan to amend the internal control and internal audit system of the "Investment Cycle".<br>3. Discussion of the plan for the Company and the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to obtain credit facilities from financial institutions.<br>4. Discussion of the Company's endorsement and guarantee for the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 6th meeting in 2023 of the Board of Directors of the 16th term. |
| 7th meeting in 2023 of the 1st Audit Committee (2023/08/10) | 1. Discussion on the Company's equity investment of Taisol Electronics Co., Ltd..<br>2. Discussion on the Company's acquisition of credit facilities from financial institutions. .<br>3. Discussion about endorsements/guarantees for the Company by the Group's subsidiary Singatron (Hong Kong) International Holding Ltd. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 7th meeting in 2023 of the Board of Directors of the 16th term. |
| 3rd interim meeting in 2023 of the 1st Audit Committee (2023/08/24) | 1. Discussion about the modification of the Company's equity investment of Taisol Electronics Co., Ltd..<br>2. Discussion about the change in the Company's original acquisition of credit facilities from financial institutions.<br>3. Discussion about change of the endorsement guarantee amount for the Company by the group's subsidiary Singatron Electronics Enterprise Co., Ltd. (HK). | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 3rd interim meeting in 2023 of the Board of Directors of the 16th term. |
| 8th meeting in 2023 of the 1st Audit Committee (2023/10/03) | 1. The Company's issuance of the 3rd domestic unsecured convertible bonds which were listed for trading<br>for discussion. | None | The motion was approved as proposed by all members present without objection after being consulted and | The motion was proposed for resolution at the 8th meeting in 2023 of the Board of Directors of the |

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| | 2. Discussion about the Company's proposal to make changes once again to the equity investment conditions of Taisol Electronics Co., Ltd.<br>3. Discussion on the Company's acquisition of credit facilities from financial institutions.<br>4. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED<br>5. Discussion about the Company's 2023 and 2024 audit fees of Ernst & Young.<br>6. Discussion of the Company's 2024 audit plan. | | submitted to the Board of Directors for deliberation. | 16th term. |
| 9th meeting in 2023 of the 1st Audit Committee (2023/10/30) | 1. Review of the 2023 Q3 consolidated reports of the Company.<br>2. Discussion of the Company's application for credit facilities from financial institutions. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 9th meeting in 2023 of the Board of Directors of the 16th term. |
| 4th interim meeting in 2023 of the 1st Audit Committee (2023/11/07) | 1. Proposal of the Company's plan to renew the equity investment of Taisol Electronics Co., Ltd., the discussion about the change of execution time.<br>2. Discussion about the change in conditions in the Company's acquisition of credit facilities from financial institutions.<br>3. Discussion about change of the endorsement guarantee amount for the Company by the group's subsidiary Singatron Electronics Enterprise Co., Ltd. (HK). | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 4th interim meeting in 2023 of the Board of Directors of the 16th term. |
| 10th meeting in 2023 of the 1st Audit Committee (2023/12/07) | 1. Discussion about the proposal for the change of the execution time of the Company's equity investment in Taisol Electronics Co., Ltd. again.<br>2. Discussion of change to the Company's acquisition of credit facilities from financial institutions. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 10th meeting in 2023 of the Board of Directors of the 16th term. |
| 1st interim meeting in 2024 of the 1st Audit Committee (2024/01/02) | 1. Proposal of the Company for the list of director candidates for the re-election of directors at the 2024 shareholders' annual general meeting of Taisol Electronics Co., Ltd..<br>2. Discussion about modification of the deadline for the use of credit facilities by the Company | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 1st interim meeting in 2024 of the Board of Directors of the 16th term. |

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| | from CTBC Bank. | | | |
| 1st meeting in 2024 of the 1st Audit Committee (2024/01/26) | 1. Discussion of the Company's acquisition of credit facilities from financial institutions. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 1st meeting in 2024 of the Board of Directors of the 16th term. |
| 2nd meeting in 2024 of the 1st Audit Committee (2024/03/12) | 1. Review of the Company's 2023 Business Report.<br>2. Review of the Company's standalone financial statements and consolidated financial statements for 2023.<br>3. Discussion of the appointment of CPAs and evaluation of the professionalism, competency and independence of the attesting CPAs of the Company.<br>4. Discussion of the amendments to certain provisions of the "Rules of Procedure for the Board of Directors' Meetings" of the Company.<br>5. Discussion to amend some clauses of the Company's "General Policy on Pre-approved Non-Assurance Services."<br>6. Discussion of issuing the Company's Statement of Internal Control System for 2023.<br>7. Discussion of the Company's acquisition of credit facilities from financial institutions. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 2nd meeting in 2024 of the Board of Directors of the 16th term. |
| 3rd meeting in 2024 of the 1st Audit Committee (2024/03/21) | 1. 1. Discussion about distribution of earnings for 2023.<br>2. Discussion about the modification of execution conditions of the Company's equity investment in Taisol Electronics Co., Ltd..<br>3. Discussion about modification of the deadline for the use of credit facilities by the Company from CTBC Bank. | None | The motion was approved as proposed by all members present without objection after being consulted and submitted to the Board of Directors for deliberation. | The motion was proposed for resolution at the 3rd meeting in 2024 of the Board of Directors of the 16th term. |

(III) The state of operations of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies?"</td><td>V</td><td></td><td>The "Corporate Governance Best Practice Principles" (last amended on 2023/03/03), which was approved by the Board of Directors of the Company, was formulated with reference to the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” formulated by the competent securities authorities. The Corporate Governance Best Practice Principles have been uploaded to the Market Observation Post System and the Company's website under "Corporate Governance" for public reference. The Company's corporate governance system, in addition to complying with the laws and regulations, has established an effective corporate governance structure to protect shareholders' rights and interests, strengthen the functions of the Board of Directors and enhance information transparency.</td><td>No difference</td></tr>
<tr><td colspan="5">II. The Company’s ownership structure and shareholders' equity</td></tr>
<tr><td>(I). Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations and implemented them in accordance with the procedures?</td><td>V</td><td></td><td>The Company has dedicated investor relations personnel with a spokesperson and an acting spokesperson to handle shareholders' proposals, doubts and disputes. In addition to the contact information of the spokesperson and acting spokesperson, there is also an investor relations mailbox on the Company's website at E-mail:twlz@singatron.com.tw to handle shareholder proposals, questions, disputes or inquiries.</td><td>No difference</td></tr>
<tr><td>(II). Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?</td><td>V</td><td></td><td>In accordance with Article 25 of the Securities and Exchange Act, the Company reports changes in the shareholdings of insiders (directors, supervisors, managerial officers and shareholders holding more than 10% of the shares) on a monthly basis on the website designated by the Securities and Futures Bureau - Market Observation Post System.</td><td>No difference</td></tr>
<tr><td>(III). Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?</td><td>V</td><td></td><td>The Company's internal control system covers risk management at the corporate level and operating activities at the operational level, and has a "Subsidiary Supervisory System" to carry through the risk control mechanism for subsidiaries.<br>The subsidiary SINGATRON Electronics (China) Co. Ltd. in China was listed on the Shenzhen Stock Exchange in China in July 2023. The operations and financial business of the Company and subsidiary SINGATRON Electronics (China) Co. Ltd. in China and its subsidiaries operate independently from each other.</td><td>No difference</td></tr>
<tr><td>(IV). Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?</td><td>V</td><td></td><td>1. In addition to compliance with the Securities and Exchange Act by the employees, managerial officers and directors of the Company, we have established the "Code of Ethical Conduct," "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Handling Material Inside Information and Prevention of Insider Trading" to regulate members to avoid conflicts of interest related to their duties and not to use the non-public information they know to disclose it to others in order to prevent insider trading.<br>2. Article 10 of the Company’s "Corporate Governance Best Practice Principles" stipulates that directors shall not trade their shares during the closed period of 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements.<br>The implementation in 2023 is as follows:
<table>
<tr><th>Board meeting date</th><th>Email notification reminder date</th></tr>
<tr><td>Standalone and consolidated financial statements for 2022 (2023/03/03)</td><td>2023/01/30</td></tr>
</table></td><td>No difference</td></tr>
</table>

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| | | | Consolidated financial statements for 2023 Q1 (2023/05/04) 2023/04/18<br>Consolidated financial statements for 2023 Q2 (2023/08/05) 2023/07/24<br>Consolidated financial statements for 2023 Q3 (2023/10/30) 2023/10/13<br>Standalone and consolidated financial statements for 2023 (2024/03/12) 2024/02/06 | |
| III. Composition and responsibilities of the Board of Directors | | | | |
| (I). Has the Board of Directors formulated and implemented a diversity policy on membership? | V | | The structure of the Board of Directors depends on the scale of the Company's business development, the shareholding of major shareholders and the operational needs, and the number of directors is determined by law and the Company's Articles of Incorporation. The Company's Board of Directors has the required knowledge and expertise in different industries. The directors' extensive knowledge, insight and judgment contribute to the Company's business strategies. Please refer to P18-P20 for the specific objectives of the Board of Directors' diversity and their achievement and the diversity of the Board members. | No difference |
| (II). In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees? | | V | The Company has not established any functional committees other than the Remuneration Committee and the Audit Committee, which were established in accordance with law. | The details are as described on the left. |
| (III). Has the Company formulated Board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination for reappointment? | V | | The Company's Board of Directors resolved on 2020/01/10 to establish the "Regulations for Performance Evaluation of the Board of Directors" (last amended on 2022/01/13), which includes the performance evaluation of the Board of Directors, Board members and functional committees. The performance evaluation of the Board of Directors of the Company for 2023 has been submitted to the Board of Directors' Report on March 12, 2024, and it was completed and uploaded to the MOPS for reporting on March 15, 2024. 2. Please refer to P29-P30 for details of the internal and external performance evaluation and scores of the Company's Board of Directors. 3. The performance evaluation of the Board members will be provided to the Board of Directors for reference in the nomination of directors for election. | No difference |
| (IV). Does the Company regularly evaluate the independence of attesting CPAs? | V | | 1. As of the most recent attestation, there has been no such situation as not having replaced the attesting CPAs for seven years.<br>2、<br>(1). The Company evaluates the independence of the attesting CPAs once a year and submits the results to the Board of Directors. The last submission to the Board of Directors is on 2024/01/26. (Please refer to P48 for the evaluation criteria of CPAs.)<br>(2). Discussion of the appointment of CPAs and evaluation of the professionalism, competency and independence of the attesting CPAs of the Company was reported on March 12, 2024 to the Audit Committee and Board of Directors. In accordance with the audit quality indicators (AQI) with five major aspects and 13 indicators, including professionalism, independence, quality control, supervision, and innovation ability.<br>3. CPAs Cheng-Wei Lin and Chi-Ming Chang from Ernst and Young have been evaluated to be in compliance with the Company's criteria. | No difference |
| IV. Does the Company as a listed company have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for | | V | 1. The Board of Directors of the Company resolved on 2023/03/03 to approve Ms. Rui-Chen Hu Chief of Administration and Finance Division, as Corporate Governance Officer with the following major responsibilities and priorities:<br>(1) Plan and develop corporate systems and organizational structure to promote Board independence, compliance with laws and regulations, and implementation of internal audits and controls. | There is no full-time corporate governance personnel yet. |

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| directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting Board meeting and shareholders' meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of Board meetings and shareholders' meetings, etc.)? | | | (2) Notify all directors at least 7 days in advance of Board meetings and provide sufficient information before the meetings to help directors understand the issues. If the content of a motion is related to an interested party, the party concerned will be reminded to recuse himself or herself as appropriate.<br>(3) Register the date of the shareholders' meeting in accordance with the deadline of the law, and prepare the notice of the meeting, the handbook and the minutes of the meeting before the deadline.<br>(4) Establish corporate governance best practice principles and formulate or revise related matters.<br>(5) Provide information necessary for directors to carry out their business.<br>(6) Assist shareholders in dealing with stock-related issues.<br>(7) Assist directors in their continuing education.<br>(8) Disclose corporate governance information on the Company's website.<br>(9) Review the achievement of corporate governance evaluation indicators on an annual basis and propose improvement plans and countermeasures for the indicators that have not been achieved.<br>(10) Provide business and financial information to directors in accordance with their needs and maintain smooth communication and exchange between directors and various responsible officers.<br>2. The date the Company last reported to the Board of Directors on the implementation of corporate governance: 2024/01/26.<br>3. Please refer to P46-P47 for the continuing education of Corporate Governance Officer in 2023. | |
| V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders? | V | | We attach great importance to the balance of rights and obligations of our stakeholders (including shareholders, employees, customers, suppliers, banks, etc.). In addition to maintaining good communication with our stakeholders, we have a CSR section and a stakeholder section on our website (https://www.singatron.com.tw/zh- tw/quality.html). We also provide contact telephone, e-mail and other channels for different stakeholders so that they can contact us at any time with relevant issues and suggestions. | No difference |
| VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings? | V | | The Company’s stock affairs agency: Stock Affairs Services Department, Fubon Securities Co., Ltd. | No difference |
| VII. Information Disclosure | | | | |
| (I) Has the Company set up a website to disclose finance and business matters and corporate governance information? | V | | The Company has set up a website (https://www.singatron.com.tw/) to disclose the following information<br>1. Disclosure of financial information:<br>The Company's website has a financial section to disclose the Company's financial information, which is updated regularly for investors' reference.<br>2. Disclosure of business information:<br>The product section of the Company's website provides product introductions and information on industry applications for users to inquire. In addition, the Company's annual reports provide information on business scope, industry overview, technology and R&D overview, market analysis, major product applications and production process for users to inquire.<br>3. Disclose corporate governance information<br>The Corporate Governance section of the Company's website has information on the members of the Board of Directors (including diversity), important resolutions of the Board of Directors, communication between CPAs, internal audit officer and independent directors, important corporate rules and regulations, and the organization and operations of internal audits. | No difference |

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| (II). Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)? | V | | 1. Designate full-time personnel responsible for the collection and disclosure of corporate information.<br>The Company assigns dedicated personnel to collect and disclose information to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely manner.<br>2. Implement the spokesperson system.<br>The Company's spokesperson is the Chief of Administration and Finance Division, Rui-Chen Hu and the acting spokesperson is the Vice President of subsidiary, Tian-Shan Shi.<br>3. The website to inquire for the proceedings of corporate earnings calls:<br>On December 6, 2023, the Company was invited to participate in the online earnings call held by KGI Securities Co., Ltd. and uploaded the presentation file to the Company's website for public reference. | No difference |
| (III). Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline? | | V | The Company announces financial statements and revenue for each month as required by law. Please refer to the Market Observation Post System for more information on the disclosure of the information listed on the left. | The Company currently announces and reports its annual financial statements within three months after the end of the fiscal year. |
| VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)? | V | | 1、 Vision, mission and management philosophy:<br>Vision: To be the preferred connector solution provider in the industry<br>Mission: To build a healthy and efficient team to accomplish the mission<br>Business philosophy: "Innovation, Service, Efficiency"<br>2、 Employee rights and interests:<br>In accordance with the Labor Standards Act and the Company's personnel regulations.<br>3、 Employee care:<br>A window is in place to handle employee assistance programs, and multiple channels are available for employees to express their opinions, creating a good sense of participation and a smooth two-way channel.<br>4、 Investor relations:<br>The Company's top goal is to protect the interests of shareholders and treat all shareholders fairly. In addition, the Company will immediately upload material information on finance, business and changes in insider shareholding to the Market Observation Post System (MOPS) in accordance with relevant regulations. We also communicate with investors through shareholders' meetings and the spokesperson. In addition, the Company has an "Investor Section" on its website, in which information on the five major aspects, including "Company Profile", "Corporate Governance", "Stakeholders", "Financial Information" and "Investor Services", is disclosed for investors' easy reference.<br>5、 Supplier relations:<br>The Company conducts procurement operations in accordance with the "Procurement Management Procedures" and suppliers deliver goods in accordance with contracts. The Company holds supplier meetings at least once a year to promote corporate social responsibility, conduct questionnaire surveys, recognize good suppliers, and communicate management philosophy in order to establish closer supplier relationships.<br>6、 Rights of stakeholders:<br>The Company protects the rights of different stakeholders through the rules, regulations, and contracts established by the Company and the "Stakeholder Section" is in place on the Company's website, which contains the contact telephone numbers and e-mails of the corresponding communication channels for | No difference |

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| | | | each stakeholder, by which stakeholders can communicate with and advise the Company in order to maintain the necessary cooperative relationship.<br>7、 Continuing education of directors:<br>All directors of the Company have relevant professional knowledge. The Company also offers training courses for directors from time to time, and holds seminars as necessary.<br>8、 Implementation of risk management policy and risk measurement standards:<br>The Company identifies, evaluates, supervises, manages and monitors major sustainable development issues and their risk impacts in accordance with risk laws and regulations, and establishes relevant risk management policies. Coverage: Carbon emissions management, energy management, environmental management, occupational safety management, human resource development, customer relationship, integrity, R&D innovation, information security, sustainable supply practice, and operational performance. Risks that may arise from each business operation are controlled within tolerable limits to achieve risk control objectives; in addition, various internal regulations are formulated in accordance with the above management requirements, various risk management and evaluation are conducted, and implementation is based on them.<br>9、 Purchase of liability insurance for directors by the Company:<br>Since 2006, the Company has taken out liability insurance for directors during their term of office to reduce and diversify the significant losses to the Company and shareholders caused by the directors' mistakes or negligent acts. The most recent purchase of liability insurance for directors was reported to the Board of Directors on 2023/04/26.<br>10. The directors always pay attention to the relevant regulatory information.<br>11. Internal rules and regulations are established to manage and evaluate risks and are implemented accordingly. | |

IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: Items that have been improved in 2023.

| Serial No. | Evaluation indicator |
|---|---|
| 1.15 | Whether the Company has established and disclosed on the Company's website internal regulations prohibiting insiders such as directors or employees from trading securities using unpublished market information, including (but not limited to) directors shall not trade these shares during the closing periods of 30 days prior to the announcement of the Company's annual financial statements, and 15 days prior to the announcement of the quarterly financial statements, and to explain the status of implementation? |
| 4.3 | Does the Company regularly disclose the concrete promotion plans and implementation results of corporate sustainable development (ESG) on the Company's website, annual report or sustainability report? |

Priority items for reinforcement in 2024

| Serial No. | Evaluation indicator | Priority enhancement |
|---|---|---|
| 1.8 | Whether the Company has uploaded the Chinese and English versions of its annual report 18 days prior to the General Meeting of Shareholders? | The Chinese and English versions of the Annual Report are to be uploaded 18 days prior to the AGM. |

Continuing education of directors, managerial officers, finance officer and audit officer of the Company in 2023

| Position | Name | Training date | | Organizer | Course name | Training hours |
|---|---|---|---|---|---|---|
| | | From | To | | | |
| Vice Chairperson and President | Peng-Huang Peng | 2023/03/14 | 2023/03/14 | Cathay United Bank /Taiwan Academy of Banking and Finance | Corporate Governance Seminar for Directors and Supervisors | 3.0 |
| Vice Chairperson and President | Peng-Huang Peng | 2023/08/11 | 2023/08/11 | Accounting Research and Development Foundation | Operation diversification strategy under geopolitical risk | 3.0 |
| Vice Chairperson and President | Peng-Huang Peng | 2023/11/06 | 2023/11/06 | Securities and Futures Institute | The understanding of directors and senior management of listed companies on the current supervision of the competent authorities | 3.0 |
| Vice Chairperson and President | Peng-Huang Peng | 2023/11/06 | 2023/11/06 | Securities and Futures Institute | Technical development and application opportunities of the chat bot ChatGPT | 1.5 |
| Vice Chairperson and President | Peng-Huang Peng | 2023/11/06 | 2023/11/06 | Securities and Futures Institute | Responding to new trends in the world | 1.5 |
| Independent director | Chien-Liang Chen | 2023/11/18 | 2023/11/18 | Accounting Research and Development Foundation | Update on Sustainable Disclosure Standards | 3.0 |
| Independent director | Chien-Liang Chen | 2023/12/27 | 2023/12/27 | Taiwan Project Management Association (TPMA) | Enterprise digital transformation and digital governance | 3.0 |
| Independent director | Hui-Chou Chen | 2023/08/04 | 2023/08/04 | Taiwan Investor Relations Institute | Analysis of domestic and foreign M&A practices | 3.0 |
| Independent director | Hui-Chou Chen | 2023/11/10 | 2023/11/10 | Taiwan Investor Relations Institute | Business cycle and industrial investment | 3.0 |
| Independent director | Kung-Chien Huang | 2023/03/14 | 2023/03/14 | Cathay United Bank /Taiwan Academy of Banking and Finance | Corporate Governance Seminar for Directors and Supervisors - Topics related to Equalization of Land Rights Act | 3.0 |
| Independent director | Kung-Chien Huang | 2023/12/27 | 2023/12/27 | Taiwan Project Management Association (TPMA) | Enterprise digital transformation and digital governance | 3.0 |
| Director | Chien-Nian Chi | 2023/03/14 | 2023/03/14 | Cathay United Bank /Taiwan Academy of Banking and Finance | Corporate Governance Seminar for Directors and Supervisors - Topics related to Equalization of Land Rights Act | 3.0 |
| Director | Chien-Nian Chi | 2023/11/18 | 2023/11/18 | Accounting Research and Development Foundation | Update on Sustainable Disclosure Standards | 3.0 |
| Director | Chih-Chiang Chu | 2023/05/23 | 2023/05/23 | Taipei Exchange | Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies | 3.0 |
| Director | Chih-Chiang Chu | 2023/08/23 | 2023/08/23 | Taipei Exchange | OTC Company Insider Stock Ownership Seminar | 3.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/05/22 | 2023/05/22 | Accounting Research and Development Foundation | Sustainability Information Disclosure Practices Seminar, Carbon Management - Greenhouse Gas Inventory and Assurance | 3.0 |

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| Corporate Governance Officer | Rui-Chen Hu | 2023/06/06 | 2023/06/06 | Accounting Research and Development Foundation | Impacts of Global Net Zero Emissions and ESG Actions | 3.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/06/29 | 2023/06/29 | Accounting Research and Development Foundation | Corporate sustainability reports assurance standards and practical analysis: ISAE/TWSAE3000 general assurance cases | 3.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/08/08 | 2023/08/08 | Accounting Research and Development Foundation | Compliance practice of corporate governance personnel required by the competent authority | 6.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/08/30 | 2023/08/30 | Accounting Research and Development Foundation | Promoting sustainable development through risk management | 6.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/09/14 | 2023/09/14 | TIRI | Mergers and acquisitions practices in Taiwan | 3.0 |
| Corporate Governance Officer | Rui-Chen Hu | 2023/11/14 | 2023/11/14 | Independent Directors Association of Taiwan | The Group's M&A strategy and post-investment management | 3.0 |
| Accounting Supervisor | Rui-Chen Hu | 2023/06/21 | 2023/06/21 | Accounting Research and Development Foundation | Practical Analysis of the Latest Sustainability Action Plans and Net Zero Carbon Emission Impacts on Financial Statements | 6.0 |
| Accounting Supervisor | Rui-Chen Hu | 2023/07/20 | 2023/07/20 | Accounting Research and Development Foundation | Use of intellectual property management to improve corporate governance and compliance with internal control laws | 6.0 |
| Audit Officer | Ying-Yuan Peng | 2023/05/16 | 2023/05/16 | The Institute of Internal Auditors | Enhance corporate sustainable value and improve risk management system | 6.0 |
| Audit Officer | Ying-Yuan Peng | 2023/06/20 | 2023/06/20 | The Institute of Internal Auditors | How to adjust the internal control system to respond to the new requirements of ESG | 6.0 |
| Project Assistant Manager | Ya-Chi Wu | 2023/07/31 | 2023/07/31 | Accounting Research and Development Foundation | ESG sustainability + self-prepared financial report. New Law Update! | 6.0 |
| Project Assistant Manager | Ya-Chi Wu | 2023/10/13 | 2023/10/13 | Taiwan Science Park Association of Science and Industry | Analysis of financial accounting cases and improvement of individual (organizational) performance | 6.0 |
| Project Assistant Manager | Ya-Chi Wu | 2023/10/23 | 2023/10/23 | Taipei Exchange | 2023 seminar to promote the adoption of IFRS in Taiwan | 3.0 |

Criteria for evaluating the independence of CPAs

| Item | Results |
|---|---|
| 1. As of the most recent attestation, there has been no such situation as not having replaced the attesting CPAs for seven years. | ■ Yes □ No |
| 2. No significant financial interest with the client. | ■ Yes □ No |
| 3. No inappropriate relationship with the client. | ■ Yes □ No |
| 4. The CPA should ensure the integrity, impartiality and independence of his or her associates. | ■ Yes □ No |
| 5. The CPA shall not audit and attest the financial statements of the organizations he or she served within two years prior to the date of the CPA's practice. | ■ Yes □ No |
| 6. The CPA's name shall not be used by others. | ■ Yes □ No |
| 7. The CPA shall not hold any shares of the Company or its affiliates. | ■ Yes □ No |
| 8. No monetary lending or borrowing with the Company and its affiliates. | ■ Yes □ No |
| 9. No joint investment or benefit-sharing relationship with the Company or its affiliates. | ■ Yes □ No |
| 10. No regular employment with the Company or its affiliates for a fixed remuneration. | ■ Yes □ No |
| 11. Not involved in the management function of making decisions for the Company or its affiliates. | ■ Yes □ No |
| 12. Not engaged in any other business that may compromise his or her independence. | ■ Yes □ No |
| 13. No spouse or relatives within second degree of kinship in the Company's management. | ■ Yes □ No |
| 14. No commission received in connection with the business of the Company | ■ Yes □ No |
| 15. To date, no disciplinary action has been received or the principle of independence has been compromised. | ■ Yes □ No |

(IV). The composition and operations of the Remuneration Committee established by the Company:

1. The Company's Board of Directors resolved to establish a Remuneration Committee, whose members are appointed by the Board of Directors.
   The main duties of the Remuneration Committee are to review the performance evaluation and remuneration policies of directors and managerial officers on a regular basis and to submit its recommendations to the Board of Directors for discussion.
2. Scope of authorities and responsibilities of the Remuneration Committee:
   The Committee shall faithfully perform the following authorities and responsibilities with the attention of good stewards and submit its recommendations to the Board of Directors for discussion.
   (1) Review and propose amendments to the Charter on a regular basis.
   (2) Establish and regularly review the performance evaluation standards, annual and long-term performance goals, and policies, systems, standards and structures for remuneration of directors and managerial officers, and disclose the contents of the performance evaluation standards in the annual report.
   (3) Periodically evaluate and determine the achievement of the performance goals of directors and managerial officers, and determine the content and amount of their individual remuneration based on the evaluation results in accordance with the performance evaluation standards. The annual report shall disclose the results of the individual performance evaluation of directors and managerial officers, and the content and amount of individual remuneration in relation to the results of the performance evaluation and the reasonableness of the results, which shall be reported to the shareholders' meeting.

   In performing the foregoing duties and responsibilities, the Committee shall abide by the following principles.
   (1) Ensure that the Company's remuneration arrangements are in compliance with the relevant laws and regulations and are sufficient to attract talent.
   (2) The performance evaluation and remuneration of directors and managerial officers shall be based on the usual industry standard, and shall have the results of the performance evaluation, the time spent, the responsibilities, the achievement of goals, the performance in other positions, the remuneration offered to equivalent positions in recent years and the achievement of short-term and long-term business goals and the financial position of the Company, the reasonableness of the relationship between individual performance and the Company's operating performance and future risks taken into account.
   (3) Directors and managerial officers shall not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of remuneration.
   (4) The distribution percentage for remuneration in accordance with short-term performance of directors and senior managerial officers and the timing of payment of certain variable remunerations shall be determined by taking into account the characteristics of the industry and the nature of the Company's business.
   (5) The content and amount of remuneration for directors and officers shall be reasonable and the determination of remuneration for directors and officers shall not be materially inconsistent with the financial performance of the Company. If there is a significant decline in profit or a long-term loss, the remuneration shall not be higher than the previous year. If it is still higher than the previous year, the reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.
   (6) The members of the Committee shall not participate in the discussion and voting on the decision of their personal remuneration.

   The remuneration referred to in the preceding two paragraphs includes cash remuneration, stock options, profit sharing with stock ownership, retirement benefits or severance pay, allowances and other material incentives; the scope of which is consistent with the Regulations Governing Information to be Published in Annual Reports of Public Companies on the remunerations for directors and officers.

   If the remuneration of directors and managerial officers of subsidiaries is subject to the approval of the Board of Directors of the Company in accordance with the hierarchical authorizations of the subsidiaries, the Committee shall make recommendations and then submit them to the Board of Directors for discussion.

3. Information on the members of the current Remuneration Committee (Term of office: 2022/06/16-2025/06/15)

| Name / Criteria / Position | | Professional qualifications and experiences | Status of independence | Number of other public companies in which the individual is concurrently serving as a remuneration committee member |
|---|---|---|---|---|
| Independent director (Convener) | Chien-Liang Chen | Please refer to P15-P17 for disclosure of professional qualifications of directors and independence of independent directors. | 1. Not an employee of the Company or its affiliates.<br>2. Not a director or supervisor of the Company or its affiliates.<br>3. Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.<br>4. Not a managerial officer under (1) or a spouse, relative within the second degree of kinship or lineal relative by blood within the third degree of kinship under (2), (3).<br>5. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of the Company Act.<br>6. Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.<br>7. Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, President or equivalent positions of the Company.<br>8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.<br>9. Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT$500,000.<br>10. Not a person who has a spouse or relatives of second degree of kinship in other directors.<br>11. Not a person elected in the capacity of the government, a corporation, or a representative as provided in Article 27 of the Company Act. | None |
| Independent director | Hui-Chou Chen | | | 2 |
| Independent director | Kung-Chien Huang | | | None |

4. Operations of the Remuneration Committee.

(1) There are three members in the Remuneration Committee of the Company.

(2) The term of office of the current committee is from June 16, 2022 to June 15, 2025.

Number of meetings held in the current (5th) term in 2023 and up to the date of publication of the annual report

| Position | Name | Number of attendance in person (B) | Number of attendance by proxy | Percentage of attendance in person (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Convener | Chien-Liang Chen | 5 | 0 | 100.00% | None |
| Member | Hui-Chou Chen | 5 | 0 | 100.00% | None |
| Member | Kung-Chien Huang | 5 | 0 | 100.00% | None |

Other matters required to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, session, motion content, resolution of the Board, and its handling of the committee's opinions (if the remuneration approved by the Board is better than the recommendation proposed by the committee, the difference and reasons therefor should be stated):
No such situation.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated:
No such situation.

1. Discussion and resolution of the Remuneration Committee for the most recent year (2023/01/01-2024/03/12), and the Company's handling of the members' opinions.

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| Meeting date | Motion content | Resolution | The Company's handling of the members' opinions. |
|---|---|---|---|
| 1st meeting in 2023 of the 5th Remuneration Committee (2023/01/11) | 1. Discussion of the year-end director's remuneration for 2022 for the executive Chairperson and Vice Chairperson of the Company.<br>2. Discussion of the year-end bonus for 2022 for managerial officers of the Company. | Resolved to pass by all the Committee members | The motion was proposed for resolution at the 1st meeting in 2023 of the Board of Directors of the 16th term. |
| 2nd meeting in 2023 of the 5th Remuneration Committee (2023/03/03) | 1. Discussion of the profit sharing remuneration for employees, directors and supervisors of the Company for 2022. | Resolved to pass by all the Committee members | The motion was proposed for resolution at the 2nd meeting in 2023 of the Board of Directors of the 16th term. |
| 3rd meeting in 2023 of the 5th Remuneration Committee (2023/08/09) | 1. Discussion of the director's performance-based remuneration for 2022 for the executive Chairperson and Vice-Chairperson of the Company.<br>2. Discussion of the profit sharing remuneration for directors and supervisors of the Company for 2022.<br>3. Discussion of the employee profit sharing remuneration for the Company's managerial officers for 2022 and the incentive bonus for employees. | Resolved to pass by all the Committee members | The motion was proposed for resolution at the 6th meeting in 2023 of the Board of Directors of the 16th term. |
| 1st meeting in 2024 of the 5th Remuneration Committee (2024/01/26) | 1. Discussion of the year-end director's remuneration for 2023 for the executive Chairperson and Vice Chairperson of the Company.<br>2. 2. Discussion of the year-end bonus for 2023 for managerial officers of the Company. | Resolved to pass by all the Committee members | The motion was proposed for resolution at the 1st meeting in 2024 of the Board of Directors of the 16th term. |
| 2nd meeting in 2024 of the 5th Remuneration Committee (2024/03/12) | 1. Discussion of the profit sharing remuneration for employees, directors and supervisors of the Company for 2023. | Resolved to pass by all the Committee members | The motion was proposed for resolution at the 2nd meeting in 2024 of the Board of Directors of the 16th term. |

(V). Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-listed Companies and the reasons therefor.

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors? | V | | 1. In accordance with the “Corporate Social Responsibility Best Practice Principles,” the Board of Directors authorized the General Administration Center to be a part-time unit to promote CSR and report to the Board of Directors on a regular basis. In January 2022, the name of the Best Practice Principles was changed to "Sustainable Development Best Practice Principles" in accordance with the law, which was approved by the Board of Directors; the promotion unit of the General Administration Center was renamed "ESG Promotion Committee" in February 2022.<br>2. The Principles’ boundary covers the Company and its controlled subsidiaries as the organizational scope (hereinafter referred to as the Group). The General Administration Center reviews the Group's core operating competencies through senior officers in different areas to develop medium- and long-term sustainability plans and annual programs. The Principles’ driving unit serves as a cross-departmental communication platform that integrates up and down and connects horizontally to identify relevant sustainability issues, track for development-related projects and ensure that sustainability strategies are fully implemented in the Group's daily operations.<br>3. In 2024, the Board of Directors received six periodic reports on sustainability-related topics, including the "Corporate Governance Assessment and Operations Report," "Ethical Operations Report," "Greenhouse Gas Inventory Progress Report,” and “Annual Corporate Sustainability Report.” The Board of Directors was given the reports and reviewed and monitored the progress of the implementation. | No difference |
| II. Does the Company, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations, and formulate relevant risk management policies or strategies? | V | | 1. The Group's core business is the design, manufacturing and sale of electronic components and connectors and the main development and production sites are the subsidiaries at each plant. The risk assessment boundary covers the subsidiaries controlled by the Group, including the established locations in Taiwan and Mainland China. This disclosure covers the period from January 2023 to December 2023.<br>2. The Group's vision is to become the preferred connector solution provider in the industry and to build a healthy and efficient team to accomplish its mission. Based on the materiality principle of the sustainability report, stakeholder concerns and verification reports from external parties for each management system, the Group monitors and controls material sustainability issues and their risk impacts by identifying and evaluating them in accordance with the risk methodology and establish relevant risk management policies. Coverage: Climate change management, energy management, environmental management, occupational safety management, human resource development, customer relationship, integrity, R&D | No difference |

<table>
<tr><th colspan="2" rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="2"></td><td></td><td></td><td>innovation, information security, sustainable supply practice, and operational performance.</td><td></td></tr>
<tr><td colspan="6">III. Environmental Issues</td></tr>
<tr><td>(I)</td><td>Has the Company set up an appropriate environmental management system based on the characteristics of its industry?</td><td>V</td><td></td><td>1. The Group's core business is connector design and manufacturing, with the United States and the European Union as the main markets. Establish an environmental management system based on the characteristics of the electronics industry. In the Group's operation cycle, we mainly use electricity and a small amount of water resources, which generate a small amount of wastewater, exhaust, noise and waste in the process. Through the implementation of production safety institutionalized cycle management, we effectively reduce the impact of pollution on the environment. By 2023, all of the Group's plants completed third-party inspection and verification of the sustainable and effective environmental management systems "ISO 14001" and "QC080000," which is publicly disclosed on the Company's website.<br>2. According to the ISO14064-1 standard, the Group has conducted the greenhouse gas emission inventory of about 95% of the organizational scope in the consolidated financial report in 2023, and in the first quarter of 2024, the Group will apply for a third-party verification unit to perform the first emission report assurance.</td><td>No difference</td></tr>
<tr><td>(II)</td><td>Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?</td><td>V</td><td></td><td>1. Energy saving and improving energy efficiency:<br>1.1. The Group continues to promote various energy saving measures, eliminating and updating old equipment with high efficiency versions to improve production efficiency and energy efficiency of enterprises and products.<br>1.2. The Group's energy saving target for 2023: 1% energy saving in total electricity consumption based on the previous year. In 2023, the Group's total power consumption was reduced by 9%, and the Group's power consumption was reduced by 837.7 kWh, meeting the target.<br>1.3. The Taiwan plant mainly focuses on sales and outsourced production as the main operation cycle. Compared to 2022, the area used and the number of employees were the same, and the total electricity used in 2023 increased by 2.1%.<br>1.4. The China plant is mainly for development and production. The total electricity consumption of the China plant reduced by 9.4% in 2023 compared to 2022.<br>(Power consumption: thousand kWh)
<table>
<tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Total electricity consumption of Taiwan plants</td><td>390.825</td><td>363.960</td><td>371.760</td></tr>
<tr><td>Total electricity consumption of plants in Mainland China</td><td>10,241.355</td><td>8,967.776</td><td>8,122.261</td></tr>
<tr><td>Group's total power</td><td>10,632.180</td><td>9,331.736</td><td>8,494,021</td></tr>
</table>
</td><td>No difference</td></tr>
</table>

| Evaluation item | State of operations | | Summary description | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | | |

consumption

1.5.Group electricity usage intensity (thousand kWk/revenue in Millions of NTD): The electricity consumption intensity in 2023 is 2.46, up from 2.40 in 2022, which represents an increase of 2.5%. The annual total electricity consumption reduction rate is 9%, which is lower than the revenue reduction rate of 11%. The relative electricity efficiency still needs to be improved continuously and flexible control of electricity consumption.

(Thousand kWh/Revenue NTD million)

| Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Group's Energy Use Intensity | 2.49 | 2.40 | 2.46 |

1.5.1: During the period from 2020 to 2022, the use of LED lighting in mainland China factories has been increased to 98%, and the old air compressors, high and low voltage transformers, air-conditioning facilities, and automated process equipment have been replaced with new ones with high efficiency. The comprehensive effect is that the decline rate of electricity consumption is greater than the decline rate of revenue, which is reflected in the energy use intensity.

1.5.2: In 2023, each factory area upgraded 8 items of high-temperature and high-frequency electronic-load-related testing equipment in the laboratory, and continued to improve the output efficiency of 30 projects in the engineering process. In response to changes in the revenue mix and utilization, the factory area implemented production line reorganization to enhance its electricity consumption efficiency. Three electricity efficiency improvement projects were completed in the fourth quarter. Replacement of old air-tight windows in the Taiwan factory to improve air-conditioning power efficiency was at 80% completion in the fourth quarter.

1.5.3: In 2024, the Group plans to implement the smart machine networking system to effectively control the utilization data of electrical equipment and target more efficient energy-saving options.

2. Renewable energy usage in the plant, low-carbon energy use transformation.

2.1 The Suzhou Plant, an important subsidiary in Mainland China, supplied 596.191 kilowatt-hour (kWh) of electricity to the factories in 2023 with the electricity generated by solar power equipment, accounting for 7.0% of the Group's total electricity consumption, effectively reducing environmental impact.

(thousand kWh)

| Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Solar energy consumption | 185.521 | 656.677 | 596.191 |
| Percentage of total power consumption by the Group | 1.74% | 7.04% | 7.02% |

3. Use materials that comply with international environmental material regulations

<table>
<tr><th colspan="2" rowspan="2">Evaluation item</th><th colspan="3">State of operations</th><th rowspan="2">The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="2"></td><td></td><td></td><td>and increase the recycling of waste<br>3.1 The raw materials used by the Group are in compliance with EU RoHS, REACH, Halogen-free regulations and the Green Product Quality System QC080000.<br>3.2 The R&D unit continues to develop the formula design for recycled materials, and no recycled materials are used so far. Some products are formulated with the plastic scraps recycled and reused in the factories as part of the waste reduction activities.</td><td></td></tr>
<tr><td>(III)</td><td>Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future and take countermeasures to respond to climate-related issues?</td><td>V</td><td></td><td>Please refer to the Company's Climate-Related Information (page 61).</td><td>No difference</td></tr>
<tr><td>(IV)</td><td>Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?</td><td>V</td><td></td><td>(I) Greenhouse gas emissions:<br>1. 2023 ISO 14064-1 greenhouse gas inventory report completed by each group plant. Application for a third-party verification unit to conduct the first verification in the first quarter of 2024; currently in progress. The following emission information has not been verified by a third party. The 2023 Sustainability Report will continue to update information related to assurance.<br>2. In the 2023 greenhouse gas inventory, the Group consolidated the carbon emissions from about 95% of the organization's Scope 1 and Scope 2 sources: the total emission in 2023 was 5,307.9 tons, which was 5.1% or 288.7 tons in 2022.<br>Unit: (tons of CO2e)
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>1. Parent company (Taiwan):</td><td>229.885</td><td>235.818</td></tr>
<tr><td>2. Subsidiaries (Mainland plants)</td><td>5,366.807</td><td>5,072.127</td></tr>
<tr><td>2.1 SuZhou Plant</td><td>3,562.188</td><td>3,710.847</td></tr>
<tr><td>2.2 Zhongshan Plant</td><td>1,804.619</td><td>1,361.280</td></tr>
<tr><td>Total</td><td>5,596.692</td><td>5,307.945</td></tr>
</table>
2.1 The Company (TW Plant):<br>TW Plant is mainly engaged in sales and outsourcing production. The main energy used is purchased electricity and the main greenhouse gas emissions are CO2. The area used in the past two years is equivalent to the number of people. The 2023 greenhouse gas emissions report has been submitted for initial verification by a third party in the first quarter of 2024 and is currently in progress. The data are derived from invoices and receipts. The emissions of Scope 1 and Scope 2 is estimated based on the 14064-1 emission coefficient. The emissions in 2022 will increase by 2.6% or 5.9 tons. Mainly due to the increase in electricity consumption and generator</td><td>No difference</td></tr>
</table>

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | consumption.<br>2.2 The subsidiaries (Mainland plants):<br>Mainly for design and manufacturing. The main energy used is externally purchased electricity. The main greenhouse gas emissions are CO2. For the Suzhou Factory and Zhongshan Factory, the 2023 greenhouse gas emissions report of each factory has been arranged for the first third party verification and assurance in Quarter 1, 2024, and is currently in progress. Sources of data are invoices and so on. Based on 14064-1 and the emission coefficient for China, the emissions of Scope 1 and 2 are estimated. The factory in China reduced emissions by 5.5% compared to 2022 or 294.6 tons.<br>2.3 The Group's consolidated greenhouse gas emission intensity:<br>CO2e emissions intensity is measured in NTD millions of revenue to reflect the carbon emissions performance of the revenue.<br>The 2023 revenue is NTD 3,451.7 million, and the group's consolidated emissions intensity = 1.538 tons/million revenue.<br>The 2022 revenue is NTD 3,892.5 million, and the group's consolidated emissions intensity = 1.438 tons/million revenue.<br>Revenue: the Group's consolidated revenue for the year.<br>In 2023, the total emissions reduction rate of 5.1% is less than the revenue decline rate of 11%, resulting in a 7% increase in carbon emissions intensity for the annual comparison, reflecting the Company's goal of improving emissions reduction performance and energy consumption efficiency with the changes in revenue.<br>2.4. Greenhouse gas emissions management policy: management of electricity consumption, promotion and maintenance of efficient and effective operation, high energy consumption and energy saving, amount of renewable energy used, and usage status of official vehicles.<br>(II) Water consumption:<br>A very small amount of water is used in the Group's manufacturing processes. The Group's water consumption is mainly the domestic water consumption of employees in each factory area. The water intensity of each employee is used as the performance measurement for water consumption control. The total water consumption and water intensity of the factories in China have increased. There are no matters related to the disposal of industrial wastewater.<br>1. The Company (TW plants): The total water consumption in 2023 was 1,352 (M3), a decrease of 15.4% from 2022's 1,599 (M3), and the annual water intensity per capita was 15.7 (M3), a 14.5% decrease from 2021.<br>2. Subsidiary (Mainland China): The total water consumption in 2023 is 125,231 (M3), a decrease of 7.36% from 2022, and the water intensity per capita in 2023 is 148.0 (M3), an increase of 11% from 2022. | |

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | 3. Water consumption management policy: water consumption management, water use equipment management, and waste water regulation management.<br>(III) Waste:<br>1. The Company (Taiwan):<br>The company will discharge 9.67 tons of waste in 2023, compared to 27.4 tons in 2022. This represents a 65% reduction in waste and no hazardous waste.<br>The subsidiaries (Mainland plants):<br>The hazardous waste in 2023 is 6.03 tons, an increase of 8.3% from 5.57 tons in 2022. The waste is recycled by qualified disposal providers.<br>In 2023, the total weight of waste recycling and treatment is 367.7 tons. The industrial waste and domestic garbage in some factory areas are discharged in the number of barrels signed by the contract, and the weight cannot be clearly calculated. The recovery rate cannot be clearly estimated.<br>3. The waste in Mainland plants is separated for management and recycled by category and the recycling rate will be managed continuously to reduce waste and incineration or burial.<br>Waste management policy: separate management by category, recycling, waste reduction and design of source reduction. | |
| IV. Social Issues | | | | |
| (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights? | V | | The Group recognizes and voluntarily follows the internationally recognized human rights conventions and the laws and regulations of the relevant authorities, and establishes relevant personnel and administrative practices and occupational safety and health management procedures to respect and protect the legitimate rights and interests of employees.<br>In 2023, the ISO45001 environmental safety and health management system of all subsidiaries has been validated by a third party and the RBA management system of important subsidiaries has been validated by a third party and is publicly available on the Company's website. | No difference |
| (II) If the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration? | V | | 1. Each subsidiary of the Group formulates and implements the Group's welfare and compensation management rules and employee welfare measures in accordance with the principles of fairness, justice, equality, voluntariness and honesty in accordance with local laws and regulations.<br>2. The Company attaches importance to the reasonable treatment of employees in the development of the compensation and welfare system. Provide a number of welfare programs and build a considerate working environment. Conduct regular appraisal and payment of performance bonuses. Share the results of management with employees.<br>Taiwan:<br>Considerate working environment: Restaurant, parking lot, fitness and leisure center, | No difference |

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | dormitory.<br>Abundant welfare programs: group insurance, employee health checkup, subsidies for weddings and funerals, birthday/travel/festival subsidies, employee health checkup, and regular medical treatment at the factory.<br>Incentive system: year-end bonus, performance bonus, employee stock trust system.<br>Comprehensive education and training activities.<br>Mainland China:<br>Considerate working environment: work environment: fitness and leisure center, employee cafeteria, dormitory, parking lot, transportation vehicle, reading room, basketball court, kiosk, etc.<br>Rich welfare programs: hardware insurance, employee health check, quarterly employee activities, holiday gifts, etc.<br>Incentive system: year-end bonus, performance bonus, production incentive bonus, new product and new customer business incentive bonus and profit sharing bonus measures.<br>Comprehensive education and training activities.<br>3. Diversity and equality in the workplace: Female managers make up 39% of senior executives in functional departments and female employees make up 55% of the total workforce. There is no gender discrimination. | |
| (III) Does the Company provide employees with a safe and healthy working environment, and related education? | V | | 1. The Group follows the Occupational Safety and Health Act and the regulations of customers and related organizations to establish policies and respect the requirements of related stakeholder groups on occupational safety and health in order to build an efficient and healthy workplace.<br>Each subsidiary of the Group has a dedicated environmental, health and safety team to implement environmental, health and safety management measures.<br>In 2023, all subsidiaries of the Group have third-party verification confirming that the ISO45001 management system continues to be effective with a dedicated EHS team to carry out audits:<br>(1) The team reviews the implementation status of each unit: at least once a month.<br>(2) Safety review by the team and each unit: at least once a quarter.<br>(3) Preventive drills: at least 2 times a year.<br>(4) The Group's subsidiaries reported 0 work-related injuries in 2023, compared to 0 reported in 2022, and the target goal is 0 cases.<br>2. Continue to promote occupational safety education and establish the concept of safe workplace environment for employees and stakeholders.<br>All subsidiaries of the Group completed employee drills in accordance with emergency plans to develop employees' ability to identify risks, respond to emergencies and manage their own safety. A total of 1,179 employees and 5,848 training hours have completed group-wide safety training in 2023. The number of | No difference |

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | people trained accounted for 91% of the average number of employees.<br>3. Regular declaration of environmental and occupational safety inspection reports conducted by 3rd party in accordance with the regulations of the competent authorities with verification of the continuous implementation of the findings, including: fire safety, waste water, exhaust gas and dry noise inspection; electrical safety, potential safety hazards, emergency plans and report, environmental safety and risk identification. | |
| (IV) Has the Company established an effective career development training program for employees? | V | | 1. The Group's mission is to build a healthy and efficient team. Only by fully learning, growing, and exerting their strengths can the Group achieve sustainable growth. At the end of each year, the Group plans and analyzes the management and professional competency and builds training programs required for each level. Training completed in 2023: A total of 4,978 people have completed 14,857 training hours, with average training hours of 2.98HRS/time/person, and an average annual attendance of 11.5HRS/person.<br>2. Training courses include: general governance, sustainability topics, workplace safety, R&D technology, functional technology, supervisor training and newcomer training.<br>3. The Group is committed to talent cultivation and succession training for functional managers, and has consistent training objectives and projects for the development of functional core competencies including cooperation, initiative and challenge excellence. Implementation of the performance management system training project in 2023. | No difference |
| (V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures? | V | | 1. The Company strictly complies with government regulations and relevant customer agreements. The company has a non-disclosure management system and policy and has a data protection system to manage and protect the privacy of customers. Through personal information internal audit, external verification, crisis prevention and education training, we are the gatekeeper of our clients' information.<br>2. The Group follows ISO standards and international regulations and establishes responsible production and sales-related service management and customer complaint management to provide quality services to customers; and has a dedicated unit to provide customized services and customer complaint resolution solutions. | No difference |
| (VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation? | V | | 1. Each subsidiary of the Group has established a "Supplier Management Procedure" to implement the supplier management policy. The supplier declaration letter covers relevant ISO specifications, RBA human rights guidelines, and ethical corporate management.<br>2. Each plant implements an annual supplier appraisal program, and major suppliers are appraised on-site or self-evaluated at least once a year, including (1) quality system appraisal (2) green product appraisal (3) R&D engineering system appraisal (4) material procurement system evaluation. | No difference |

| Evaluation item | State of operations | | | The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | 3. In 2023, the supplier communication meeting for the plants in Mainland China was held once. On-site evaluation was adopted, and deficiencies were communicated.<br>4. Each subsidiary deals with the selection of suppliers, audit guidance, performance evaluation, training and supplier forums through evaluation and audit, and carry through the requirements of sustainability in the daily management of the supply chain based on cooperation.<br>5. In 2023, the evaluation was still based on the traditional evaluation of product quality, but in 2024, we plan to introduce important environmental and social issues into the evaluation items to ensure that suppliers will follow environmental and social issues in a sustainable manner. Reduce supply chain risks. | |
| V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph? | | V | The Company complied with the regulations in establishing the "Regulations Governing the Preparation and Filing of Sustainability Reports," which were approved by the Board of Directors in November 2022. The 2023 Sustainability Report will be prepared in accordance with the Operational Rules and will be submitted to the Board of Directors by June 2024. Plan to verify the 2025 sustainability report in 2026, and introduce the assurance report prepared by the third-party verification unit. | No difference |
| VI. If the Company has related practice principles of its own in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies," please state the differences between the two and the state of implementation:<br>The Company's “Sustainable Development Best Practice Principles” were formulated with reference to the “Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies” and there are no significant differences. | | | | |
| VII. Other important information that is helpful to understand the implementation of corporate social responsibility: None. | | | | |

Climate-related information of TWSE/TPEx-listed companies

1. Climate related implementation status

| Item | Implementation status |
|---|---|
| 1. Describe the supervision and governance for climate related risks and opportunities by the Board of Directors and management. | We believe in corporate growth and a positive work environment and pay close attention to international trends and regulations, market industry customers, suppliers, and potential content related to our operation technology. The Company's General Administration Center is responsible for identifying the risks and opportunities arising from climate change on corporate development. The management center group and the existing organizational functions conduct meetings to link the major risks, opportunities and related countermeasure strategies that may be caused by the operation to ensure the reasonable management of risks at the group level. We also regularly report on climate change to the Board of Directors. In 2023, the Company regularly reported to the Board of Directors three times on the progress of greenhouse gas inventory, relevant laws and regulations, and the content of response of the Company's operations. |
| 2. Describe how the identified climate risks and opportunities will affect the business, strategy and finances (short, medium and long term) of the Company. | 2. The Company is committed to analyze and inventory to identify company-related climate change risks:<br>2.1 Physical risks: (long-term) (Immediate)<br>Extreme weather conditions such as high temperature, extreme cold, heavy rain, etc. may cause disruptions to company operations and damage to goodwill; or the need to adjust the energy consumption of equipment such as limiting power generation in order to maintain safe sites, and adjustments to temperature and humidity variations can increase operating costs.<br>Impact: The Company's goodwill will be damaged, operating costs for response will increase, operating profit will decrease, and corporate development will be limited.<br>Strategy: (material)<br>2.2 Transition risks: (medium term)<br>(1) Laws and regulations: Related caps on carbon emissions, increased operating costs of carbon fees, electricity users above a certain contracted capacity should install renewable energy power generation equipment, conversion and use of low-carbon energy, etc.<br>Impact: As the Company continues to grow, there will be increased related carbon fee costs or increased cost of renewable energy conversion, increased operating cost, reduced market competitiveness, restricted development and reduced operating profitability.<br>Strategy: (material)<br>The strategy is to control the organization's total emissions and control the reduction of emissions intensity per million in revenue. The goal is to balance growth and cost for the action items of the strategy. The strategy covers (1) inventory of power sources for emissions (2) energy saving and emissions reduction (3) Low-carbon energy conversion and use (4) Classified recycling to reduce incineration and landfill (5) Improvement of equipment energy efficiency.<br>2.3 Transition risks: (short term) (medium term) (immediate)<br>(1) Voluntary participation in the supply chain of customer initiatives: voluntary participation in industry customer initiatives related to emissions reduction, low-carbon energy transformation, and recycling. (2) Competitive market substitution: Market competition substitution risk due to carbon fees, low-carbon services, green product design and sustainable supply chain.<br>Impact: Restricted development of market competition substitution enterprises, increased investment in equipment, increased R&D costs, increased direct overhead costs and reduced operating profitability.<br>Strategy: (material) (immediate) |

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| | The strategies include product transformation, process reduction and carbon reduction schedule, including (1) Inventory of plant emissions sources (2) Energy saving and emissions reduction (3) Low carbon energy conversion and use (4) Regeneration and recycling to reduce landfill (5) Improvement of equipment energy use efficiency (6) Green supply training and inventory (7) Product innovation technology (8) industrial market transformation and product development for the low carbon solar energy storage industry and the electric vehicle industry.<br>2.4 Identifying risks also provides the Company with the opportunity to develop sustainable opportunities: favoring the company's competitiveness and financial impact.<br>(1) Promote the Company to pay attention to improve the management of energy use and economic performance of each plant subsidiary.<br>(2) Promote plant inventory of emission sources and increase attention to environmental risk assessment for investment in equipment renewal.<br>(3) Promote the improvement of production efficiency in the plants.<br>(4) Promote the Company's competitiveness in the market increased customers' concerns about environmental risk initiatives in the supply chain.<br>(5) Promote the Company's expanded participation in greenhouse gas mitigation projects, for example, the use of solar power in factories,<br>or collaborate with solar power companies to contribute to reducing the emission factor.<br>(6) Promote R&D units to focus on the development of material use technologies or low-carbon recycled material supply chains.<br>(7) Promote the Company's concern about the climate risk linkage of the supply chain of important suppliers of important materials to the company's development.<br>(8) Promote the Company to accelerate and focus on the development of the low carbon industry market. |
| 3. Describe the financial impact of extreme climate events and transition actions. | In 2023, the financial impact of climate response was NTD 12.66 million, and the financial impact of transition actions were as follows: (1) The emissions inventory for each factory, the investment in inspections and the systemization of the inventory data amounted to approximately NTD 700,000; (2) The use of solar power by the factories totaling 596 thousand kWh leads to an increase in costs of approximately NTD 160,000; (3) Waste reduction in the manufacturing processes improves production yield has a financial impact at NTD 850,000; (4) The increase in power usage effectiveness due to merges has a financial impact at NTD 5,600,000; (5) The cost for the replacement of old and high energy-consuming equipment was NTD 3,350,000; (6) The replacement of waste gas emissions towards more environmental-friendly state costs NTD 2,000,000. |
| 4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system. | 4.1 Climate risk change management system is still under construction.<br>4.2 Develop projects that are necessary for a sustainable environment in accordance with the company's Sustainable Development Best Practice Principles.<br>4.3 The identification, assessment and management of environmental and climate risks are included in the Company's risk management operations.<br>4.4 Climate risk management process: (1) The company pays close attention to international trends and regulations, market industry customers, suppliers and potential content related to the company's operation technology. (2) Each executive unit will take action projects according to the response strategy and report on the progress regularly (3) Rolling review to adjust the risk strategy and action projects of the management (4) The target period is defined as within 3 years for the short term, 3-5 years for the medium term, and more than 5 years for the long term (5) The ESG Promotional Project Committee has included the response strategy action projects in the master list. The items to be |

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| | included in the master list in 2023 are greenhouse gas emissions inventory verification and assurance; waste recycling classification, weight and approximate recovery rate, the ratio of supply chain local procurement, and continuous updates on the maintenance of energy-intensive equipment including air conditioners, air compressors, and power systems. (6) Process capacity consolidation to improve power efficiency, including production line consolidation, process equipment rectification, and waste gas environmental protection facility renewal efficiency. |
| 5. If scenario analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and major financial impacts should be described. | No such situation. |
| 6. If there is a transformation plan to manage climate related risks, describe the contents of the plan and the indicators and targets used to identify and manage physical and transformation risks. | 6. Action plan for climate change related risks:<br>6.1 Energy conservation:<br>The 2023 inventory of the Group encompassed about 95% of the sources of greenhouse gas emissions in the organizational area. Emissions are mainly generated by the consumption of electricity in Scope 2, accounting for about 90.7% of annual emissions. Therefore, energy conservation is still an important action.<br>The total electricity consumption in 2023 was reduced by 9% compared to that in 2022, and the target is a 1% reduction to achieve the goal.<br>2024 energy-saving target: Taking 2023 as the base year, reducing the energy consumption by 2%.<br>In 2023, the total electricity consumption including solar energy consumption is 8,494.021 (thousand kWh). The 2024 energy conservation target is a reduction of 169.88 (thousand kWh), or 2%, and a reduction in CO2e emissions of 96 tons.<br>6.2 Low carbon solar power usage:<br>In 2023, the subsidiary factory installed solar power in the factory area. The solar power consumption is 596 (thousand kWh), accounting for about 7.0% of the group's total power consumption, and the CO2e emissions reduction is about 340 tons.<br>In 2023, the Company's roof balcony was installed with solar power, which has a carbon reduction effect of about 75.7 tons.<br>In 2024, the Group aims to use 596 kilowatts (thousand kWh) of solar power, which is the same as 2023.<br>6.3 Improve energy production efficiency of equipment use<br>Target measurement: Using electricity consumption and CO2e emission intensity per million NTD of revenue as indicators.<br>2023 target: a reduction by 1% from 2022<br>2023 results: a 9% reduction in total electricity consumption is less than a 11% reduction in revenue, an increase in energy use intensity from 2.4 to 2.46, a 2.5% increase in energy use intensity, a reduction in total CO2e emissions by 288.7 tons or 5.1%, and from 1.438 to 1.538 for emission density. Increase emission intensity by 6.9%.<br>The 2023, Q4 completion of production line capacity consolidation will improve power efficiency. It is expected to produce energy saving benefits in 2024.<br>In 2023, emission sources for about 95% of the group's consolidated organizations will be inventoried. It is expected that in 2024 Q4, the first third-party inspection of ISO 14064-1 scope 1 and scope 2 assurance reports will be conducted.<br>2024 density target: 2023 as the base year, reduce by 2%.<br>6.4 Waste recycling rate:<br>In 2023, about 95% of the consolidated group's inventory of waste recovered a total weight of 367.7 tons. Due to the industrial/living waste collection barrel disposal contract in some factories, there is no |

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| | actual weighing record to measure the recovery rate.<br>In 2024, the subsidiary's Suzhou Factory launched the net zero waste (ZWTL) project, with a target recycling rate of 88%. |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | No such situation. |
| 8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, etc. should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates (RECs) should be stated. | Please refer to the 6 Description of the implementation status |
| 9. Greenhouse gas inventory and confirmation (also fill in 1-1 and 1-2). | Please refer to (1-1) for greenhouse gas inventory and assurance.<br>For reduction targets, strategies and action plans, please refer to 6 - Implementation Description and (1-2). |

1-1 Greenhouse gas inventory and confirmation

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| Basic information on the Company | ☐Company with capital over NTD 10 billion<br>☐Company with capital of more than $5 billion and less than $10 billion<br>■Company with capital of less than $5 billion | According to the sustainable development pathway of TWSE/TPEx listed companies, at least disclose the below:<br>■ Individual inventory of parent company ■ Inventory of subsidiaries by consolidated financial statements<br>☐ Individual assurance of parent company ☐ Assurance of subsidiaries by consolidated financial statements |

| 2022 | Scope 1 (direct) (Ton CO2e) | Scope 2 (Indirect) (Ton CO2e) | Scope III | Total emissions (Ton CO2e) | Intensity (Ton CO2e/Revenue in NTD million) | Assurance agency | Description of assurance situation |
|---|---|---|---|---|---|---|---|
| 1. Parent company (Taiwan): | 37.178 | 192.707 | No relevant statistics | 229.885 | 1.438 | None | None |
| 2. Subsidiaries (Mainland plants) | 538.063 | 4,828.744 | | 5,366.807 | | | |
| 2.1 SuZhou Plant | 150.648 | 3,411.540 | | 3,562.188 | | | |
| 2.2 Zhongshan Plant | 387.415 | 1,417.204 | | 1,804.619 | | | |
| Total | 575.241 | 5,021.452 | | 5,596.693 | | | |
| 2023 | Scope 1 (direct) (Ton CO2e) | Scope 2 (Indirect) (Ton CO2e) | Scope III | Total emissions (Ton CO2e) | Intensity (Ton CO2e/Revenue in NTD million) | Assurance agency | Description of assurance situation |
| 1. Parent company (Taiwan): | 51.796 | 184.021 | No relevant statistics | 235.818 | 1.538 | Taiwan Plant: AFNOR<br>Suzhou Plant: SGS<br>Zhongshan Plant: SGS | 1. The first third-party inspection in 2023 is in progress.<br>2. The 2023 inspection report is expected in the second quarter of 2024.<br>3. The data from the self-inspection will be updated in the 2023 ESG Report. |
| 2. Subsidiaries (Mainland plants) | 440.003 | 4,632.124 | | 5,072.127 | | | |
| 2.1 SuZhou Plant | 323.463 | 3,387.384 | | 3,710.847 | | | |
| 2.2 Zhongshan Plant | 116.540 | 1,244.740 | | 1,361.280 | | | |
| Total | 491.799 | 4,816.145 | | 5,307.944 | | | |

1-2 Reduction targets, strategies and concrete action plans:

The Company analyzes and identifies the physical risks, legal transition risks, and market customer competition substitution risks in response to climate change. At the same time, the Company measures the balance between corporate growth and the cost of responding to climate risks.

The Company's strategies for responding to climate change or greenhouse gas management (1) transformation and innovation of the product industry (2) efficient energy management of equipment, including process reduction space and carbon reduction time course.

The action plan covers: (1) Inventory of plant emission sources (2) Energy savings and emissions reduction (3) Low carbon energy conversion and use (4) Regeneration and recycling to reduce landfill (5) Improvement of equipment energy use efficiency (6) Green supply practice inventory (7) Product innovation technology (8) Company's industrial market transformation, product development for the low carbon solar energy storage industry and electric vehicle industry.

GHG emission reduction target: Take 2023 as the base year, and target 2024-2025 for an annual reduction of 2%.

Continuing the concrete plan: (1) In 2024, we will promote the connection of smart devices in all factories of the Group to the Internet-of-Things to effectively detect the utilization status of the Company's energy-consuming equipment and select the most effective energy management items accordingly.

(2) In 2024, the Group's plants will continue the zero waste conversion and recycling (ZWTL) project, to reduce waste through recycling, low-carbon usage and in response to climate change management.

(VI) Implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor

| Evaluation item | State of operations | | | The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Formulation of ethical corporate management policy and plan | | | | |
| (I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management, to actively implement the policy? | V | | The Company's Board of Directors resolved to establish the "Ethical Corporate Management Best Practice Principles" on March 20, 2015, and the latest version of the "Ethical Corporate Management Best Practice Principles" were approved by the Board of Directors on January 13, 2022 in line with the amendments of the laws and regulations. The Best Practice Principles specify that the directors or persons with de facto control over the Company shall be responsible for supervising and managing the Company's business based on integrity in order to create a business environment for sustainable development. | No difference |
| (II) Does the Company establish a mechanism for evaluating the risk of unethical conduct, regularly analyze and evaluates the activities in the scope of business with a higher risk of unethical conduct and on the basis of this, formulated a plan to prevent unethical conduct which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies"? | V | | The Company has specified in the "Procedures for Ethical Management and Guidelines for Conduct" that it is prohibited to offer or accept improper benefits, offer or promise any facilitation fees, political contributions and charitable donations or sponsorship, engage in unfair competitive practices, prevent products from damaging stakeholders, prohibit insider trading and violate confidentiality agreements, etc. Preventive measures have been taken and education and promotion have been conducted to implement the policy of ethical corporate management. | No difference |
| (III) If the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it? | V | | In order to implement the Company's policy of ethical corporate management, the Board of Directors resolved on January 13, 2022 to revise the "Procedures for Ethical Management and Guidelines for Conduct" and the "Regulations for Complaints and Reporting" in accordance with the Company's "Ethical Corporate Management Best Practice Principles" to specifically regulate the matters to be paid attention to by the Group's personnel in carrying out the Company's business, including the procedures and guidelines for practices, disciplinary actions and complaints for non-compliance. In addition to education and training for new employees, the Company also implements them in business operations. | No difference |
| II. Implementation of ethical corporate management | | | | |
| (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties? | V | | The Company requires suppliers to sign a supplier ethical management assurance agreement prior to the transaction as defined in its procurement management regulations, and the agreement | No difference |

| Evaluation item | | State of operations | | | The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor. |
|---|---|---|---|---|---|
| | | Yes | No | Summary description | |
| | | | | includes penalties for breach of ethical management. In addition to requiring suppliers to cooperate closely, we also conduct regular evaluations of suppliers. If the Company receives a report that names a supplier and is proven to be true, the Company may terminate or cancel the contract in accordance with the terms of the contract if it is confirmed that the supplier has breached or improperly violated the requirements for ethical management. | |
| (II) | Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation? | V | | The Group's Chief Auditor and the Group's Administration and Finance Division jointly form the "Working Group for Promoting Ethical Corporate Management", with Division Chief Rui-Chen Hu as the convener. The Working Group is responsible for assisting the Board of Directors and the management in formulating and monitoring the implementation of ethical corporate management policies and preventive programs to ensure the implementation of the Ethical Corporate Management Best Practice Principles, in accordance with the duties and responsibilities of each unit. The Administration and Finance Division reports the implementation of the previous year to the Board of Directors at the beginning of each year (last report to the Board of Directors: 2024/01/26). | No difference |
| (III) | Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it? | V | | The Company has established the "Ethical Corporate Management Best Practice Principles" and the “Procedures for Ethical Management and Guidelines for Conduct" , and has established a policy to prevent conflict of interest and requires all units of the Company to carry them through.<br>In addition, Article 15 of the Company's "Rules of Procedure for the Board of Directors’ Meetings" stipulate that directors attending the Board of Directors' meetings are required to recuse themselves from the Board of Directors' meetings if they have an interest in the motions listed therein. | No difference |
| (IV) | If the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit? | V | | The Company has established an effective accounting system and internal control system, and the Company's audit unit performs audits in accordance with the annual audit plan approved by the Board of Directors and submits the audit reports to independent directors, and reports on the execution of the audits at the Board of Directors' meeting. The Company also reports to the competent authorities in accordance with the regulations. | No difference |
| (V) | Does the Company regularly organize internal and external education and training on ethical corporate management? | V | | The Company organized a series of courses in 2023 for the Taiwan region on regulations, auditing, risk management, etc. in the annual | No difference |

| Evaluation item | | State of operations | | | The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor. |
|---|---|---|---|---|---|
| | | Yes | No | Summary description | |
| | | | | training in order to carry through ethical corporate management, and provided promotional education on legal knowledge for workers, service rules and codes of conduct for a total of 85 hours. In the courses, the concept and implementation of the prevention mechanism are reinforced by case studies to jointly manage and prevent unethical behavior. | |
| III. The operations of the Company's whistleblower reporting system | | | | | |
| (I) | Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters? | V | | Article 23 of the Company's "Ethical Corporate Management Best Practice Principles," Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct" and Article 5 of the "Regulations for Complaints and Reporting" provide the relevant provisions of the whistleblower reporting system. Employees can respond to various management and the human resources unit through multiple channels, and then the whistleblower reports will be transferred to a dedicated unit in accordance with the Company's relevant operating procedures. The Company has designated the Administration and Finance Division as the dedicated unit for receiving whistleblower reports. No whistleblower reports from outside the Company or directly from employees were received as of December 2023. | No difference |
| (II) | Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanisms? | V | | Article 23 of the Company's "Ethical Corporate Management Best Practice Principles," Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct" and Article 5 of the "Regulations for Complaints and Reporting" stipulate that the Company shall keep records of the reports received and the investigation process and results and shall keep the identity of the whistleblower and the contents of the reports confidential. | No difference |
| (III) | If the Company takes measures to protect whistleblowers from being improperly handled due to reporting? | V | | Article 23 of the Company's "Ethical Corporate Management Best Practice Principles", Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct" and Article 5 of the "Regulations for Complaints and Reporting" provide for measures to protect the identity of the whistleblowers and the contents of the reports from being improperly disposed of as a result of the reporting. | No difference |
| IV. Enhancement of information disclosure | | | | | |
| (I) | Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System? | V | | The Company's "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" have been uploaded to the "Market Observation Post System" and the "Corporate Governance" section of | No difference |

| Evaluation item | State of operations | | | The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor. |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | the Company's website for public reference. We continue to conduct employee education and training in Taiwan every year and ask our directors, managerial officers and employees to sign the "Singatron Group Anti-Corruption Pledge" to adhere to clear ethical standards and character. The Company achieved 100% completion rate for the signing of the "Singatron Group Anti-Corruption Commitment Letter" in 2023. | |

V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx- Listed Companies," please state the differences between the two and the state of implementation:
The Company's "Ethical Corporate Management Best Practice Principles" were formulated with reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the operations are not materially different from the Best Practice Principles.

VI. Other important information that is helpful to understand the implementation of ethical corporate management: (For example, if the Company reviews and amends its ethical corporate management best practice principles)

1. The Company has established "SINGATRON ENTERPRISE Supplier Integrity Assurance Agreement" to publicly promote the Company's determination and policy of conducting business with integrity to its suppliers.
2. The "Rules of Procedure for the Board of Directors’ Meetings" of the Company provides for the recusal of directors to avoid conflicts of interest. Any person or the corporation he or she represents that has an interest in the motions of the Board of Directors’ meetings, which may be harmful to the Company's interest, may present his or her opinion and answer questions, but may not join the discussion or voting and shall recuse himself or herself from discussions and voting and shall not exercise voting rights on behalf of other directors.
3. The Company has established the “Procedures for Handling Material Inside Information and Prevention of Insider Trading”, which stipulates that directors, managerial officers and employees shall not disclose material inside information, nor shall they inquire or collect unpublished material inside information that is not relevant to their personal duties from those who are aware of material inside information of the Company, nor shall they disclose unpublished material inside information of the Company that they obtain not through the execution of their business.

(VII). If the Company has formulated corporate governance best practice principles and related regulations, it shall disclose the way of inquiry:
The Company has established the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Ethical Conduct, the Sustainable Development Best Practice Principles and other related regulations, which have been uploaded to the Market Observation Post System and the Company's website (https://www.singatron.com.tw).

(VIII). Other important information that is helpful to understand the implementation of ethical corporate management may be disclose. Please refer to P46 for information on corporate governance training courses attended by the Company's managerial officers.

(IX). Regarding the implementation of the internal control system, the following matters should be disclosed:

1. Statement of internal control

SINGATRON ENTERPRISE CO., LTD.

Statement of internal control system

Date: March 12, 2024

The Company states the following for its 2023 internal control system based on the results of self-evaluation:

I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.

II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation and response, 3. control operations, 4. Information and communication and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.

IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.

V. Based on the evaluation results of the preceding paragraph, the Company believes that the design and implementation of its internal control system was effective as of December 31, 2023 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met and a reasonable assurance of the achievement of these objectives.

VI. This statement will become the main content of the Company's annual report and prospectus and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.

VII. This statement was approved by the Company's Board of Directors on March 12, 2024. Of the 7 directors present, 0 had objections and all agreed with the content of this statement and declared it here.

**SINGATRON ENTERPRISE CO., LTD.**

**Chairperson: Hsin-Nan Kan with signature**

**President: Peng-Huang Peng with signature**

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: not applicable.

(X) During the most recent year or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: There were no punishments imposed on the Company and its internal personnel in 2023 or the current year as of the date of publication of the annual report in accordance with the law or for violating the provisions of the internal control system.

(XI) Important resolutions of the shareholders' meetings and Board meetings during the most recent year or during the current year up to the date of publication of the annual report:

1. Important resolutions of the 2023 shareholders' meeting and their implementation status:

| Date | Resolution of the regular shareholders' meeting | Implementation status |
|---|---|---|
| 2023/06/13 | I. Adoption of the Company's 2022 Business Report, Standalone and consolidated financial statements | The resolution has been complied with. |
| | II. IAdoption of the Company's 2022 earnings distribution proposal. | 1. It was resolved to distribute cash dividends of NT$1.2 per share.<br>2. The dividend distribution was completed on October 26, 2023. |
| | III. Approval for the amendments to certain provisions of the Company's Articles of Incorporation. | The resolution has been complied with. |
| | IV. Approval for the amendments to certain provisions of the Company's "Operating Procedures for Acquisition or Disposal of Assets." | The resolution has been complied with. |
| | V. Authorization for strategic or long-term investments for diversified business development. | The Company has complied with the resolution. As of December 31, 2023, the Company has acquired 11.79% of Taisol Electronics Co., Ltd. and become the major shareholder of Taisol Electronics Co., Ltd.. |
| | VI. Approval for the release of non-compete restrictions on new directors. | List of directors released from non-compete restriction<br>1. Representative of KAN SHI INVESTMENT CO., LTD.: Chih-Chiang Chu |

2. Important resolutions passed by the Board of Directors in 2023 and by the date of publication of the annual report

| Date | Important approved resolution |
|---|---|
| 1st meeting in 2023 of the 16th Board of Directors (2023/01/11) | 1. Discussion of the Company's operating targets for 2023. |
| | 2. The Company's acquisition of credit facilities from financial institutions. |
| | 3. Discussion of the amendments to certain provisions of the "Rules of Procedure for the Board of Directors' Meetings" of the Company. |
| | 4. Discussion of the proposed establishment of the Vietnam rep office by the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| | 5. Discussion of the year-end director's remuneration for 2022 for the executive Chairperson and Vice Chairperson of the Company. |
| | 6. Discussion of the year-end bonus for 2022 for managerial officers of the Company. |
| 2nd meeting in 2023 of the 16th Board of Directors (2023/03/03) | 1. Discussion of the distribution of profit-sharing remuneration to employees and directors (including 2022 profit-sharing remuneration for supervisors of the 15th term) of the Company. |
| | 2. Review of the Company's 2022 Business Report. |
| | 3. Review of the Company's standalone financial statements and consolidated financial statements for 2022. |
| | 4. Discussion of the appointment of CPAs and evaluation of the professionalism, competency and independence of the attesting CPAs of the Company. |
| | 5. Discussion of the appointment of the Company's Corporate Governance Officer |
| | 6. Discussion of the amendments to certain provisions of the Company's Articles of Incorporation. |
| | 7. Discussion of the amendments to certain provisions of the "Corporate Governance Best Practice Principles" by the Company. |
| | 8. Discussion of the amendments to certain provisions of the Company's "Standard Operating Procedures for Handling Directors' Requests." |
| | 9. Discussion of the Company's plan to establish the "General Policy on Pre-Approval for Non-Assurance Services." |
| | 10. Discussion of issuing the Company's Statement of Internal Control System for 2022. |
| | 11. Discussion of convening the 2023 regular shareholders' meeting of the Company. |
| | 12. Discussion of the Company's acquisition of credit facilities from financial institutions. |
| 1st interim meeting in 2023 of the 16th Board of Directors (2023/03/07) | 1. Discussion of the "Confirmative Opinion of Controlling Shareholders and Substantive Controllers on Securities Issuance Documents" issued by the Company, SINGATRON(BVI)ENTERPRISE CO LTD, Singatron (Hong Kong) International Holding Ltd. |
| | 2. Discussion of the "Letter of commitment not to influence or interfere with the audit" issued by the Company, SINGATRON(BVI)ENTERPRISE CO LTD, Singatron (Hong Kong) International Holding Ltd. and SINGATRON Electronics (China) Co. Ltd. |

| | |
|---|---|
| 3rd meeting in 2023 of the 16th Board of Directors (2023/04/26) | 1. Discussion of the Company's 2022 earnings distribution proposal. |
| | 2. Discussion of authorizing the Chairperson of the Board of Directors to set the ex-dividends date for the payment of 2022 cash dividends. |
| | 3. Discussion of the plan for the Company and the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to obtain credit facilities from financial institutions. |
| | 4. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| | 5. Discussion of the amendments to certain provisions of the Company's Articles of Incorporation. |
| | 6.. Discussion of the amendments to certain provisions of the Company's "Operating Procedures for Acquisition or Disposal of Assets," |
| | 7. Authorization for strategic or long-term investments for diversified business development. |
| | 8. Authorization for the intention evaluation of strategic or long-term investments for diversified business development. |
| | 9. Addition of motions for discussion at the Company's 2023 regular shareholders' meeting. |
| 4th meeting in 2023 of the 16th Board of Directors (2023/05/04) | 1. Review of the 2023 Q1 consolidated reports of the Company. |
| | 2. Discussion of the plan for the Company and the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to apply for credit facilities from financial institutions. |
| | 3. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| 2nd interim meeting in 2023 of the 16th Board of Directors (2023/05/24) | 1. Discussion about issuance of the "Declaration and Undertaking by the Controlling Shareholder and De facto Controller for a GEM Listed Company" by the Company and its subsidiaries to the Shenzhen Stock Exchange in China for the purpose of IPO of the subsidiary, SINGATRON Electronics (China) Co. Ltd.. |
| | 2. Discussion about proposal of subsidiary SINGATRON Electronics (China) Co. Ltd. on issuing a letter of commitment to the Shenzhen Stock Exchange, China, for the special purpose of IPO. |
| 5th meeting in 2023 of the 16th Board of Directors (2023/06/29) | 1. Discussion of the proposal for the Company to reduce the cumulative shareholding of more than 10% of an important subsidiary of the Group, SINGATRON Electronics (China) Co. Ltd.. |
| | 2. Discussion of the plan for the Company and the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to apply for credit facilities from financial institutions. |
| | 3. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| 6th meeting in 2023 of the 16th Board of Directors (2023/08/09) | 1. Review of the 2023 Q2 consolidated reports of the Company. |
| | 2. Discussion about the Company's plan to amend the internal control and internal audit system of the "Investment Cycle". |
| | 3. Discussion of the plan for the Company and the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITEDto obtain credit facilities from financial institutions. |
| | 4. Discussion of the Company's endorsement and guarantee for the subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| | 5. Discussion of the director's performance-based remuneration for 2022 for the executive Chairperson and Vice-Chairperson of the Company. |
| | 6. Discussion of the profit sharing remuneration for directors and supervisors of the Company for 2022. |
| | 7. Discussion of the employee profit sharing remuneration for the Company's managerial officers for 2022 and the incentive bonus for employees. |
| 7th meeting in 2023 of the 16th Board of Directors (2023/08/10) | 1. Discussion on the Company's equity investment of Taisol Electronics Co., Ltd.. |
| | 2. Discussion of the Company's acquisition of credit facilities from financial institutions. |
| | 3. Discussion about the endorsement guarantee for the Company by the group's subsidiary Singatron Electronics Enterprise Co., Ltd. (HK). |
| 3rd interim meeting in 2023 of the 16th Board of Directors (2023/08/24) | 1. Discussion about the modification of the Company's equity investment of Taisol Electronics Co., Ltd.. |
| | 2. Discussion about the change in the Company's original acquisition of credit facilities from financial institutions. |
| | 3. Discussion about change of the endorsement guarantee amount for the Company by the group's subsidiary Singatron Electronics Enterprise Co., Ltd. (HK). |
| 8th meeting in 2023 of the 16th Board of Directors (2023/10/03) | 1. Discussion about the Company's plan to issue the 3rd domestic unsecured convertible corporate bonds. |
| | 2. Discussion about the Company's plan to re-apply for the equity investment of Taisol Electronics Co., Ltd.. |
| | 3. Discussion of the plan for the Company and the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED to obtain credit facilities from financial institutions. |
| | 4. Discussion of the Company's endorsement and guarantee for the Group's subsidiary, SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. |
| | 5. Discussion about the Company's 2023 and 2024 audit fees of Ernst & Young. |
| | 6. Discussion of the Company's 2024 audit plan. |
| | 7. Discussion of the release of non-compete restriction on directors and managerial officers. |
| 9th meeting in 2023 of the 16th Board of Directors (2023/10/30) | 1. Review of the 2023 Q3 consolidated reports of the Company. |
| | 2. Discussion of the Company's application for credit facilities from financial institutions. |
| 4th interim meeting in 2023 of the 16th Board of Directors (2023/11/07) | 1. Proposal of the Company's plan to renew the equity investment of Taisol Electronics Co., Ltd., the discussion about the change of execution time. |
| | 2. Discussion about the change in conditions in the Company's acquisition of credit facilities from financial institutions. |
| | 3. Discussion about change of the endorsement guarantee amount for the Company by the group's subsidiary Singatron Electronics Enterprise Co., Ltd. (HK). |
| 10th meeting in 2023 of the 16th Board of Directors (2023/12/27) | 1. Discussion about the proposal for the change of the execution time of the Company's equity investment in Taisol Electronics Co., Ltd. again. |
| | 2. Discussion of change to the Company's acquisition of credit facilities from financial institutions. |
| 1st interim meeting in 2024 of the | Proposal of the Company for the list of director candidates for the re-election of directors at the 2024 |

| | |
|---|---|
| 16th Board of Directors (2024/01/02) | shareholders' annual general meeting of Taisol Electronics Co., Ltd.. |
| | 2. Discussion about modification of the deadline for the use of credit facilities by the Company from CTBC Bank. |
| 1st meeting in 2024 of the 16th Board of Directors (2024/01/26) | 1. Discussion of the Company's operating targets for 2024. |
| | 2. Discussion of the Company's acquisition of credit facilities from financial institutions. |
| | 3. Discussion of the year-end director's remuneration for 2023 for the executive Chairperson and Vice Chairperson of the Company. |
| | 4. Discussion of the year-end bonus for 2023 for managerial officers of the Company. |
| 2nd meeting in 2024 of the 16th Board of Directors (2024/03/12) | 1. Discussion of the profit sharing remuneration for employees and directors of the Company for 2023. |
| | 2. Review of the Company's 2023 Business Report. |
| | 3. Review of the Company's standalone financial statements and consolidated financial statements for 2023. |
| | 4. Discussion of the appointment of CPAs and evaluation of the professionalism, competency and independence of the attesting CPAs of the Company. |
| | 5. Discussion of the amendments to certain provisions of the "Rules of Procedure for the Board of Directors' Meetings" of the Company. |
| | 6. Discussion to amend some clauses of the Company's "General Policy on Pre-approved Non-Assurance Services." |
| | 7. Discussion of issuing the Company's Statement of Internal Control System for 2023. |
| | 8. Discussion of the Company's acquisition of credit facilities from financial institutions. |
| | 9. Discussion of convening the 2024 regular shareholders' meeting of the Company. |
| 3rd meeting in 2024 of the 16th Board of Directors (2024/03/21) | 1. Discussion about distribution of earnings for 2023. |
| | 2. Discussion of authorizing the Chairperson of the Board of Directors to set the ex-dividends date for the payment of 2023 cash dividends. |
| | 3. Motion for discussion on the adjustment of authorization to the chairman of the Company's third unsecured corporate conversion price in Taiwan. |
| | 4. Discussion about the modification of the Company's equity investment of Taisol Electronics Co., Ltd.. |
| | 5. Discussion about modification of the deadline for the use of credit facilities by the Company from CTBC Bank. |

(XII). If the directors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the date of publication of the annual report, please state the content of the opinion: no such situation.

(XIII) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's chairperson, President, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: No such situation.

V. Information on attesting CPAs' professional fees.

1. Information on the professional fees

Unit: Thousand NTD

| CPA firm | CPA name | CPA audit period | Audit fee | Non-audit fee | Total | Remarks |
|---|---|---|---|---|---|---|
| Ernst and Young | Cheng-Wei Lin Certified Public Accountant | 2023/01/01-2023/12/31 | 3,580 | 1,020 | 4,600 | Non-audit fees include: NTD 270 thousand for tax certification, NTD 50 thousand for declaration and verification of dual-state business, NTD 100 thousand for issuance of convertible bonds, and NTD 600 thousand for Taisol Financial Information Protocol Implementation Report. |
| | Chi-Ming Chang Certified Public Accountant | 2023/01/01-2023/12/31 | | | | |

2. The Company shall disclose the following if one of the events below occurs:

(1). The audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the replacement, The audit fees before and after the replacement should be disclosed and the reasons therefor: The Company did not change its CPA firm in 2023.

(2) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: No such situation.

VI. Information on Replacement of CPAs:

(I). About the predecessor CPAs

| | | | |
|---|---|---|---|
| Date of replacement | From the financial statement on January 1, 2023 (Approved by the Audit Committee and the Board of Directors on March 3, 2023) | | |
| Reasons for replacement and description | CPAs change by internal rotation within the firm | | |
| Indicate whether the appointment is terminated or not accepted by the client or CPAs | Party involved / Circumstance | Certified Public Accountant | The client |
| | Proactive termination of appointment | Not applicable | Not applicable |
| | Not accepting (continuing) the appointment | Not applicable | Not applicable |
| Opinions in and reason for audit reports issued other than unqualified opinion in the last two years | No such situation | | |
| Disagreement with the issuer | Yes | × | Accounting principles or practices |
| | | × | Disclosure of financial statements |
| | | × | Audit scope or procedures |
| | | × | Others |
| | None | ˇ | |
| | Description: none | | |
| Other Disclosures (Matters to be disclosed as required by Items 1-4 to 1-7, Paragraph 6, Article 10 of this Standard) | None | | |

(II). About the successor CPAs

| | |
|---|---|
| CPA firm | Ernst and Young |
| CPA name | CPA Cheng-Wei Lin, CPA Chi-Ming Chang |
| Date of appointment | From the financial statement on January 1, 2023 (Approved by the Audit Committee and the Board of Directors on March 3, 2023) |
| Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment | Not applicable |
| Written opinion of the successor CPAs on matters on which the successor CPAs disagreed with the predecessor CPAs . | Not applicable |

(III) The predecessor CPA's reply to Item 1 of Paragraph 6 of Article 10 and Item 3 of Item 2 of the regulation: no such situation.

VII. Any of The Company’s Chairperson, President, or managerial officers involved in financial or accounting affairs being employed by the auditor’s firm or any of its affiliates within the recent year; disclose their names, job titles, and the periods during which they were employed by the auditor’s firm or any of its affiliates: The Company has no such situation.

VIII. Changes in transfer and pledge of shares by directors, managerial officers and shareholders with more than 10% shareholding in the most recent year up till the publication date of this annual report

1. Changes in shareholdings of directors, managerial officers and major shareholders

| Position | Name | 2023 | | Current year up to April 9 | |
|---|---|---|---|---|---|
| | | Increase/decrease in the number of shares held | Increase/decrease in the number of shares pledged | Increase/decrease in the number of shares held | Increase/decrease in the number of shares pledged |
| Chairperson | KAN SHI INVESTMENT CO., LTD. | 0 | 0 | 0 | -7,000,000 |
| | Representative: Hsin-Nan Kan | 0 | 0 | 0 | -3,380,000 |
| Vice -Chairperson | Dong Yi Enterprise Management Co., Ltd. | 0 | -324,000 | 0 | -32,000 |
| | Representative: Peng-Huang Peng | 0 | -280,000 | 0 | 320,000 |
| Director | ZHEN CHUN INVESTMENT CO., LTD. | 0 | 0 | 0 | 0 |
| | Representative: Chien-Nian Chi | 0 | 0 | 0 | 0 |
| Director | KAN SHI INVESTMENT CO., LTD. | 0 | 0 | 0 | 0 |
| | Corporate Representative: Chih-Chiang Chu | 0 | 0 | -45,000 | 0 |
| Independent director | Chien-Liang Chen | 0 | 0 | 0 | 0 |
| Independent director | Hui-Chou Chen | 0 | 0 | 0 | 0 |
| Independent director | Kung-Chien Huang | 0 | 0 | 0 | 0 |
| President | Peng-Huang Peng | 0 | 0 | 0 | 0 |
| Division Chief (Accounting Officer cum Corporate Governance Officer) | Rui-Chen Hu | 0 | 0 | 0 | 0 |

2. Information on the related party who is counterparty of equity transfer: No such situation.

3. Information on the related party who is counterparty of equity pledge: No such situation.

IX. Information on the top ten shareholders who are related to each other as related parties, spouses or relatives within the second degree of kinship

April 9, 2024; Unit: Shares; %

| Name | Shareholding by the individual | | Shareholding by spouse and minor children | | Shareholding in the name of others | | The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within the second degree of kinship of another | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholdings percentage | Number of shares | Shareholdings percentage | Number of shares | Shareholding percentage | Name | Relationship | |
| KAN SHI INVESTMENT CO., LTD. | 7,764,829 | 6.17% | 0 | 0.00% | 0 | 0.00% | Hsin-Nan Kan | Person in charge of the firm | None |
| KAN SHI INVESTMENT CO., LTD.<br>Representative: Hsin-Nan Kan | 3,607,843 | 2.87% | 173,831 | 0.14% | 0 | 0.00% | SHENG CHUN INVESTMENT CO., LTD.<br>Chih-Chiang Chu | The individual's spouse is a director of the firm<br>Relative by marriage within 2nd degree of kinship | None |
| KAN SHI INVESTMENT CO., LTD.<br>Representative: Chih-Chiang Chu | 293,429 | 0.23% | 112,006 | 0.09% | 0 | 0.00% | Hsin-Nan Kan | Relative by marriage within 2nd degree of kinship | None |
| Yuan Yang Enterprise Management Consulting Co., Ltd. | 4,236,000 | 3.37% | 0 | 0.00% | 0 | 0.00% | Peng-Huang Peng<br>Sheng-Yang Peng<br>Sheng-Yen Peng<br>Dong Yi Enterprise Management Co., Ltd. | The individual's spouse is the person in charge of the firm<br>The individual's mother is the person in charge of the firm<br>The individual's mother is the person in charge of the firm<br>The individual's spouse is the person in charge of the firm | None |
| Yuan Yang Enterprise Management Consulting Co., Ltd.<br>Person in charge: Li-Chih Chu | 767,000 | 0.61% | 2,384,000 | 1.89% | 0 | 0.00% | Peng-Huang Peng<br>Sheng-Yang Peng<br>Sheng-Yen Peng<br>Dong Yi Enterprise Management Co., Ltd. | Spouses<br>Mother and son<br>Mother and son<br>The individual's spouse is the person in charge of the firm | None |
| Hsin-Nan Kan | 3,607,843 | 2.87% | 173,831 | 0.14% | 0 | 0.00% | KAN SHI INVESTMENT CO., LTD.<br>SHENG CHUN INVESTMENT CO., LTD.<br>Chih-Chiang Chu | Person in charge of the firm<br>The individual's spouse is a director of the firm<br>Relative by marriage within 2nd degree of kinship | None |
| ZHEN CHUN INVESTMENT CO., LTD. | 3,243,48 | 2.58% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| ZHEN CHUN INVESTMENT CO., LTD.<br>Representative: Chien-Nian Chi | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | None | None | None |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ZHEN CHUN INVESTMENT CO., LTD.<br>Responsible person: Rui-Ping Hsu | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| Pacific Star Investment Co., Ltd. | 3,200,000 | 2.54% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| Pacific Star Investment Co., Ltd.<br>Responsible Person: Shih-Hung Wu | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| SHENG CHUN INVESTMENT CO., LTD. | 2,449,786 | 1.95% | 0 | 0.00% | 0 | 0.00% | Hsin-Nan Kan | The individual's spouse is a director of the firm | None |
| SHENG CHUN INVESTMENT CO., LTD.<br>Person in Charge: Wei-Chuan Wang | 889 | 0.00% | 0 | 0.00% | 0 | 0.00% | None | None | None |
| Peng-Huang Peng | 2,384,000 | 1.89% | 767,000 | 0.61% | 0 | 0.00% | Yuan Yang Enterprise Management Consulting Co., Ltd.<br>Li-Chih Chu<br>Sheng-Yang Peng<br>Sheng-Yen Peng<br>Dong Yi Enterprise Management Co., Ltd. | The individual's spouse is the person in charge of the firm<br>Spouses<br>Father and son<br>Father and son<br>Person in charge of the firm | None |
| Sheng-Yang Peng | 1,438,000 | 1.14% | 0 | 0.00% | 0 | 0.00% | Yuan Yang Enterprise Management Consulting Co., Ltd.<br>Peng-Huang Peng<br>Li-Chih Chu<br>Sheng-Yen Peng<br>Dong Yi Enterprise Management Co., Ltd. | The individual's mother is the person in charge of the firm<br>Father<br>Mother<br>Brothers<br>The father is the responsible person of the company | None |
| Sheng-Yen Peng | 1,430,000 | 1.14% | 0 | 0.00% | 0 | 0.00% | Yuan Yang Enterprise Management Consulting Co., Ltd.<br>Peng-Huang Peng<br>Li-Chih Chu<br>Sheng-Yang Peng<br>Dong Yi Enterprise Management Co., Ltd. | The individual's mother is the person in charge of the firm<br>Father<br>Mother<br>Brothers<br>The father is the responsible person of the company | None |
| Dong Yi Enterprise Management Co., Ltd. | 1,200,000 | 0.95% | 0 | 0.00% | 0 | 0.00% | Peng-Huang Peng | Person in charge of the firm | None |
| Dong Yi Enterprise Management Co., Ltd.<br>Representative: Peng-Huang Peng | 2,384,000 | 1.89% | 767,000 | 0.61% | 0 | 0.00% | Yuan Yang Enterprise Management Consulting Co., Ltd.<br>Li-Chih Chu<br>Sheng-Yang Peng<br>Sheng-Yen Peng | The individual's spouse is the person in charge of the firm<br>Spouses<br>Father and son<br>Father and son | None |

X. The total number of shares and the consolidated shareholding percentage held in any single investee by the Company, its directors, managerial officers or any companies controlled either directly or indirectly by the Company

December 31, 2023; Unit: Shares; %

| Investee | Investment by the Company | | Investment by directors, supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company | | Total investments | |
|---|---|---|---|---|---|---|
| | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage |
| SINGATRON INVESTMENT COMPANY | 2,000,000 | 100.00% | 0 | 0.00% | 2,000,000 | 100.00% |
| SINGATRON(BVI)ENTERPRISE CO.,LTD | 13,504,543 | 100.00% | 0 | 0.00% | 13,504,543 | 100.00% |
| GT Booster Inc. | 2,420,000 | 17.74% | 0 | 0.00% | 2,420,000 | 17.74% |
| DEEPWATERS DIGITAL SUPPORT INC. | 1,066,668 | 3.94% | 0 | 0.00% | 1,066,668 | 3.94% |
| Taisol Electronics Co., Ltd. | 10,367,000 | 11.79% | 624,000 | 0.71% | 10,991,000 | 12.50% |

# Four. Capital Raising

## I. Capital and shares:

### (I). Source of capital

1. Per capita Formation

| Year and month | Issue price (NTD ) | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Source of capital | Using property other than cash as payment for shares | Others |
| 1976.08 | 10,000 | 360 | 3,600,000 | 135 | 1,350,000 | Established by public raising | None | — |
| 1978.01 | 10,000 | 500 | 5,000,000 | 500 | 5,000,000 | Increased capital by cash of $3,650,000 | None | — |
| 1984.07 | 10,000 | 1,000 | 10,000,000 | 1,000 | 10,000,000 | Increased capital by cash of $5,000,000 | None | — |
| 1986.12 | 10,000 | 2,000 | 20,000,000 | 2,000 | 20,000,000 | Increased capital by cash of $10,000,000 | None | — |
| 1995.10 | 10,000 | 6,000 | 60,000,000 | 6,000 | 60,000,000 | Increased capital by cash of $40,000,000 | None | — |
| 1998.11 | 10 | 12,000,000 | 120,000,000 | 12,000,000 | 120,000,000 | Increased capital by cash of $60,000,000 | None | Note 1 |
| 1999.12 | 10 | 35,000,000 | 350,000,000 | 19,000,000 | 190,000,000 | Increased capital by cash and earnings of $70,000,000 | None | Note 2 |
| 2000.07 | 10 | 35,000,000 | 350,000,000 | 30,000,000 | 300,000,000 | Increased capital by cash and earnings of $110,000,000 | None | Note 3 |
| 2001.07 | 10 | 45,000,000 | 450,000,000 | 37,750,000 | 377,500,000 | Increased capital from earnings of $77,500,000 | None | Note 4 |
| 2002.08 | 10 | 80,000,000 | 800,000,000 | 42,000,000 | 420,000,000 | Increased capital from earnings of $42,500,000 | None | Note 5 |
| 2003.09 | 10 | 80,000,000 | 800,000,000 | 45,000,000 | 450,000,000 | Increased capital from earnings of $30,000,000 | None | Note 6 |
| 2004.09 | 10 | 80,000,000 | 800,000,000 | 50,000,000 | 500,000,000 | Increased capital from earnings of $50,000,000 | None | Note 7 |
| 2005.04 | 10 | 80,000,000 | 800,000,000 | 48,000,000 | 480,000,000 | Reduced capital by treasury stock of $20,000,000 | None | Note 8 |
| 2005.08 | 10 | 80,000,000 | 800,000,000 | 50,700,000 | 507,000,000 | Increased capital from earnings of $27,000,000 | None | Note 9 |
| 2005.11 | 10 | 80,000,000 | 800,000,000 | 50,100,000 | 501,000,000 | Reduced capital by treasury stock of $6,000,000 | None | Note 10 |
| 2006.03 | 10 | 80,000,000 | 800,000,000 | 48,300,000 | 483,000,000 | Reduced capital by treasury stock of $18,000,000 | None | Note 11 |
| 2006.09 | 10 | 80,000,000 | 800,000,000 | 55,000,000 | 550,000,000 | Increased capital from earnings of $67,000,000 | None | Note 12 |
| 2007.01 | 10 | 80,000,000 | 800,000,000 | 56,323,574 | 563,235,740 | Conversion of corporate bonds into shares of $13,235,740 | None | Note 13 |
| 2007.05 | 10 | 80,000,000 | 800,000,000 | 58,047,152 | 580,471,520 | Conversion of corporate bonds into shares of $17,235,780 | None | Note 14 |
| 2007.07 | 10 | 80,000,000 | 800,000,000 | 59,242,650 | 592,426,500 | Conversion of corporate bonds into shares of $11,954,980 | None | Note 15 |
| 2007.09 | 10 | 150,000,000 | 1,500,000,000 | 69,380,193 | 693,801,930 | Increased capital from earnings of $101,375,430 | None | Note 16 |
| 2007.10 | 10 | 150,000,000 | 1,500,000,000 | 69,400,417 | 694,004,170 | Conversion of corporate bonds into shares of $202,240 | None | Note 17 |
| 2008.09 | 10 | 150,000,000 | 1,500,000,000 | 79,732,471 | 797,324,710 | Increased capital from earnings and bonuses of $103,320,540 | None | Note 18 |
| 2008.12 | 10 | 150,000,000 | 1,500,000,000 | 79,032,471 | 790,324,710 | Reduced capital by treasury stock of $7,000,000 | None | Note 19 |
| 2009.01 | 10 | 150,000,000 | 1,500,000,000 | 75,532,471 | 755,324,710 | Reduced capital by treasury stock of $35,000,000 | None | Note 20 |
| 2009.08 | 10 | 150,000,000 | 1,500,000,000 | 79,884,419 | 798,844,190 | Increased capital from earnings of $43,519,480 | None | Note 21 |
| 2010.08 | 10 | 150,000,000 | 1,500,000,000 | 95,261,302 | 952,613,020 | Increased capital from earnings of $153,768,830 | None | Note 22 |
| 2011.02 | 10 | 150,000,000 | 1,500,000,000 | 93,961,302 | 939,613,020 | Reduced capital by treasury stock of $13,000,000 | None | Note 23 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2011.08 | 10 | 150,000,000 | 1,500,000,000 | 103,357,432 | 1,033,574,320 | Increased capital from earnings and capital surplus of $93,961,300 | None | Note 24 |
| 2012.08 | 10 | 150,000,000 | 1,500,000,000 | 113,693,175 | 1,136,931,750 | Increased capital from earnings and capital surplus of $103,357,430 | None | Note 25 |
| 2016.11 | 10 | 150,000,000 | 1,500,000,000 | 116,174,046 | 1,161,740,460 | Conversion of corporate bonds into shares of $24,808,710 | None | Note 26 |
| 2017.05 | 10 | 150,000,000 | 1,500,000,000 | 116,370,758 | 1,163,707,580 | Conversion of corporate bonds into shares of $1,967,120 | None | Note 27 |
| 2017.08 | 10 | 150,000,000 | 1,500,000,000 | 118,119,375 | 1,181,193,750 | Conversion of corporate bonds into shares of $17,486,170 | None | Note 28 |
| 2017.11 | 10 | 150,000,000 | 1,500,000,000 | 120,381,649 | 1,203,816,490 | Conversion of corporate bonds into shares of $22,622,740 | None | Note 29 |
| 2018.02 | 10 | 150,000,000 | 1,500,000,000 | 120,403,506 | 1,204,035,060 | Conversion of corporate bonds into shares of $218,570 | None | Note 30 |
| 2018.05 | 10 | 150,000,000 | 1,500,000,000 | 125,616,576 | 1,256,165,760 | Conversion of corporate bonds into shares of $52,130,700 | None | Note 31 |
| 2018.07 | 10 | 150,000,000 | 1,500,000,000 | 123,731,576 | 1,237,315,760 | Reduced capital by treasury stock of $18,850,000 | None | Note 32 |
| 2018.09 | 10 | 150,000,000 | 1,500,000,000 | 129,907,774 | 1,299,077,740 | Increased capital from earnings of $42,745,590<br>Conversion of corporate bonds into shares of $19,016,390 | None | Note 33 |
| 2018.12 | 10 | 150,000,000 | 1,500,000,000 | 136,650,426 | 1,366,504,260 | Conversion of corporate bonds into shares of $67,426,520 | None | Note 34 |
| 2019.02 | 10 | 150,000,000 | 1,500,000,000 | 135,896,348 | 1,358,963,480 | Conversion of corporate bonds into shares of $42,459,220<br>Reduced capital by treasury stock of $50,000,000 | None | Note 35 |
| 2019.05 | 10 | 150,000,000 | 1,500,000,000 | 135,927,587 | 1,359,275,870 | Conversion of corporate bonds into shares of $31,902,390<br>Reduced capital by treasury stock of $31,590,000 | None | Note 36 |
| 2020.02 | 10 | 200,000,000 | 2,000,000,000 | 131,839,587 | 1,318,395,870 | Reduced capital by treasury stock of $40,880,000 | None | Note 37 |
| 2020.05 | 10 | 200,000,000 | 2,000,000,000 | 126,839,587 | 1,268,395,870 | Reduced capital by treasury stock of $50,000,000 | None | Note 38 |
| 2021.11 | 10 | 200,000,000 | 2,000,000,000 | 122,762,587 | 1,227,625,870 | Reduced capital by treasury stock of $40,770,000 | None | Note 39 |
| 2022.09 | 10 | 200,000,000 | 2,000,000,000 | 119,762,587 | 1,197,625,870 | Reduced capital by treasury stock of $30,000,000 | None | Note 40 |
| 2022.11 | 10 | 200,000,000 | 2,000,000,000 | 117,265,587 | 1,172,655,870 | Reduced capital by treasury stock of $24,970,000 | None | Note 41 |

| Item | Approval document |
|---|---|
| Note 1 | Approved by the Ministry of Economic Affairs for a capital increase by cash of $60,000,000 with the letter Jin-(1998)-Shang-Zi No. 087138250 dated November 26, 1998. |
| Note 2 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase by cash of $10,000,000 and from earnings of $60,000,000 with the letter (1999) Tai-Cai-Sheng-(I) No. 93636 dated November 1, 1999. |
| Note 3 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase from earnings of $77,800,000 with the letter (2000) Tai-Cai-Sheng-(I) No. 55297 dated June 27, 2000, and for a capital increase by cash of $32,200,000 with the letter (2000) Tai-Cai-Sheng-(I) No. 58935 dated July 10, 2000. |
| Note 4 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase from earnings of $77,500,000 with the letter (2001) Tai-Cai-Sheng-(I) No. 135331 dated June 6, 2001. |
| Note 5 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase from earnings of $42,500,000 with the letter (2002) Tai-Cai-Sheng-(I) No. 0910136927 dated July 5, 2002. |
| Note 6 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase from earnings of $30,000,000 with the letter (2003) Tai-Cai-Sheng-(I) No. 0920132697 dated July 21, 2003. |
| Note 7 | Approved by the Ministry of Securities and Futures Bureau, Financial Supervisory Commission for a capital increase from earnings of $50,000,000 with the letter (2004) Tai-Cai-Sheng-(I) No. 0930128582 dated June 29, 2004, and by the Central Region Office, Ministry of Economic Affairs with the letter Jing-Shou-Zi No. 09301172770 dated September 13, 2004. |
| Note 8 | Approved by the Central Region Office, Ministry of Economic Affairs with the letter Jing-Shou-Zhong-Zi No. 09431966940 dated April 18, 2005. |
| Note 9 | Approved by the Financial Supervisory Commission, Executive Yuan with the letter Jin-Guan-Zheng-I No. 0940127499 dated July 7, 2005, and by the Central Region Office, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 0940117110 dated August 30, 2005. |
| Note 10 | Approved by the Central Region Office, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09401236940 dated November 28, 2005. |
| Note 11 | Approved by the Central Region Office, Ministry of Economic Affairs with the letter Jing-Shou-Zhong-Zi No. 09531796780 dated March 8, 2006. |
| Note 12 | Approved by the Financial Supervisory Commission, Executive Yuan with the letter Jin-Guan-Zheng-I No. 0950128177 dated July 4, 2006, and by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09501197280 dated September 1, 2006. |
| Note 13 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09601013680 dated January 18, 2007. |
| Note 14 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09601093910 dated May 2, 2007. |
| Note 15 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09601169980 dated July 30, 2007. |
| Note 16 | Approved by the Financial Supervisory Commission, Executive Yuan with the letter Jin-Guan-Zheng-I-Zi No. 0960039533 dated July 26, 2007, and by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09601233890 dated September 26, 2007. |
| Note 17 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09601255250 dated October 19, 2007. |
| Note 18 | Approved by the Financial Supervisory Commission, Executive Yuan with the letter Jin-Guan-Zheng-I-Zi No. 0970033543 dated July 4, 2008, and by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09701223680 dated September 5, 2008. |
| Note 19 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09701316720 dated December 17, 2008. |
| Note 20 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09801011220 dated January 17, 2009. |
| Note 21 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09801187690 dated August 18, 2009. |
| Note 22 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09901195740 dated August 30, 2010. |
| Note 23 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 09901195740 dated February 15, 2011. |
| Note 24 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 100001187570 dated August 16, 2011. |
| Note 25 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 101011176390 dated August 28, 2012. |

| | |
|---|---|
| Note 26 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10501269440 dated November 21, 2016. |
| Note 27 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10601067850 dated May 25, 2017. |
| Note 28 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10601122760 dated August 31, 2017. |
| Note 29 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10601160130 dated November 23, 2017. |
| Note 30 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10701013720 dated February 2, 2018. |
| Note 31 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10701051770 dated May 25, 2018. |
| Note 32 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10701072520 dated July 6, 2018. |
| Note 33 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10701111690 dated September 5, 2018. |
| Note 34 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10701147700 dated December 5, 2018. |
| Note 35 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10801015860 dated February 21, 2019. |
| Note 36 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10801053400 dated May 7, 2019. |
| Note 37 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10901013780 dated February 17, 2020. |
| Note 38 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 10901077720 dated May 19, 2020. |
| Note 39 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11001218710 dated November 24, 2022. |
| Note 40 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101162950 dated September 12, 2022. |
| Note 41 | Approved by the Department of Commerce, Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101223740 dated November 21, 2022. |

2. Type of shares issued

(1)

April 9, 2024 (the date for suspension of stock transfer) Unit: Shares

| Type of shares | Authorized capital | | | Remarks |
|---|---|---|---|---|
| | Number of shares outstanding | Unissued shares | Total | |
| Common stock (Note 1) | 125,812,898 | 74,187,102 | 200,000,000 | None |

Note 1: The Company was listed on Taipei Exchange on January 18, 2002.

(2) Offering and issuance of marketable securities under the reporting system: Not applicable.

(II) Shareholder structure

April 9, 2024 (the date for suspension of stock transfer) ; Unit: Shares

| Shareholder structure / Quantitative measure | Government agency | Financial institution | Other legal entity | Individual | Foreign institution and individual | Total |
|---|---|---|---|---|---|---|
| Number of people | 0 | 0 | 188 | 48,972 | 63 | 49,223 |
| Number of shares held | 0 | 0 | 23,771,585 | 100,581,651 | 1,459,662 | 125,812,898 |
| Shareholdings percentage | 0.00% | 0.00% | 18.89% | 79.95% | 1.16% | 100.00% |

(III) Distribution of shareholding (par value of $10 per share)

April 9, 2024 (the date for suspension of stock transfer) ; Unit: Shares

| Shareholding range | Number of shareholders | Number of shares held | Shareholdings percentage (%) |
|---|---|---|---|
| 1 to 999 | 31,626 | 839,386 | 0.67% |
| 1,000 to 5,000 | 14,422 | 28,463,945 | 22.62% |
| 5,001 to 10,000 | 1,732 | 13,974,112 | 11.11% |
| 10,001 to 15,000 | 470 | 6,003,865 | 4.77% |
| 15,001 to 20,000 | 337 | 6,315,733 | 5.02% |
| 20,001 to 30,000 | 230 | 5,983,876 | 4.76% |
| 30,001 to 40,000 | 116 | 4,147,594 | 3.30% |
| 40,001 to 50,000 | 73 | 3,405,415 | 2.71% |
| 50,001 to 100,000 | 122 | 8,525,083 | 6.78% |
| 100,001 to 200,000 | 62 | 8,847,013 | 7.03% |
| 200,001 to 400,000 | 15 | 4,197,497 | 3.34% |
| 400,001 to 600,000 | 7 | 3,388,463 | 2.69% |
| 600,001 to 800,000 | 1 | 767,000 | 0.61% |
| 800,001 to 1,000,000 | 0 | 0 | 0.00% |
| 1,000,001 to 1,200,000 | 1 | 1,200,000 | 0.95% |
| 1,200,001 to 1,400,000 | 0 | 0 | 0.00% |
| 1,400,001 to 1,600,000 | 2 | 2,868,000 | 2.28% |
| 1,600,001 to 1,800,000 | 0 | 0 | 0.00% |
| 1,800,001 to 2,000,000 | 0 | 0 | 0.00% |
| More than 2,000,001 | 7 | 26,885,916 | 21.37% |
| Total | 49,223 | 125,812,898 | 100.00% |

Preferred shares: The Company has not issued any preferred shares.

(IV) List of major shareholders (shareholders with 5% ownership or more or top 10 shareholders)

April 9, 2024 (the date for suspension of stock transfer); Unit: Shares

| Shares / Name of major shareholder | Number of shares held | Shareholdings percentage (%) |
|---|---|---|
| KAN SHI INVESTMENT CO., LTD. | 77,64,829 | 6.17% |
| Yuan Yang Enterprise Management Consulting Co., Ltd. | 4,236,000 | 3.37% |
| Hsin-Nan Kan | 3,607,843 | 2.87% |
| ZHEN CHUN INVESTMENT CO., LTD. | 3,243,458 | 2.58% |
| Pacific Star Investment Co., Ltd. | 3,200,000 | 2.54% |
| SHENG CHUN INVESTMENT CO., LTD. | 2,449,786 | 1.95% |
| Peng-Huang Peng | 2,384,000 | 1.89% |
| Sheng-Yang Peng | 1,438,000 | 1.14% |
| Sheng-Yen Peng | 1,430,000 | 1.14% |
| Dong Yi Enterprise Management Co., Ltd. | 1,200,000 | 0.95% |

(V). Information on market price, net worth, earnings, dividends per share for the most recent two years

Unit: NTD

| Item / Year | | | 2022 | 2023 | The current year up to March 31 |
|---|---|---|---|---|---|
| Market price per share (Note 1) | Highest | | 32.30 | 35.20 | 43.80 |
| | Lowest | | 18.75 | 19.85 | 28.40 |
| | Average | | 23.25 | 26.52 | 34.07 |
| Net worth per share (Note 2) | Before distribution | | 12.97 | 26.53 | Not applicable |
| | After distribution | | 11.77 | (Note 9) | |
| Earnings per share | Weighted average number of shares (in thousands) | | 120,300 | 117,266 | |
| | Earnings per share (before adjustment) | | 1.85 | 1.52 | |
| | Earnings per share (after adjustment) (Note 3) | | 1.85 | (Note 9) | |
| Dividends per share | Cash dividends | | 1.20 | 1.10 | |
| | Stock dividends | Stock dividends from earnings | 0.00 | 0.00 | |
| | | Stock dividends from capital surplus | 0.00 | 0.00 | |
| | Accumulated unpaid dividends (Note 4) | | 0 | 0 | |
| Return on investment analysis | Price to earnings ratio (Note 5) | | 12.57 | 17.45 | |
| | Price to dividends ratio (Note 6) | | 19.38 | 24.11 | |
| | Cash dividends yield (Note 7) | | 0.052 | 0.041 | |

Note 1: The highest and lowest market prices of common stock each year are shown and the annual average market price is calculated according to the strike price and the trading volume in each year.

Note 2: Calculated based on the number of outstanding shares at year-end; amount of distribution resolved in next year's shareholders' meeting is presented in the table.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: Price to earnings ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividends ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year

Note 8: Net worth per share and earnings per share should be presented with the data for the most recent quarter audited (reviewed) by CPAs as of the publication of the annual report; the remaining fields should be presented with the data for the current year as of the publication of the annual report.

Note 9: The distribution of earnings for 2023 was approved by the Board of Directors on 2024/03/21 and has not yet been adopted by the shareholders' meeting.

(VI) The company's dividend policies and implementation

1. Dividend policy as set forth in the Articles of Incorporation

If the Company makes has net profit in a year as concluded by the annual final accounting close, it shall first make up for past losses and then set aside 10% of the profit as legal reserve and provide or reverse the special reserve in accordance with the law. If there is still surplus in the profit, the Board of Directors shall prepare an earnings distribution proposal with the surplus plus the undistributed earnings of the previous year. In accordance with Paragraph 5, Article 240 of the Company Act, "When the Company distributes dividends and bonuses in whole or in part in cash, the Board of Directors is authorized to approve the distribution by a resolution of a majority of the directors present, with at least two-thirds of the directors present, and to report the distribution to the shareholders' meeting." In addition, if the Company distributes all or part of the dividends and bonuses by issuance of new shares, the dividends shall be resolved by the shareholders' meeting.

The Company's dividends policy is formulated to support business expansion, based on operating strategies, investment plans, capital budget and changes in internal and external environment. The Company shall set aside at least 20% of the accumulated distributable earnings as dividends to shareholders, of which no less than 10% of the total dividends shall be in cash.

Cash dividends less than $0.1 per share calculated in accordance with the above dividend policy shall not be distributed. .

The Company shall not pay dividends or bonuses, if there is no surplus in earnings.

2. Dividends distribution proposed at the shareholders' meeting:

In accordance with Article 20-1 of the Company's Articles of Incorporation, "When the Company distributes dividends and bonuses in whole or in part in cash, the Board of Directors is authorized to approve the distribution by a resolution of a majority of the directors present, with at least two-thirds of the directors present, and to report the distribution to the shareholders' meeting."

On 2024/3/21, the Board of Directors resolved to distribute cash dividends of NT$1.10 per share to shareholders, amounting to NT$138,178,055 in total, representing 62.36% of the distributable earnings for the period.

3. Expected significant changes in dividends: None.

(VII). The impact of the proposed stock dividends at the shareholders' meeting on the Company's operating performance and earnings per share:

No stock dividends were proposed at the 2024 shareholders' meeting so it is not applicable.

(VIII). Profit sharing remuneration for employees and directors

1. The percentage or range of profit sharing remuneration for employees and directors as set forth in the Articles of Incorporation:

If the Company makes a profit in a year, it shall make an appropriation of not less than one-thousandth of the profit as profit-sharing remuneration for employees and not more than three percent as profit-sharing remuneration for directors. However, if the Company has accumulated losses, it shall reserve in advance an amount to make up for them.

The aforementioned remuneration for employees may be in the form of stock or cash and may be distributed to employees of the holding company or the subordinate companies who meet certain criteria, as otherwise determined by the Board of Directors.

2. The basis for estimating the amount of remuneration for employees and directors for the current period, the basis for calculating the number of shares distributed as employee remuneration, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

(1) Based on the Company's 2023 profitability, the profit sharing remuneration for employees and that for directors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as NTD 1,500 thousand and NTD 4,500 thousand, respectively, under salary expenses.

(2) The Company has not proposed to distribute profit sharing remuneration in stock this year, so it is not applicable.

3. The distribution of profit sharing remuneration approved by the Board of Directors:

(1) The Company's Board of Directors resolved on March 12, 2024 to distribute NTD 1,500 thousand as remuneration to employees and NTD 4,500 as remuneration to directors both in cash, which are consistent with the amounts recorded in the 2023 financial report.

(2) The amount of profit sharing remuneration for employees paid in stock and its percentage of net profit after tax and total profit sharing remuneration for employees in the standalone or parent company only financial statements for the period.

The Company has not proposed to distribute profit sharing remuneration in stock this year, so it is not applicable.

4. The difference between the actual amount of profit sharing with employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the price of the shares) and the recognized amount of profits sharing with employees, directors and supervisors, the reasons for the difference and the treatment of the difference should be described.

Based on the Company's 2022 profitability, the profit sharing remuneration for employees and that for directors and supervisors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as $2,000 thousand and $6,625

thousand, respectively, under salary expenses. On March 3, 2023, the Board of Directors resolved to distribute profit sharing remuneration for employees in the amount of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors in the amount of NTD 6,500 thousand, both in cash. The difference from the profit sharing remuneration for employees of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors of NTD 6,625 thousand recorded as expenses on the financial statements for 2022 were NTD 0 and NTD 125 thousand, respectively, which were mainly due to the change in the estimate and are to be recorded as profit or loss for 2023.

(IX) The circumstances of repurchase of the Company's shares: None.

II. Issuance of corporate bonds:

(I) Issuance of corporate bonds

| | | |
|---|---|---|
| Type of corporate bond (Note 2) | | 3rd domestic unsecured convertible corporate bond (Note 5) |
| Issuance (process) date | | November 30, 2023 |
| Face value | | NTD 100,000 each |
| Place of issuance and trading (Note 3) | | Not applicable |
| Issue price | | Issued at 104.18% of the par value |
| Total amount | | Total face value of NTD 500 million |
| Interest rate | | Coupon rate at 0% |
| Term | | 3-year Maturity date: November 30, 2026 |
| Guaranteeing institution | | Not applicable |
| Trustee | | CHANG HWA COMMERCIAL BANK, LTD. |
| Underwriting Institution | | TACHAN SECURITIES CO., LTD. |
| Attorney-at-Law | | Not applicable |
| Certified Public Accountant | | Not applicable |
| Repayment method | | The bondholder converts to the Company's common shares in accordance with Article 10 of the Conversion Regulations; or exercises the right of sale in accordance with Article 19 of the Conversion Regulations; or the Company has redeemed the bonds early in accordance with Article 18 of the Conversion Regulations; or the bonds are purchased and canceled by the Company from a brokerage firm - the Company shall repay the bonds held by the bondholders in cash at the face value within ten business days following the maturity date of the bonds. In the event that the centralized securities exchange market is closed on the aforementioned dates, it shall be postponed to the next business day. |
| Outstanding principal | | NT$256,400,000 |
| Terms of redemption or early settlement | | Please refer to the Regulations Governing the Issuance and Conversion of the Company's 3rd domestic unsecured convertible bonds. |
| Restrictive clauses (Note 4) | | Not applicable |
| Rating agency, date of rating, and result of corporate bond rating | | Not applicable |
| Additional rights | Amount that has been converted (exchanged or subscribed) into common shares, global depository receipts or other marketable securities as of the date of publication of the annual report | As of the printing date of the annual report, 8,547,311 ordinary shares have been converted |
| | Procedures for issuance and conversion (exchange or subscription) | Please refer to the Regulations Governing the Issuance and Transfer of the Company's Third Unsecured Convertible Bonds in Taiwan |
| Possible dilution of shareholding by the regulations and conditions of issuance, conversion, exchange or subscription and impact on existing shareholders' equity | | Assuming full conversion of the convertible bonds issued by the Company this time, the maximum dilution effect on the earnings per share is 13.01%. Although it will cause capital expansion and earnings per share dilution, the financial structure will reduce the debt ratio and strengthen the financial structure, which will be more helpful to the Company's future operations and development. |
| Name of custodian for exchange object | | Not applicable |

Note 1: The corporate bonds include public offering and private placement corporate bonds in progress. Public offering corporate bonds in progress refer to those that have been validated (approved) by the Commission, and private placement corporate bonds in progress refer to those that have been resolved and approved by the Board of Directors.

Note 2: The number of columns is adjusted according to the actual number of processing.

Note 3: Fill in for overseas corporate bonds.

Note 4: Such as restrictions on the distribution of cash dividends, external investments, or requirement to maintain a certain percentage of assets, etc.
Note 5: Private placements should be prominently marked.
Note 6: For convertible bonds, exchange bonds, issuance of corporate bonds or stock options by shelf-registration, the information on convertible bonds, exchange bonds, corporate bond issuance by shelf registration should be disclosed separately and in the table according to their nature, along with the information of corporate bonds with options.

(II) Information on convertible corporate bonds

**Information on convertible corporate bonds**

| Type of corporate bond (Note 1) | | 3rd Unsecured Convertible Corporate Bonds | |
|---|---|---|---|
| Item \ Year | | 2023 | As of April 9, 2024 (Note 4) |
| Market price of convertible corporate bonds (Note 2) | Highest | NT$118.20 | NT$152.00 |
| | Lowest | NT$104.55 | NT$112.05 |
| | Average | NT$110.45 | NT$130.34 |
| Conversion price | | NT$28.50 | NT$28.50 |
| Issued (process) date and conversion price at the time of issue | | November 30, 2023<br>NT$28.50 | November 30, 2023<br>NT$28.50 |
| Means of fulfilling conversion obligations (Note 3) | | Issuance of new shares | Issuance of new shares |

Note 1: The number of columns is adjusted according to the actual number of processing.
Note 2: If overseas corporate bonds are traded at multiple locations, they are listed separately by the locations to be traded.
Note 3: Delivery of issued shares or issuance of new shares.
Note 4: Only the data available for the current year shall be provided as of the date of publication of the annual report.

III. Issuance of preferred stock: none
IV. Issuance of global depository receipts: none.
V. Employee stock options: none
VI. Employee restricted stocks: none.
VII. Issuance of new shares in connection with mergers or acquisitions of shares of other companies:
1. For the most recent year and the current year as of the date of publication of the annual report, new shares issued in connection with mergers and acquisitions of shares of other companies: none.
2. For the most recent year and the current year as of the date of publication of the annual report, issuance of new shares approved by the Board of Directors in connection with mergers and acquisitions of shares of other companies: none.

VIII. The implementation status of capital utilization plan: None.
1. Previous issues or private placements of marketable securities that have not yet been completed or have been completed within the last three years and the benefits of the plans have not yet been realized: None.
2. The Company issued the third domestic unsecured convertible corporate bonds in 2023, and the capital raising and capital utilization plans have been completed as scheduled. The details are as follows:
(1) Contents of the plan
On November 30, 2023, the Company issued 5,000 bonds for the 3rd domestic unsecured corporate bonds. Each of these convertible corporate bonds is worth NTD 100,000. The total number of bonds issued was 5,000 bonds, and the total face value was NTD 500 million. The convertible bonds were publicly underwritten by bidding and auction. The actual issue price was 104.18% of the par value, and the actual total amount was NTD 520,920,580.
The funds raised this time can be used to repay bank loans to save interest expenses. It will moderately reduce the financial burden and improve solvency. It can also strengthen the financial structure and is beneficial to the overall operation and development.

(2) Status of implementation Unit: NTD

| Name of corporate bond | Amount of issuance | Date of issue | Use of Funds | Projected progress of fund utilization | Actual progress of fund utilization |
|---|---|---|---|---|---|
| 3rd domestic unsecured convertible corporate bond | The total face value of the corporate bonds is NTD 500 million, and the total number of bonds is 5000. The underwriting of the corporate bonds is public bidding. The bonds are issued at 104.18% of face value, and the actual total amount of NTD 520,920,580. | 2023/11/30 | Repayment of bank loan | 2023 Q4 | Completed in 2023 Q4 |

(3) Evaluation of execution benefits

Unit: Thousands of NTD

| Item/Year | | 2023 Q3 (Before issuance) | 2023 Q4 (After issuance) |
|---|---|---|---|
| Basic financial information | Current assets | 106,373 | 46,309 |
| | Current liabilities | 1,039,307 | 521,941 |
| | Total Liabilities | 1,996,879 | 1,975,634 |
| | Interest expense | 13,020 | 21,728 |
| | Operating revenue | 62,796 | 78,380 |
| | Earnings per share | 1.20 | 1.52 |
| Capital structure | Debt to assets ratio (%) | 38.75 | 38.84 |
| | Long-term capital to property, plant, and equipment ratio (%) | 1,887,40 | 2,100.45 |
| Solvency | Current ratio (%) | 10.23 | 8.87 |
| | Quick ratio (%) | 9.47 | 7.46 |

Source: Parent company only financial statements audited or reviewed by CPAs.

The funds raised this time can be used to repay bank loans to save interest expenses. It can moderately reduce the financial burden and improve solvency. It can also strengthen the financial structure and is beneficial to the overall operation and development.

Five. Operation Overview

I. Business Activities

(I). Business Scope

1. The main activities of the business:

The main activities of the business:

(1). Other Non-ferrous Metal Basic Industries
(2). Electrical Appliances and Audiovisual Electronic Products Manufacturing
(3). Electronics Components Manufacturing
(4). Computer and Peripheral Equipment Manufacturing
(5). Toys Manufacturing
(6). Mold and Die Manufacturing
(7). Wholesale of Hardware
(8). Wholesale of Molds
(9). Wholesale of Electronic Materials
(10). International Trade
(11). All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. The Group's current product lines and their sales percentage:

Amount Unit: Thousand NTD

| Product type | 2023 | |
|---|---|---|
| | Sales amount | Sales percentage (%) |
| Electronic connectors | 3,373,350 | 97.73% |
| Electronic module products | 78,380 | 2.27% |
| Total | 3,451,730 | 100.00% |

3. New products under plan to be developed by the Group

The Company currently is engaged in the development, manufacturing and sale of various electronic connectors and electronic modules for various power supplies, audio and video signal and electronic signal transmission connection devices. Our main product applications include notebook computers and peripherals, various consumer electronics applications, network communications applications, new energy applications, automotive electronics applications, and medical applications.

SINGATRON repositioned its market development strategy in 2021 to focus on four major industry sectors and core product lines. In addition to the original NB and Consumer applications, we have also shifted our focus in recent years to the new energy and automotive applications, and have strengthened the development of our core product series Waterproof connector products. In addition, we will strengthen the development of our core product series waterproof connectors for various applications to form the market development strategy of WECAN.

In addition to the development of light, thin, short and small connectors for notebook computers, personal mobile communication devices and IOT, we are also developing high frequency and high speed connectors for automotive electronics, car audio and video and network communication services. In terms of the future standard I/O connector USB Type-C, we have been developing it for the first time in the NB industry in the past few years and have expanded from the old SINGATRON solid board connector to the male plug for use with the cable. Moreover, in the past two years, we have gradually extended our product applications to consumer electronics, and have received customers from major manufacturers in Europe and the United States in automotive electronics. Based on the orders for Type C products and the domestic and foreign demand for electric scooters, electric bicycles, solar inverters, energy storage connectors and module products, the shipment in the future will grow year by year.

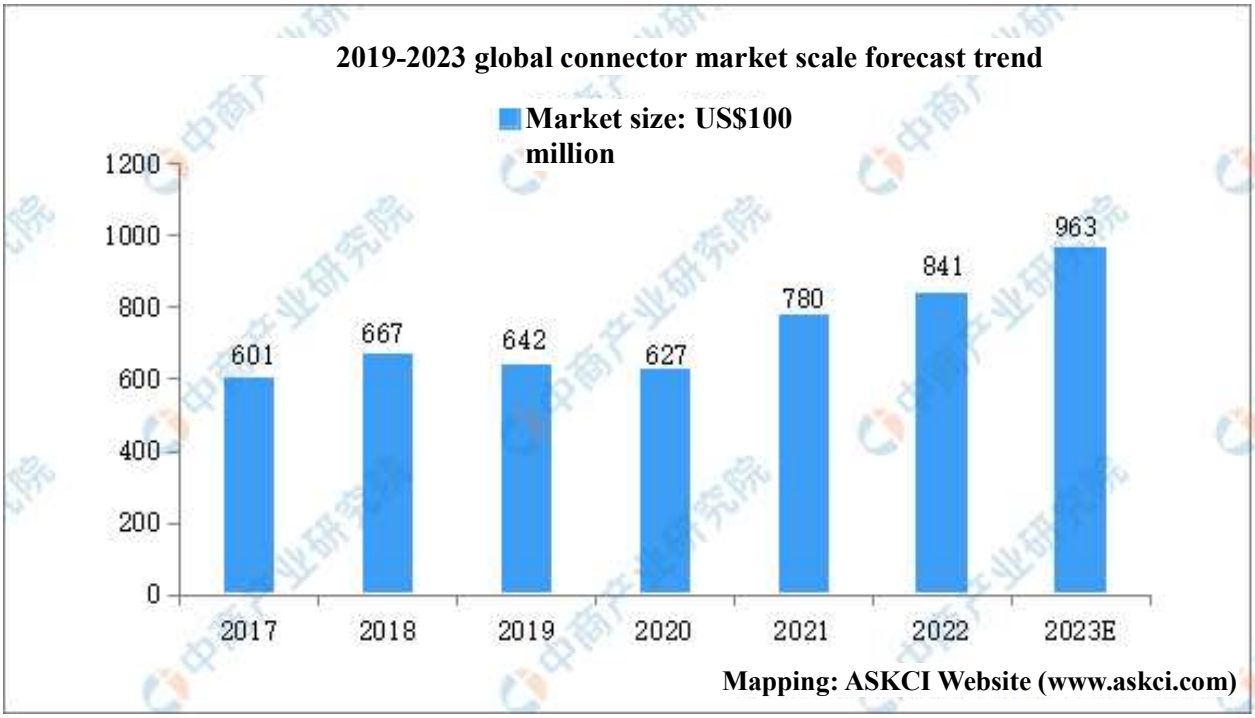
New products for 2023:

In terms of new energy applications, the Company has begun to develop high-current energy storage connectors, mainly focusing on energy storage system lithium battery connectors, adding Type C Cable Active high-speed transmission connection cables for notebook applications, and adding Long-Dimm/So-Dimm DDR5 Memory connectors for server applications. The automotive industry will also help Tier l factories in 2024 for automotive wiring harness OEM.

(II). Industry Overview.

1. Current status and development of the industry

According to data from the China Business Intelligence Network, the global connector market space is expected to exceed US$96 billion in 2023, and the compound annual growth rate from 2019 to 2023 will reach 6.29%. In terms of applications, automotive is the largest application area of connector products, with 22%, communication 21%, computer 16%, industry 12%, rail transportation 6%, and other applications mainly include military, consumer electronics and other industries, making up 23%.




With the popularity of ChatGPT, AI has become the hottest topic in the world. In addition, 5G, electric vehicles, self-driving cars, and the Metaverse will continue to drive the demand for expansion in the data center and server markets. Major processor manufacturers such as Intel and AMD have begun to fully support the USB4 high-speed transmission application market, and Apple has also joined the ranks of supporting the USB4 specification. However, USB4 only uses the USB Type-C connector, and the USB4 signal adopts dual-channel transmission. In the future, USB4 equipment and interface will be actively compatible with Thunderbolt equipment; USB4.0 will make the transmission interface of mobile phones and other consumer electronic devices tend to be consistent. Only one transmission cable will be required for connecting various carriers; the data transmission speed of USB4.0 can reach 40Gbps, and with the connector changed to USB Type-C, there is no need to worry about inserting the wrong plug in the future. Furthermore, the European Union announced that the charging connectors of mobile phones, tablets and digital cameras will use the USB Type-C specification uniformly by 2024. In the future, Type-C + USB4.0 may become a new combination of 3C.

Future connectors in the connector market will be smaller, more reliable, have better wireless performance, and at the same time have a certain degree of intelligence, along with high frequency and high speed wireless transmission, higher precision, lower cost, and more automation. With the popularization of 5G smart devices, more applications may be launched accordingly. The high data and high transmission requirements of 5G require connectors with high frequency and high speed characteristics, which is expected to drive the upgrade of connector products and business opportunities. In the era of the Internet of Things, wireless technology is ubiquitous. In the future, ensuring wireless transmission connections will be marketed as guarantees in industries such as industry and automobiles; the AI era has arrived, and connectors may be able to perform simple intelligent judgment and protection; and with the development of Industry 4.0, in the precision processing of connectors, grinding tools and CAD, advanced machinery will become the main force in the industry.

In 2023, due to factors such as the U.S. Federal Reserve's violent interest rate hike and destocking, the consumer electronics industry was weak. With the rise of generative AI, inventory adjustment was drawing to a close, as well as the Fed's cycle of interest rate hikes. The rapid rise of AI servers and the global demand for electric vehicles continued to drive the demand for high-speed data transmission interface, high-current and high-voltage transmission lines for connectors. In particular, electric vehicles, aerospace, green energy, industrial applications and other industries continued to grow in 2023. The second half of 2024 is expected to be better than the first half, and the recovery of the economy will prompt the growth momentum of the connector group.

2. The correlation among the upstream, midstream and downstream industries:

The structure of connector products is mainly composed of two parts: terminal and plastic casing. The main upstream raw materials are metal materials, plastic materials and electroplating materials, and the usage and characteristics of each raw material are described in the following:

A. Metal materials

The main usage of metal materials is for connector terminals. In order to meet the demand of high frequency transmission, the specifications of connector products are developing towards low height, high density and multiple pins, so that the terminals often need to undergo complicated bending processes, and among the many metals, copper alloy has sufficient mechanical strength and good electrical conductivity.

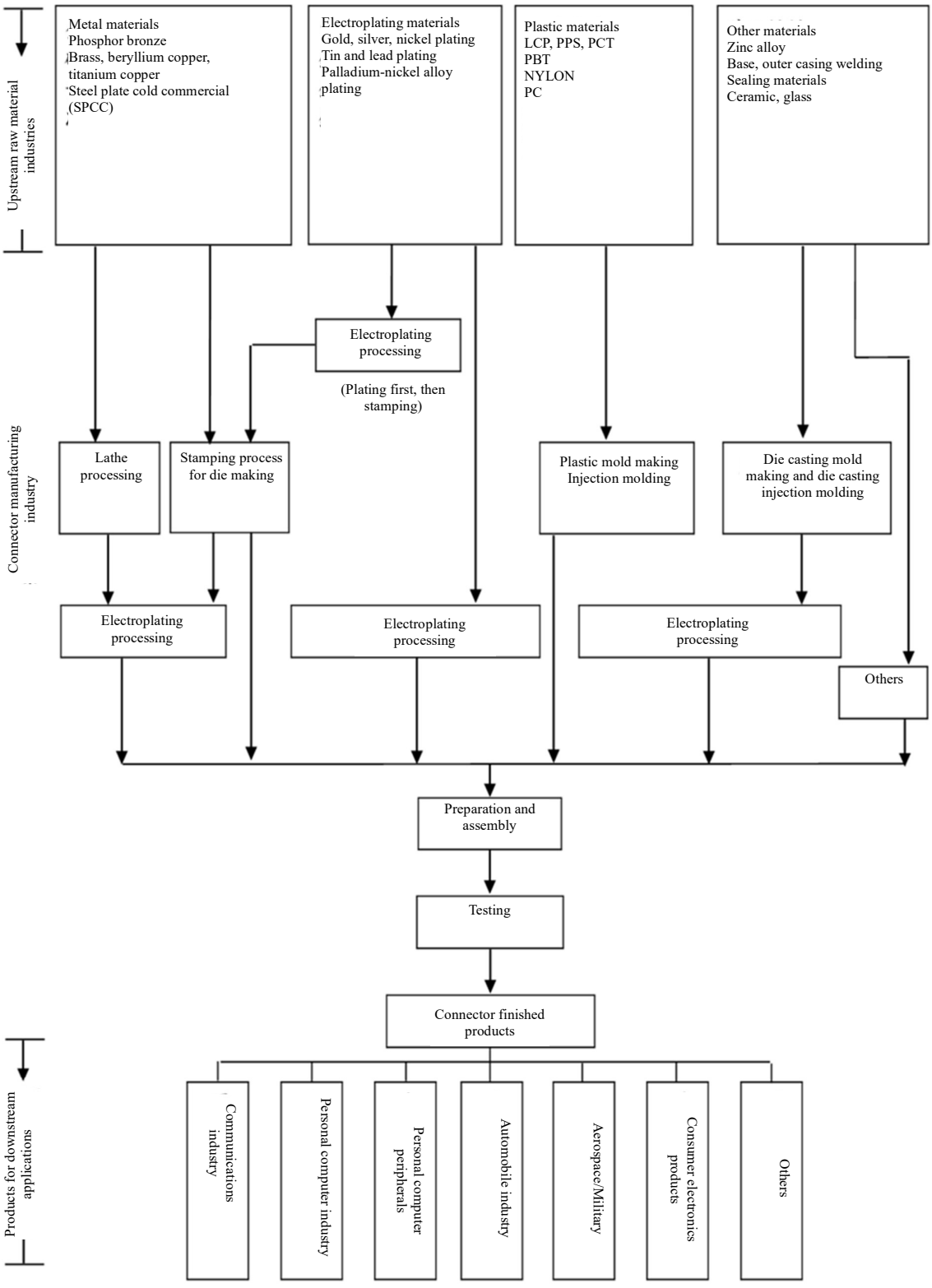
B. Plastic materials

Plastic materials are usually used as the outer shell and insulation of connector products. As the products are developing towards fine pitch and SMT, the thin wall fluidity, strength, heat resistance and dimensional stability of plastic materials are their key considerations.

C. Electroplating materials

The function of electroplating materials is related to the conductivity of connectors and the frequency of plugging. Generally speaking, copper will be used as the base material for electroplating, and a layer of pure tin or hard gold will be plated on it. At present, most of the domestic connector suppliers outsource the productions to professional third party manufacturers.

In the manufacturing process, for both the terminals and the plastic shells, the high precision molds are produced first according to the design specifications, and metal materials are pressed and processed into terminals by the molds that have been made. Plastic materials are hot-melted and injected into the molds by injection equipment to form the required plastic shells, and then the plastic shells are assembled with the electroplated terminals while the terminals are bent and processed. Depending on the specifications, finished connectors can be used in a variety of industrial applications, including the computer industry, the network communications industry, the consumer electronics industry, the automotive electronics industry, the new energy applications industry, medical equipment, and aerospace applications.




Source: ITIS Project, ITRI Material and Chemical Research Laboratories

3. Trends of product development

a. Development towards collaborative design

In recent years, for the pursuit of breakthroughs in the design of emerging products, there are many innovative or development needs to break away from the convention, the traditional development method has been unable to meet the requirements for innovation in customer specifications and in a more customer-friendly way, the ODM approach allows engineering development personnel shall participate in design discussions in the early stages of product development to meet customer development needs in the customer co-development mode in order to achieve product breakthroughs and innovations.

b. Technology developing towards lightweight and small size

There are many types of connectors and new products are always being introduced. In recent years, as system products are developing towards lightweight, thin, short, small in size, high density and high transmission speed, with the USB4 type connector launched in 2019 by USB-IF being the most representative, the development of connector products is focused on "small pitch," "low back" and "high frequency." In addition to SINGATRON's original Board-side connectors, we have also crossed over to the paired wire-side connectors to expand the application scope.

c. Business opportunities in new energy and automotive electronics industries

In response to the demand for environmental protection and energy saving, in addition to the original connectors and wiring harnesses, we are also working with customers to develop modular products such as Power Button and USB charging for electric bicycles and we are also working with customers to develop connectors for inverters for energy storage applications and to develop a series of high-current energy storage connectors.

d. Communication and niche product development

In addition to the demand for miniaturized products for wearable devices, another trend is applications relating to the Internet of Things. The key connector product technologies (PogoPin, network connector, high power/high frequency connector, robot harness, RF connector, etc.) required for the networking system will be the direction for domestic manufacturers to plan early.

4. Product competition

The Company mainly focuses on the research and development, production and sales of traditional connector products for notebook computers and peripherals, consumer electronics, and network communications, as well as various waterproof connector products for automotive electronics and new energy products.

For traditional connector products, in recent years, we have been facing price competition in the NB and PC peripheral markets from the red supply chain and competitors in the industry, which leads to reduced profitability of traditional connectors. However, in the main battlefield of NB, we have accumulated a large number of product lines and a complete range of molds and other related resources over the years to quickly meet customer needs and we are striving for continuous process improvement, introducing modular and semi-automatic production modes in the manufacturing section to enhance price competitiveness. In addition, we provide customized services to our strategic customers in order to seize the opportunity in advance by providing tailor-made services.

In terms of server products, Singatron began to provide server DDR Long DIMM & So DIMM connectors, and began to provide solutions for server cooling applications.

In terms of waterproof connector products, in recent years, we have been focusing on the development of solar energy, energy storage products, light electric motorcycles, electric bicycles, medical applications, and others in order to continue to steadily improve the added value of our products. In the past two years, the Company's cooperation with customers in the design and development of electric bicycles has gradually demonstrated results. In addition to the original connector and wire harness products, it has also helped customers develop miniaturized electric bicycle signal connectors and wire harnesses.

In terms of automotive products, in addition to continuing to supply Type C waterproof connectors for tier 1 factories of control audio and video entertainment, and helping customers develop parking sensor terminal plastic case modules, we have also developed the new MiniFakra high-frequency automotive connector, and began to provide OEM for Tier 1 companies for automotive wiring harness.

(III). Technology and R&D Overview

(1). Technology Aspect and Research & Development

The Company is a specialized R&D and manufacturing company of NB power and audio connectors. In addition to developing customized products with customers to meet their needs, we also actively participate in the standard setting of various connector associations in USB, HDMI, NMEA, and electric motorcycle convenience connector collaboration projects, etc., in order to lead the market and ensure the quality and innovation of our R&D products.

In response to the new USB Type C specification and USB4 characteristics of high frequency, high speed and small size, we have invested a lot of resources to improve and refine the precision, ultra-thin, automatic, and embedded injection technologies and simulation design for high frequency and high speed transmission, so that we can play a key role in the market of new generation connectors.

In addition, with the expansion of Type-C applications and the improvement of specifications, we continue to

conduct research and development in the direction of high-speed (40Gbps), waterproof IP67, and high plugging requirements.

In addition, as the new energy industry and the automotive electronics industry are the main drivers of global economic growth, we are also actively investing in the development of connector products for related applications, and the planning for promoting new products. The Company will gradually gear towards the development of modular integration of electronic parts and components and further expand its R&D capabilities in the area of modular integration of electronics and mechanical components.

(2). The Group's research and development plans are aimed at providing good products and enhancing customer satisfaction. R&D expenses as a percentage of operating revenue for the last two years as follows:

Unit: Thousands of NTD

| Item/Year | 2022 | 2023 | As of 2024/3/31 (self-assessed) |
|---|---|---|---|
| R&D expenses | 137,965 | 123,298 | 29,420 |
| Consolidated net operating revenue | 3,892,540 | 3,451,730 | 829,716 |
| Percentage | 3.54% | 3.57% | 3.55% |

(3). R&D results and patents granted in the most recent year

R&D plans and results for 2023 are as follows:

| Item | Industry | R&D project name | R&D project content | Progress |
|---|---|---|---|---|
| 1 | Notebook computer【N】 | Double SMT pin Type-C connector | This product greatly reduces the physical size, which is 1/3 times that of the traditional USB, and can be used in short, thin and light computers. The breaking strength is required to be over 10Kgf. The product is designed in one piece and adopts the I/M method. The metal shell is made of high-strength stainless steel. The two shells are welded together by laser welding. | Trial production stage |
| 2 | Notebook computer【N】 | Two-color LED light RJ connector | In order to be able to see the network connection state (normal connection and network error), the LED light will display two different colors as a reminder. Two LED lights are placed on both sides of the product, and the LED lights are fixed by thermal melting. A cap is added to the top of the product for the convenience of customers. | Mass production stage |
| 3 | Consumer electronics【C】 | Waterproof audio connector | The product itself needs to be able to achieve IP67 waterproof, and can be placed in a thin model and a limited space, and its function and strength must also meet the customer's requirements. In response to these requirements, the product terminals are inserted into the terminals from the tail end with plastic covers filled with waterproof silicone to achieve the waterproof requirement. | Design stage |
| 4 | Consumer electronics【C】 | Raised USB 3.0 connector | The traditional USB3.0 product height is only 3.1mm. Due to customer requirements, the product height must be increased to 5.0mm or more, and meet the 350g strength test standard of the KICK TEST. Therefore, we have developed a raised product. Through the ingenious structural design and precision manufacturing process, the product not only meets the USB3.0 requirements of the Association, but the customer's product strength requirements. | Mass production stage |
| 5 | Notebook computer【N】 | Low voltage molded power connector | The product is a wire welding type with a current of 20A. To ensure that the product can withstand large currents, the product design has been adjusted to use a multi-point contact method that is balanced to ensure reliable contact. The welding wire is fixed with a low-voltage type method at the wire bonding point, hence it will not be disconnected. | Mass production stage |
| 6 | Consumer electronics | Spring type battery | The product space is limited, so it is designed | Mass |

| | | | | |
|---|---|---|---|---|
| | 【C】 | connector | with double spring pieces to meet the flexibility requirements and reliable contact. Embedding a metal frame into the plastic part enhances the tolerance of the plastic frame and effectively prevents plastic deformation before and after the baking process. This can prevent the structural deformation of the product from affecting customers' application. | production stage |
| 7 | Consumer electronics 【C】 | Spring type battery connector | The product space is limited, so it is designed with double spring pieces to meet the flexibility requirements and reliable contact. Embedding a metal frame into the plastic part enhances the tolerance of the plastic frame and effectively prevents plastic deformation before and after the baking process. This can prevent the structural deformation of the product from affecting customers' application. | Mass production stage |
| 8 | Consumer electronics 【C】 | Interface connector for blood glucose meter | This product is a 10P product, dual SMT type, can have an automatic eject function, and 10 flexible contacts are in contact with the contact points of the test paper, because the service life in the hospital is more than 150,000 times. In the product design, the terminals are narrow at the front and wide at the back, using high conductivity copper with good flexibility. When the patients complete the self-test, they do not need to touch the test strips. The product has a pop-up design that allows the test strips to be automatically withdrawn from the product to protect the user. | Trial production stage |
| 9 | Consumer electronics 【C】 | Power charging connector | This product needs to meet the current 15A in order to pass the 20V/15A temperature rise test. The positive and negative terminals are made of copper with high conductivity and low contact resistance. The contact area of the positive and negative terminals is plated with thick gold. The positive and negative terminals are divided into two parts. The contact area is plated with brushed gold for reliable plating. | Trial production stage |
| 10 | Notebook computer 【N】 | Circular arc audio connector | Customers have special requirements for the appearance of the whole machine. Some of them are arc-shaped and beautiful in appearance. This product is designed in the form of a circular arc as required to match the customer's enclosure. The contact type of the product is designed as CMLR. During the insertion process, the terminals do not touch each other, which can prevent cross-flexing. | Mass production stage |
| 11 | Automotive electronics 【A】 | M8 series IP69K connection cable | The product has reached IP69K, can be operated for at least 1,000H in high temperature and high humidity (85℃, 95%RH) environment without abnormality, and can pass mechanical impact and gravel impact. | Trial production stage |
| 12 | New energy 【E】 | High current PCB solder terminal | The interior of the product uses highly conductive materials and structures, which can effectively reduce circuit resistance and voltage drop while dissipating heat.<br>In addition, the product and PCB are welded to enable the product and PCB to be accurately and evenly fused together. This way, the product can provide safe and reliable electrical connection in harsh environments to ensure the normal operation and stability of the system. | Sampling stage |

| | | | | |
|---|---|---|---|---|
| 13 | New energy<br>【E】 | Outdoor display waterproof connector | The connection between the connector and the display screen must be sealed. The waterproof level needs to reach IPX7 to prevent water ingress and moisture and affecting the function.<br>The wire plug is designed with a rotary latching structure and is aligned with the receptacle connector to form a locking mechanism to meet the need. This ensures that the connector does not come loose when the wire is shaken and pulled during use.<br>The male and female of the product can be locked by manually rotating the nut manually and pulling back the shell of the cable end connector when they are inserted into the respective positions. | Trial production stage |
| 14 | New energy<br>【E】 | Photovoltaic energy storage multiplex communication modular connector | The products passed the "stop-and-return" of the locked position and anti-loosening gaskets to meet the functional requirements of the customers and prevent the water seepage of the customer's chassis. The process is simple and the cost is low.<br>The shell uses an O-ring to achieve the waterproof level of the product. At the same time, it is snap-locked to ensure dimensional stability, no deformation, and low cost.<br>The product can be locked with a crisp click which is easy to operate and has stable signal transmission. | Trial production stage |
| 15 | New energy<br>【E】 | New fiber optic connector | The product can be locked after inserting the matching male and female products in place. The cable connector shell can be unlocked by rotating it which is easy to operate, making it more convenient than the traditional screw locking method . | Trial production stage |
| 16 | Automotive electronics<br>【A】 | Development of waterproof high-current charging port for electric motorcycles | Product size to meet customer specified needs, plug and socket independent state to meet the waterproof, plug into the power also need to meet the waterproof IPX7, the use of current 120A, peak 150A 20S life 10,000cycles. | Trial production stage |
| 17 | Notebook computer<br>【N】 | 16K Life Type-C PLUG Connector | The product must meet the customer's life 16K requirements, during the test according to the customer's number of times to stop and record the plugging and unplugging information and records to remove the measurement LLCR and then reverse the plugging and unplugging until after life and TID certification is also required. | Testing stage |
| 18 | Notebook computer<br>【N】 | 240W Type-C PLUG Connector | According to the customer's demand, it needs to meet 16AWG welding, voltage 48V, current 5A and all designs need to meet the association and demand TID certification. | Mass production stage |

Patents granted for R&D products in the most recent 2 years

Patents granted in 2022

| Serial No. | Patent No. | Announcement date | Patent name |
|---|---|---|---|
| 1 | M621850 | 2022/01/01 | Type-C connector structure |
| 2 | M622610 | 2022/01/21 | Accessory storage structure for electronic products |
| 3 | M622631 | 2022/01/21 | Electrical connectors suitable for high current |
| 4 | CN215869949U | 2022/02/18 | One type of Type-C connector |
| 5 | M625142 | 2022/04/01 | Peripheral component storage structure for electronic devices |
| 6 | CN215869949U | 2022/07/08 | One type of new two-in-one connector |
| 7 | CN113285308B | 2022/07/12 | One type of headset connector |
| 8 | M629750 | 2022/07/21 | Abrasion resistant connectors |
| 9 | M629812 | 2022/07/21 | Metal injection molded connectors |
| 10 | M629925 | 2022/07/21 | Electrical connection devices with switch function |
| 11 | M630422 | 2022/08/01 | Wire-to-board connector structure |
| 12 | M630796 | 2022/08/11 | Wire-end connector structure |
| 13 | CN217334513U | 2022/08/30 | One type of in-line waterproof connectors |
| 14 | CN217363559U | 2022/09/02 | One type of accessory storage structure for electronic products |
| 15 | CN217361943U | 2022/09/02 | One type of connection terminal component, connector and electronic products |
| 16 | CN217405846U | 2022/09/09 | Electrical connection devices with switch function |
| 17 | M631824 | 2022/09/11 | Connectors with metal injection molded casing |
| 18 | CN217443798U | 2022/09/16 | Peripheral component storage structure for electronic devices |
| 19 | CN2174444709U | 2022/09/16 | One type of space-saving connectors and mounting structure |
| 20 | CN217468937U | 2022/09/20 | Waterproof connector structure |
| 21 | M632147 | 2022/09/21 | Waterproof connector structure |
| 22 | CN217485860U | 2022/09/23 | One type of electrical connector components |
| 23 | CN217507757U | 2022/09/27 | Metal injection molded connectors |
| 24 | CN112821125B | 2022/10/04 | One type of self-locking miniature waterproof connectors |
| 25 | CN217641895U | 2022/10/21 | One type of connectors for blood glucose meter |
| 26 | CN217641855U | 2022/10/21 | Battery connectors with reinforced lead terminal |
| 27 | CN217691857U | 2022/10/28 | One type of waterproof connectors |
| 28 | M633619 | 2022/11/01 | Snap-edge connectors and the snap spring arm |
| 29 | M633790 | 2022/11/01 | Battery connectors with reinforced lead terminal |
| 30 | CN217720183U | 2022/11/01 | One type of electrical connector structure |
| 31 | CN217740875U | 2022/11/04 | One type of charging interface |
| 32 | M634121 | 2022/11/11 | Waterproof connector module and its waterproof connector |
| 33 | CN217788949U | 2022/11/11 | One type of anti-interference connectors |
| 34 | CN112952469B | 2022/12/02 | One type of USB connectors |
| 35 | CN218070358U | 2022/12/16 | Waterproof connector module and its waterproof connector |
| 36 | CN218070298U | 2022/12/16 | One type of connectors with metal injection molded casing |
| 37 | CN218070322U | 2022/12/16 | Wire-end connector structure |
| 38 | CN218070237U | 2022/12/16 | Wire-to-board connector structure |
| 39 | CN218070239U | 2022/12/16 | Snap-edge connectors and the snap structure |

Patents granted in 2023

| Serial No. | Patent No. | Announcement date | Patent name |
|---|---|---|---|
| 1 | M636081 | 2023/01/01 | Press-fit electrical connecting device and electrical connector |
| 2 | CN218215752U | 2023/01/03 | Press-fit electrical connecting device and electrical connector |
| 3 | CN218242323U | 2023/01/06 | An electrical connector and electronic device suitable for large current |
| 4 | CN218242330U | 2023/01/06 | Socket connector |
| 5 | 202222082962.9 | 2023/01/09 | Socket connector |
| 6 | CN218632496U | 2023/03/14 | Type-C structure |
| 7 | CN218824310U | 2023/04/07 | Connector for blood glucose meter and blood glucose meter |
| 8 | CN219123613U | 2023/06/02 | Lock card and board connector |
| 9 | M642603 | 2023/06/11 | Connector and blood glucose meter including the connector |
| 10 | M642609 | 2023/06/11 | Cable retaining structure for electrical connector |
| 11 | M642888 | 2023/06/21 | Connector for blood glucose meter and blood glucose meter |
| 12 | M642986 | 2023/06/21 | Lock card and board connector |
| 13 | M643477 | 2023/07/01 | Structural improvement of the electrical connector |
| 14 | M643464 | 2023/07/01 | Terminal fixing structure of electrical connector |
| 15 | I807278 | 2023/07/01 | USB connector |
| 16 | M643806 | 2023/07/11 | Electrical connector with axial rotation adjustment |
| 17 | M643800 | 2023/07/11 | Electrical connector and its cable securing structure |
| 18 | M644620 | 2023/08/01 | Electrical connection device with both forward and reverse insertion functions |
| 19 | CN219553979U | 2023/08/18 | Connectors and blood glucose meters |
| 20 | M645779 | 2023/09/01 | Reversible plug-in electrical connection device |
| 21 | M645780 | 2023/09/01 | Self-locking connector |
| 22 | M646127 | 2023/09/11 | Elastic resisting structure for electrical connector |
| 23 | M646117 | 2023/09/11 | Detachable electrical connector structure |
| 24 | M646107 | 2023/09/11 | Electrical connectors |
| 25 | M646804 | 2023/10/01 | Sockets and connectors |
| 26 | M646739 | 2023/10/01 | Waterproof structure of electrical connector |
| 27 | ZL202321281422.1 | 2023/10/13 | Reversible plug-in electrical connection device |
| 28 | ZL202321024609.3 | 2023/10/13 | Electrical connection device with both forward and reverse insertion functions |
| 29 | CN219833250U | 2023/10/13 | Reversible plug-in electrical connection device |
| 30 | CN219833181U | 2023/10/13 | Electrical connection device with both forward and reverse insertion functions |
| 31 | I819331 | 2023/10/21 | Headphone connector |
| 32 | M649091 | 2023/12/01 | Connectors |
| 33 | M649125 | 2023/12/01 | Waterproof Guillotine Connector |

(4). Commendations received by Group companies in technological research and development and product innovation

The Group's subsidiary, Singatron Electronic (China) Co., Ltd., on November 30, 2021 obtained the high-tech certificate No. GR202132005219 jointly issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial State Taxation Bureau, and Jiangsu Provincial Local Taxation Bureau. Enterprise certificate. The subsidiary, Suzhou Singatron Auto Co., Ltd., on November 30, 2021 obtained the high-tech certificate No. GR202132009996 jointly issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial State Taxation Bureau and Jiangsu Provincial Local Taxation Bureau. Enterprise certificate. The subsidiary, Singatron Electronic (Zhongshan) Co., Ltd., on December 20, 2021 obtained the high-tech certificate No. GR202144007840 jointly issued by Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, Provincial State Taxation Bureau, and Guangdong Provincial Taxation Bureau. In December 2020, the Company became the first manufacturer in the world to obtain the USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certification and by the end of 2022, the Company ranked among the top ones of the USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certification. We continue to achieve significant results in product innovation.

(IV). Long-term and short-term business development plans

(1) Short-term plans

1. Restart the production lines in Taiwan to be closer to customers and provide product services and design integration solutions by close contact to prepare for future transformation and upgrade.
2. Enhance customer relationship in the existing NB industry, cooperate with customers in the development of new generation innovative products, and expand product breadth.
3. OEM customized connectors

Expand scale and reduce cost by taking the business for design, development and production of products outsourced by international companies with our existing product technology advantage.

4. Continue to build corporate image by participating in exhibitions, optimizing company website, updating product catalogs and shooting company/factory videos to increase company awareness in new markets and industries.
5. In response to the fast-changing nature of the NB industry, develop the concept of production modularization to reduce automation input costs, improve production efficiency, shorten delivery time, and reduce costs to enhance competitiveness.
6. Type-C series connectors
   USB Type-C connectors have become the future standard interface because of their miniaturization, support for high-speed transmission, charging power of 100W, and the ability to transmit data, video and power, etc. With the new USB4 specification launched by the USB Association in 2019, the transmission speed of Type-C has been raised to 40Gbps. We have passed a product field test for TBT4/USB4, and were one of the first manufacturers in the world to achieve USB4 Type-C Receptacle 40Gbps (USB4 Gens) connector certification in December 2020. We will continue to develop connector models to meet various needs and will continue to differentiate our products and diversify applications.
7. Waterproof series connectors
   LEV (Light Electric Vehicle) connectors: we have developed a new series of waterproof connectors for instrumentation, sensors, and controllers for electric bicycles, expanding the LEV product line from the early LEV motor harness to battery and charger connectors, and extending to instrumentation connectors and harnesses to provide a more complete solution for LEVs.
   HighPower Energy Storage Connector: newly developed waterproof connector for high current and high voltage energy storage, applied to energy storage equipment, providing high current and high voltage series and parallel power transmission application for lithium batteries in energy storage cabinets.

(2) Long-term plans

1. We will expand and enter the markets of industrial, medical, new energy, light electric two-wheelers, automobiles and other applications that are suitable for long-term development by taking advantage of the wide range of applications and special features of waterproof connectors. We will integrate our existing stamping and injection process capabilities to develop upwards to become an integrated supplier of modular components.
2. The connector industry for automotive applications continues to drive the overall industry production performance due to the large demand for diversified electronic components for new energy vehicles. In the automotive market, the Company has been involved in the automotive related industry since 2014 and obtained the latest certification of 1TAF-16949 in 2018. At present, we shall continue to serve our existing customers, enhance our technical capabilities, and seek strategic partners to accelerate the expansion of our share in the automotive application industry.
3. Explore the European, American and Japanese markets. In addition to continuing to work with agents in the U.S. and Japan to expand the local market, we are also developing brand visibility and overseas potential customers through overseas exhibitions and targeting specific brand customers with a dedicated team to work on a long-term basis, providing tailor-made product services close to the customer and synchronizing development with brand customers to increase the success rate of cases and capture market share.
4. With the increasing competition in the connector industry, the Company will pursue vertical integration with upstream and downstream industries, move beyond the limitation of the mere single product of connectors, enter the field of research and development of electronic components, and provide modular services by combining wire processing and electronic components to improve product unit price and customer dependency to explore another blue ocean business opportunity.
5. Deepen cooperative relations with customers and jointly participate in the development of new electronic applications in new markets, including IOT applications, 5G smart poles, energy storage connectors, solar inverter connectors, light electric vehicle industry and other related new applications.
   To provide customers with more professional and integrated services. In the future, Singatron is no longer just a single component supplier but an all-round supplier of electronic product solutions.

## II. Market, Production and Sales Overview:

### (I). Market Analysis

1. Major product sales regions

The Group's main products were originally connectors for information computers and their peripherals as well as communication devices, which were mainly sold to customers for information computer applications, communication applications and consumer electronics applications. In recent years, we have continued to develop outdoor waterproof connector applications such as medical, new energy, automotive electronics, light electric two-wheelers and other industrial applications and will continue to increase its share of revenue from new energy applications and automotive electronics applications.

Unit: Thousands of NTD

| Year / Sold to (by region) | 2022 | | 2023 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Mainland China | 2,429,865 | 62.43 | 2,197,862 | 63.67 |
| Taiwan | 824,557 | 21.18 | 667,826 | 19.35 |
| Others | 638,118 | 16.39 | 586,042 | 16.98 |
| Total net sales | 3,892,540 | 100.00 | 3,451,730 | 100.00 |

1. Product market share

Connectors are used in a wide range of applications, including automotive, computer, communications, industrial, military, aerospace, transportation and medical industries. In terms of application, automotive is the largest application area of connector products, with 22%, communication 21%, and ranking second; computer 16%, industry 12%, rail transportation 6%, and other applications mainly include military, consumer electronics and other industries, with 23%.

Among them, the market for desktop computers is stable and lacks growth momentum, while 98% of notebook computer (NB) assemblies are conducted by Taiwanese OEMs and the Company has a place in the connector products for NB applications. In the past two years, NB benefited from the economic impact of the pandemic, benefitting the growth of the Company. However, after the pandemic subsided, the growth of NB returned to the normal cycle of slow growth. The downstream applications of connectors in emerging industries such as electric vehicles, light electric two-wheelers, Internet of Things, AI applications and other electronic products are developing rapidly, which is expected to drive the rapid growth of the connector industry.

| Equipment Sector | 2021 Percent Change | 2022 Percent Change | 2023 Percent Change | 2024 Percent Change | 2025 Percent Change | 2026 Percent Change | 2021/2026 CAGR |
|---|---|---|---|---|---|---|---|
| Computers & Peripherals | 22.1% | 4.4% | 2.5% | 4.8% | 5.7% | 5.0% | 4.5% |
| Business/Office Equipment | 21.4% | 4.4% | 1.3% | 3.4% | 4.5% | 4.2% | 3.6% |
| Instrumentation | 24.6% | 5.1% | 2.2% | 4.5% | 5.7% | 5.2% | 4.5% |
| Medical | 25.4% | 4.8% | 2.4% | 4.5% | 5.9% | 5.3% | 4.6% |
| Industrial | 29.9% | 6.0% | 2.6% | 5.3% | 7.5% | 7.2% | 5.7% |
| Automotive | 21.1% | 5.2% | 3.5% | 5.5% | 7.3% | 6.9% | 5.7% |
| Transportation | 26.2% | 5.1% | 2.8% | 4.6% | 7.0% | 5.9% | 5.1% |
| Military/Aerospace | 18.2% | 4.4% | 2.1% | 3.4% | 4.6% | 4.9% | 3.9% |
| Telecom/Datacom | 26.2% | 7.2% | 3.4% | 6.8% | 8.7% | 7.4% | 6.7% |
| Consumer | 23.7% | 4.8% | 2.1% | 5.2% | 7.0% | 6.6% | 5.1% |
| Other Equipment | 22.6% | 4.4% | 1.8% | 3.4% | 6.2% | 5.8% | 4.3% |
| **Total World** | **24.1%** | **5.5%** | **2.9%** | **5.3%** | **7.1%** | **6.5%** | **5.5%** |

The growth rate of connectors in various applications in the next five years from 2022 to 2026; Source: Bishop 2021.

2. Future market supply and demand and growth

Connectors are key components of end-use products in the electronics industry. In recent years, the global connector market has continued to grow due to the continued development of the automotive electronics, new energy application industry, 5G communication industry, computer peripheral and server industry, consumer electronics and other downstream industries. According to Bishop and Associates, the global market size for connectors is estimated to grow from 2020 to 2026 with a compound annual growth rate of 5.5%, with connectors for automotive electronics, 5G communications, computer peripherals and servers, and industrial applications accounting for a larger share of the global connector market. In the future, under the global trend of environmental sustainability, it is expected that the

automotive electronics and new energy industries will be the industries with rapid growth of market demand in the future. The Company's market development strategy is closely related to the global trend of application development of electronic industry and connector products, and there is ample room for future growth.

With the AIot trend taking shape, 3C high-frequency products are being introduced, and Type-C is now the mainstream of the market. As NBs are moving toward slimmer and lighter slots and reducing the number of slot ports, the demand for docking peripheral extensions has skyrocketed, thus requiring Type-C to be simpler and lighter, smaller and easier to operate; The global economic impact of the pandemic has also driven the demand for NBs and tablets, making the penetration rate of the new generation of Type-C soaring because it can transfer more data faster and more widely used, in addition to faster data transfer and the ability to output audio and video signals and more power support. In recent years, Type-C has become one of our main products and we will continue to strive to capture the market share in the future.

3. Competitive advantage
   a、 The Company has a wide customer base, with the major customers being the world's top professional electronics contract manufacturers, among others.
   With the gradual expansion of our customers into different industrial fields, we follow them to develop new products, enhance the diversity and multiplicity of our products and at the same time, accumulate product experiences in various new fields to meet the needs of various product conversions.
   b、 Complete product lines and customization capability
   The Company currently has thousands of products with a wide range of applications. In addition to the PC and NB industries, our products are also indispensable parts for consumer electronics. In addition, we are able to provide more than 10 categories of waterproof products to meet the needs of industrial, solar, automotive, marine, outdoor LED, communication equipment and other industries. We also have the capability to develop and design molds and mechanism parts and can provide customized services of Total Solution to our customers.
   c、 Proficient in the key manufacturing process and independent development and design capability
   In the manufacturing aspect, we are the expert in two key processes of stamping terminals and plastic injection molding for connectors. We specialize in the basic mold design, development and production, so we can quickly and flexibly respond to customer needs, effectively reduce product development time and cost and enhance product competitiveness. In addition, we have spared no effort in the integration of modular process, which not only can reduce part of the cost of manual assembly, but also can significantly reduce the amount of investment in automated equipment and shorten the development time of process equipment.
4. Favorable and unfavorable factors of development prospect and countermeasures
   Favorable factors
   a、 .The Company has accumulated more than 10 years of experience in the development and application of waterproof connector products. With the wide range of applications and diversification of waterproof products, the Company is gradually accumulating practical experience in industries suitable for long-term development, such as industrial, medical, new energy, and light electric two-wheelers. This will be beneficial to the long-term development of the Company.
   b、 The Company has a complete and competitive product lines with thousands of SKUs and comprehensive specifications for a wide range of applications. With our original stamping and injection process capabilities, we will be able to provide more comprehensive integration capabilities for the development of new customers in new markets in the future.
   c、 Refinement of product quality system
   In addition to ISO9001 and 14001, which are system requirements for general product quality and reliability, we have also obtained IATF16946 certification for the automotive industry and NMEA2000 for the shipbuilding industry. In addition, we have obtained OHSAS, QC080000, ISO14064, and EICC5.0 certifications in the fields of green environment and corporate social responsibility, which gives us an additional advantage in securing orders for production and manufacturing for international brands.
   d、 With the rapid development of 5G, Internet of Things, AI and smart driving, the market has come up with new demands for connector technology. In terms of communication equipment, connectors are responsible for data connectivity between terminals, and 5G development will drive the demand for wireless connectors. For automotive applications, with the continuous advancement of automotive intelligence, there is a growing demand for connectors for more advanced in-vehicle entertainment systems and intelligent driving systems, in addition to the original engine management systems and other devices that require connectors for data connectivity. Industrial connectors demand stronger reliability and performance, and with the construction of industrial Internet, more reliable connectors are needed between industrial equipment and network. Therefore, more and more emerging areas are driving the demand for connector products.

   Unfavorable factors
   a、 The fierce competition in the industry affects profitability as 3C customers are taking advantage of high order volume and are bringing in the red supply chain, which mainly competes on price, resulting in price decline and profitability compression.
   Countermeasures:
   Reduce the cost of product development by taking advantage of the number of molds accumulated by the

Company over a long period of time. Reduce risks by leveraging external resources for certain high investment and low value product development, and increase customer dependence through customized services. In addition, we are actively developing foreign markets and new industries such as industrial, medical, solar, and light electric vehicles through our diversified product lines and in the future, we will integrate our connector products with wire processing into modular products by introducing electronic components to create the new blue ocean.

b、 Rising labor costs in Mainland China

Countermeasures:

Combine our original mold development capabilities for modularization and automation with product development and increase the added value of the manufacturing section for customers in industrial and medical special applications; and seek strategic partners.

Continue to pursue improvement in modularization and automation for the manufacturing section to maintain competitiveness in terms of cost; seek strategic partners who can integrate upstream and downstream can create a win-win situation in terms of market or cost synergies.

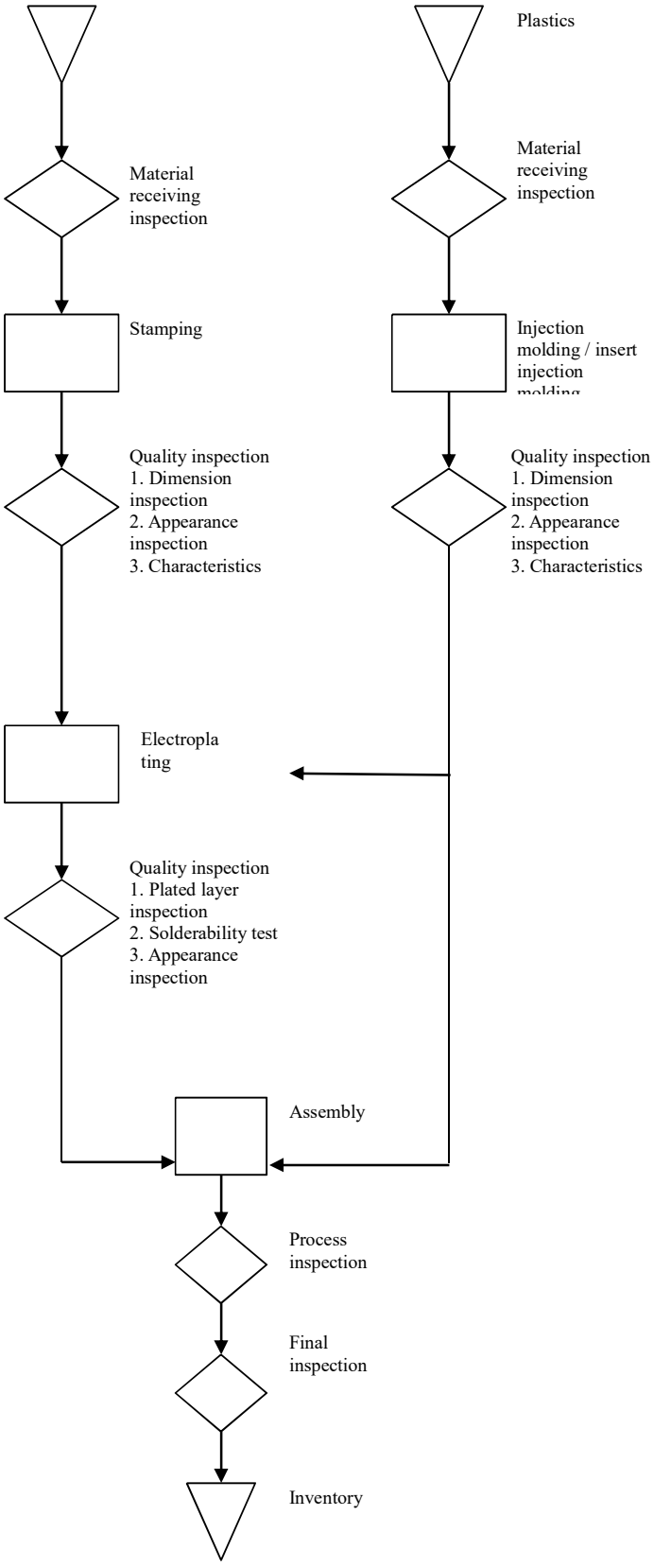
Evaluate to increase the production base in Southeast Asia to diversify the risk of concentration of production capacity and reduce the cost of labor.

(II). Important applications and production process of main products

1. Applications of main products

Connectors are used in a wide range of applications, including information computers, telecommunications, data transmission, consumer electronics, industrial electronics, commercial avionics, medical equipment, and automotive electronics. Currently, domestic connector manufacturers mainly produce and sell connectors for computer and peripheral applications, accounting for approximately 82% of the total connectors in Taiwan. For computer connectors alone, there are many different types of connectors and the connectors produced by each manufacturer are different. We have been in the market for more than 40 years and our products are well recognized by Quanta, Compal, Inventec, Pegatron, Wistron and other major manufacturers.

2. Production process of products



(III). Supply status of main raw materials

| Main raw materials | Major suppliers | Supply status |
|---|---|---|
| Components, stampings, copper | Himage, Woqi, SHYH SHIUN, AVVIO, HAN ELECTRONIC | Stable with good quality |

(IV). The names of suppliers and customers who accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchase (sales) amount and proportion and the reasons for the increase or decrease

1. In order to diversify the risk of concentration of purchases, the Group does not have any single supplier from whom the purchases account for more than 10% of the total consolidated purchases in 2022 and 2023.

2. Information on the major customers in the most recent 2 years

| | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | As a percentage of net sales for the whole year | Relationship with the issuer | Name | Amount | As a percentage of net sales for the whole year | Relationship with the issuer |
| Electronic connectors | Company A (Note 1) | 627,347 | 16.12% | None | Company A (Note 1) | 632,648 | 18.33% | None |
| Electronic connectors | Company B (Note 2) | - | - | - | Company B (Note 1) | 347,684 | 10.07% | None |
| Electronic connectors | Others | 3,265,193 | 83.88% | | Others | 2,471,398 | 71.60% | |
| | Net sales | 3,892,540 | 100.00% | | Net sales | 3,451,730 | 100.00% | |

Note 1: Code names can be used instead if any contract prohibits the Company from disclosing the supplier's name, or if the counterparty is a non-related party.
Note 2: The net sales revenue of the customer in the current year did not reach 10% or more of the Group's consolidated revenue, so it is not disclosed.

(V). Production volume and value for the most recent two years

Unit: Thousands of NTD

| Year / Production volume and value / Main products | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Production capacity | Production volume | Production value | Production capacity | Production volume | Production value |
| Connectors (KPCS) | 435,821 | 348,657 | 2,142,332 | 397,726 | 258,522 | 1,666,510 |
| Total | 435,821 | 348,657 | 2,142,332 | 397,726 | 258,522 | 1,666,510 |

(VI). Sales volume and value for the most recent two years

Unit: Thousand of NTD

| Year / Sales volume and value / Main products | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic | | Export | | Domestic | | Export | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Connectors (KPCS) | 44,374 | 748,296 | 401,843 | 3,038,042 | 47,299 | 504,943 | 339,049 | 2,868,407 |
| Electronic modular products (KPCS) | 4,474 | 76,261 | 1,374 | 29,941 | 3,588 | 53,680 | 1,312 | 24,700 |
| Total | 48,848 | 824,557 | 403,217 | 3,067,983 | 50,817 | 558,623 | 340,361 | 2,893,107 |

III. Information on employees for the last two years and for the current year as of the date of publication of the annual report

| Year | | 2022 | 2023 | As of March 31, 2024 |
|---|---|---|---|---|
| Number of employees | Management personnel | 135 | 132 | 130 |
| | Administrative personnel | 307 | 303 | 293 |
| | Operators | 731 | 590 | 596 |
| | Total | 1,173 | 1,025 | 1,019 |
| Average age | | 37.12 | 38.10 | 37.79 |
| Average years of service | | 5.68 | 6.46 | 7.17 |
| Education distribution percentage | Doctorate | 0.00% | 0.00% | 0.00% |
| | Master | 1.53% | 1.95% | 1.77% |
| | University or college | 33.08% | 37.17% | 37.29% |
| | Senior high school | 20.55% | 14.05% | 13.05% |
| | Below senior high school | 44.84% | 46.83% | 47.89% |

IV. Information on environmental protection expenditure

(I). For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to environmental pollution (including remuneration and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated and the penalty content should be stated): None.

(II). The estimated amount of current and potential future losses and countermeasures: not applicable.

V. Labor Relations

(I). The Company's human resources management policy is to establish a reserve talent pool, to train, develop and accumulate internal human resources employees' self-fulfillment, etc. The related welfares are described as follows

1. Salary policy

At SINGATRON, the salary system is closely related to the Company's operating performance and employees' personal performance. Our salary scale is determined by position, ability, education, work experience and expertise, regardless of gender, religion, politics, marital status, etc. We also regularly review our remuneration package and compare with market levels and adjust it as needed. In 2011, SINGATRON established a remuneration committee to ensure that the Company's remuneration arrangements are in compliance with the relevant laws and regulations and are sufficient to attract talents

2. Other employee welfares

In accordance with the “Employee Welfare Fund Act,” SINGATRON provides employee welfares for employees based in its headquarters in Taiwan, including appropriating welfare funds and organizing an Employee Welfare Committee to administer employee welfares, and our employees are entitled to various welfares in accordance with the provisions of the Employee Welfare Committee.

Including:

Employee bonus and three festivals gift coupons/money (including Dragon Boat Festival, Mid-Autumn Festival and year-end bonus)
National health insurance, labor insurance, group insurance, etc.
Wedding and funeral gift money and birthday gift money
Sports and leisure facilities
Travel subsidies
Annual dinner party
Free parking

3. Employee stock ownership trust

For the well-being of employees, we help our colleagues to achieve long-term savings and wealth accumulation to ensure future life stability, and to enhance employees' sense of participation in the company, by enabling employees to hold the company's shares, share the company's operating results, and make the company's equity management more concentrated in order to develop sound development on a solid foundation. Singatron Group has established the "SINGATRON ENTERPRISE CO., LTD. Employee Stock Ownership Association" in July 2021 to handle employee stock ownership trust services. All Taiwanese nationals or foreign employees holding a Taiwan residency permit (short-term working students or temporary manpower) on the regular personnel establishment of the Group and its subsidiaries and with at least 6 months of service are eligible to participate. As of the end of March 2024, the employee shareholding trust in Taiwan was 35.29%.

4. Pension system and its implementation

The Company provides retirement benefits in accordance with the regulations of the local governments. In Taiwan, SINGATRON established the Supervisory Committee of Labor Retirement Reserve in 1987, and has established employee retirement management regulations. Since July 2005, Taiwan has implemented the new labor retirement system, and the Company has made monthly contributions of 6% of insured wages to individual labor retirement accounts of the new system at the Bureau of Labor Insurance, Ministry of Labor, in accordance with the law. Employees who choose to remain with the old system pension plan can retain their years of service in the old system and the Company makes monthly appropriations in the appropriate amount as retirement reserve in accordance with the Labor Standards act to an account with the Bank of Taiwan.

4. Employee management

In order to provide certain standards for employee behavior and daily administration, the Company has established clear management rules and regulations, including the appointment, promotion, appraisal, attendance, leave, termination, rewards and punishments and the approval authority of each level of employees, etc. Employees act in accordance with the relevant management rules and regulations to exclude human subjective consciousness and create an open and fair corporate culture.

5. Employee personal safety protection measures

SINGATRON strives to create a healthy workplace. In order to provide employees with an excellent working environment and leisure and fitness facilities, our corporate headquarters has not only employee cafeteria, but also will have an indoor billiard courts, fitness equipment and other facilities under plan to encourage employees to exercise before and after work to maintain the best physical and mental health, and we also provide and arrange employee health

checkups.

6. Talent coaching and training:

Talents are the cornerstone of business success. We believe that if every employee can learn and grow and maximize his or her potentials in his or her position, we will be able to achieve the vision of "sustainable corporate growth." Therefore, at the end of each year, we plan and analyze the management and professional competences required for each level of personnel, and establish an annual training program to develop our employees so that the organization can grow and flourish.

Statistics on education and training for 2023:

| Item | Course name | Total training hours | Total number of trainees | Average training hours per person |
|---|---|---|---|---|
| 1 | Management and corporate governance courses | 4,610 | 1,501 | 3.07 |
| 2 | Sales courses | 183 | 132 | 1.39 |
| 3 | Technical courses | 5,035 | 2,449 | 2.06 |
| 4 | New employees courses | 5,030 | 896 | 5.61 |

| Total hours | Total number of trainees | Average training hours per person | Total course costs |
|---|---|---|---|
| 14,858 | 4,978 | 2.98 | 164,050 |

Statistics on education and training for 2024 Q1:

| Item | Course name | Total training hours | Total number of trainees | Average training hours per person |
|---|---|---|---|---|
| 1 | Management and corporate governance courses | 614 | 109 | 5.63 |
| 2 | Sales courses | 5 | 5 | 1.00 |
| 3 | Technical courses | 1,569 | 838 | 1.87 |
| 4 | New employees courses | 1,049 | 170 | 6.17 |

| Total hours | Total number of trainees | Average training hours per person | Total course costs |
|---|---|---|---|
| 3,237 | 1,122 | 2.88 | 38,60 |

(II). For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to labor disputes (including labor inspection results of violations of the labor standards act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures should be disclosed and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

The Company handles all affairs related to labor relations in accordance with the relevant laws and regulations, and overall condition is good. The Company holds regular meetings between the Welfare Committee and the management to discuss and address the opinions of all parties in a timely manner, so the labor relations are harmonious and no disputes occur.

VI. Cybersecurity management

(I). Risk management framework, policy, specific management plan and resources invested for cybersecurity, management

1. Organizational structure

To strengthen information security management and ensure the security of information systems, networks and data, the Company has established an information security management organization. The organization is led by a dedicated information security leader responsible for planning and execution, and an information security specialist who performs information security operations.

Duties of the information security leader:

(1). Responsible for the integration of information resources and planning for information security operation.

(2). Responsible for the evaluation of the implementation of information security management

(3). Arbitrate the priority of information security projects.

(4). Communicate and coordinate across departments to promote the implementation of information security projects.

(5). Control the progress of project execution and supervise the information security personnel to achieve information security objectives.

Duties of the information security specialist:

(1). Build information security system and network management according to the plan.

(2). Perform the tasks of various information security operations.
(3). Responsible for collecting data related to existing information security and operation discussion.
(4). Test the information security environment and make suggestions for improvement based on practical experience.
(5). Assist company personnel to troubleshoot information security issues and raise information security awareness.

2. Information Security Policies

Information security policy vision.
(1). Conform to the requirements of laws and regulations.
(2). Strengthen personnel risk awareness.
(3). Avoid leakage of confidential information.
(4). Implement daily business maintenance and operations.
(5). Ensure the availability of information services.

Information Security Objectives:
(1). Comply with the requirements of laws and regulations, orders of competent authorities and customer contracts.
(2). Enhance employees' awareness of information security risks and strengthen their knowledge of related responsibilities.
(3). Protect the Company's business activity information from unauthorized access or modification and ensure its accuracy and integrity.
(4). Conduct regular audits to ensure that relevant operations are implemented.
(5). Ensure that the Company maintains a certain level of system availability for its critical core systems.

3. Specific management plan

In order to implement information security management, the Company actively plans information security measures to improve the information security environment and reduce information security risks. We have deployed a network firewall, established a highly available core switch, introduced a mail security and backup system, updated anti-virus software, updated network information security equipment, internal audit processes, and other management measures to respond to information security risks and continuously strengthen information security.

Management Items
(1). Firewall
(2). Anti-virus software
(3). Endpoint security protection
(4). System updates
(5). Permission control
(6). Email protection
(7). Network and leased line management
(8). Server virtualization
(9). Data backup mechanism

4. Resources invested for cybersecurity management

In order to strengthen information security, the Company has set aside appropriate budgets to strengthen information technology and information security protection this year and will continue to set aside appropriate budgets to continuously improve the information security environment each year.
In 2023, the Group invested NTD 3,310 thousand in cyber security management.
In addition to firewall control and anti-virus system update, the Company has strengthened server and user endpoint protection, email attack protection and spam filtering, and implemented data backup mechanism to back up important information system data offsite.

5. Information security protection measures

(1). Firewall strategic control
(2). Anti-virus deployment and policy management
(3). Client-side computer security protection
(4). System updates to prevent vulnerability attacks
(5). Permission control on user account and password
(6). Spam filtering and email attack protection
(7). Network usage policy
(8). Virtualization to achieve high availability
(9). Offsite backup of critical information system data

(II) For the most recent year and for the current year as of the publication of the annual report, the amount of loss and possible impacts from significant cybersecurity incidents and countermeasures

1. The Company had no significant cybersecurity incidents in recent years and in the current year as of the date of publication of the annual report.
2. The amount of loss and possible impacts from significant cybersecurity incidents and countermeasures: when an information security incident occurs, the user unit must immediately notify the information security specialist, handle the information security incident immediately and leave a record of the handling.

VII. Important contracts

| Nature of contract | Party involved | Contract start and end ate | Main contents | Restriction clauses |
|---|---|---|---|---|
| Patent license contract | Non-disclosure in accordance with the contract | From 2018/10/01 | Production patent license | None |
| Bank credit contract | CTBC Bank | 2023/08/28-2024/08/31 | Comprehensive limit - short-term loan | Total credit facility NTD 120,000 thousand |
| Bank credit contract | Taipei Fubon Bank | 2023/08/13-2024/08/12 | Comprehensive limit | Total credit facility NTD 150,000 thousand |
| Bank credit contract | Chang Hwa Commercial Bank | 2024/01/26-2025/01/25 | Secured loans | Total credit facility NTD 300,0000 thousand |
| Bank credit contract | First Commercial Bank | 2023/07/27-2024/07/27 | Comprehensive limit | Total credit facility NTD 150,0000 thousand |
| Bank credit contract | CTBC Bank | 2023/08/11-2027/06/30 | Project loans | Total credit facility NTD 610,0000 thousand |
| Bank credit contract | KGI Bank | 2024/01/26-2025/01/25 | Comprehensive limit of short-term operating turnover | Total credit facility NTD 220,0000 thousand |

# Six. Financial positions

## I. Balance sheets and income statements for the last five years

### (I). Balance Sheets

#### 1. Consolidated Condensed Balance Sheets (IFRS)

Unit: Thousand NTD

| Item \ Year | | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 2,350,368 | 2,961,971 | 2,944,234 | 3,108,002 | 6,806,462 |
| Property, plant and equipment | | 856,482 | 911,659 | 912,150 | 864,719 | 805,710 |
| Intangible assets | | 9,681 | 10,096 | 9,670 | 15,079 | 32,205 |
| Other assets | | 230,075 | 224,875 | 198,432 | 264,976 | 971,884 |
| Total assets | | 3,446,606 | 4,108,601 | 4,064,486 | 4,252,776 | 8,616,261 |
| Current liabilities | Before distribution | 1,352,870 | 1,633,858 | 1,626,261 | 1,696,320 | 1,408,644 |
| | After distribution | 1,441,658 | 1,811,434 | 1,785.851 | 1,837,038 | (Note 2) |
| Non-current liabilities | | 405,287 | 472,051 | 443,196 | 507,394 | 1,470,554 |
| Total Liabilities | Before distribution | 1,758,157 | 2,105,909 | 2,069,457 | 2,203,714 | 2,879,198 |
| | After distribution | 1,846,945 | 2,283,485 | 2,229,049 | 2,344,432 | (Note 2) |
| Equity attributable to owners of the parent company | | 1,453,100 | 1,588,600 | 1,547,558 | 1,520,538 | 3,110,496 |
| Share capital | | 1,359,276 | 1,268,396 | 1,227,626 | 1,172,656 | 1,172,656 |
| Capital surplus | | 24 | 14,552 | 14,217 | 14,217 | 1,597,567 |
| Retained earnings | Before distribution | 309,505 | 454,555 | 466,010 | 459,203 | 497,182 |
| | After distribution | 220,717 | 276,979 | 306,418 | 318,485 | (Note 2) |
| Other equity | | -162,704 | -148,903 | -160,295 | -125,538 | -156,909 |
| Treasury stock | | -52,992 | 0 | 0 | 0 | 0 |
| Non-controlling interests | | 235,340 | 414,092 | 447,471 | 528,524 | 2,626,567 |
| Total equity | Before distribution | 1,688,449 | 2,002,692 | 1,995,029 | 2,049,062 | 5,737,063 |
| | After distribution | 1,599,661 | 1,825,116 | 1,835,437 | 1,908,344 | (Note 2) |

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.
Note 2: The distribution of earnings for 2023 has not yet been approved by the shareholders' meeting.

2. Standalone Condensed Balance Sheets (IFRS)

Unit: NTD thousands

| Item \ Year | | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 76,134 | 32,235 | 59,567 | 59,552 | 46,309 |
| Property, plant and equipment | | 213,420 | 216,606 | 219,086 | 220,103 | 213,739 |
| Intangible assets | | 103 | 1,643 | 1,566 | 673 | 72 |
| Other assets | | 1,842,603 | 2,110,263 | 2,119,501 | 2,499,404 | 4,826,010 |
| Total assets | | 2,132,260 | 2,360,747 | 2,399,720 | 2,779,732 | 5,086,130 |
| Current liabilities | Before distribution | 276,282 | 332,531 | 436,597 | 763,481 | 521,941 |
| | After distribution | 365,070 | 510,107 | 596,189 | 904,199 | (Note 2) |
| Non-current liabilities | | 402,869 | 439,616 | 415,565 | 495,713 | 1,453,693 |
| Total Liabilities | Before distribution | 679,151 | 772,147 | 852,162 | 1,259,194 | 1,975,634 |
| | After distribution | 767,939 | 949,723 | 1,011,754 | 1,399,912 | (Note 2) |
| Equity attributable to owners of the parent company | | 1,453,939 | 1,588,600 | 1,547,558 | 1,520,538 | 3,110,496 |
| Share capital | | 1,359,276 | 1,268,396 | 1,227,626 | 1,172,656 | 1,172,656 |
| Capital surplus | | 24 | 14,552 | 14,217 | 14,217 | 1,597,567 |
| Retained earnings | Before distribution | 309,505 | 454,555 | 466,010 | 459,203 | 497,182 |
| | After distribution | 220,717 | 276,979 | 306,418 | 318,485 | (Note 2) |
| Other equity | | -162,704 | -148,903 | -160,295 | -125,538 | -156,909 |
| Treasury stock | | -52,992 | 0 | 0 | 0 | 0 |
| Non-controlling interests | | 0 | 0 | 0 | 0 | 0 |
| Total equity | Before distribution | 1,453,109 | 1,586,600 | 1,547,558 | 1,520,538 | 3,110,496 |
| | After distribution | 1,364,321 | 1,409,024 | 1,387,966 | 1,379,820 | (Note 2) |

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.
Note 2: The distribution of earnings for 2023 has not yet been approved by the shareholders' meeting.

(II) Income Statements

1. Consolidated Statements of Comprehensive Income (IFRS)

Unit: Thousands of NTD

| Year | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|
| Item | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 3,315,294 | 3,798,939 | 4,184,088 | 3,892,540 | 3,451,730 |
| Operating gross profit | 881,203 | 1,154,960 | 1,133,528 | 1,014,996 | 947,952 |
| Operating profit or loss | 232,984 | 473,694 | 432,272 | 339,728 | 298,863 |
| Non-operating income and expenses | 33,617 | -32,233 | 12,621 | 62,179 | 34,203 |
| Net profit before tax | 266,601 | 441,461 | 444,893 | 401,907 | 333,066 |
| Net profit from continuing operations for the period | 197,894 | 322,720 | 329,366 | 295,955 | 263,432 |
| Loss from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) for the period | 197,894 | 322,720 | 329,366 | 295,955 | 263,432 |
| Other comprehensive income for the period (net after tax) | -69,716 | 21,096 | -15,903 | 46,160 | -35,341 |
| Total comprehensive income for the period | 128,178 | 343,816 | 313,463 | 342,115 | 228,091 |
| Net profit attributable to owners of the parent company | 165,410 | 258,500 | 246,754 | 222,508 | 177,777 |
| Net profit attributable to non-controlling interests | 32,484 | 64,220 | 82,612 | 73,447 | 85,655 |
| Total comprehensive income attributable to owners of the parent company | 105,660 | 271,659 | 235,997 | 261,062 | 147,326 |
| Total comprehensive income attributable to non-controlling interests | 22,518 | 72,157 | 77,466 | 81,053 | 80,765 |
| Earnings per share | 1.22 | 2.02 | 1.97 | 1.85 | 1.52 |

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.

2. Standalone Condensed Statements of Comprehensive Income (IFRS)

Unit: Thousands of NTD

| Year | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|
| Item | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 42,341 | 52,883 | 82,606 | 106,202 | 78,380 |
| Operating gross profit | 10,346 | 14,059 | 20,312 | 20,329 | 10,140 |
| Operating profit or loss | -49,944 | -47,112 | -40,099 | -43,629 | -49,659 |
| Non-operating income and expenses | 252,766 | 371,158 | 352,376 | 325,434 | 263,429 |
| Net profit before tax | 202,822 | 324,046 | 312,277 | 281,805 | 213,770 |
| Net profit from continuing operations for the period | 165,410 | 258,500 | 246,754 | 222,508 | 177,777 |
| Loss from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) for the period | 165,410 | 258,500 | 246,754 | 222,508 | 177,777 |
| Other comprehensive income for the period (net after tax) | -59,750 | 13,159 | -10,757 | 38,554 | -30,451 |
| Total comprehensive income for the period | 105,660 | 271,659 | 235,997 | 261,062 | 147,326 |
| Net profit attributable to owners of the parent company | 165,410 | 258,500 | 246,754 | 222,508 | 177,777 |
| Total comprehensive income attributable to owners of the parent company | 105,660 | 271,659 | 235,997 | 261,062 | 147,326 |
| Earnings per share | 1.22 | 2.02 | 1.97 | 1.85 | 1.52 |

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.

(III) Names and audit opinions of the attesting CPAs for the last five years

| Year | CPA firm | Name of attesting CPA | Audit opinions |
|---|---|---|---|
| 2019 | Ernst and Young | Mao-Yi Hung, Ching-Biao Cheng | Unqualified opinion |
| 2020 | Ernst and Young | Mao-Yi Hung, Ching-Biao Cheng | Unqualified opinion |
| 2021 | Ernst and Young | Mao-Yi Hung, Chi-Ming Chang | Unqualified opinion |
| 2022 | Ernst and Young | Chi-Ming Chang, Mao-Yi Hung | Unqualified opinion |
| 2023 | Ernst and Young | Cheng-Wei Lin, Chih-Ming Chang | Paragraph of unqualified opinion plus other matters |

## II. Financial analysis for the last five years

### 1. Consolidated Financial Analysis (IFRS)

| Analysis item | | Year | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|---|---|
| | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Capital structure (%) | Debt to assets ratio | | 51.01 | 51.26 | 50.92 | 51.82 | 33.42 |
| | Long-term capital to property, plant, and equipment ratio | | 214.85 | 235.25 | 232.28 | 260.36 | 802.04 |
| Solvency (%) | Current ratio (%) | | 173.37 | 181.29 | 181.04 | 183.22 | 483.19 |
| | Quick ratio (%) | | 141.68 | 141.23 | 139.52 | 156.74 | 453.32 |
| | Interests coverage multiplier | | 23.70 | 66.88 | 78.16 | 45.20 | 16.64 |
| Operating performance | Accounts receivable turnover rate (times) | | 2.87 | 2.84 | 2.86 | 2.90 | 2.84 |
| | Average collection days | | 127 | 129 | 128 | 126 | 128 |
| | Inventory turnover rate (times) | | 5.21 | 4.92 | 4.65 | 4.93 | 5.48 |
| | Accounts payable turnover rate (times) | | 4.61 | 3.97 | 3.95 | 4.10 | 4.08 |
| | Average sales days | | 70 | 74 | 79 | 74 | 67 |
| | Property, plant and equipment turnover rate (times) | | 3.38 | 3.75 | 3.98 | 3.83 | 3.67 |
| | Total assets turnover rate (times) | | 0.98 | 1.01 | 1.02 | 0.94 | 0.54 |
| Profitability | Return on assets (%) | | 5.17 | 6.98 | 6.14 | 5.51 | 3.01 |
| | Return on equity (%) | | 11.35 | 17.00 | 15.74 | 14.50 | 7.68 |
| | Net profit before tax to paid-in capital ratio (%) | | 19.61 | 34.80 | 36.24 | 34.27 | 28.40 |
| | Net profit margin | | 4.99 | 6.80 | 5.90 | 5.72 | 5.15 |
| | Earnings per share (NTD) | Before retrospective adjustment | 1.22 | 2.02 | 1.97 | 1.85 | 1.52 |
| | | After retrospective adjustment | 1.22 | 2.02 | 1.97 | 1.85 | (Note 2) |
| Cash flows | Cash flow ratio (%) | | 41.70 | 16.65 | 34.31 | 46.56 | 36.13 |
| | Cash flow adequacy ratio (%) | | 173.19 | 123.55 | 116.00 | 137.35 | 156.16 |
| | Cash reinvestment ratio (%) | | 13.92 | 3.92 | 7.81 | 13.80 | 4.01 |
| Leverage | Operating leverage | | 9.00 | 5.20 | 6.27 | 7.25 | 7.78 |
| | Financial leverage | | 1.05 | 1.01 | 1.01 | 1.03 | 1.08 |

Explanation for items with 20% increase or decrease for the most recent 2 years (exempted if the change is less than 20%)

1. Debt to asset ratio, long-term capital to property, plant and equipment ratio, current ratio, quick ratio, total asset turnover (times), return on assets, return on equity, cash reinvestment ratio: Mainly due to the China subsidiary's successful IPO in China to raise funds in July 2023. As a result, the cash position, total equity and total assets of 2023/12/31 increased significantly compared to 2022/12/31.
2. Interest coverage multiplier: Mainly due to the increase in bank loan in 2023 and the effect of changes in interest expense compared to 2022.
3. Cash flow ratio: Mainly due to the issuance of the 3rd domestic unsecured convertible corporate bond in the fourth quarter of 2023 to repay short-term borrowings, resulting in the change in current liabilities on December 31, 2023 which decreased from December 31, 2022.

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.

Note 2: The distribution of earnings for 2023 has not yet been approved by the shareholders' meeting.

2. Standalone Financial Analysis (IFRS)

| Analysis item | | | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|---|---|
| Year | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Capital structure (%) | Debt to assets ratio | | 31.85 | 32.71 | 35.51 | 45.30 | 38.84 |
| | Long-term capital to property, plant, and equipment ratio | | 770.42 | 832.37 | 798.91 | 818.55 | 2100.45 |
| Solvency (%) | Current ratio (%) | | 27.56 | 9.69 | 13.64 | 7.80 | 8.87 |
| | Quick ratio (%) | | 25.84 | 8.25 | 11.39 | 6.51 | 7.46 |
| | Interests coverage multiplier | | 47.81 | 61.30 | 67.98 | 37.73 | 10.84 |
| Operating performance | Accounts receivable turnover rate (times) | | 2.99 | 3.61 | 3.53 | 3.61 | 3.35 |
| | Average collection days | | 122 | 101 | 103 | 101 | 109 |
| | Inventory turnover rate (times) | | 4.53 | 6.54 | 9.04 | 9.07 | 8.03 |
| | Accounts payable turnover rate (times) | | 2.95 | 3.02 | 3.58 | 3.99 | 3.70 |
| | Average sales days | | 81 | 56 | 40 | 40 | 45 |
| | Property, plant and equipment turnover rate (times) | | 0.17 | 0.22 | 0.34 | 0.43 | 0.34 |
| | Total assets turnover rate (times) | | 0.02 | 0.02 | 0.03 | 0.04 | 0.02 |
| Profitability | Return on assets (%) | | 8.20 | 11.70 | 10.52 | 8.83 | 4.96 |
| | Return on equity (%) | | 11.35 | 17.00 | 15.74 | 14.50 | 7.68 |
| | Net profit before tax to paid-in capital ratio (%) | | 14.92 | 25.55 | 25.44 | 24.03 | 18.23 |
| | Net profit margin | | 390.66 | 488.81 | 298.71 | 209.51 | 226.81 |
| | Earnings per share (NTD) | Before retrospective adjustment | 1.22 | 2.02 | 1.97 | 1.85 | 1.52 |
| | | After retrospective adjustment | 1.22 | 2.02 | 1.97 | 1.85 | (Note 2) |
| Cash flows | Cash flow ratio (%) | | 0.00 | 21.97 | 53.20 | 0.00 | 0.00 |
| | Cash flow adequacy ratio (%) | | 0.00 | 33.49 | 77.52 | 55.53 | 47.17 |
| | Cash reinvestment ratio (%) | | -2.17 | -0.77 | 2.71 | -7.68 | -3.06 |
| Leverage | Operating leverage | | -0.13 | -0.28 | -0.42 | -0.39 | -0.15 |
| | Financial leverage | | 0.92 | 0.90 | 0.90 | 0.85 | 0.70 |

Explanation for items with 20% increase or decrease for the most recent 2 years (exempted if the change is less than 20%)

1. Long-term capital to property, plant and equipment ratio, total asset turnover (times), return on assets, return on equity, cash reinvestment ratio: Mainly due to the China subsidiary's successful IPO in China to raise funds in July 2023. As a result, the total equity and total assets of 2023/12/31 increased significantly compared to 2022/12/31.
2. Interest coverage multiplier: Mainly due to the increase in bank loans in 2023 and the effect of changes in interest expense compared to 2022.
3. Property, plant and equipment turnover rate, operating leverage: Mainly due to the impact of changes in 2023 standalone revenue in Taiwan compared to 2022.
4. Pre-tax net income as a percentage of paid-in capital: Mainly due to the decrease in the shareholding ratio of the Taiwanese parent company in the investment in the subsidiary in China from 81.89% to 61.20%, resulting in the decline in pre-tax net income of the Taiwanese parent company.

Note 1: The above financial information for the most recent year has been audited and attested by certified public accountants.

Note 2: The distribution of earnings for 2023 has not yet been approved by the shareholders' meeting.

The formulae for calculating the financial analysis ratios are as follows:
1. Capital structure
(1) Debts to assets ratio = total liabilities/total assets
(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
(1) Current ratio = current assets/current liabilities
(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
(3) Interests coverage multiplier = net profit before tax and interest expense/interest expense for the period
3. Operating performance
(1) Receivables (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
(2) Average collection days = 365/accounts receivable turnover rate
(3) Inventory turnover rate = costs of goods sold/average inventory
(4) Payables (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
(5) Average sales days = 365/inventory turnover rate
(6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
(7) Total assets turnover rate = net sales/average total assets
4. Profitability
(1) Return on assets = [net profit after tax + interest expense x (1 - tax rate)]/average total assets
(2) Return on equity = net profit after tax/average total equity
(3) Net profit margin = net profit after tax/net sales
(4) Earnings per share = (net profit attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding
5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities.
(2) Net cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.
(3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Leverage:
(1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating profit.
(2) Financial leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's review report for the most recent annual financial statements

SINGATRON ENTERPRISE CO., LTD.
Audit Committee's Review Report

The Company's Board of Directors have prepared the 2022 business report, parent company only financial statements, consolidated financial statements, etc., among which the parent company only financial statements and consolidated financial statements have been audited by Ernst and Young, Cheng-Wei Lin and Chi-Ming Chang, Certified Public Accountants and an audit report thereon has been issued. The above business report, financial statements and earnings distribution proposal and have been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

SINGATRON ENTERPRISE CO., LTD.

Convener of the Audit Committee: Hui-Chou Chen

March 12, 2024

SINGATRON ENTERPRISE CO., LTD.
Audit Committee's Review Report

The Board of Directors has prepared the 2023 earnings distribution proposal, which has been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

SINGATRON ENTERPRISE CO., LTD.

Convener of the Audit Committee: Hui-Chou Chen

March 21, 2024

IV. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report and their effects on the Company's financial positions: None.

# Seven. Review and analysis of financial positions and financial performance and risks

## I. Financial positions

### (I). Comparative Analysis of Financial Position

Unit: Thousands of NTD

| Item \ Year | 2023 | 2022 | Difference | | Explanation: |
|---|---|---|---|---|---|
| | | | Amount | % | |
| Current assets | 6,806,462 | 3,108,002 | 3,698,460 | 119.00 | Note 1 |
| Property, plant and equipment | 805,710 | 864,719 | -59,009 | -6.82 | |
| Intangible assets | 32,205 | 15,079 | 17,126 | 113.58 | Note 2 |
| Other assets | 971,884 | 264,976 | 706,908 | 266,78 | Note 3 |
| Total assets | 8,616,261 | 4,252,776 | 4,363,485 | 102.60 | Note 1 |
| Current liabilities | 1,408,644 | 1,696,320 | -287,676 | 16.96 | |
| Non-current liabilities | 1,470,554 | 507,394 | 963,160 | 189.82 | Note 4 |
| Total Liabilities | 2,879,198 | 2,203,714 | 675,484 | 30.65 | Note 4 |
| Stock capital | 1,172,656 | 1,172,656 | 0 | 0.00 | |
| Capital surplus | 1,597,567 | 14,217 | 1,583,350 | 11,137.02 | Note 1 |
| Retained earnings | 497,182 | 459,203 | 37,979 | 8.27 | |
| Other equity | -156,909 | -125,538 | -31,371 | 24.99 | Note 5 |
| Treasury stock | 0 | 0 | 0 | 0.00 | |
| Non-controlling interests | 2,626,063 | 528,524 | 2,097,539 | 396.87 | Note 1 |
| Total equity | 5,737,063 | 2,049,062 | 3,688,001 | 179.98 | Note 1 |

Analysis basis

Explanation for significant changes in assets, liabilities and shareholders' equity of 20% or more in the last two years, with changes of at least NT$10 million:

Note 1. Mainly due to the fact that the subsidiary in China successfully listed for IPO in China in 2023/07 raised funds. As a result, the cash position, total assets, capital reserve, non-controlling equity and total equity increased significantly compared to 2022/12/31.

Note 2: Mainly due to the addition of computer software in 2023.

Note 3: Mainly caused by the increase in investment under equity method due to the equity investment in Taisol Electronics in 2023.

Note 4: Mainly due to the issuance of the third domestic unsecured convertible corporate bonds in the fourth quarter of 2023 and the increase in long-term borrowings.

Note 5: Mainly due to the decrease in exchange differences on the translation of the financial statements of foreign operations in 2023.

(II). Effect of changes in financial positions: No significant effect.

(III). Future response plans: Not applicable.

II. Financial Performance Analysis

Unit: Thousands of NTD

| Year / Item | 2023 | 2022 | Difference | | Explanation: |
|---|---|---|---|---|---|
| | | | Amount | % | |
| Operating revenue | 3,451,730 | 3,892,540 | -440,810 | -11.32 | |
| Operating costs | -2,503,778 | -2,877,544 | 373,766 | -12.99 | |
| Operating gross profit | 947,952 | 1,014,996 | -67,044 | -6.61 | |
| Operating expenses | -649,089 | -675,268 | 26,179 | -3.88 | |
| Net operating profit | 298,863 | 339,728 | -40,865 | -12.03 | |
| Non-operating income and expenses | 34,203 | 62,179 | -27,976 | -44.99 | Note 1 |
| Net profit before tax | 333,066 | 401,907 | -68,841 | -17.13 | |
| Income tax expense | -69,634 | -105,952 | 36,318 | -34.28 | Note 2 |
| Net profit for the period | 263,432 | 295,955 | -32.523 | -10.99 | |
| Other comprehensive income for the period | -35,341 | 46,160 | -81,501 | -176.56 | Note 3 |
| Total comprehensive income for the period | 228,091 | 342,115 | -114,024 | -33.33 | Note 3 |

Analysis basis:
Explanation for changes of 20% or more in the last two years
Note 1: Mainly due to the increase in net foreign currency exchange losses and the increase in bank borrowing interests in 2023.
Note 2: Mainly due to the decline of profit in 2023.
Note 3: Mainly due to the decrease in exchange differences on the translation of the financial statements of foreign operations in 2023.

(II). Estimated sales quantity in the coming year and its basis, possible impact on the Company's future finance and business matters and countermeasures:

The estimated sales target of 388,780 kpcs in 2024 is based on the estimated orders from customers in 2024 and the Company's new product projections. Due to product transformation, sales volume is expected to decrease but unit sales price is expected to increase. The Group's overall businesses are expected to continue to grow steadily in the future. In addition, we will review the Group's corporate strategies and global business development, and carefully evaluate the introduction of new products in new industries in the coming years. The Group's organization will be optimized and management authority and responsibilities will be clarified to enhance management efficiency. In terms of finance, we will maintain good interaction with banks and optimize our capital structure to provide a good funding environment for our developing business.

## III. Cash flow

(I). Liquidity analysis for the last two years

| Item \ Year | 2023 | 2022 | Increase or decrease percentage | Explanation: |
|---|---|---|---|---|
| Cash flow ratio (%) | 36.13% | 46.56% | -22.40% | Note 1 |
| Cash flow adequacy ratio (%) | 156.16% | 137.35% | 13.69% | |
| Cash reinvestment ratio (%) | 4.01% | 13.80% | -70.94% | Note 2 |

Explanation for the increase or decrease percentage:

Note 1. Mainly due to the decrease in current liabilities due to the issuance of the third domestic unsecured convertible corporate bonds in the fourth quarter of 2023 to repay short-term borrowings. Hence, the change effect from reduction in current liabilities.

Note 2. Mainly due to the increase in working capital as a result of the subsidiary's successful IPO in China in 2023/07, which raised funds and increased its cash position.

(II). Improvement plan for liquidity shortage: None.

(III). Cash liquidity analysis for the coming year

Unit: Thousands of NTD

| Cash balance at the beginning of the period (1) | Estimated net cash flow from operating activities for the whole year (2) | Estimated cash outflow for the whole year (3) | Estimated cash surplus (shortage) (1) + (2) - (3) | Remedies for cash shortage | |
|---|---|---|---|---|---|
| | | | | Investing plan | Financing plan |
| 4,759,588 | 592,073 | 1,291,093 | 4,060,568 | Not applicable | Not applicable |

1. Cash liquidity analysis for the coming year (2024)
   (1) Operating activities: cash inflow from profit in 2024.
   (2) Investing activities: Refers to the estimated cash outflow for capital expenditures such as the purchase of production equipment and information equipment, information software, factories and other assets.
   (3) Financing activities: Cash outflows from distribution of cash dividends, etc.
2. Remedies for estimated cash shortage and liquidity analysis: Not applicable.

## IV. Significant capital expenditures in the most recent year and the impact on finance and business matters:

(I). Utilization of capital expenditures in recent years and sources of funds and nature of capital expenditures to be invested in the coming years: None.

(II). Estimated benefits: None.

V. Investee policy for the most recent year, the main reasons for profit or loss, improvement plan and investee plan for the coming year

(I) Overview of investees

Unit: Thousands of NTD

| Investor | Investee | Location | Main business | Carrying amount |
|---|---|---|---|---|
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON INVESTMENT COMPANY LIMITED | Hong Kong | General investments | 6,226 |
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | The British Virgin Islands | General investments | 4,175,534 |
| SINGATRON ENTERPRISE CO., LTD. | Taisol Electronics Co., Ltd. | Taiwan | Manufacturing, sales agency, and trading of thermal modules, other electronic components, and IoT application products | 583,337 |
| SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | Hong Kong | Investment holding company | 4,232,746 |
| SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | SINGATRON Electronics (China) Co. Ltd. | Mainland China | R&D, manufacturing and sales of connector products | 3,876,943 |
| SINGATRON Electronics (China) Co. Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | Mainland China | R&D, manufacturing and sales of connector products | 235,296 |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | Hong Kong | Sales of connector products | 141,220 |
| SINGATRON Electronics (China) Co. Ltd. | Suzhou Singatron Connector Co., Ltd. | Mainland China | Manufacturing and contract manufacturing of connectors | 84,701 |
| Singatron Electronic (Zhongshan) Co., Ltd. | Chung Shan Singatron Connector Co., Ltd. | Mainland China | Manufacturing and contract manufacturing of connectors | 7,638 |
| SINGATRON Electronics (China) Co. Ltd. | Singatron Enterprise Co., Ltd.(SJ) | USA | Market development and customer services in USA | 1,727 |
| SINGATRON Electronics (China) Co. Ltd. | Suzhou Singatron Auto Co., Ltd. | Mainland China | R&D, manufacturing and sales of connector products | 179,514 |

(II) Investee policy

The Company's investee policy follows the Company's management policy and development strategy to seek complementary resources and strengthen core competencies in order to consolidate and extend the existing core business, and to accelerate the development of new products in new markets in order to achieve the Company's vision.

(III). Main reasons for profit or loss and improvement plan :

1. Profitability:

In 2023, the Company recognized profits from the following investees.

Unit: Thousands of NTD

| Company | Amount | Main reasons for profitability |
|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. | 185,507 | Management results were substantiated. |
| Singatron Electronic (Zhongshan) Co., Ltd. | 7,923 | Management results were substantiated. |
| Suzhou Singatron Connector Co., Ltd. | 1,048 | Contract manufacturing revenue. |
| Chung Shan Singatron Connector Co., Ltd. | 15,648 | Contract manufacturing revenue. |
| Suzhou Singatron Auto Co., Ltd. | 22,651 | Management results were substantiated. |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 37,287 | Management results were substantiated. |
| Singatron Enterprise Co., Ltd.(SJ) | 162 | Service income. |

2. The main reason for the loss and the improvement plan: Not applicable.

(IV) Investee plan for the coming year:

As of the printing date of this annual report, the Company has no major investment plan.

VI. Risk analysis and assessment (for the most recent year and for the current year as of the date of publication of the annual report)

A. The Company's risk management organizational structure

| Organization name | Scope of authorities and responsibilities |
|---|---|
| Board of Directors | 1. Establish risk management policy and structure<br>2. Ensure the effectiveness of risk management mechanism |
| Senior management | 1、 Executive Board's risk management decisions<br>2、 Conduct communication and coordination for cross-departmental risk management |
| Headquarter leaders | 1、 Consolidate the results of risk management execution<br>2、 Determine the type of risk and the proposed method of commitment depending on changes in the environment<br>3、 Conduct performance measurement and coordination after risk adjustment |
| Divisions of subsidiaries | 1、 Perform daily risk management activities<br>2、 Conduct self-assessment of risk activities |

B. Possible risk events and countermeasures:

(I). The impact of change in interest rate, exchange rate change and inflation on the Company's profit and loss and future countermeasures:

Impact on the Company's profit and loss

| Item | 2023 (NTD thousand/%) |
|---|---|
| Net interest income and expenses | 20,536 |
| Interest income and expense as a percentage of consolidated operating revenue | 0.59% |
| Interest income and expense as a percentage of consolidated operating profit | 6.17% |
| Net exchange gain or loss | -34,024 |
| Exchange gain or loss as a percentage of consolidated operating revenue | -0.99% |
| Exchange gain or loss as a percentage of consolidated operating profit | -10.22% |

1. Change in the interest rate

Bank loans expose the Company to interest rate risk. The Company's floating or fixed interest rates are close to market rates. The range of interest rates for unsecured bank loans in 2023 was 0.98%~5.00%, and the range of interest rates for secured bank loans was 0.95%~2.185%.

At present, the impact of interest rate changes on the Company's interest income and expenditure accounts for the proportion of the Company's consolidated operating revenue or consolidated net profit before tax is still controllable.

The Company's major capital expenditures or fundraising activities are financed by its own funds or medium- to long-term bank loans. For daily operations, the Company uses its own funds or short-term bank loans as the key way cash management. In the future, we will continue to maintain good interaction with banks in order to obtain more favorable terms.

2. Change in the exchange rate

The Company's sales are mainly denominated in USD, with a small portion of the purchases denominated in USD. Apart from the natural offsetting effect of this part of the purchases and sales, the rest of the foreign currency exposure positions are invested in hedging derivatives to reduce the risk of exchange rate fluctuations.

The Company's net foreign currency exchange gains and losses for 2023 and 2022 were NT$-34,024 thousand and NT$75,007 thousand, respectively, accounting for the current consolidated operating revenue ratio - 0.99% and 1.93%. However, the valuation gains (losses) of financial assets/liabilities measured at fair value through profits and losses generated from the operation of hedging financial products during 2013 and 2021 were NT$10,109 thousand and NT$-22,945 thousand, respectively. The net foreign currency exchange profits and losses generated hedging benefits for the year.

As a result, though the international economic situation has changed dramatically in recent years, and the exchange rates of major global trading currencies have become more volatile, the Company's exchange rate risk is manageable after timely hedging.

3. Inflation

With the rise in the prices of global raw materials this year, inflation is expected to show a significant increase in the future. The Company will continue to keep an eye on inflation, and will adjust its product prices in a timely manner, in addition to absorbing the increased costs with internal production efficiency.

(II). Policies on high-risk, high-leverage investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures:

1. The Company focuses on research and development, manufacturing and sales, and does not engage in high-risk, high-leverage investments.
   The Company's foreign currency-denominated assets and liabilities are exposed to exchange rate fluctuations and the net foreign currency exposure after offsetting the assets and liabilities is hedged by derivative financial instruments such as forward exchange transactions. Therefore, the exchange gains and losses arising from exchange rate fluctuations are well under the Company's control.
2. The Company has established "Operating Procedures for Acquisition or Disposal of Assets," "Operating Procedures for Endorsements and Guarantees" and "Operating Procedures for Lending Funds to Others," which are approved by the shareholders' meeting and serve as the basis for the implementation of the relevant policies. The Group's lending of funds to others and endorsement and guarantee activities are carried out for the Group's affiliates, and the related risks are under the control of the Company.

(III). Future R&D plans and estimated R&D expenses to be invested:

1. In view of the high-frequency and high-speed demand for connector products in the computer and consumer electronics industries, and the booming automotive electronics and new energy industries creating a large demand for connector products, the Company has continued to develop connectors for these applications and wire harness related application products.
2. For 2024, the Group expects to invest approximately NT$124,295 thousand in research and development.

(IV). The impact of important domestic and foreign policy and legal changes on the Company's finance and business and countermeasures

The Company's financial and legal personnel keep abreast of important information and legal changes in domestic and overseas markets and consult with CPAs, lawyers and securities dealers in a timely manner to propose measures in response to important domestic and overseas policy and legal changes.

(V). The impact of important changes in technology or industry on the Company's finance and business and countermeasures:

1. The Company is always on the lookout for the possible impact of technological changes and industry changes on the Company's industry, and the R&D unit
   continues to develop products in line with market trends to keep abreast of market development in order to stabilize profit sources. In recent years, global technology and industry development has been changing, including AI artificial intelligence, automobile intelligence, new energy vehicles, environmental protection energy storage and other market development trends, all of which enables the Company greater business opportunities, and the Company's market development strategy is consistent with this future industry development trend.
2. In order to implement information security management, the Company actively plans information security measures to improve the information security environment and reduce information security risks. We have deployed a network firewall, established a highly available core switch, introduced a mail security and backup system, updated anti-virus software, updated network information security equipment, internal audit processes, and other management measures to respond to information security risks and continuously strengthen information security.

(VI). The impact of change in corporate image on corporate crisis management and countermeasures: None

(VII). Expected benefits and possible risks of mergers and acquisitions and countermeasures: None.

(VIII). Expected benefits and possible risks of plant expansion and countermeasures: None.

(IX). Risks of concentrations of purchases or sales and countermeasures: None

(X). The impact on the Company and risks of the massive transfer or change of shares by directors, supervisors or major shareholders with 10% stake or more and countermeasures: None.

(XI). The impact on the Company and risks of change in management rights and countermeasures: None

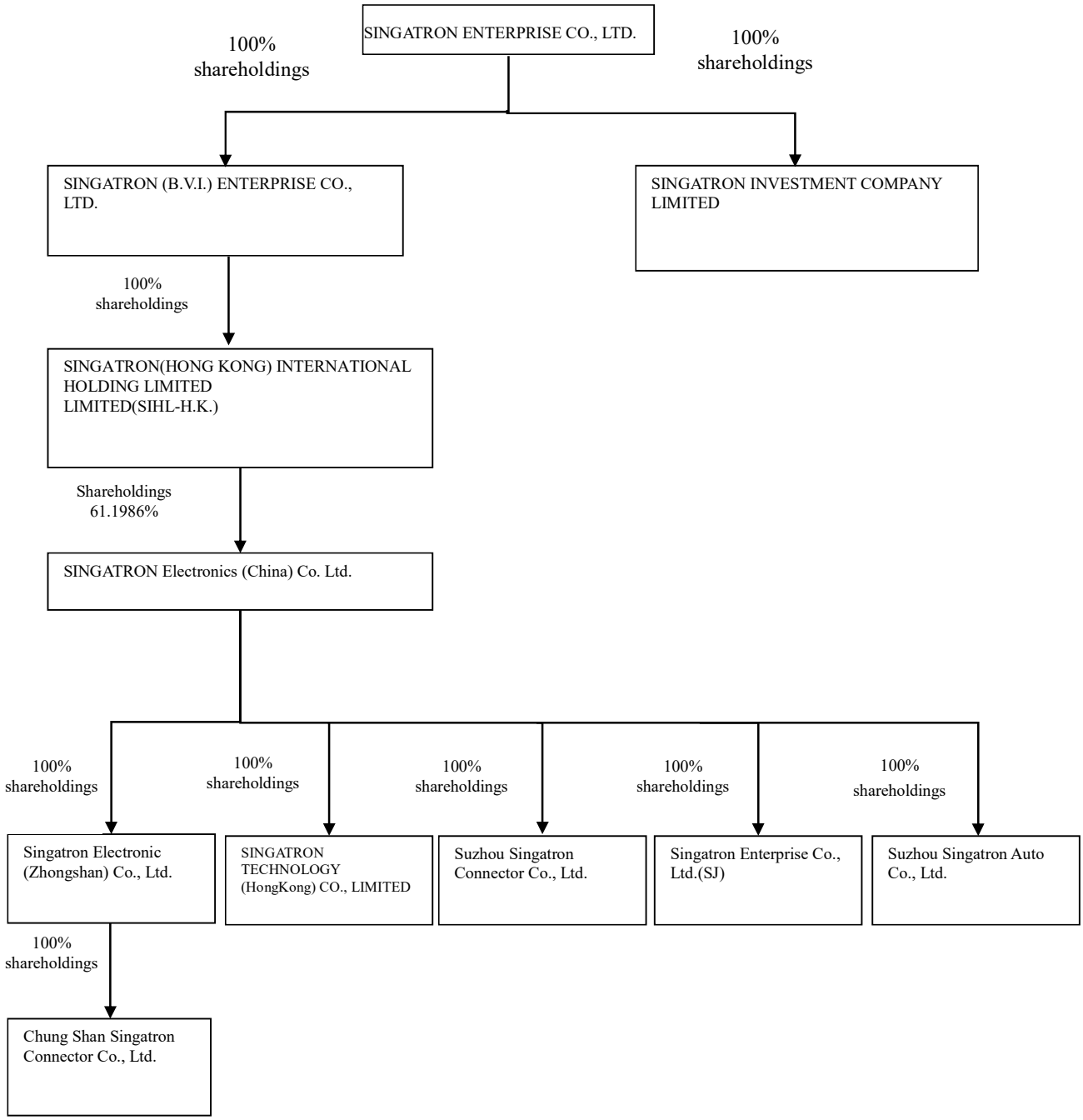
(XII). For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, the President, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute and the status of the dispute as of the publication date of the annual report: No such situation.

(XIII). Other major risks and countermeasures: none.

VII. Other important matters: none.

Eight. Special Matters

I. Information on affiliates (Information as of 2023/12/31)



(II). Information on affiliates (2023/12/31)

| Enterprise name | Date of establishment | Address | Paid-in capital | Main busin |
|---|---|---|---|---|
| SINGATRON ENTERPRISE CO., LTD. | August 1976 | Note 1 | NT$1,172,656 | Developme modular pr products |
| SINGATRON INVESTMENT COMPANY LIMITED | December 1998 | Note 2 | HK$2,000 | General inv |
| SINGATRON (BVI) ENTERPRISE CO.,LTD | August 1998 | Note 3 | US$18,700 | General inv |
| SINGATRON（HONG KONG) INTERNATIONAL HOLDING LIMITED | January 2008 | Note 4 | US$19,200 | Investment |
| Singatron Electronic (China) Co., Ltd. | November 2001 | Note 5 | RMB$170,200 | R&D, man |
| Singatron Electronic (Zhongshan) Co., Ltd. | March 2000 | Note 6 | RMB$23,240 | R&D, man |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | October 2008 | Note 7 | US$100 | Sales of co |
| Suzhou Singatron Connector Co., Ltd. | September 2011 | Note 8 | RMB$19,000 | Manufactur |
| Chung Shan Singatron Connector Co., Ltd. | September 2011 | Note 9 | RMB$6,000 | Manufactur |
| Singatron Enterprise Co., Ltd.(SJ) | March 2013 | Note 10 | US$30 | Market dev |
| Suzhou Singatron Auto Co., Ltd. | August 2017 | Note 11 | RMB$9,000 | R&D, man |

Note 1: No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County
Note 2: 12th Floor, Willie Commercial Building, 8 Thomson Road, Wanchai, Hong Kong.
Note 3: Wickhams Cay Π,Road Town,Tortola,VG1110,British Virgin Islands.
Note 4: 12th Floor, Willie Commercial Building, 8 Thomson Road, Wanchai, Hong Kong.
Note 5: No. 509, Xinfeng Road, Xujiang Industrial Park, Xukou Town, Wuzhong District, Suzhou City.
Note 6: Silicon Valley Power, No. 17 Fuze Road, Gaoping Industrial Zone, Sanjiao Town, Zhongshan City, Guangdong Province. 1F and 2F, Building A3, Demonstration Base.
Note 7: Room 2702-03, Integration Center, 302-8 Hennessy Road, Wanchai, Hong Kong.
Note 8: 3-4F, Building 6, No. 509, Xinfeng Road, Xujiang Industrial Park, Xukou Town, Wuzhong District, Suzhou City.
Note 9: Silicon Valley Power, No. 17 Fuze Road, Gaoping Industrial Zone, Sanjiao Town, Zhongshan City, Guangdong Province. 3F, Building A3, Shenzh Base.
Note 10: Room 403, No. 46560, Fremont Avenue, Freemont, California, USA
Note 11: 5F, Building 6, No. 509, Xinfeng Road, Xujiang Industrial Park, Xukou Town, Wuzhong District, Suzhou City.

(III). Presumed to be in a controlling and subordinate relationship: none.
(IV). The industries covered by the businesses of all affiliates:

| Company name | Controlling (subordinate) company | Controlling (subordinate) relationship | Businesses of affiliates and the division of work among them |
|---|---|---|---|
| SINGATRON INVESTMENT COMPANY LIMITED | SINGATRON ENTERPRISE CO., LTD. | Subordinate | General investments |
| SINGATRON(BVI)ENTERPRISE CO.,LTD. | SINGATRON ENTERPRISE CO., LTD. | Subordinate | General investments |
| SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | SINGATRON(BVI)ENTERPRISE CO.,LTD. | Subordinate | Investment holding company |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | Subordinate | R&D, manufacturing and sales of connector products |
| Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Subordinate | R&D, manufacturing and sales of connector products |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | SINGATRON Electronics (China) Co. Ltd. | Subordinate | Sales of connector products |
| Suzhou Singatron Connector Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Subordinate | Manufacturing and contract manufacturing of connectors |
| Singatron Enterprise Co., Ltd.(SJ) | SINGATRON Electronics (China) Co. Ltd. | Subordinate | Market development and customer services in USA |
| Suzhou Singatron Auto Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Subordinate | R&D, manufacturing and sales of connector products |
| Chung Shan Singatron Connector Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | Subordinate | Manufacturing and contract manufacturing of connectors |

(V). Information on the directors, supervisors and managerial officers of affiliates: (Information as of 2023/12/31)

| Enterprise name | Position | Name or representative | Investment amount (Thousand of NTD) | Shareholdings percentage (%) |
|---|---|---|---|---|
| SINGATRON ENTERPRISE CO., LTD. | Chairperson | Representative of KAN SHI INVESTMENT CO., LTD.: Hsin-Nan Kan | 77,648 | 6.17 |
| | Vice - Chairperson | Representative of Dong Yi Enterprise Management Co., Ltd.: Peng-Huang Peng | 12,000 | 0.95 |
| | Director | Representative of ZHEN CHUN INVESTMENT CO., LTD.: Chien-Nian Chi | 32,435 | 2.58 |
| | Director | Representative of KAN SHI INVESTMENT CO., LTD.: Chih-Chiang Chu | 77,648 | 6.17 |
| | Independent director | Chien-Liang Chen | 0 | 0.00 |
| | Independent director | Hui-Chou Chen | 0 | 0.00 |
| | Independent director | Kung-Chien Huang | 0 | 0.00 |
| | President | Peng-Huang Peng | 23,840 | 1.89 |
| SINGATRON INVESTMENT COMPANY LIMITED | Director | Representative of SINGATRON ENTERPRISE CO., LTD.: Hsin-Nan Kan | 8,550 | 100.00 |
| SINGATRON(BVI)ENTERPRISE CO.,LTD. | Director | Representative of SINGATRON ENTERPRISE CO., LTD.: Hsin-Nan Kan | 439,042 | 100.00 |
| SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | Director | SINGATRON(BVI)ENTERPRISE CO.,LTD. Representative: Hsin-Nan Kan | 411,447 | 100.00 |
| SINGATRON Electronics (China) Co. Ltd. | Chairperson | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Cheng-Gang Yang | 241,034 | 61.1986 |
| | Director | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Hsin-Nan Kan | 241,034 | 61.1986 |
| | Director | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Peng-Huang Peng | 241,034 | 61.1986 |
| | Director | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Chih-Chiang Chu | 241,034 | 61.1986 |
| | Director | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Mao-Hsien Lin | 241,034 | 61.1986 |
| | Independent director | Yan-Bo Yang | 0 | 0.00 |
| | Independent director | Yung-Ming Liang | 0 | 0.00 |
| | Independent director | Hsiao-Peng Chang | 0 | 0.00 |
| | Supervisor | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Chao-Jia Wu | 241,034 | 61.1986 |
| | Supervisor | Representative of SINGATRON(HONG KONG)INTERNATIONAL HOLDING LIMITED: Chien-Nian Chi | 241,034 | 61.1986 |
| | Supervisor | Employee representative of SINGATRON Electronics (China) Co. Ltd.: Fang Tian | 0 | 0.00 |
| | President | Mao-Hsien Lin | 0 | 0.00 |
| Singatron Electronic (Zhongshan) Co., Ltd. | Chairperson | Representative of SINGATRON Electronics (China) Co. Ltd.: Cheng-Gang Yang | 76,763 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Hsin-Nan Kan | 76,763 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Peng-Huang Peng | 76,763 | 100.00 |
| | Supervisor | Representative, SINGATRON Electronics (China) Co. Ltd.: Rui-Chen Hu | 76,763 | 100.00 |
| Suzhou Singatron Connector Co., Ltd. | Executive Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Cheng-Gang Yang | 82,369 | 100.00 |
| | Supervisor | Representative, SINGATRON Electronics (China) Co. Ltd.: Rui-Chen Hu | 82,369 | 100.00 |

| | | | | |
|---|---|---|---|---|
| Chung Shan Singatron Connector Co., Ltd. | Executive Director | Representative of Singatron Electronic (Zhongshan) Co., Ltd.: Cheng-Gang Yang | 26,011 | 100.00 |
| | Supervisor | Representative, Singatron Electronic (Zhongshan) Co., Ltd.: Rui-Chen Hu | 26,011 | 100.00 |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Cheng-Gang Yang | 2,961 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Hsin-Nan Kan | 2,961 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Peng-Huang Peng | 2,961 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Mao-Hsien Lin | 2,961 | 100.00 |
| Singatron Enterprise Co., Ltd.(SJ) | Chairperson | Representative of SINGATRON Electronics (China) Co. Ltd.: Cheng-Gang Yang | 921 | 100.00 |
| Suzhou Singatron Auto Co., Ltd. | Chairperson | Representative of SINGATRON Electronics (China) Co. Ltd.: Cheng-Gang Yang | 39,017 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Hsin-Nan Kan | 39,017 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Peng-Huang Peng | 39,017 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: Mao-Hsien Lin | 39,017 | 100.00 |
| | Director | Representative of SINGATRON Electronics (China) Co. Ltd.: JIan-Hui Guo | 39,017 | 100.00 |
| | Supervisor | Representative, SINGATRON Electronics (China) Co. Ltd.: Rui-Chen Hu | 39,017 | 100.00 |

Note: If the affiliated enterprise is a foreign company, the investment amount is calculated based on the exchange rate at the date of financial reporting. USD1=NTD30.705、HKD1=NTD3.929、RMB1=NTD4.335

(VI). Operating reports of affiliates (Information as of 2023/12/31)

Thousands of NTD

| Enterprise name | Paid-in capital | Total assets | Total Liabilities | Net worth | Operating revenue | Operating profit | Profit or loss for the period (After tax) | Earnings per share (NTD) (After tax) |
|---|---|---|---|---|---|---|---|---|
| SINGATRON INVESTMENT COMPANY LIMITED | 8,550 | 6,532 | 306 | 6,226 | 0 | -348 | -308 | -0.15 |
| SINGATRON(BVI)ENTERPRISE CO.,LTD. | 439,042 | 4,237,085 | 36,002 | 4,201,083 | 0 | 5,848 | 226,326 | 16.76 |
| SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | 589,536 | 4,238,270 | 5,524 | 4,232,746 | 0 | -13,787 | 221,817 | NA |
| SINGATRON Electronics (China) Co. Ltd. | 651,595 | 7,396,403 | 616,785 | 6,779,618 | 1,929,990 | 212,226 | 319,435 | 1.88 |
| Singatron Electronic (Zhongshan) Co., Ltd. | 92,115 | 496,883 | 125,934 | 370,949 | 516,672 | 2,515 | 32,394 | NA |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 2,961 | 1,428,265 | 1,287,045 | 141,220 | 2,501,189 | 32,786 | 37,287 | NA |
| Suzhou Singatron Connector Co., Ltd. | 83,369 | 219,039 | 80,636 | 138,403 | 316,780 | 10,402 | 958 | NA |
| Chung Shan Singatron Connector Co., Ltd. | 26,011 | 22,800 | 10,319 | 12,481 | 89,669 | 22,452 | 22,155 | NA |
| Singatron Enterprise Co., Ltd.(SJ) | 921 | 1,909 | 182 | 1,727 | 4,714 | 224 | 162 | NA |
| Suzhou Singatron Auto Co., Ltd. | 39,017 | 380,338 | 87,007 | 293,331 | 366,680 | 35,699 | 30,530 | NA |

Note:
For foreign affiliates, the relevant figures are calculated based on the exchange rate at the date of the financial reports.
USD1=NTD30.705、HKD1=NTD3.929、RMB1=NTD4.335

(VII). Affiliation Report

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 7 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (Please refer to Appendix 1 for the Declaration).

II. Private placement of marketable securities in the most recent year and the current year up till the publication date of this annual report: none.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and the current year up to the date of publication of this annual report: none

IV. Other matters that require additional explanation: none

Nine. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year or during the current year up to the date of publication of the annual report: None

Appendix 1. 2023 Consolidated Financial Statements and Independent Auditor’s Report

**Stock Code on TPEx: 6126**

# SINGATRON ENTERPRISE CO., LTD. and subsidiaries

# Consolidated Financial Statements and Independent Auditor's Report

# 2023 and 2022

Company Address: No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County
Company TEL: (03)599-2862

This English version is prepared based on the Chinese version and is for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Consolidated Financial Statements
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# Statement

We hereby declare that we have confirmed the companies which shall be included in the financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for 2023, (January 1-December 31, 2023) in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises".

Declared by

Company name: SINGATRON ENTERPRISE CO., LTD.

Person in Charge: Hsin-Nan Kan

March 12, 2024

安永聯合會計師事務所
33045桃園市桃園區中正路1088號27樓
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Independent Auditors' Report

To the Board of Directors and shareholders of SINGATRON ENTERPRISE CO., LTD.:

**Audit opinions**

We have audited the accompanying consolidated balance sheets of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, and based on our audit and the audit reports of other CPAs (please refer to the "Other Matters" section), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

**Basis for Opinion**

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from SINGATRON ENTERPRISE CO., LTD. and its subsidiaries in accordance with the Code of Ethics and perform other obligations of such Code. Based on our audit results and the audit reports of other accountants, we believe that we have obtained sufficient and appropriate audit evidence as the basis for expressing the audit opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context 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 these matters.

Revenue recognition

For 2023, SINGATRON ENTERPRISE CO., LTD. and its subsidiaries recognized an operating revenue of NTD 3,451,730 thousand. The Company and its subsidiaries have agreements with their major customers to store inventory at the designated shipping warehouses of these sales customers. The Company and its subsidiaries have to judge and determine the performance obligations and the timing of satisfaction based on customer orders or shipping documents, which involves significant risk of ownership of inventory and complexity at the point of transfer of remuneration, resulting in significant risk in the recognition of operating revenue. Therefore, we decided that revenue recognition is a key audit matter. Our audit procedures included, but were not limited to, evaluating the appropriateness of accounting policies for revenue recognition, evaluating and testing the effectiveness of internal control over the sales cycle in determining revenue amounts, performing sales revenue cutoff tests on a sample of transactions for a period of time before and after the balance sheet date and reviewing whether the terms of the transactions and the timing of revenue recognition are consistent with the performance obligations and the timing of satisfaction, performing itemized tests on a sample of transactions and reviewing the material terms and conditions of the contracts. We also considered the appropriateness of the disclosure of operating revenue in Notes 4 and 6 to the Consolidated Financial Statements.

Allowance for losses on accounts receivable

The carrying amounts of the consolidated accounts receivable and allowance for losses of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries as of December 31, 2023 were NTD 1,150,364 thousand and NTD 8,140 thousand, respectively. The net accounts receivable accounted for 13% of the consolidated total assets, which is significant for SINGATRON ENTERPRISE CO., LTD. and its subsidiaries. Since the allowance for losses on accounts receivable is measured based on the expected credit losses over the duration of continuation, the measurement process requires appropriate groupings of accounts receivable and judgmental and analysis of the application of assumptions related to the measurement process and the measurement result affects the net accounts receivable and, therefore, we consider it to be a critical audit. Our audit procedures included, but were not limited to, analyzing the appropriateness of management's grouping of accounts receivable to determine whether customers with significantly different loss profiles (based on similar risk characteristics) were appropriately grouped (e.g. based on historical experience); testing the reserve matrix used by SINGATRON ENTERPRISE CO., LTD. and its subsidiaries including assessing the reasonableness of the determination of the ageing range of each group of accounts receivable and checking the correctness of the original certificates against the underlying information; reviewing the collection status of accounts receivable in the subsequent period to assess the collectability of accounts receivable; analyzing the changes in the long-term trend of credit losses and the turnover rate of accounts receivable, and confirming whether any impairment occurred at the end of the period. We also considered the appropriateness of the disclosure of accounts receivable and related risks in Notes 5 and 6 to the Consolidated Financial Statements.

**Other Matters - Audits by other CPAs**

The financial statements of investees of SINGATRON ENTERPRISE CO., LTD accounted for using the equity method have not been audited by us but by other CPAs. Therefore, our opinion on the figures of the investees in the consolidated financial statements is based on the audit reports of other independent auditors. As of December 31, 2023, the investment in these investees accounted for using the equity method was NTD 583,337 thousand, accounting for 7% of the consolidated total assets. For the year ended December 31, 2023 , the share of profit or loss of the associate companies and joint ventures accounted for using the equity method was NTD 11,793 thousand, accounting for 4% of the consolidated net profit before tax. The associate companies and joint ventures recognized using the equity method and the share of other comprehensive income was NTD (1,479) thousand, accounting for 4% of the consolidated other comprehensive income net.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C., and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SINGATRON ENTERPRISE CO., LTD. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Including the Audit Committee, are responsible for overseeing the financial reporting process of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries.

**Auditor's Responsibilities for the Audit of 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 auditors' report that includes our opinion. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the auditing accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SINGATRON ENTERPRISE CO., LTD. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the 2023 consolidated financial statements of SINGATRON ENTERPRISE CO., LTD. and its subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Others**

SINGATRON ENTERPRISE CO., LTD. has prepared the parent company only financial statements for 2023 and 2022, and we have issued an unqualified opinion and an unqualified opinion on other matters, respectively, for the record and for reference .

Ernst and Young
Approved by the competent authorities for the processing of financial statements of public companies.
Audit Document No.: (2022) Jin-Guan-Zheng-Shen-Zi No. 1110348358
(2002) Tai-Cai-Zheng (6) Zi No. 144183

Cheng-Wei Lin

Certified Public Accountant:

Chi-Ming Chang

March 12, 2024

Notice to Readers

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

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

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Amounts are in thousands of NTD)

| Assets | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Notes | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6.1 | $4,759,588 | 55 | $1,191,908 | 28 |
| 1110 | Financial assets at fair value through profit or loss | 4 and 6.2 | 6,541 | - | - | - |
| 1136 | Financial assets at amortized cost | 4 and 6.4 | 433,521 | 5 | 176,377 | 4 |
| 1150 | Notes receivable, net | 4 and 6.5 | 30,152 | - | 21,476 | - |
| 1170 | Accounts receivable, net | 4 and 6.6 | 1,076,287 | 13 | 1,153,581 | 27 |
| 1180 | Accounts receivable - related parties | 4, 6.6and 7 | 65,937 | 1 | 68,262 | 2 |
| 1200 | Other receivables | | 7,916 | - | 4,249 | - |
| 1220 | Current income tax assets | 4 and 6.26 | 4,740 | - | 2,588 | - |
| 130x | Net inventories | 4 and 6.7 | 371,000 | 4 | 412,002 | 10 |
| 1419 | Other prepaid expenses | | 46,262 | 1 | 32,551 | 1 |
| 1421 | Prepayment for purchases | | 3,479 | - | 4,655 | - |
| 1470 | Other current assets | | 1,039 | - | 40,353 | 1 |
| 11xx | Total current assets | | 6,806,462 | 79 | 3,108,002 | 73 |
| | Non-current assets | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income | 4 and 6.3 | 6,410 | - | 6,410 | - |
| 1535 | Financial assets at amortized cost | 4 and 6.4 | 216,760 | 3 | 88,189 | 2 |
| 1550 | Investment accounted for using the equity method | 4, 6.8and 8 | 583,337 | 7 | - | - |
| 1600 | Property, plant and equipment | 4, 6.9 and 8 | 805,710 | 9 | 864,719 | 20 |
| 1755 | Right-of-use assets | 4 and 6.22 | 60,997 | 1 | 57,744 | 2 |
| 1760 | Investment properties | 4, 6.10 and 8 | 31,951 | - | 59,447 | 2 |
| 1780 | Intangible assets | 4 and 6.11 | 32,205 | - | 15,079 | - |
| 1840 | Deferred tax income assets | 4 and 6.26 | 66,928 | 1 | 47,599 | 1 |
| 1920 | Refundable deposits | | 5,501 | - | 5,587 | - |
| 15xx | Total non-current assets | | 1,809,799 | 21 | 1,144,774 | 27 |
| 1xxx | Total assets | | $8,616,261 | 100 | $4,252,776 | 100 |

(Please refer to Notes to Consolidated Financial Statements)

Chairperson: Hsin-Nan Kan Managerial Officer: Peng-Huang Peng Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Consolidated Balance Sheets (Continued)

December 31, 2023 and 2022

(Amounts are in thousands of NTD)

| Liabilities and equity | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Notes | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | 6.12and 8 | $271,667 | 3 | $587,833 | 14 |
| 2120 | Financial liabilities at fair value through profit or loss | 6.13 | 2,050 | - | 2,576 | - |
| 2130 | Contract liabilities | 4 and 6.20 | 2,411 | - | 22,384 | - |
| 2170 | Accounts payable | | 597,943 | 7 | 629,229 | 15 |
| 2200 | Other payables | 6.15 and 9.1 | 383,683 | 5 | 378,699 | 9 |
| 2230 | Current tax liabilities | 4 and 6.26 | 11,287 | - | 26,506 | 1 |
| 2280 | Lease liabilities | 4 and 6.22 | 14,449 | - | 15,593 | - |
| 2300 | Other current liabilities | | 154 | - | 167 | - |
| 2322 | Long-term loans due within one year | 4, 6.14 and 8 | 125,000 | 1 | 33,333 | 1 |
| 21xx | Total current liabilities | | 1,408,644 | 16 | 1,696,320 | 40 |
| | Non-current liabilities | | | | | |
| 2530 | Corporate bonds payable | 4 and 6.16 | 466,688 | 6 | - | - |
| 2540 | Long-term loans | 4, 6.14 and 8 | 523,023 | 6 | 75,000 | 2 |
| 2570 | Deferred income tax liabilities | 4 and 6.26 | 450,548 | 5 | 401,353 | 9 |
| 2580 | Lease liabilities | 4 and 6.22 | 13,373 | - | 7,545 | - |
| 2600 | Other non-current liabilities | 6.17 and 6.18 | 16,922 | - | 23,496 | 1 |
| 25xx | Total non-current liabilities | | 1,470,554 | 17 | 507,394 | 12 |
| 2xxx | Total Liabilities | | 2,879,198 | 33 | 2,203,714 | 52 |
| 31xx | Equity attributable to owners of the parent company | | | | | |
| 3100 | Share capital | 6.19 | | | | |
| 3110 | Common share capital | | 1,172,656 | 14 | 1,172,656 | 28 |
| 3200 | Capital surplus | 6.19 | 1,597,567 | 19 | 14,217 | - |
| 3300 | Retained earnings | 6.19 | | | | |
| 3310 | Legal reserve | | 100,833 | 1 | 85,554 | 2 |
| 3320 | Special reserve | | 125,538 | 1 | 160,295 | 4 |
| 3350 | Unappropriated earnings | | 270,811 | 3 | 213,354 | 5 |
| 3400 | Other equity | | (156,909) | (2) | (125,538) | (3) |
| 36xx | Non-controlling interests | 6.19 and 6.26 | 2,626,567 | 31 | 528,524 | 12 |
| 3xxx | Total equity | | 5,737,063 | 67 | 2,049,062 | 48 |
| 3x2x | Total liabilities and equities | | $8,616,261 | 100 | $4,252,776 | 100 |

(Please refer to Notes to Consolidated Financial Statements)

Chairperson: Hsin-Nan Kan Manager: Peng-Huang Peng Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD. and subsidiaries
Consolidated Statements of Comprehensive Income
January 1, 2023 to December 31, 2023
and January 1 to December 31, 2022
(Amounts in thousands of NTD, except for earnings per share)

| Code | Accounting item | Notes | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4, 6.20and 7 | $3,451,730 | 100 | $3,892,540 | 100 |
| 5000 | Operating costs | 7 | (2,503,778) | (72) | (2,877,544) | (74) |
| 5900 | Operating gross profit | | 947,952 | 28 | 1,014,996 | 26 |
| 6000 | Operating expenses | | | | | |
| 6100 | Selling expenses | 7 and 9.1 | (243,056) | (7) | (277,620) | (7) |
| 6200 | Administrative expenses | | (278,510) | (8) | (255,302) | (7) |
| 6300 | Research and development expenses | | (123,298) | (4) | (137,965) | (3) |
| 6450 | Expected credit impairment (losses) gains | 4 and 6.21 | (4,225) | - | (4,381) | - |
| | Total operating expenses | | (649,089) | (19) | (675,268) | (17) |
| 6900 | Net operating profit | | 298,863 | 9 | 339,728 | 9 |
| 7000 | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6.24 | 62,336 | 2 | 34,583 | 1 |
| 7020 | Other gains or losses | 6.24 | (18,630) | - | 36,688 | 1 |
| 7050 | Financial costs | 4 and 6.24 | (21,296) | (1) | (9,092) | - |
| 7060 | Share of income and expenses of associate companies and joint ventures accounted for using the equity method | | 11,793 | - | - | - |
| | | | 34,203 | 1 | 62,179 | 2 |
| 7900 | Net profit before tax | | 333,066 | 10 | 401,907 | 11 |
| 7950 | Income tax expense | 4 and 6.26 | (69,634) | (2) | (105,952) | (3) |
| 8200 | Net profit for the period | | 263,432 | 8 | 295,955 | 8 |
| 8300 | Other comprehensive income | 6.25 | | | | |
| 8310 | Items not reclassified subsequently to profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plans | | 920 | - | 3,797 | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | |
| 8361 | Exchange differences on translation of the financial statements of foreign operations | | (42,255) | (1) | 51,052 | 1 |
| 8370 | Share of other comprehensive income of associate companies and joint ventures under the equity method | | (1,479) | - | - | - |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | | 7,473 | - | (8,689) | - |
| 8300 | Other comprehensive income for the period (net of tax) | | (35,341) | (1) | 46,160 | 1 |
| 8500 | Total comprehensive income for the period | | $228,091 | 7 | $342,115 | 9 |
| 8600 | Net profit attributable to: | | | | | |
| 8610 | Owners of the parent company | | $177,777 | 5 | $222,508 | 6 |
| 8620 | Non-controlling interests | | 85,655 | 3 | 73,447 | 2 |
| | | | $263,432 | 8 | $295,955 | 8 |
| 8700 | Total comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent company | | $147,326 | 4 | $261,062 | 7 |
| 8720 | Non-controlling interests | | 80,765 | 3 | 81,053 | 2 |
| | | | $228,091 | 7 | $342,115 | 9 |
| 9750 | Basic earnings per share (NTD) | 6.27 | $1.52 | | $1.85 | |
| 9850 | Diluted earnings per share (NTD) | 6.27 | $1.49 | | $1.85 | |

(Please refer to Notes to Consolidated Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Consolidated Statement of Changes in Equity

January 1, 2023 to December 31, 2023

and January 1 to December 31, 2022

(Amounts are in thousands of NTD)

| | | Equity attributable to owners of the parent company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings | | | Other items of equity | | | | | |
| Code | Item | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences on translation of the financial statements of foreign operations | gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury stock | Total | controlling int | Total equity |
| | | 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 3500 | 31XX | 36XX | 3XXX |
| A1 | Balance as of January 1 , 2022 | $1,227,626 | $14,217 | $66,651 | $148,903 | $250,456 | $(126,781) | $(33,514) | $- | $1,547,558 | $447,471 | $1,995,029 |
| | 2021 earnings appropriation and distribution | | | | | | | | | | | |
| B1 | Provision of legal reserve | | | 18,903 | | (18,903) | | | | - | | - |
| B3 | Provision of special reserve | | | | 11,392 | (11,392) | | | | - | | - |
| B5 | Cash dividends on common stock | | | | | (159,592) | | | | (159,592) | | (159,592) |
| D1 | Net profit for 2022 | | | | | 222,508 | | | | 222,508 | 73,447 | 295,955 |
| D3 | Other comprehensive income for 2022 | | | | | 3,797 | 34,757 | | | 38,554 | 7,606 | 46,160 |
| D5 | Total comprehensive income for the period | - | - | - | - | 226,305 | 34,757 | - | - | 261,062 | 81,053 | 342,115 |
| L1 | Purchase of treasury stock | | | | | | | | (128,490) | (128,490) | | (128,490) |
| L3 | Retirement of treasury stock | (54,970) | | | | (73,520) | | | 128,490 | - | | - |
| Z1 | Balance as of December 31, 2022 | 1,172,656 | 14,217 | 85,554 | 160,295 | 213,354 | (92,024) | (33,514) | - | 1,520,538 | 528,524 | 2,049,062 |
| | 2022 earnings appropriation and distribution | | | | | | | | | | | |
| B1 | Provision of legal reserve | | | 15,279 | | (15,279) | | | | - | | - |
| B5 | Cash dividends on common stock | | | | | (140,718) | | | | (140,718) | | (140,718) |
| B17 | Reversal of special reserve | | | | (34,757) | 34,757 | | | | - | | - |
| C5 | Component of equity recognized due to issuance of convertible corporate bonds - generated from stock options | | 44,245 | | | | | | | 44,245 | | 44,245 |
| D1 | Net profit for 2023 | | | | | 177,777 | | | | 177,777 | 85,655 | 263,432 |
| D3 | Other comprehensive income for 2023 | | | | | 920 | (31,371) | | | (30,451) | (4,890) | (35,341) |
| D5 | Total comprehensive income for the period | - | - | - | - | 178,697 | (31,371) | - | - | 147,326 | 80,765 | 228,091 |
| M7 | Change in ownership interests in subsidiaries | | 1,539,105 | | | | | | | 1,539,105 | (1,539,105) | - |
| O1 | Increase or decrease in non-controlling interests | | | | | | | | | - | 3,556,383 | 3,556,383 |
| Z1 | Balance as of December 31 , 2023 | $1,172,656 | $1,597,567 | $100,833 | $125,538 | $270,811 | $(123,395) | $(33,514) | $- | $3,110,496 | $2,626,567 | $5,737,063 |

(Please refer to Notes to Consolidated Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD. and subsidiaries
Consolidated Statements of Cash Flows
January 1, 2023 to December 31, 2023
and January 1 to December 31, 2022
(Amounts are in thousands of NTD)

| Code | Item | 2023 | 2022 | Code | Item | 2023 | 2022 |
|---|---|---|---|---|---|---|---|
| AAA | Cash flows from operating activities | | | BBBB | Cash flows from investing activities: | | |
| A10000 | Income before income tax | $333,066 | $401,907 | B00040 | Acquisition of financial assets at amortized cost | (385,715) | (264,566) |
| A20000 | Adjustments: | | | B01800 | Investments acquired using the equity method | (573,023) | - |
| A20010 | Income and expenses: | | | B02700 | Acquisition of property, plant and equipment | (130,184) | (134,366) |
| A20100 | Depreciation expenses (including investment property and right-of-use assets) | 171,164 | 201,199 | B02800 | Disposal of property, plant and equipment | 7,875 | 1,475 |
| A20200 | Amortization expenses | 8,124 | 4,932 | B03800 | Decrease (increase) in refundable deposits | 86 | (55) |
| A20300 | Expected credit impairment losses (gains) | 4,225 | 4,381 | B04500 | Increase in intangible assets | (15,329) | (9,760) |
| A20400 | Valuation (profit) loss of financial assets/liabilities measured at fair value through profit or loss | (10,109) | 22,945 | B05500 | Disposal of investment property | 45,701 | - |
| | | | | BBBB | Net cash inflows (outflows) from investing activities | (1,050,589) | (407,272) |
| A20900 | Interest expenses | 21,296 | 9,092 | | | | |
| A21200 | Interest income | (41,832) | (9,589) | CCCC | Cash flows from financing activities: | | |
| A22400 | Share of profit from associate companies and joint ventures under equity method | (11,793) | - | C00100 | Borrowing (repayment) of short-term loans | (316,166) | 292,833 |
| A22500 | Loss (gain) on disposal of property, plant and equipment | 7,701 | 11,201 | C01200 | Issuance of corporate bonds | 520,920 | - |
| A22700 | Disposal of investment property losses ( gains ) | (23,370) | - | C01600 | Borrowing of long-term loans | 723,023 | 50,000 |
| A29900 | Lease modification losses ( gains ) | 408 | (13) | C01700 | Repayment of long-term loans | (183,333) | (33,333) |
| A30000 | Changes in assets/liabilities related to operating activities: | | | C03000 | Increase (decrease) in deposits received | (1,619) | 1,096 |
| A31130 | Decrease (increase) in notes receivable | (8,676) | (14,229) | C04020 | Repayment of lease principal | (16,056) | (19,537) |
| A31150 | Decrease (increase) in accounts receivable | 73,712 | 234,986 | C04500 | Distribution of cash dividends | (140,718) | (159,592) |
| A31160 | Decrease (increase) in accounts receivable - related parties | 2,325 | (28,275) | C04900 | Cost of treasury stock repurchase | - | (128,490) |
| A31180 | Decrease (increase) in other receivables | 233 | 3,840 | C05800 | Changes in non-controlling interests | 3,556,383 | - |
| A31200 | Decrease (increase) in inventories | 41,002 | 207,986 | CCCC | Net cash inflows (outflows) from financing activities | 4,142,434 | 2,977 |
| A31230 | Decrease (increase) in prepayments | (12,535) | 9,194 | | | | |
| A31240 | Decrease (increase) in other non-current assets | 39,314 | (47) | DDDD | Effect of exchange rate changes on cash and cash equivalents | (33,161) | 35,736 |
| A32125 | Increase (decrease) in contract liabilities | (19,973) | 5,420 | | | | |
| A32130 | Increase (decrease) in notes payable | - | (75) | EEEE | Increase (decrease) in cash and cash equivalents for the period | 3,567,680 | 421,164 |
| A32150 | Increase (decrease) in accounts payable | (31,286) | (145,161) | E00100 | Cash and cash equivalents at the beginning of the year | 1,191,908 | 770,744 |
| A32180 | Increase (decrease) in other payables | 1,525 | (75,268) | E00200 | Cash and cash equivalents at the end of the year | $4,759,588 | $1,191,908 |
| A32230 | Increase (decrease) in other non-current liabilities | (13) | (89) | | | | |
| A32240 | Increase (decrease) in net defined benefit liabilities | (4,035) | (143) | | | | |
| A33000 | Cash inflows (outflows) from operating activities | 540,473 | 844,194 | | | | |
| A33100 | Interest received | 37,357 | 7,469 | | | | |
| A33300 | Interest paid | (18,937) | (7,187) | | | | |
| A33500 | Income tax paid | (49,897) | (54,753) | | | | |
| AAAA | Net cash inflows (outflows) from operating activities | 508,996 | 789,723 | | | | |

(Please refer to Notes to Consolidated Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

I. Company History

SINGATRON ENTERPRISE CO., LTD. (hereinafter referred to as the Company) was established in July 1976 and started its business in October 1976.

The Company's main business is the development, manufacturing and sale of electronic connectors and electronic modules for various power supply, audio and video signal and electronic signal transmission devices. The products' main applications include notebook computers and peripherals, tablet computers, various consumer electronics, automotive electronics, and network communications.

The Company's shares have been listed on TPEx for trading since January 18, 2002, and its principal place of operations is located at No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements of the Company and its subsidiaries (the "Group") for 2023 and 2022 were approved for release by the Board of Directors on March 12, 2024.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies resulting from the first-time adoption of IFRS

The Group has adopted IFRS, IAS, IFR interpretations or interpretation pronouncements endorsed by the Financial Supervisory Commission ("FSC") and are applicable for fiscal years beginning after January 1, 2023, and the first-time application of the new standards and amendments has no material impact on the Group.

2. As of the date of publication of the financial statements, the Group has not applied the following new, revised and amended standards or interpretations, which have been issued by the IASB and endorsed by the FSC.

| Item | New, Revised or Amended Standards and Interpretations | Effective date of IASB publication |
|---|---|---|
| 1 | Classification of liabilities as current or non-current (Amendment to IAS 1) | January 1, 2024 |
| 2 | Lease liabilities under sale and leaseback (amendments to IFRS 16) | January 1, 2024 |
| 3 | Non-current Liabilities in Contracts (Amendments to IAS 1) | January 1, 2024 |
| 4 | Supplier financing arrangement (Amendment to IAS 7 and IFRS 7) | January 1, 2024 |

(1) Classification of liabilities as current or non-current (Amendment to IAS 1)

This amendment is to revise the classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1, "Presentation of Financial Statements".

(2) Lease liabilities under sale and leaseback (amendments to IFRS 16)

This is to add the additional accounting treatment to IFRS 16 "Leases" for sellers and lessees in sale and leaseback transactions to improve the consistent application of the standards.

(3) Non-current Liabilities in Contracts (Amendments to IAS 1)

The amendments are to improve the information provided by companies on long-term debt contracts. It is to clarify that contractual obligations that are subject to 12 months after the reporting period do not affect the classification of these liabilities as current or noncurrent at the end of the reporting period.

(4) Supplier financing arrangement (Amendment to IAS 7 and IFRS 7)

In addition to adding the description of the supplier's financing arrangement, this amendment also adds the relevant disclosure of the supplier's financing arrangement.

The above are the newly issued, amended and revised standards or interpretations issued by the IASB and endorsed by the FSC and are applicable for fiscal years beginning after January 1, 2024. The Group assesses that the aforementioned newly issued or amended standards, or interpretations have no material impact on the Group.

3. As of the date of publication of the financial statements, the Group has not applied the following new, revised and amended standards or interpretations, which have been issued by the IASB but not yet endorsed by the FSC.

| Item | New, Revised or Amended Standards and Interpretations | Effective date of IASB publication |
|---|---|---|
| 1 | Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Affiliated Enterprises or Joint Ventures | To be decided by IASB |
| 2 | IFRS 17 "Insurance Contracts" | January 1, 2023 |
| 3 | Lack of Exchangeability (Amendment to IAS 21) | January 1, 2025 |

(1)Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Affiliated Enterprises or Joint Ventures

The plan is to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" regarding the loss of control over an investment in an affiliate or joint venture using a subsidiary as the consideration. IAS 28 requires that when a non-monetary asset is invested in exchange for an interest in an affiliate or joint venture, the share of the resulting gain or loss should be eliminated in accordance with the treatment of a downstream transaction; IFRS 10 requires that the full amount of the gain or loss should be recognized when control over the subsidiary is lost. The amendment restricts the aforementioned requirements of IAS 28 so that when an asset that constitutes a business is sold or contributed as defined in IFRS 3, the resulting gain or loss should be recognized in full.

The amendment also revises IFRS 10 so that a gain or loss arising from the sale or investment of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its affiliate or joint venture is recognized only to the extent that it is not the investor's share.

(2)IFRS 17 "Insurance Contracts"

The standard provides a comprehensive model of insurance contracts that includes all relevant components of accounting (recognition, measurement, presentation and disclosure principles). The core of the standard is a general model under which a group of insurance contracts is measured at the sum of contractual cash flows and contract service margin on initial recognition; the carrying amount at the end of each reporting period is the sum of the remaining coverage liability and the incurred claims liability.

In addition to the general model, specific applicable methods are also available for contracts with direct participation characteristics (variable fee method); and a simplified method for short-term contracts (premium sharing method).

This standard was issued in May 2017 and amended in 2020 and 2021. In addition to extending the effective date in the transitional provisions by two years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions, the amendment reduces the cost of adopting the standard by simplifying some of the requirements and modifying some of the requirements to make some situations easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 'Insurance contracts') when it becomes effective.

(3)Lack of Exchangeability (Amendment to IAS 21)

This amendment explains the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and adds additional disclosure requirements when the currency lacks exchangeability. The amendment shall be applicable for the fiscal year beginning after January 1, 2025.

The actual application dates of the above standards or interpretations issued by the IASB but not yet endorsed by the FSC are subject to the FSC's regulations. The Group assesses that the aforementioned newly issued or amended standards or interpretations have no material impact on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Group’s consolidated financial statements for 2023 and 2022 are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFR interpretations or interpretation pronouncements approved and issued into effect by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments at fair value. The consolidated financial statements are presented in thousands of NTD unless otherwise stated.

3. Consolidation Overview

Principles for preparing consolidated financial statements

Control is achieved when the Company is exposed to variable remuneration from participation in an investee or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the investee. In particular, the Company controls an investee only when the Company has the following three elements of control:

(1) power over the investee (i.e., an existing right that gives it the present ability to direct the relevant activities)
(2) the exposure or right to variable remuneration from the participation in the Investee, and
(3) the ability to use its power over the investee to affect the amount of the investor's remuneration

When the Company holds, directly or indirectly, less than a majority of the voting rights or similar rights of an investee, the Company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

(1) contractual agreements with other holders of the voting rights of the investee
(2) rights arising from other contractual agreements
(3) voting rights and potential voting rights

The Company reassesses whether it still controls the investee when facts and circumstances indicate that one or more of the three elements of control have changed.

Subsidiaries are included in the consolidated financial statements in their entirety from the date of acquisition (i.e., the date on which the Group obtains control) until the date on which control over the subsidiary is lost. The accounting periods and accounting policies of subsidiaries' financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized internal profits and losses and dividends arising from intra-group transactions are eliminated in full.

Changes in shareholdings in subsidiaries are accounted for as equity transactions if control over the subsidiaries is not lost.

The total comprehensive incomes of subsidiaries are attributed to owners of the parent company and non-controlling interests, and the same applies even if the non-controlling interest has a loss balance as a result.

If the Company loses control of a subsidiary, then

(1) derecognize the assets (including goodwill) and liabilities of the subsidiary;
(2) derecognize the carrying amount of any non-controlling interests;
(3) recognize the fair value of the consideration acquired;
(4) recognize the fair value of any investment retained;
(5) reclassify the amount of the item previously recognized by the parent company as other comprehensive income as current profit or loss, or directly transfer to retained earnings in accordance with other IFRSs;
(6) recognize the difference generated in the current profit and loss.

Entities covered by the consolidated financial statements are as follows:

| Name of investor | Name of subsidiary | Main business | Shareholding percentage: 2023/12/31 | 2022/12/31 |
|---|---|---|---|---|
| The Company | SINGATRON INVESTMENT COMPANY LIMITED | General investments | 100% | 100% |
| The Company | SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | General investments | 100% | 100% |
| SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | Investment | 100% | 100% |
| SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | SINGATRON Electronics (China) Co. Ltd. | Manufacturing and sale of connectors | 61.1986% (Note 1) | 81.8868% |
| SINGATRON Electronics (China) Co. Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | Manufacturing and sale of connectors | 100% | 100% |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Trading of connectors and import and export related business | 100% | 100% |
| Singatron Electronic (Zhongshan) Co., Ltd. | Zhongshan Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | 100% | 100% |
| SINGATRON Electronics (China) Co. Ltd. | Suzhou Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | 100% | 100% |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON SAN JOSE CONNECTION CO., LTD. | Marketing and sales and customer services | 100% | 100% |
| SINGATRON Electronics (China) Co. Ltd. | Suzhou Singatron Auto Co., Ltd. | Manufacturing and sale of connectors | 100% | 100% |

Note 1: SINGATRON Electronics (China) Co. Ltd., the sub-subsidiary of the Company, was officially listed on the Shenzhen Stock Exchange on July 17, 2023 with the issuance of 43,000 thousand common shares (A-shares) in RMB through cash capital increase. The Company's sub-subsidiary SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED is the controlling shareholder of SINGATRON Electronics (China) Co. Ltd. Pursuant to Article 26 of the "Regulations Governing the Issuance and Underwriting of Securities" of the China Securities Regulatory Commission: the controlling shareholder is not allowed to participate in the placement of securities by public companies, resulting in a decrease in the shareholding of SINGATRON Electronics (China) Co. Ltd. from 81.8868% to 61.1986%.

4. Foreign Currency Transactions

The Group's consolidated financial statements were expressed in New Taiwan Dollars, which is the parent company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements in that functional currency.

The foreign-currency transactions of the entities within the Group are recorded in their functional currency using the exchange rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the closing rate on that date; non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate at the date of the fair value measurement; non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the original transaction.

Exchange differences arising from settlement or translation of monetary items other than those described below are recognized as profit or loss in the period in which they occur:

(1) Exchange differences arising on foreign-currency borrowings to acquire qualifying assets that are treated as adjustments to interest costs are capitalized as part of the cost of the borrowings and are recognized as the cost of the assets.

(2) Foreign-currency items under IFRS 9, "Financial Instruments," are accounted for in accordance with the accounting policy for financial instruments.

(3) For monetary items that form part of a reporting entity's net investment in a foreign operation, the resulting exchange differences are recognized in other comprehensive income and are reclassified from equity to profit or loss upon disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

In preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated into NTD at the closing rate on the balance sheet date, and income and expense items are translated at the average exchange rate for the period. Exchange differences arising from translation are recognized in other comprehensive income. Upon disposal of the foreign operation, the cumulative exchange differences previously recognized in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss upon recognition of the gain or loss on disposal. A partial disposal involving a loss of control over a subsidiary that includes a foreign operation and a partial disposal of an interest in an affiliate or joint agreement that includes a foreign operation in which the retained interest is a financial asset that includes a foreign operation are also treated as disposal.

Upon partial disposal of a subsidiary that includes a foreign operation without loss of control, the cumulative translation differences recognized in other comprehensive income are reattributed to the non-controlling interest in the foreign operation on a pro rata basis and are not recognized in profit or loss; upon partial disposal of an affiliate or joint agreement that includes a foreign operation without loss of significant influence or joint control, the cumulative translation differences are reclassified to profit or loss on a pro rata basis.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of its assets and liabilities are treated as assets and liabilities of the foreign operation and reported in its functional currency.

6. Classification of Current and Non-current Assets and Liabilities

Assets are classified as current assets if one of the following conditions is met while assets not classified as current assets are classified as non-current assets.

(1) The asset is expected to be realized in the normal course of business, or is intended to be sold or consumed.
(2) The asset is held primarily for the purpose of trading.
(3) The asset is expected to be realized within 12 months after the balance sheet date.
(4) Cash or cash equivalents, except for those that are exchanged or restricted for the settlement of liabilities at least 12 months after the balance sheet date.

Liabilities are classified as current liabilities if one of the following conditions is met while liabilities not classified as current liabilities are classified as non-current liabilities:

(1) The liability is expected to be settled in the normal course of business.
(2) The liability is held primarily for the purpose of trading.
(3) The liability is expected to be settled upon maturity within 12 months after the balance sheet date.
(4) The liability for which the settlement date cannot be extended unconditionally to more than 12 months after the reporting period. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

7. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid time deposits or investments (including time deposits of contract period within three months) that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities that are within the scope of IFRS 9, "Financial Instruments", are measured at fair value on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than those classified as at fair value through profit or loss) are added to or deducted from the fair value of those financial assets and financial liabilities.

(1) Recognition and Measurement of Financial Assets

The Group uses trade date accounting for the recognition and derecognition of all customarily traded financial assets.

The Group classifies financial assets as financial assets subsequently measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss on the following two bases:

A. operating model for managing financial assets
B. contractual cash flow characteristics of financial assets

Financial assets at amortized cost

Financial assets that meet both of the following two criteria are measured at amortized cost and reported in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables.

A. Operating model for managing financial assets: Holding financial assets to collect contractual cash flows
B. Contractual cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

These financial assets (excluding those involved in hedging relationships) are subsequently measured at amortized cost [the amount measured at original recognition, less principal repaid, plus or minus the cumulative amortization of the difference between that original amount and the maturity amount (using the effective interest method), and adjusted for allowance for losses]. An impairment gain or loss is recognized in profit or loss when it is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amount of the financial asset) or the following is recognized in profit or loss:

A. For credit-impaired financial assets acquired or created, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial assets
B. If the financial asset is not impaired, but subsequently becomes impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are reported in the balance sheet as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

A. Operating model for managing financial assets: Collect contractual cash flows and sell financial assets
B. Contractual cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

The recognition of gain and loss related to this type of financial assets is described as follows:

A. Before derecognition or reclassification, gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains or losses, which are recognized in profit or loss.

B. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amount of the financial asset) or the following is recognized in profit or loss:

(a) For credit-impaired financial assets acquired or created, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial assets

(b) If the financial asset is not impaired, but subsequently becomes impaired, the effective interest rate is multiplied by the amortized cost of the financial asset

In addition, for equity instruments that are within the scope of application of IFRS 9 and that are neither held-for-trading nor contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies, subsequent changes in fair value are selectively (irrevocably) reported in other comprehensive income upon initial recognition. Amounts reported in other comprehensive income are not subsequently transferred to profit or loss (upon disposal of such equity instruments, the cumulative amounts included in other equity items are transferred directly to retained earnings), and financial assets measured at fair value through other comprehensive income are reported in the balance sheet. Dividends from investments are recognized in profit or loss unless it is clear that the dividends represent a partial recovery of the cost of the investment.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except when they meet certain criteria and are measured at amortized cost or at fair value through other comprehensive income, as described above, and are reported in the balance sheet as financial assets measured at fair value through profit or loss.

The gain or loss arising from the remeasurement of such financial assets measured at fair value is recognized in profit or loss, and the gain or loss recognized in profit or loss includes any dividends or interest received on the financial assets.

(2) Impairment of financial assets

The Group recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

The Group measures expected credit losses in a manner that reflects the following:

A. Unbiased, probability-weighted amounts determined by evaluating various possible outcomes
B. Time value of money
C. Information relating to past events, current conditions and projections of future economic conditions that is reasonable and supportable (available at the balance sheet date without excessive costs or inputs)

The method of measuring the allowance for losses is described as follows:

A. Measured by the amount of expected credit losses over 12 months: including financial assets with no significant increase in credit risk since original recognition or those with low credit risk as of the balance sheet date. In addition, it also includes the allowance for losses measured at the amount of expected credit losses during the prior reporting period, but at the balance sheet date no longer meets the condition that the credit risk has increased significantly since the original recognition.

B. Measurement of the amount of expected credit losses over the duration of existence: including financial assets with no significant increase in credit risk since original recognition or credit impaired financial assets that are acquired or created.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the allowance for losses using the expected credit loss amount over the life of the transaction.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the allowance for losses using the expected credit loss amount over the life of the transaction.

The Group assesses at each balance sheet date whether the credit risk of a financial instrument has increased significantly since original recognition by comparing the change in default risk of the financial instrument at the balance sheet date with that at the original recognition date. For information related to credit risk, please refer to Note 12.

(3) Derecognition of financial assets

Financial assets held by the Group are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of the financial assets are terminated.
B. The financial asset is transferred and substantially all the risks and rewards of ownership of the asset are transferred to others.
C. Neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but transferred control of the asset.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The liabilities and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that recognizes the Group's remaining interest in assets less all liabilities. The equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

Composite tools

The Group recognizes the components of financial liabilities and equity for convertible corporate bonds issued in accordance with the contractual terms. In addition, for the convertible corporate bonds issued, before distinguishing the equity element, it is evaluated whether the economic characteristics and risks of the embedded buy and sell options are closely related to the main debt instrument.

For the fair value of the liabilities that do not involve derivatives, the fair value is assessed using the market interest rate equivalent to the bonds with convertible characteristics. Before the settlement of conversion or redemption, the amount of this part is classified as financial liabilities measured at amortized cost. As for other embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (e.g., for the embedded repurchase option and redemption option whose exercise price is confirmed to be unable to be nearly equal to the amortized cost of the debt instrument on each exercise date), except for equity and other components, which are classified as components of liabilities and measured at fair value through profit or loss in the subsequent period, the amount of the equity element is determined by the fair value of convertible corporate bonds less the component of liabilities, and the carrying amount will not be remeasured in the subsequent accounting period. If the convertible corporate bonds issued have no equity element, they shall be handled in accordance with IFRS 9, "Hybrid Instruments".
The transaction cost is amortized to the liabilities and equity components in accordance with the ratio of the convertible corporate bonds recognized initially to the liabilities and equity components.

When the convertible bond holder requests to exercise the right of conversion before the maturity of the convertible corporate bond, the book value of the components of the liability is adjusted to the book value at the time of conversion as the basis for recording the issued ordinary shares.

Financial liabilities

Financial liabilities that meet the applicable scope of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or at amortized cost on initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held-for-trading when one of the following conditions is met:

A. It is acquired primarily for the purpose of selling in the short term.
B. It is part of a portfolio of identifiable financial instruments that are managed on initial recognition and for which there is recent evidence of a short-term profitable operating pattern; or
C. A derivative (other than a derivative on a financial guarantee contract or a designated and effective hedging instrument).

For contracts that contain one or more embedded derivatives, the overall hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; designated at fair value through profit or loss on initial recognition when one of the following factors is met that provides more relevant information:

A. The designation eliminates or materially reduces measurement or recognition inconsistencies; or
B. A group of financial liabilities or a group of financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a written risk management or investment strategy, and the information on that portfolio provided internally to management of the Consolidated Company is also on a fair value basis.

Gains or losses arising from the remeasurement of such financial liabilities are recognized in profit or loss, and such gains or losses recognized in profit or loss include any interest paid on financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gain or loss and amortization are recognized in profit or loss.

Amortized cost is calculated by taking into account the discount or premium on acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

When a debt instrument with materially different terms is exchanged between the Group and its creditors, or when all or part of the terms of an existing financial liability are significantly modified (whether or not due to financial difficulties), the difference between the carrying amount of the financial liability and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss. The difference between the carrying amount and the consideration paid or payable (including non-cash assets transferred or liabilities assumed) is recognized in earnings.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle the asset and the liability on a net basis or to realize the asset and settle the liability simultaneously.

9. Fair Value Measurements

Fair value is the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements assume that the sale of an asset or transfer of a liability occurs in one of the following markets.

(1) the principal market for the asset or liability, or
(2) if there is no principal market, the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible to the Group for the purpose of trading.

The fair value of an asset or liability is measured using assumptions that market participants would use in pricing the asset or liability, assuming that those market participants act in their economic best interests.

Fair value measurements of nonfinancial assets consider the ability of a market participant to generate economic benefits by using the asset for its maximum and best use or by selling the asset to another market participant that would use the asset for its maximum and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value and maximize the use of observable inputs and minimize the use of unobservable inputs.

10. Inventories

Inventories are valued at the lower of cost or net realizable value on a item-by-item basis.

Cost is the cost incurred to bring inventories to a saleable or production-ready condition and location:

Raw materials - at actual incoming cost, using the weighted-average method.
Finished goods and work in process - includes direct raw materials, labor and fixed manufacturing costs allocated to normal production capacity, but does not include borrowing costs.

Net realizable value is the estimated selling price less costs and selling expenses to completion under normal circumstances.

The provision of service is accounted for in accordance with IFRS 15 and is not part of inventories.

11. Investment accounted for using the equity method

The Group's investments in associate companies are accounted for using the equity method, except for those classified as assets held for sale. Associate companies are those over which the Group has significant influence. A joint venture is one where the Group has rights to the net assets of a joint agreement (with joint control).

Under the equity method, investments in affiliates or joint ventures are carried on the balance sheet at cost plus changes in net assets of the affiliates or joint ventures recognized in proportion to the Group's shareholding percentages in those affiliates or joint ventures after acquisition. After the carrying amount of an investment in an affiliate or joint venture and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized to the extent that legal obligations, constructive obligations or payments on behalf of the affiliate have been incurred. Unrealized gains or losses arising from transactions between the Group and its associate companies or joint ventures are eliminated in proportion to the Group's interest in the associate companies or joint ventures.

When the change in equity in an affiliate or joint venture is not attributable to profit or loss and other comprehensive income and does not affect the Group's shareholding percentage in the affiliate or joint venture, the Group recognizes the related change in ownership interest in proportion to the Company's shareholding percentage in the affiliate or joint venture. Therefore, capital surplus recognized is transferred to profit or loss on the basis of the proportion of the disposal of the affiliates or joint ventures when they are subsequently disposed of.
If the Company does not subscribe for new shares of an affiliate or joint venture in proportion to the Group's shareholding, resulting in a change in investment percentage and an increase or decrease in the Group's share of the net assets of the affiliate or joint venture, the increase or decrease is adjusted by "capital surplus" and "investments accounted for using the equity method". When the investment percentage is reduced, the relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts in proportion to the reduction. The forgoing capital surplus recognized is transferred to profit or loss on the basis of the proportion of the disposal of the affiliates or joint ventures when they are subsequently disposed of.

The financial statements of affiliates or joint ventures are prepared for the same reporting periods as those of the Group and are adjusted to conform to the accounting policies of the Group.

At the end of each reporting period, the Company confirms whether there is objective evidence of impairment of its investment in an associate in accordance with IAS 28, "Investments in Associates and Joint Ventures", and if there is objective evidence of impairment on the associate or joint venture, the Group calculates the amount of impairment in accordance with IAS 36, "Impairment of Assets", based on the difference between the recoverable amount and the carrying amount of the associate or joint venture and recognizes the amount in profit or loss of the affiliate or joint venture. If the value in use of the investment is used for the aforementioned recoverable amount, the Group determines the related value in use based on the following estimates:

(1) The Group's share of the present value of the estimated future cash flows from the affiliate or joint venture, including the cash flows from the affiliate's or joint venture's operations and the proceeds from the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to be generated by the Group from the dividends received from the investment and the ultimate disposal of the investment.

Because the components of goodwill that constitute the carrying amount of an investment in an affiliate or joint venture are not separately recognized, the provisions of IAS 36, "Impairment of Assets" for goodwill impairment testing are not required.

When significant influence over an affiliate or joint control over a joint venture is lost, the Group measures and recognizes the retained portion of the investment at fair value. When significant influence or joint control is lost, the difference between the carrying amount of the investment in the affiliate or joint venture and the fair value of the retained investment plus the proceeds of disposal is recognized as profit or loss. In addition, when the investment in the affiliate becomes an investment in the joint venture, or the investment in the joint venture becomes an investment in the associate company, the Group continues to apply the equity method without re-measurement of the reserved equity.

12. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, less accumulated depreciation and accumulated impairment. The aforementioned costs include the costs of dismantling, removing and restoring property, plant and equipment to their original locations and the necessary interest expenses incurred for uncompleted construction. Depreciation is provided separately for each component of property, plant and equipment that is significant. When a significant component of property, plant and equipment is required to be replaced periodically, the Group recognizes the item as an individual asset with a specific useful life and depreciation method, respectively. The carrying amounts of these replaced components are derecognized in accordance with the derecognition provisions of IAS 16, "Property, Plant and Equipment". Major maintenance costs are recognized as part of the carrying amount of plant and equipment if they meet the criteria for recognition, and other repair and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

Buildings: 5 to 55 years (20 to 55 years for the main body of buildings and construction and 5 to 15 years for ancillary equipment)
Machinery and equipment: 1 to 10 years
Transportation equipment: 5 years
Office equipment: 0.5 - 10 years
Leasehold Improvements: 25 years
Other equipment: 0.5 - 10 years

Items or significant components of property, plant and equipment are derecognized and recognized in profit or loss when they are disposed of or no future economic benefits are expected from their use or disposal after initial recognition.

The residual value, useful life and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from the previous estimate, the change is regarded as a change in the accounting estimate value.

13. Investment property

Investment properties owned by the Group are measured at original cost and includes the transaction cost of acquiring the asset. The carrying amount of investment property includes the cost of repairing or adding to existing investment property when the cost is recognized, but maintenance costs incurred on a regular basis are not included as part of the cost. After initial recognition, investment property is measured at cost in accordance with IAS 16, "Property, Plant and Equipment", except when it is classified as held for sale (or included in a subgroup classified as held for sale) in accordance with IFRS 5, "Non-current Assets and Discontinued Operations". However, if the property is held by a lessee as a right-of-use asset and is not held for sale under IFRS 5, it is accounted for in accordance with IFRS 16.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

Buildings: 20~55 years

Investment properties are derecognized and gains or losses are recognized when it is disposed of, or permanently ceased to be used, and no future economic benefits are expected to be derived from its disposal.

The Group decides to transfer in or out of investment property depending on the actual use of the assets.

The Group reclassifies real estate as investment property or transfers out of investment property when the real estate meets or no longer meets the definition of investment property and there is evidence of a change in use.

14. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is (or contains) a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract transfers control over the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

(1) the right to obtain substantially all the economic benefits from the use of the identified assets; and
(2) the right to control the use of the identified assets.

For contracts that are (or contain) leases, the Group treats each lease component of the contract as a separate lease and treats it separately from the non-lease components of the contract. Where a contract contains a lease component and one or more additional leases or non-lease components, the Group apportions the consideration in the contract to the lease component on the basis of the relative individual prices of each lease component and the aggregated individual prices of the non-lease components. The relative individual prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar supplier) for that component (or similar component) respectively. If an observable separate price is not readily available, the Group maximizes the use of observable information to estimate that separate price.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases when the Group is the lessee of the lease contract, except for leases that qualify as short-term leases or leases with low-value underlying assets.

The Group measures the lease liability at the commencement date at the present value of the lease payments outstanding at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Lease payments included in the lease liability at the commencement date include the following payments relating to the right to use the subject asset during the lease period and outstanding at that date:

(1) fixed payments (including material fixed payments), net of any lease incentives that may be received;
(2) variable lease payments that depend on an index or rate (measured using the original index or rate as of the commencement date);
(3) the amount expected to be paid by the lessee under the residual value guarantee;
(4) the exercise price of the purchase option if the Group can be reasonably certain that it will exercise the option; and

(5) the penalty to be paid for lease termination if the lease period reflects that the lessee will exercise the option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability on an amortized cost basis, increasing the carrying amount of the lease liability by the effective interest method to reflect interest on the lease liability; payments of lease benefits reduce the carrying amount of the lease liability.

The Group measures right-of-use assets at cost at the commencement date, and the cost of right-of-use assets consists of:

(1) the original measurement amount of the lease liability;
(2) any lease payments made on or before the commencement date, less any lease incentives received;
(3) any original direct costs incurred by the lessee; and
(4) the estimated cost to the lessee of disassembling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of right-of-use assets is stated at cost less accumulated depreciation and accumulated impairment losses, i.e., the right-of-use asset is measured using the cost model.

Right-of-use assets are depreciated from the commencement date to the end of the useful life of the subject assets if ownership of the subject assets is transferred to the Group at the end of the lease period or if the cost of the right-of-use assets reflects that the Group will exercise the purchase option. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period.

The Group applies IAS 36, "Impairment of Assets", to determine whether a right-of-use asset is impaired and to treat any identified impairment loss.

The Group reports right-of-use assets and lease liabilities in the balance sheet, except for leases that qualify as short-term leases or leases with low-value underlying assets, and reports depreciation expense and interest expense related to leases in the statement of comprehensive income, respectively.

For short-term leases and leases of low-value underlying assets, the Group elects to recognize lease payments related to these leases as an expense over the lease period on a straight-line basis or another systematic basis.

The Group as lessor

The Group classifies each of its leases as operating leases or finance leases at the contract inception date. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of the subject asset; if it does not transfer, it is classified as an operating lease. At the commencement date, the Group recognizes assets held under finance leases in the balance sheet and expresses them as finance lease receivables based on the net investment in the leases.

For contracts with lease components as well as non-lease components, the Group applies IFRS 15 to apportion the consideration in the contracts.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. Lease payments under operating leases that are not dependent on changes in an index or rate are recognized as rental income as incurred.

15. Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired through a business merger is the fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets that do not meet the criteria for recognition are not capitalized but are recognized in profit or loss as incurred.

The useful lives of intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment whenever there is an indication of impairment. The amortization period and amortization method of intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of an asset differs from previous estimates or the expected pattern of future economic consumption has changed, the amortization method or amortization period is adjusted and treated as a change in accounting estimate value.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment at the individual asset or cash-generating unit level each year. Intangible assets with indefinite useful lives are assessed each period to determine whether events and circumstances continue to support the asset's indefinite useful life. If the useful life is changed from indefinite to finite, the application is deferred.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.
The accounting policy information of the Group's intangible assets is summarized as follows:

| | Computer software costs | Other intangible assets |
|---|---|---|
| Useful life | 2 - 5 years | 30 years |
| Amortization method used | Amortized on a straight-line basis over the life of the contract | Amortized on a straight-line basis over the life of the contract |
| Internally generated or externally acquired | Externally acquired | Externally acquired |

16. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication of impairment for all assets subject to IAS 36, "Impairment of Assets". Where there is an indication of impairment or an asset is required to be tested annually for impairment, the Group performs the test on an individual asset or on the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of the cash-generating unit to which the asset or asset belongs exceeds its recoverable amount. Recoverable amount is the higher of net fair value and value in use.

The Group assesses at the end of each reporting period, for assets other than goodwill, whether there is any indication that a previously recognized impairment loss may no longer exist or may have decreased. If there is such indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. The carrying amount of the reversal does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

Cash-generating units or groups to which goodwill belongs are tested annually for impairment, regardless of whether there is any indication of impairment. If an impairment loss is recognized as a result of an impairment test, goodwill is written off first and any shortfall is allocated to assets other than goodwill in proportion to their carrying amounts. Once an impairment loss on goodwill is recognized, it cannot be reversed for any reason.

The impairment loss and reversal are recognized in profit or loss for the continuing business unit.

17. Treasury stock

When the Group acquires shares of the parent company (treasury stock), the acquisition cost is recognized as a deduction from equity. The difference in the price of the treasury stock transactions is recognized under equity.

18. Recognition of revenue

The Group's revenue from contracts with customers is mainly from the sale of goods, and the accounting treatment is explained as follows:

The Group manufactures and sells products. Revenue is recognized when the promised goods are delivered to the customer and the customer obtains control of the goods (i.e., the customer's ability to control the use of the goods and obtain substantially all of the residual benefits of the goods) primarily for connectors and electronic modules, based on contracted prices. The rest of product sales transactions are usually subject to volume discounts (based on the total cumulative sales in a given period). Accordingly, revenue is based on contracted prices, less estimated volume discounts. The Group estimates the variable consideration arising from volume discounts based on cumulative experience and using expected values, but only to the extent that it is highly probable that there will be no significant reversal in the cumulative amount of revenue recognized when the uncertainty associated with the variable consideration is subsequently removed.

The credit period for the Group's sales of merchandise transactions generally ranges from 60 days to 120 days. The majority of these contracts are recognized when the goods are transferred to the customer's control and the right to receive unconditional consideration is available, which is usually a short period and does not have a significant financial component. A small number of contracts that have been transferred to customers without the right to receive unconditional consideration are recognized as contract assets, and the contract assets are subject to an allowance for loss in accordance with IFRS 9 based on the expected credit loss over the life of the contract.

19. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

20. Post-employment benefit plan

The Company's employee retirement regulations are applicable to all regularly employed employees. The employee retirement fund is managed by the Supervisory Committee of Labor Retirement Reserve and deposited into the special account of the retirement fund. Since the above retirement fund is deposited in the name of the Supervisory Committee of Labor Retirement Reserve and is completely separate from the Company, it is not included in the above consolidated financial statements. The employee retirement regulations for employees of foreign subsidiaries are governed by local laws and regulations.

Under the defined contribution plan, the Company's monthly contribution rate to the post-employment benefit plan shall not be less than 6% of the employee's monthly salary, and the amount contributed shall be recognized as a current expense; for foreign subsidiaries, the contribution shall be made in accordance with the local regulations and recognized as a current expense.

For post-employment benefit plan under that is a defined benefit plan, provision is made on the basis of actuarial report at the end of the annual reporting period in accordance with the projected unit benefit method. The remeasurement of the net defined benefit liability (asset) includes any changes in the remuneration on plan assets and the effect of the asset cap, net of amounts included in net interest on the net defined benefit liability (asset), and actuarial gain and loss.

The remeasurement of the net defined benefit liability (asset) is included in other comprehensive income as incurred and is recognized immediately in retained earnings. The cost of prior service is the change in the present value of the defined benefit obligation resulted from plan amendment or reduction and is recognized as an expense on the earlier of:

(1) when the plan amendment or reduction occurs; and
(2) when the Group recognizes the related restructuring costs or severance benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both of which are determined at the beginning of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) arising from contributions and benefit payments during that period.

21. Income tax

Income tax expense (benefit) represents the total amount included in the determination of current income tax and deferred income tax for the current period.

Current income tax

Current income tax liabilities (assets) related to current and prior periods are measured using tax rates and laws that have been legislated or substantively enacted by the end of the reporting period. Current income tax related to items recognized in other comprehensive income or recognized directly in equity are recognized in other comprehensive income or equity, respectively, rather than in profit or loss.

Income tax on undistributed earnings is recorded as income tax expense on the date when the shareholders resolve to distribute the earnings.

Deferred income tax

Deferred income tax is calculated on temporary differences between assets and liabilities of tax base and their carrying amounts on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities except for the following:

(1) The initial recognition of goodwill; or it is not generated from a business merger transaction, which affects neither accounting profits nor taxable income (loss) at the time of the transaction, and does not increase an equivalent taxable and deductible temporary difference at the time of the transaction;

(2) Taxable temporary differences arising from investments in subsidiaries, affiliates and interests in joint agreements where the timing of the reversal is controlled and it is probable that they will not reverse in the foreseeable future.

Deferred income tax assets arising from temporary differences, unused tax losses and unused income tax credits are recognized to the extent that it is probable that future taxable income will be available, except for the following:

(1) It is related to the deductible temporary difference arising from the initial recognition of assets or liabilities that are not business merger transactions, which affects neither accounting profits nor taxable income (loss) at the time of the transaction, and does not increase an equivalent taxable and deductible temporary difference at the time of the transaction;

(2) Deductible temporary differences arising from investments in subsidiaries, affiliates and interests in joint agreements are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and there are sufficient taxable instruments available at the time of the reversal to allow the temporary differences to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are measured to reflect the tax consequences of the manner in which the carrying amount of the asset is expected to be recovered or the liability settled at the end of the reporting period. Deferred income taxes are not recognized in profit or loss, but are recognized in other comprehensive income or directly in equity, depending on the transaction to which they relate. Deferred income tax assets are revisited and recognized at the end of each reporting period.

Deferred income tax assets and liabilities are offset only to the extent that the offsetting of current income tax assets and liabilities is legally enforceable and the deferred income taxes are attributable to the same taxable entity and are related to income taxes levied by the same taxing authority.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainties in these significant assumptions and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods.

1. Judgments

In the process of adopting the Group's accounting policies, management makes the following judgments that have the most significant effect on the recognition of amounts in the consolidated financial statements:

(1) Investment properties

Certain of the Group's real estate is held partly for rental or capital appreciation purposes and partly for the use by the Group. If each component can be sold separately, it is treated as investment property and property, plant and equipment, respectively. If each component cannot be sold separately, the real estate is classified as investment property only when the portion held for the use by the Group accounts for less than 5% of the individual real estate.

(2) Operating lease commitments - The Group as lessor

The Group has entered into commercial real estate leases for its investment property portfolio. Based on the assessment of the terms of these leases, the Group retains significant risks and rewards of ownership of these real estate properties and treats these as operating leases.

2. Estimates and assumptions

The key sources of information about the uncertainty of estimates and assumptions concerning the future at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year. It is hereby explained as follows:

(1) Fair value of financial instruments

When the fair value of financial assets and liabilities recognized in the balance sheet is not available in an active market, the fair value is determined using valuation techniques, including the income approach (e.g., discounted cash flow model) or the market approach, and changes in the assumptions used in these models will affect the fair value of the reported financial instruments. Please refer to Note 12 for details.

(2) Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to dispose is based on the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date, less incremental costs directly attributable to the disposal of the asset or cash-generating unit. Value in use is calculated based on a discounted cash flow model. Cash flow projections are based on budgets for the next five years and do not include restructuring to which the Company is not yet committed or significant future investments required to enhance the performance of the tested cash-generating unit assets. Recoverable amounts are susceptible to the discount rates used in the discounted cash flow model and the expected future cash inflows and growth rates used for extrapolation purposes.

Some of the Group's property, plant and equipment are carried at net fair value as recoverable amount because there is no indication that the assets not available for operating use will generate cash flows in future years. As a result of the assessment, the carrying amount of the assets exceeded their recoverable amounts, and therefore, an impairment loss of $4,000 thousand was recognized for the year 2005.

(3) Accounts Receivable - Estimated Impairment Loss

The impairment loss on the Group's receivables is measured using the estimated credit loss over the remaining period. The credit loss is measured as the present value of the difference between the contractual cash flows receivable (carrying amount) and the cash flows expected to be received (valuation forward-looking information), except that the effect of discounting short-term receivables is not significant and the credit loss is measured as the undiscounted difference. If actual future cash flows are less than expected, a material impairment loss may result, as described in Note 6.21.

(4) Post-employment benefit plans

The present value of pension cost and defined benefit obligation of the post-employment benefit plan is based on actuarial evaluation. The actuarial valuation involves various assumptions, including discount rates and changes in expected payroll. For a detailed description of the assumptions used to measure the defined benefit cost and defined benefit obligation, please refer to Note 6.18.

(5) Income tax

Uncertainty in income tax lies in the interpretation of complex tax regulations, the amount of future taxable income that will be generated and the timing. Due to the long-term nature and complexity of extensive international business relationships and contracts, differences between actual results and assumptions made, or future changes in such assumptions, may force future adjustments to recorded income tax benefits and expenses. The provision for income tax is based on reasonable estimates based on probable audits by the tax authorities of the countries in which the Group operates. The amounts provided are based on various factors, such as past tax audit experience and differences in the interpretation of tax regulations by the tax authorities to which the Group belongs. These differences in interpretation may give rise to various issues depending on the location of the Group's individual entities.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available or taxable temporary differences will be deductible from unused tax losses and income tax credits. The determination of the amount of deferred income tax assets to be recognized is based on the timing and level of future taxable income and taxable temporary differences, together with future tax planning strategies.

VI. Summary of Significant Accounting Items

1. Cash and cash equivalents

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Cash and petty cash | $115 | $247 |
| Demand deposits | 4,728,768 | 1,191,661 |
| Time deposits with maturity within three months | 30,705 | - |
| Total | $4,759,588 | $1,191,908 |

2. Financial assets at fair value through profit or loss

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | |
| Derivatives without designated hedging relationship | | |
| Forward foreign exchange contracts | $6,541 | $- |
| Current | $6,541 | $- |
| Non-current | - | - |
| Total | $6,541 | $- |

The Group has not provided financial assets at fair value through profit or loss as guarantees.

3. Financial assets at fair value through other comprehensive income

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Investments in equity instruments at fair value through other comprehensive income - non-current | | |
| Shares of unlisted companies | $6,410 | $6,410 |

The Group classifies some financial assets as financial assets at fair value through other comprehensive income, with which no guarantees were provided.

4. Financial assets at amortized cost

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Time deposit of more than 3 months | $650,281 | $264,566 |
| Current | $433,521 | $176,377 |
| Non-current | 216,760 | 88,189 |
| Total | $650,281 | $264,566 |

The Group classifies some financial assets as financial assets at amortized cost and did not provide guarantees. Please refer to Note 12 for information related to credit risk.

5 .Notes receivable, net

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Notes receivable - incurred as a result of operations | $30,152 | $21,476 |
| Less: Allowance for losses | - | - |
| Net amount | $30,152 | $21,476 |

The Group has not provided notes receivable as guarantee.

The Group uses IFRS 9 to assess impairment. Please refer to Note 6.21 for information on allowance for losses and Note 12 for information on credit risk.

6. Accounts receivable, net and accounts receivable - related parties

(1) The breakdown of accounts receivable, net and accounts receivable - related parties is as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Accounts receivable - incurred as a result of operations | $1,084,427 | $1,158,139 |
| Less: Allowance for losses | (8,140) | (4,558) |
| Subtotal | 1,076,287 | 1,153,581 |
| Accounts receivable - related parties | 65,937 | 68,262 |
| Less: Allowance for losses | - | - |
| Subtotal | 65,937 | 68,262 |
| Total | $1,142,224 | $1,221,843 |

The Group's credit period to customers normally ranges from 60 days to 120 days. As of December 31, 2023 and 2022, the total carrying amount wasNTD 1,150,364 thousand and NTD 1,226,401 thousand, respectively, and the related information on allowance for losses for 2023 and 2022 is provided in Note 6.21. Please refer to Note 12 for information on credit risk.

(2) The Group has not provided accounts receivable as guarantee.

7. Inventories

(1) The breakdown of net inventories is as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Raw materials | $15,418 | $20,742 |
| Less: Allowance for losses (Note) | (7,316) | (7,929) |
| Subtotal | 8,102 | 12,813 |
| Work in process | 106,606 | 118,571 |
| Less: Allowance for losses (Note) | (15,792) | (17,829) |
| Subtotal | 90,814 | 100,742 |
| Finished goods | 302,261 | 349,596 |
| Less: Allowance for losses (Note) | (30,177) | (51,149) |
| Subtotal | 272,084 | 298,447 |
| Total | $371,000 | $412,002 |

Note: The Group's allowance for inventory losses included NTD 33,538 thousand and NTD 29,840 thousand of reversal of inventory scrapping for 2023 and 2022.

(2) The cost of inventories recognized as expenses for 2023 and 2022 were NTD 2,503,778 thousand and NTD 2,877,544 thousand, respectively, which included the following expenses and losses:

| Item | 2023 | 2022 |
|---|---|---|
| Loss (gain) on inventory valuation (Note) | $(23,170) | $16,652 |

The Group's recognition of the gain on reversal of inventory devaluation in 2023 was due to the gradual disposal of slow-moving inventories, resulting in a decrease in the Group's slow-moving inventory, and thus the gain on reversal of inventory devaluation.

Note: The Group recognized (reversed) losses of NTD 10,368 thousand and NTD 46,492 thousand due to aged inventory in 2023 and 2022, respectively.

(3) The Group has not provided accounts receivable as a guarantee.

8. Investment accounted for using the equity method

(1) Details of the Group's investments under the equity method are as follows:

| | 2023/12/31 | | 2022/12/31 | |
|---|---|---|---|---|
| Name of investee | Amount | Shareholding percentage | Amount | Shareholding percentage |
| Taisol Electronics Co., Ltd. | $583,337 | 11.79% | $- | -% |

(2) Investment in associate companies

The associate companies important to the Group are as follows :

①Company name: Taisol Electronics Co., Ltd.

②Principal place of business (country of registration): Taiwan

③Fair value with quoted price in the open market:

Taisol Electronics Co., Ltd. is listed on the Taiwan Stock Exchange The fair value of the Group's investment in the company using the equity method was NTD 696,662 thousand on December 31, 2023.

④On August 10, 2023, the Board of Directors resolved to invest in Taisol Electronics Co., Ltd. with a price not exceeding NTD 660,000 thousand to acquire part of the equity in order to achieve more diversified development and maximize operational performance. In addition, Mr. Peng-Huang Peng, Vice Chairperson and President of the Group, serves as the Chairman (the legal person representative of Long-Thin Enterprise Co., Ltd.) and Chief Strategy Officer of Taisol Electronics Co., Ltd., and thus has significant influence over the company and is regarded it as an associate company.

As of December 31, 2023, the Company remitted NTD 573,023 thousand of its investment funds and acquired 11.79% of the equity.

⑤The summarized financial information and the reconciliation to the book value of the investment are as follows:

| | 2023/12/31 |
|---|---|
| Current assets | $3,255,441 |
| Non-current assets | 580,335 |
| Current liabilities | (1,799,239) |
| Non-current liabilities | (140,412) |
| Equity | 1,896,125 |
| Shareholding ratio of the Company | 11.79% |
| Subtotal | 223,553 |
| Acquisition at a premium | 359,784 |
| Carrying amount of investment | $583,337 |

| | 2023 |
|---|---|
| Operating revenue | $3,811,775 |
| Net profit from continuing operations for the period | 243,294 |
| Other comprehensive income | (24,480) |
| Current comprehensive income | 218,814 |

(3) The aforementioned investment under the equity method had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.

(4) Please refer to Note 8 for the provision of collateral for the aforementioned investment under the equity method.

9. Property, plant and equipment

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Property, plant and equipment for the use by the Group | $805,710 | $864,719 |

| | Land | Buildings | Machinery and equipment | Transportation equipment | Office equipment | Leasehold Improvements | Other equipment | Construction in progress and equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|---|---|
| Costs: | | | | | | | | | |
| 2023/1/1 | $117,248 | $530,810 | $476,042 | $12,925 | $68,351 | $325 | $1,568,095 | $31,110 | $2,804,906 |
| Addition | - | - | 17,827 | - | 3,509 | - | 73,511 | 30,044 | 124,891 |
| Disposal | - | (2,889) | (16,999) | - | (4,930) | - | (90,722) | - | (115,540) |
| Impact of changes in exchange rate | - | (6,392) | (7,454) | (29) | (547) | (1) | (21,814) | (515) | (36,752) |
| Transfer | - | - | (119,964) | - | (140) | - | 149,620 | (39,048) | (9,532) |
| 2023/12/31 | $117,248 | $521,529 | $349,452 | $12,896 | $66,243 | $324 | $1,678,690 | $21,591 | $2,767,973 |
| | | | | | | | | | |
| 2022/01/01 | $117,248 | $524,696 | $489,397 | $7,876 | $63,960 | $293 | $1,508,789 | $22,848 | $2,735,107 |
| Addition | - | 112 | 15,902 | - | 3,946 | - | 62,142 | 47,814 | 129,916 |
| Disposal | - | - | (47,167) | (977) | (4,604) | - | (69,372) | - | (122,120) |
| Impact of changes in exchange rate | - | 6,002 | 9,190 | 26 | 1,899 | 32 | 44,762 | 336 | 62,247 |
| Transfer | - | - | 8,720 | 6,000 | 3,150 | - | 21,774 | (39,888) | (244) |
| 2022/12/31 | $117,248 | $530,810 | $476,042 | $12,925 | $68,351 | $325 | $1,568,095 | $31,110 | $2,804,906 |
| | | | | | | | | | |
| Accumulated depreciation and impairment: | | | | | | | | | |
| 2023/1/1 | $- | $309,823 | $285,831 | $3,400 | $46,972 | $225 | $1,293,936 | $- | $1,940,187 |
| Depreciation | - | 22,723 | 33,553 | 1,919 | 4,967 | 13 | 87,566 | - | 150,741 |
| Disposal | - | (2,889) | (13,580) | - | (4,481) | - | (79,243) | - | (100,193) |
| Impact of changes in exchange rate | - | (4,364) | (4,792) | (26) | (396) | - | (18,894) | - | (28,472) |
| Transfer | - | - | (89,881) | (14) | (747) | - | 90,642 | - | - |
| 2023/12/31 | $- | $325,293 | $211,131 | $5,279 | $46,315 | $238 | $1,374,007 | $- | $1,962,263 |
| | | | | | | | | | |
| 2022/01/01 | $- | $283,096 | $273,738 | $2,307 | $44,996 | $191 | $1,218,629 | $- | $1,822,957 |
| Depreciation | - | 23,221 | 48,217 | 1,657 | 4,611 | 14 | 100,390 | - | 178,110 |
| Disposal | - | - | (41,654) | (583) | (4,119) | - | (63,138) | - | (109,494) |

| | Land | Buildings | Machinery and equipment | Transportation equipment | Office equipment | Leasehold Improvements | Other equipment | Construction in progress and equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|---|---|
| Impact of changes in exchange rate | - | 3,506 | 5,530 | 19 | 1,484 | 20 | 38,055 | - | 48,614 |
| Transfer | - | - | - | - | - | - | - | - | - |
| 2022/12/31 | $- | $309,823 | $285,831 | $3,400 | $46,972 | $225 | $1,293,936 | $- | $1,940,187 |
| Net carrying amount: | | | | | | | | | |
| 2023/12/31 | $117,248 | $196,236 | $138,321 | $7,617 | $19,928 | $86 | $304,683 | $21,591 | $805,710 |
| 2022/12/31 | $117,248 | $220,987 | $190,211 | $9,525 | $21,379 | $100 | $274,159 | $31,110 | $864,719 |

The significant components of the Group's buildings are primarily the main building and auxiliary equipment, which are depreciated over their useful lives of 20 to 55 years and 5 to 20 years, respectively.

Please refer to Note 8 for details of the guarantees provided by the Group using property, plant and equipment.

10. Investment property

Investment properties are mainly the Group's own investment property. The Group has entered into commercial property leases for its own investment properties for a period of 2 years.

| | Land | Buildings | Total |
|---|---|---|---|
| Costs: | | | |
| 2023/1/1 | $20,053 | $120,397 | $140,450 |
| Addition - arising from purchases | - | - | - |
| Disposal | (13,949) | (20,407) | (34,356) |
| Impact of changes in exchange rate | - | (1,630) | (1,630) |
| 2023/12/31 | $6,104 | $98,360 | $104,464 |
| 2022/01/01 | $20,053 | $118,906 | $138,959 |
| Addition - arising from purchases | - | - | - |
| Disposal | - | - | - |
| Impact of changes in exchange rate | - | 1,491 | 1,491 |
| 2022/12/31 | $20,053 | $120,397 | $140,450 |
| Depreciation and impairment: | | | |
| 2023/1/1 | $- | $81,003 | $81,003 |
| Depreciation for the period | - | 4,669 | 4,669 |
| Disposal | - | (12,025) | (12,025) |
| Impact of changes in exchange rate | - | (1,134) | (1,134) |
| Transfer | 2,547 | (2,547) | - |
| 2023/12/31 | $2,547 | $69,966 | $72,513 |
| 2022/01/01 | $- | $75,321 | $75,321 |
| Depreciation for the period | - | 4,788 | 4,788 |
| Disposal | - | - | - |
| Impact of changes in exchange rate | - | 894 | 894 |
| 2022/12/31 | $- | $81,003 | $81,003 |
| Net carrying amount: | | | |
| 2023/12/31 | $3,557 | $28,394 | $31,951 |

| | Land | Buildings | Total |
|---|---|---|---|
| 2022/12/31 | $20,053 | $39,394 | $59,447 |

| | 2023 | 2022 |
|---|---|---|
| Rental income from investment properties | $4,155 | $7,363 |
| Less: Direct operating expenses of investment properties generating rental income for the period | (955) | (990) |
| Total | $3,200 | $6,373 |

(1) The Group's investment properties are not measured at fair value, and we only disclose information about its fair value, while its fair value hierarchy is level 3.

(2) The Company's investment properties are not measured at fair value, and we only disclose information about its fair value, while its fair value hierarchy is level 3. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 was NTD 6,389 thousand and NTD 46,536 thousand, respectively. The fair value of the aforementioned investment properties was based on the recent transaction prices of similar subject matters or the announced current value of land in the area where each investment property is located.

(3) The fair value of the investment properties held by the Company's subsidiaries amounted to NTD 128,215 thousand and NTD 133,811 thousand as of December 31, 2023 and 2022, respectively, and was determined by independent external appraisers, PRUDENTIAL CROSS-STRAIT REAL ESTATE APPRAISERS FIRM, based on market evidence, and the valuation method used was the direct capitalization method, in which the main input values used and their quantitative information are as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Earnings capitalization rate | 3.35% | 3.35% |

(4) Please refer to Note 8 for guarantees provided by the Group using investment properties.

11. Intangible assets

| | Computer software | Other intangible assets | Total |
|---|---|---|---|
| Costs: | | | |
| 2023/1/1 | $13,754 | $7,761 | $21,515 |
| Addition - acquired separately | 15,329 | - | 15,329 |
| Derecognition upon expiration | (2,749) | - | (2,749) |
| Impact of changes in exchange rate | (105) | (131) | (236) |
| Transfer | 10,016 | - | 10,016 |
| 2023/12/31 | $36,245 | $7,630 | $43,875 |

| | | | |
|---|---|---|---|
| 2022/1/1 | $14,032 | $- | $14,032 |
| Addition - acquired separately | 1,999 | 7,761 | 9,760 |
| Derecognition upon expiration | (3,162) | - | (3,162) |
| Impact of changes in exchange rate | 641 | - | 641 |
| Transfer | 244 | - | 244 |
| 2022/12/31 | $13,754 | $7,761 | $21,515 |
| | | | |
| Amortization and impairment: | | | |
| 2023/1/1 | $6,371 | $65 | $6,436 |
| Amortization | 7,866 | 258 | 8,124 |
| Derecognition upon expiration | (2,749) | - | (2,749) |
| Impact of changes in exchange rate | (136) | (5) | (141) |
| 2023/12/31 | $11,352 | $318 | $11,670 |
| | | | |
| 2022/1/1 | $4,362 | $- | $4,362 |
| Amortization | 4,867 | 65 | 4,932 |
| Derecognition upon expiration | (3,162) | - | (3,162) |
| Impact of changes in exchange rate | 304 | - | 304 |
| 2022/12/31 | $6,371 | $65 | $6,436 |
| | | | |
| Net carrying amount: | | | |
| 2023/12/31 | $24,893 | $7,312 | $32,205 |
| 2022/12/31 | $7,383 | $7,696 | $15,079 |

Amortization of recognized intangible assets was as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating costs | $5 | $- |
| Selling expenses | 492 | 60 |
| Administrative expenses | 7,563 | 4,842 |
| R&D expenses | 64 | 30 |
| Total | $8,124 | $4,932 |

12. Short-term loans

| | Interest rate range (%) | 2023/12/31 | 2022/12/31 |
|---|---|---|---|
| Unsecured bank loans | 0.98%～5.00% | $271,667 | $528,333 |
| Secured bank loans | 0.95%～2.185% | - | 59,500 |
| Total | | $271,667 | $587,833 |

As of December 31, 2023 and 2022, the Group had unused short-term borrowings of NTD 3,071,938 thousand and NTD 2,314,256 thousand, respectively.

Please refer to Note 8 for the assets provided as collaterals for short-term borrowing facilities.

13. Financial liabilities measured at fair value through profit or loss

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | |
| Derivatives without designated hedging relationship | | |
| Forward foreign exchange contracts | $- | $2,576 |
| Embedded financial derivatives - redemption option | 2,050 | - |
| Total | $2,050 | $2,576 |
| | | |
| Current | $2,050 | $2,576 |
| Non-current | - | - |
| Total | $2,050 | $2,576 |

14. Long-term borrowings

(1) Details of long-term borrowings as at December 31, 2023 and 2022 are as follows:

| Creditor | 2023/12/31 | Interest rate range (%) | Repayment period and method |
|---|---|---|---|
| Secured loans from Chang Hwa Commercial Bank | $25,000 | Interest is calculated based on the one-year floating interest rate +0.42% of post office savings | The borrowing period is from August 19, 2019 to August 19, 2024, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| Secured loans from Chang Hwa Commercial Bank | 150,000 | Interest is calculated based on the one-year floating interest rate +0.625 of post office savings | The borrowing period is from January 5, 2023 to January 5, 2028, including a repayment grace period of 2 years, with a quarterly instalment, a total of 12 equal installments to repay the principal, with the interest paid monthly. |
| Guaranteed loan of CTBC Bank | 473,023 | Interest is accrued at TAIBOR+1.5%, and interest is accrued at TAIBOR+1.1% after May 1, 2024 | The borrowing period is from August 22, 2023 to June 30, 2027. The principal was repaid on October 31, 2023, December 31, 2023, February 29, 2024 and April 30, 2024. The remaining principal of NTD 50,000 thousand is to be amortized and repaid in 3 instalments each year, with the interest paid monthly. |
| Less: Due within one year | (125,000) | | |
| Due in more than one year | $523,023 | | |

| Creditor | 2022/12/31 | Interest rate range (%) | Repayment period and method |
|---|---|---|---|
| Secured loans from Chang Hwa Commercial Bank | $58,333 | Interest is calculated based on the one-year floating interest rate +0.42% of post office savings | The borrowing period is from August 19, 2019 to August 19, 2024, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| | 50,000 | | |
| Secured loans from Chang Hwa Commercial Bank | | Interest is calculated based on the one-year floating interest rate +0.29% of post office savings | The borrowing period is from March 15, 2022 to March 15, 2027, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| Less: Due within one year | (33,333) | | |
| Due in more than one year | $75,000 | | |

(2) Please refer to Note 8 for details of the guarantees provided using assets.

15. Other payables

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Expenses payable | $347,661 | $338,350 |
| Interest payable | 1,429 | 463 |
| Payables for equipment | 34,593 | 39,886 |
| Total | $383,683 | $378,699 |

16. Corporate bonds payable

(1) The Group did not have any corporate bonds payable as of December 31, 2022. The details of the bonds payable as of December 31, 2023 were as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Elements of liabilities: | | |
| Face value of domestic convertible corporate bonds payable | $500,000 | $- |
| Less: Discount of domestic convertible corporate bond payable | (33,312) | - |
| Subtotal | 466,688 | - |
| Less: Due within one year | - | - |
| Net amount | $466,688 | $- |
| | | |
| Embedded financial derivatives - redemption option | $2,050 | $- |
| Equity elements - conversion right | $44,245 | $- |

For embedded financial derivatives (gain or loss on valuation of redemption right and interest expense amount recognized in corporate bonds), please refer to Note 6.24.

(2) The Group issued the third domestic unsecured convertible corporate bonds on November 30, 2023. The main terms of the issue are as follows:

| | |
|---|---|
| (A) Total amount of issuance: | NTD 500,000 thousand |
| (B) Date of issue: | 2023/11/30 |
| (C) Issuance price: | Issued at 104.18% of the par value |
| (D) Coupon rate: | 0% |
| (E) Issuance period: | 2023/11/30～2026/11/30 |
| (F) Repayment upon maturity: | Unless the bondholder converts into the Company's common shares in accordance with Article 10 of these Regulations, or exercises the right of sale in accordance with Article 19 of these Procedures, or the Company has redeemed the bonds early in accordance with Article 18 of these Procedures, or the bonds are purchased and canceled by the Company from a brokerage firm, the Company shall repay the bonds held by the bondholders in cash at the face value within ten business days following the maturity date of the bonds. In the event that the centralized securities exchange market is closed on the aforementioned dates, it shall be postponed to the next business day. |
| (G) Conversion period: | The bondholders may redeem the bonds from the day following the expiration of three months after the date of issue of the convertible corporate bonds (March 1, 2024) to the maturity date (November 30, 2026), except (1) book closure period during in accordance with the law, (2) the date on which the book is closed for bonus shares, the date on which the transfer of cash dividends is closed, or the transfer date for capital increase in cash, until the record date for distribution of rights; (3) one day prior to the commencement date of the trading of the shares to be issued in exchange for the capital reduction, and (4) the date on which conversion (subscription) of the change of par value of the shares is canceled other than the date one day prior to the commencement date of trading of the new shares to be exchanged. The bondholder may request the Company's Shareholder Service Agent to convert the principal amount of convertible corporate bonds into common shares of the Company through the Taiwan Depository & Clearing Corporation (hereinafter referred to as the "TDCC") in accordance with these Regulations, and Proceed in accordance with Articles 10, 11, 13 and 15 of these Procedures.<br><br>The starting date for the cessation of conversion (subscription) of the changed denomination in the preceding paragraph is one business day prior to the application for change registration from the Ministry of Economic Affairs, and the issuing company announce the cessation of conversion period four business days prior to such starting date. |
| (H) Conversion price and adjustment thereof: | The conversion price is set at NTD 28.50 per share at the time of issuance. In the event that the conversion price of the Company's common share conversion or share options meet the requirements of the terms of issuance, the conversion price will be adjusted according to the formula specified in the terms of the issuance. |

(I) The Company's right of redemption:

(1) If the Company's common shares traded over TPEx for 40 consecutive business days exceed the prevailing conversion price by 30% (or more) from the day following the expiration of three months after the issuance date of the bonds (March 1, 2024) to the 40th day prior to the expiration date of the issuance period (October 21, 2026), within the 30th day following the issuance date of the bonds, the Company may send a "Bond Recovery Notice" (the aforesaid period starts from the date of issuance of the letter by the Company, and the expiry date of the period is regarded as the record date for bond recovery; also, the aforementioned period shall not be the period of suspension of conversion as specified in Article 9) to the bondholders (subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent trading or for other reasons, an announcement shall be made). The redemption price is set at the face value of the bonds, and all of its outstanding bonds shall be redeemed in cash. The Company executes the recovery request by redeeming all of its outstanding convertible bonds at the face value of the bonds within five business days following the record date for redemption of the bonds by cash.

(2) If the outstanding balance of the Company's common shares is lower than 10% from the day following the expiration of three months after the issuance date of the bonds (March 1, 2024) to the 40th day prior to the expiration date of the issuance period (October 21, 2026), the Company may send a "Bond Recovery Notice" any time following the issuance date of the bonds (the aforesaid period starts from the date of issuance of the letter by the Company, and the expiry date of the period is regarded as the record date for bond recovery; also, the aforementioned period shall not be the period of suspension of conversion as specified in Article 9) to the bondholders (subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent trading or for other reasons, an announcement shall be made). The redemption price is set at the face value of the bonds, and all of its outstanding bonds shall be redeemed in cash. The Company executes the recovery request by redeeming all of its outstanding convertible bonds at the face value of the bonds within five business days following the record date for redemption of the bonds by cash. When the Company executes the demand for recovery of the bonds, it shall recover the outstanding convertible bonds at the face value of the bonds in cash within 5 business days following the record date of bond recovery.

(3) If the bondholders fail to respond in writing to the Company's stock agency before the record date of the bond call as stated in the "Bond Call Notice" (effective immediately upon the service; the postmark date is used as the basis for mailing orders), the Company will redeem the convertible bonds at the face value of the bonds within 5 business days following the record date of redemption.

(4) If the Company executes the recovery request, the deadline for the bondholders to request for the conversion is the second business day following the date on which the bonds are terminated on TPEx.

| | |
|---|---|
| (J) Resale option of bondholders: | The record date for the early sell-back of the convertible corporate bonds by the bondholders on the date when the convertible corporate bonds have been issued for two years (November 30, 2025). On or before 40 days prior to the redemption reference date (Octobor 21, 2025), the Company shall send a "Notice of Exercise of Sales Redemption Right" to the bondholders by registered mail (with the title of "Sell-Back Option Notice"; subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent trading or for other reasons, an announcement shall be made). The Company shall send a letter to TPEx to announce the exercise of the sell-back option. The bondholders may, request the Company to redeem the bonds at their face value plus interest compensation by written notice to the Company's transfer agent (effective upon delivery, or by postmark if mailed) within 40 days prior to the record date of the sale. The interest compensation after two years is 101.5056% of the bond face value (real yield is 0.75%). Upon accepting the sale back request, the Company shall redeem the convertible corporate bonds in cash within five business days after the record date of the redemption. In the event that the Taipei centralized securities exchange market is closed on the aforementioned dates, it shall be postponed to the next business day. |

(3) As of December 31, 2023, the bonds of the Company had not been converted into shares.

17. Other non-current liabilities

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Net defined benefit liabilities | $14,596 | $19,551 |
| Deposits received | 2,326 | 3,945 |
| Total | $16,922 | $23,496 |

18. Post-employment benefit plan

Defined contribution plans

The Company's retirement plan under the "Labor Pension Act" is a defined contribution plan. In accordance with the Act, the Company's monthly contribution rate shall not be less than 6% of the employees' monthly salaries. The Company has made monthly contributions of 6% of employees' salaries to the individual pension accounts with the Bureau of Labor Insurance in accordance with the Employee Retirement Regulations, which were formulated in accordance with the Act.

The Company's subsidiaries in Mainland China contribute a certain percentage of the employees' total salaries to the endowment insurance fund in accordance with the local government regulations, which is paid to the relevant government departments and deposited in the dedicated accounts for each employee.

The Group's other foreign subsidiaries and branches contribute pension funds to the relevant pension management businesses in accordance with local laws and regulations.

The Group recognized the expenses of the defined contribution plan in 2023 and 2022 for NTD 3,741 thousand and NTD 3,706 thousand, respectively.

Defined benefit plans

The Company's pension plan under the "Labor Standards Act" is a defined benefit plan under. The pension payments are based on the bases of years of service and the approved monthly average salary at the time of retirement. Two bases are granted for each year of service up to (including) 15 years, and one base is granted for each year of service over 15 years, subject to a maximum accumulation of 45 bases. In accordance with the Labor Standards Act, the Company appropriates monthly 2% of total salaries to a pension fund, deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a dedicated at the Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned pension fund before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the difference will be made up by the end of March of the following year.

The Ministry of Labor conducts asset allocations in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and the investment of the fund is conducted by the Ministry itself or through outsourcing, using both active and passive management with medium and long-term investment strategies. The Ministry of Labor sets risk limits and control plans for the fund, taking into account market, credit, and liquidity risks, so that the fund has sufficient flexibility to achieve target returns without excessive risk exposure. For the utilization of the fund, the minimum income to be distributed based on the annual final accounting reports shall not be lower than the income calculated based on the two-year time deposits in a local bank. If there is any shortage, it shall be made up by the national treasury after approval by the competent authority. Because the Company does not have the right to participate in the operations and management of the fund, it cannot disclose the classification of the fair value of plan assets in accordance with section 142 of IAS 19. As of December 31, 2023, NTD 324 thousand is expected to be appropriated from the Company's defined benefit plan in the following year.

As of December 31, 2023 and 2022, the Company's defined benefit plan is expected to expire in 2028 and 2027, respectively.

The following table summarizes the cost of the defined benefit plans recognized in profit or loss.

| | 2023 | 2022 |
|---|---|---|
| Net interest on net defined benefit liabilities (assets) | $292 | $162 |

A reconciliation of the present value of the defined benefit obligation to the fair value of plan assets is as follows:

| | 2023/12/31 | 2022/12/31 | 2022/1/1 |
|---|---|---|---|
| Present value of defined benefit obligation | $20,035 | $24,614 | $27,922 |
| Fair value of plan assets | (5,115) | (4,738) | (4,111) |
| Subtotal | 14,920 | 19,876 | 23,811 |
| Estimated appropriation for net defined benefit liabilities in the next year | (324) | (325) | (320) |
| The amount of other non-current liabilities - net defined benefit liabilities (assets) on the accounting books | $14,596 | $19,551 | $23,491 |

Reconciliation of net interest on net defined benefit liabilities (assets):

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| 2022/1/1 | $27,922 | $(4,111) | $23,811 |
| Service costs for the period | - | - | - |
| Interest expense (income) | 190 | (28) | 162 |
| Service costs for the prior period and settlement gains and losses | - | - | - |
| Subtotal | 190 | (28) | 162 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from changes in demographic assumptions | - | - | - |
| Actuarial gains or losses from changes in financial assumptions | (3,112) | (299) | (3,411) |
| Adjustments through experience | (386) | - | (386) |
| Remeasurement of defined benefit liabilities | - | - | - |
| Subtotal | (3,498) | (299) | (3,797) |
| Benefits paid | - | - | - |
| Appropriations by employer | - | (300) | (300) |
| 2022/12/31 | 24,614 | (4,738) | 19,876 |
| Service costs for the period | - | - | - |
| Interest expense (income) | 362 | (70) | 292 |
| Service costs for the prior period and settlement gains and losses | - | - | - |
| Subtotal | 362 | (70) | 292 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from changes in demographic assumptions | (155) | - | (155) |
| Actuarial gains or losses from changes in financial assumptions | 322 | (9) | 313 |
| Adjustments through experience | (1,078) | - | (1,078) |
| Remeasurement of defined benefit liabilities | - | - | - |
| Subtotal | (911) | (9) | (920) |
| Benefits paid | (4,030) | 4,030 | - |
| Appropriations by employer | - | (4,328) | (4,328) |
| 2023/12/31 | $20,035 | $(5,115) | $14,920 |

The following key assumptions were used to determine the Company's defined benefit plans:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Discount rate | 1.36% | 1.47% |
| Expected salary increase rate | 3.00% | 3.00% |

Sensitivity analysis for each significant actuarial assumption:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Increase in discount rate by 0.5% | $- | $(1,403) | $- | $(1,755) |
| Decrease in discount rate by 0.5% | 1,534 | - | 1,917 | - |
| Increase in expected salary increase rate by 0.5% | 1,501 | - | 1,878 | - |
| Decrease in expected salary increase rate by 0.5% | - | (1,388) | - | (1,738) |

The foregoing sensitivity analysis was performed to analyze the potential impact on the defined benefit obligation if a reasonably possible change in a single actuarial assumption (e.g., discount rate or expected salary) occurs, assuming other assumptions remained constant. The analysis is limited by the fact that some actuarial assumptions are interrelated and, in practice, changes in only a single actuarial assumption rarely occur.

The method and assumptions used in the sensitivity analysis for the current period are no different from those used in the prior period.

19. Equity

(1) Common stock

As of December 31, 2023 and 2022, the Company's authorized share capital was both NTD 2,000,000 thousand; the issued share capital was NTD 1,172,656 thousand, with a par value of NTD 10 per share, divided into 117,266 thousand shares. Each share has one voting right and is entitled to receive dividends.

On August 5, 2022, the Board of Directors resolved to retire treasury stock and reduce capital by $30,000 thousand, with August 8, 2022 as the base date for the capital reduction. The capital reduction was approved by the Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101162950 on record. After the capital reduction, the authorized capital was $2,000,000 thousand and the issued share capital was $1,197,626 thousand, with a par value of $10 per share, divided into 119,763 thousand shares.

On November 3, 2022, the Board of Directors resolved to retire treasury stock and reduce capital by $24,970 thousand, with November 7, 2022 as the base date for the capital reduction. The capital reduction was approved by the Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101223740 on record. After the capital reduction, the authorized capital was $2,000,000 thousand and the issued share capital was $1,172,656 thousand, with a par value of $10 per share, divided into 117,266 thousand shares.

(2) Capital surplus

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Stock options - others | $44,269 | $24 |
| Recognition of change in ownership interests in subsidiaries (Note 1) | 1,553,211 | 14,106 |
| Others (Note 2) | 87 | 87 |
| Total | $1,597,567 | $14,217 |

Note 1: Such capital surplus represents the effect of equity transactions recognized for changes in the equity of subsidiaries without actually acquiring the equity in the subsidiaries.

Note 2: This capital reserve represents the exercise of disgorgement.

Capital surplus shall not be used except to make up for losses of the Company, and when the Company has no losses, capital surplus generated from the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts shall be capitalized as equity up to a certain percentage of the paid-in capital every year, and the aforementioned capital surplus may also be distributed in cash in proportion to the original shareholdings of the shareholders. In addition, capital surplus from long-term equity investments shall not be used for any purpose.

(3) Treasury stock

The Company did not own treasury shares on December 31, 2023 and 2022, and the increase or decrease in the Company's treasury shares during 2022 is as follows:

| Reason for recovery | Number of shares at the beginning of the period | Increase during the period | Decrease during the period | Number of shares at the end of the period |
|---|---|---|---|---|
| 2022 | | | | |
| To protect the creditworthiness of the Company and shareholders' equity | - Thousands of shares | 5,497 thousand shares | 5,497 thousand shares | - Thousands of shares |

The Securities and Exchange Act stipulates that the number of shares to be bought back by the Company shall not exceed 10% of the total number of shares issued by the Company, and the total amount of shares to be bought shall not exceed the amount of retained earnings plus premiums on issued shares and realized capital surplus.

(4) Earnings distribution and dividend policy

A. Earnings Distribution

In accordance with the Company's Articles of Incorporation, if the Company makes a net profit in a year as indicated in the annual accounting reports, the Company shall first make up for past losses and secondly set aside 10% as legal reserve and set aside or reverse special reserve in accordance with the law, and if there is any surplus, the Board of Directors shall prepare a proposal for the distribution of earnings after adding the undistributed earnings of previous years. In accordance with Paragraph 5, Article 240 of the Company Act, "When the Company distributes dividends and bonuses in whole or in part in cash, the Board of Directors is authorized to approve the distribution by a resolution of a majority of the directors present, with at least two-thirds of the directors present, and to report the distribution to the shareholders' meeting." In addition, if the Company distributes all or part of the dividends and bonuses by issuance of new shares, the dividends shall be resolved by the shareholders' meeting.

The Company's dividend policy is formulated to support business expansion, based on operating strategies, investment plans, capital budget and changes in internal and external environment. The Company shall set aside at least 20% of the accumulated distributable earnings as dividends to shareholders, of which no less than 10% of the total dividends shall be in cash. Cash dividends less than $0.1 per share calculated in accordance with the above dividend policy shall not be distributed. The Company shall not pay dividends or bonuses, if there is no surplus in earnings.

At the Company's regular shareholders' meeting held on June 13, 2023, the distribution of earnings and dividends per share for 2022 was proposed and resolved as follows:

| | Earnings appropriation and distribution proposal | Dividends Per Share (NTD) |
|---|---|---|
| | 2022 | 2022 |
| Legal reserve | $15,279 | |
| Provision (reversal) of special reserve | (34,757) | |
| Cash dividends on common stock | 140,718 | $1.2 |
| Total | $121,240 | |

The appropriation and distribution of earnings for 2023 is expected to be proposed by the Board of Directors at the most recent Board meeting following the approval of the financial statements.

Please refer to Note 6.23 for information on the basis of remuneration for employees and directors and the amounts recognized.

B. Legal reserve

Under the Company Act, legal reserve should be appropriated until the total amount of legal reserve reaches total capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed as new shares or cash in proportion to the original shareholdings of shareholders.

The shareholders' meetings held on June 13, 2023 and June 16, 2022 resolved to appropriate NTD 15,279 thousand and NTD18,903 thousand, respectively as legal reserve.

C. Special reserve

Upon the distribution of distributable earnings, a special reserve is provided for the difference between the balance of the special reserve and the net decrease in other equity upon the adoption of IFRSs for the first time. If there is a subsequent reversal of the net deduction from other equity, a special reserve may be reversed to distribute earnings for the portion of the reversal of the net deduction from other equity.

In accordance with the Financial Supervisory Commission's Order Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued on March 31, 2021, a special reserve is provided for the portion of unrealized revaluation increment and cumulative translation adjustments (gain) recorded at the date of transition to IFRSs that is transferred to retained earnings as a result of the adoption of IFRS 1, "First-time Adoption of International Financial Reporting Standards" exemption. The Company may reverse the distributed earnings in proportion to the special reserve originally provided for when the Company uses, disposes of or reclassifies related assets.

The amount of the special reserve applied for the first time by the Company as of January 1, 2023 and 2022 was both NTD 30,933 thousand. There was no reversal of special reserve from January 1 to December 31, 2023 and 2022 due to the use, disposal, or reclassification of related assets. As of December 31, 2023 and 2022, the amount of the special reserve applied for the first time was both NTD 30,933 thousand.

The shareholders' meetings held on June 13, 2023 and June 16, 2022 resolved to appropriate NTD (34,757) thousand and NTD11,392 thousand, respectively as legal reserve.

For information on the distribution of earnings resolved at the shareholders' meeting, please refer to the “Market Observation Post System” of the Taiwan Stock Exchange.

(5) Non-controlling interests

| | 2023 | 2022 |
|---|---|---|
| Balance at the beginning of the period | $528,524 | $447,471 |
| Net profit attributable to non-controlling interests for the period | 85,655 | 73,447 |
| Total comprehensive income attributable to non-controlling interests | | |
| Exchange differences on translation of the financial statements of foreign operations | (4,890) | 7,606 |
| Change in ownership interests in subsidiaries (Note) | (1,539,105) | - |
| Increase or decrease in non-controlling interests - Cash capital increase to Singatron Electronic (China) Co., Ltd. | 3,556,383 | - |
| Balance at the end of the period | $2,626,567 | $528,524 |

Note: This was due to the non-controlling interests did not participate in the cash capital increase of SINGATRON Electronics (China) Co. Ltd. in accordance with their shareholding percentages, resulting in changes in net equity attributable to non-controlling interests.

20. Operating revenue

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from sales of merchandise | $3,451,730 | $3,892,540 |

(1) Breakdown of revenue

2023

| | Connectors segment | Electronic module products segment | Total |
|---|---|---|---|
| Merchandise sales | $3,373,350 | $78,380 | $3,451,730 |
| Timing of revenue recognition: | | | |
| At a certain point in time | $3,373,350 | $78,380 | $3,451,730 |

2022

| | Connectors segment | Electronic module products segment | Total |
|---|---|---|---|
| Merchandise sales | $3,786,338 | $106,202 | $3,892,540 |
| Timing of revenue recognition: | | | |
| At a certain point in time | $3,786,338 | $106,202 | $3,892,540 |

(2) Contract balance

Contract liabilities - current

| | 2023/12/31 | 2022/12/31 | 2022/1/1 |
|---|---|---|---|
| Sales of merchandise | $2,411 | $22,384 | $16,964 |

The Group's 2023 balance of contractual liabilities decreased due to the fact that part of the performance obligations had been met and was recognized as income in the current period.

The increase in the balance of the Group's contract liabilities for 2022 was due to the partial consideration received from customers in advance and the Group's obligation to provide sales of products at a later date.

(3) Transaction price allocated to outstanding performance obligations

There was no need for the Group to provide information on outstanding performance obligations as of December 31, 2023 and 2022 as the Group's contracts were all shorter than one year.

(4) Assets recognized from the cost of acquiring or performing customer contracts

None.

21. Expected credit impairment loss (profit)

| | 2023 | 2022 |
|---|---|---|
| Operating expenses - expected credit impairment losses (gains) | | |
| Accounts receivable | $3,680 | $2,078 |
| Other receivables | 545 | 2,303 |
| Total | $4,225 | $4,381 |

For information related to credit risk, please refer to Note 12.

The Group measures receivables (including notes receivable and accounts receivable) with an allowance for losses using the expected credit loss amounts over the duration of existence. The related explanation of the allowance for losses as of December 31, 2023 and 2022 are as follows:

(1) Receivables are divided into groups by considering the credit ratings of transaction counterparties, regions and industries, and the allowance for losses is measured using an allowance matrix.

2023/12/31

Group 1

| | Not past due | Days past due | | | | | |
|---|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91~120 days | More than 121 days | Total |
| Total carrying amount | $1,159,778 | $965 | $501 | $- | $- | $1,432 | $1,162,676 |
| Loss rate | 0～1% | 2～20% | 21～45% | 46～60% | 60~85% | 86～100% | |
| Expected credit losses for the duration of existence | (6,018) | (157) | (186) | - | - | (1,319) | (7,680) |
| Carrying amount | $1,153,760 | $808 | $315 | $- | $- | $113 | $1,154,996 |

Group 2

| | Not past due | Days past due | | | | |
|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91 days or more | Total |
| Total carrying amount | $17,176 | $558 | $- | $- | $106 | $17,840 |
| Loss rate | 0～2% | 2～10% | 11～50% | 51～55% | 56～100% | |
| Expected credit losses for the duration of existence | (327) | (27) | - | - | (106) | (460) |
| Carrying amount | $16,849 | $531 | $- | $- | $- | $17,380 |

2022/12/31

Group 1

| | Not past due | Days past due | | | | | |
|---|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91~120 days | More than 121 days | Total |
| Total carrying amount | $1,210,739 | $5,142 | $1,504 | $134 | $- | $1,456 | $1,218,975 |
| Loss rate | 0~0.5% | 1～20% | 21～45% | 46～50% | 51～60% | 61～100% | |
| Expected credit losses for the duration of existence | (1,524) | (1,010) | (627) | (65) | - | (935) | (4,161) |
| Carrying amount | $1,209,215 | $4,132 | $877 | $69 | $- | $521 | $1,214,814 |

Group 2

| | Not past due | Days past due | | | | |
|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91 days or more | Total |
| Total carrying amount | $26,565 | $2,231 | $- | $- | $106 | $28,902 |
| Loss rate | 0～1% | 2～10% | 11～50% | 51～55% | 56～100% | |
| Expected credit losses for the duration of existence | (179) | (133) | - | - | (85) | (397) |
| Carrying amount | $26,386 | $2,098 | $- | $- | $21 | $28,505 |

Note: None of the Group's notes receivable were past due.

(2) Information on the changes in the Group's allowance for losses on notes receivable, accounts receivable and other receivables for 2023 and 2022 are as follows:

| | Notes receivable | Accounts receivable | Other receivables |
|---|---|---|---|
| 2023/1/1 | $- | $4,558 | $3,828 |
| Increase (reversal) for the period | - | 3,680 | 545 |
| Effect of exchange rate | - | - | (72) |
| Written off due to uncollectible | - | (98) | - |
| 2023/12/31 | $- | $8,140 | $4,301 |

| | Notes receivable | Accounts receivable | Other receivables |
|---|---|---|---|
| 2022/1/1 | $- | $2,850 | $1,510 |
| Increase (reversal) for the period | - | 2,078 | 2,303 |
| Effect of exchange rate | - | 97 | 15 |
| Written off due to uncollectible | - | (467) | - |
| 2022/12/31 | $- | $4,558 | $3,828 |

22. Leases

(1) The Group as lessee

The Group leases a number of different assets, including real estate (land, buildings and buildings), machinery and equipment, transportation equipment and other equipment. The lease period of each contract ranges from 2 to 50 years. Some of the contracts stipulate that the lessee may not lend, sublet, assign or otherwise disguise the use of all or part of the leased property to others, or assign the leasehold rights to others, without the consent of the lessor.

The effect of leases on the financial position, financial performance and cash flow of the Group is described as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets.

Carrying amount of right-of-use assets

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Land | $33,182 | $34,729 |
| Buildings | 17,880 | 14,005 |
| Machinery and equipment | - | 863 |
| Transportation equipment | 9,198 | 6,918 |
| Other equipment | 737 | 1,229 |
| Total | $60,997 | $57,744 |

(b) Lease liabilities

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Lease liabilities | $27,822 | $23,138 |
| | | |
| Current | $14,449 | $15,593 |
| Non-current | $13,373 | $7,545 |

For the interest expense of the Group's lease liabilities for 2023 and 2022, please refer to Note 6.24. Financial costs; for the maturity analysis of the lease liabilities as of December 31, 2023 and 2022, please refer to Note 12.5 Liquidity risk management

B. Amounts recognized in statement of comprehensive income

Depreciation of right-of-use assets

| | 2023 | 2022 |
|---|---|---|
| Land | $989 | $993 |
| Buildings | 8,921 | 10,374 |
| Machinery and equipment | 554 | 968 |
| Transportation equipment | 4,996 | 4,415 |
| Other equipment | 294 | 1,551 |
| Total | $15,754 | $18,301 |

C. Income and expenses of lessee related to lease activities

| | 2023 | 2022 |
|---|---|---|
| Short-term lease expenses (rental expenditures) | $5,130 | $3,081 |

As of December 31, 2023 and 2022, the Group had no committed short-term lease portfolio and the types of lease objects related to the aforementioned short-term lease expenses were not similar and the related committed amount was NTD 0.

D. Cash outflows of lessee related to lease activities

The Group's total cash outflows for leases amounted to NTD 21,186 thousand and NTD 22,618 thousand for 2023 and 2022, respectively.

(2) The Group as lessor

Please refer to Note 6.10 for disclosures related to the Group's investment properties owned by the Group. Investment properties owned by the Group are classified as operating leases because substantially all the risks and rewards incidental to ownership of the subject assets have not been transferred.

The Group entered into an operating lease contract and received undiscounted lease payments and the total amount for the remaining years on December 31, 2023 and 2022 as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| No more than one year | $3,124 | $3,827 |
| More than one year but not more than five years | 523 | 2,932 |
| Total | $3,647 | $6,759 |

23. Employee benefits, depreciation and amortization expenses by function are summarized as follows:

| Function / Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | | | | |
| Salary expense | $225,584 | $263,693 | $489,277 | $248,574 | $263,381 | $511,955 |
| Labor and health insurance expenses | 50,098 | 30,932 | 81,030 | 53,455 | 28,757 | 82,212 |
| Pension expenses | - | 4,033 | 4,033 | - | 3,868 | 3,868 |
| Directors' Remuneration | - | 8,691 | 8,691 | - | 9,209 | 9,209 |
| Other employee benefits expenses | 16,469 | 6,793 | 23,262 | 19,209 | 7,372 | 26,581 |
| Depreciation expenses (including investment property and right-of-use assets) | 119,406 | 51,758 | 171,164 | 142,940 | 58,259 | 201,199 |
| Amortization expenses | 5 | 8,119 | 8,124 | - | 4,932 | 4,932 |

The Company's Articles of Incorporation provide that if the Company makes a profit in a year, it shall appropriate not less than one-thousandth of the profit as profit sharing remuneration for employees and not more than 3% as profit sharing remuneration for directors, but if the Company has accumulated losses, it shall reserve in advance an amount to make up for the losses. The aforementioned profit sharing remuneration in the form of stock or cash shall be resolved by the Board of Directors with the presence of two-thirds of the directors and the approval of a majority of the directors present, and shall be reported to the shareholders' meeting. For information on the profit sharing remuneration for employees and remuneration to directors approved by the Board of Directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

Based on the Company's 2023 profitability, the profit sharing remuneration for employees and that for directors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as NTD 1,500 thousand and NTD 4,500 thousand, respectively, under salary expenses. The Company's Board of Directors resolved on March 12, 2024 to distribute NTD 1,500 thousand as remuneration to employees and NTD 4,500 as remuneration to directors both in cash, which are inconsistent with the amount recorded as “expenses” in the 2023 financial report difference.

Based on the Company's 2022 profitability, the profit sharing remuneration for employees and that for directors and supervisors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as $2,000 thousand and $6,625 thousand, respectively, under salary expenses. On March 3, 2023, the Board of Directors resolved to distribute profit sharing remuneration for employees in the amount of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors in the amount of NTD 6,500 thousand, both in cash. The difference from the profit sharing remuneration for employees of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors of NTD 6,625 thousand recorded as expenses on the financial statements for 2022 were NTD 0 and NTD 125 thousand, respectively, which were mainly due to the change in the estimate and are to be recorded as profit or loss for 2023.

The Group's overseas subsidiaries estimated the total incentive bonuses for employees at NTD 18,500 thousand and NTD 23,000 thousand for 2023 and 2022, respectively, which were included in the consolidated salary expenses.

24. Non-operating income and expenses

(1) Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income | $4,355 | $7,619 |
| Interest income | | |
| Bank deposits | 30,659 | 6,392 |
| Financial assets measured at amortized cost | 11,121 | 2,240 |
| Others | 52 | 957 |
| Subtotal | 41,832 | 9,589 |
| Other income - others | 16,149 | 17,375 |
| Total | $62,336 | $34,583 |

(2) Other gains or losses

| | 2023 | 2022 |
|---|---|---|
| Gain (loss) on disposal of property, plant and equipment | $(7,701) | $(11,201) |
| Gain (loss) on disposal of investment property | 23,370 | - |
| Net foreign currency exchange gains (losses) | (34,024) | 75,007 |
| Gain (loss) on valuation of financial assets/liabilities at fair value through profit or loss | 10,109 | (22,945) |
| Other losses | (9,976) | (4,186) |
| Gain (loss) on lease modification | (408) | 13 |
| Total | $(18,630) | $36,688 |

(3) Financial costs

| | 2023 | 2022 |
|---|---|---|
| Interest on bank loans | $19,672 | $6,934 |
| Interest on lease liabilities | 644 | 1,595 |
| Interest payable on corporate bonds | 749 | - |
| Other interest expenses | 231 | 563 |
| Total | $21,296 | $9,092 |

25. Components of other comprehensive income

The components of other comprehensive income in 2023 are as follows:

| | Occurred during the period | Current reclassification adjustment | Subtotal | Income tax benefit (expense) | After-tax amount |
|---|---|---|---|---|---|
| Items not reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | $920 | $- | $920 | $- | $920 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (42,255) | - | (42,255) | 7,473 | (34,782) |
| Share of other comprehensive income of associate companies and joint ventures under the equity method | (1,479) | - | (1,479) | - | (1,479) |
| Total other comprehensive income for the period | $(42,814) | $- | $(42,814) | $7,473 | $(35,341) |

The components of other comprehensive income for 2022 were as follows:

| | Occurred during the period | Reclassified or adjusted during the period | Subtotal | Income tax benefit (expense) | After-tax amount |
|---|---|---|---|---|---|
| Items not reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | $3,797 | $- | $3,797 | $- | $3,797 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translation of the financial statements of foreign operations | 51,052 | - | 51,052 | (8,689) | 42,363 |
| Total other comprehensive income for the period | $54,849 | $- | $54,849 | $(8,689) | $46,160 |

26. Income tax

(1) Major components of tax expense (benefit) were as follows:

Income tax recognized in profit or loss

| | 2023 | 2022 |
|---|---|---|
| Current income tax expense (benefit) | | |
| Current income tax payable | $47,997 | $58,070 |
| Adjustments to the current income taxes of prior periods made in the period | (6,752) | (10,082) |
| Deferred income tax expense (benefit): | | |
| Deferred income tax expense related to the original generation and reversal of temporary differences | 37,339 | 57,295 |
| Write-down of deferred income tax | (8,950) | 669 |
| Income tax expense | $69,634 | $105,952 |

Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax expense (benefit): | | |
| Exchange differences on translation of the financial statements of foreign operations | $(7,473) | $8,689 |

(2) Reconciliation of income tax expense to accounting profit multiplied by the applicable income tax rate is as follows:

| | 2023 | 2022 |
|---|---|---|
| Net profit before tax from continuing operations | $333,066 | $401,907 |
| Tax based on domestic tax rates applicable to income from related countries | $90,997 | $126,680 |
| Income tax levied on undistributed earnings | 4,606 | 2,874 |
| Income tax effect of non-deductible expenses on tax returns | 1,186 | 387 |
| Income tax effect of deferred income tax assets/liabilities | (6,473) | 1,835 |
| Adjustments to the current income taxes of prior periods made in the period | (6,752) | (10,082) |
| Other income tax effects as adjusted in accordance with tax laws | (13,930) | (15,742) |
| Total income tax expense recognized in profit or loss | $69,634 | $105,952 |

(3) Balance of deferred income tax assets (liabilities) related to the following items:

2023

| | Balance at the beginning of the period | Recognized in profit or loss | Recognized in other comprehensive income | Balance at the end of the period |
|---|---|---|---|---|
| Temporary differences | | | | |
| Loss on decline in value of inventories and slow-moving inventories. | $6,401 | $(261) | $- | $6,140 |
| Investment income | (400,518) | (48,569) | - | (449,087) |
| Exchange losses (gains) | (446) | (834) | - | (1,280) |
| Exchange losses (gains) | 441 | (441) | - | - |
| Expected credit impairment losses | 606 | 457 | - | 1,063 |
| Net defined benefit liabilities | 7,373 | (474) | - | 6,899 |
| Right-of-use assets and tax differences | - | 300 | - | 300 |
| Book-tax difference of property, plant and equipment | 10,770 | (1,974) | - | 8,796 |
| Book-tax difference of property, plant and equipment | (389) | 208 | - | (181) |
| Impairment losses of assets | 800 | - | - | 800 |
| Exchange differences on translation of the financial statements of foreign operations | 10,098 | - | 7,473 | 17,571 |
| Short-term employee benefits | 452 | - | - | 452 |
| Loss carryforwards | 10,658 | 14,249 | - | 24,907 |
| Deferred income tax (expense)/benefit: | | $(37,339) | $7,473 | |
| Net deferred tax assets (liabilities) | $(353,754) | | | $(383,620) |
| The information shown in the balance sheet is as follows: | | | | |
| Deferred tax income assets | $47,599 | | | $66,928 |
| Deferred income tax liabilities | $(401,353) | | | $(450,548) |

2022

| | Balance at the beginning of the period | Recognized in profit or loss | Recognized in other comprehensive income | Balance at the end of the period |
|---|---|---|---|---|
| Temporary differences | | | | |
| Loss on decline in value of inventories and slow-moving inventories. | $8,069 | $(1,668) | $- | $6,401 |
| Investment income | (333,554) | (66,964) | - | (400,518) |
| Exchange losses (gains) | (3,179) | 2,733 | - | (446) |
| Exchange losses (gains) | - | 441 | - | 441 |
| Expected credit impairment losses | 931 | (325) | - | 606 |
| Net defined benefit liabilities | 7,373 | - | - | 7,373 |
| Book-tax difference of property, plant and equipment | 12,551 | (1,781) | - | 10,770 |
| Book-tax difference of property, plant and equipment | - | (389) | - | (389) |
| Impairment losses of assets | 800 | - | - | 800 |
| Exchange differences on translation of the financial statements of foreign operations | 18,787 | - | (8,689) | 10,098 |
| Short-term employee benefits | 452 | - | - | 452 |
| Loss carryforwards | - | 10,658 | - | 10,658 |
| Deferred income tax (expense)/benefit: | | $(57,295) | $(8,689) | |
| Net deferred tax assets (liabilities) | $(287,770) | | | $(353,754) |
| The information shown in the balance sheet is as follows: | | | | |
| Deferred tax income assets | $48,963 | | | $47,599 |
| Deferred income tax liabilities | $(336,733) | | | $(401,353) |

(4) Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, the Group had unrecognized deferred income tax assets totaling NTD 7,590 thousand and NTD 16,029 thousand, respectively.

(5) Information on the Group's consolidated unused income tax credits for loss carryforward was as follows:

A. Parent company

| | Unused balance | | |
|---|---|---|---|
| Year of occurrence | 2023/12/31 | 2022/12/31 | Final deductible year |
| 2022 | $53,290 | $53,290 | 2032 |
| 2023 (Estimate) | 71,244 | - | 2033 |
| Total | $124,534 | $53,290 | |

B. Subsidiaries

| | Unused balance | | |
|---|---|---|---|
| Year of occurrence | 2023/12/31 | 2022/12/31 | Final deductible year |
| 2021 | $1,509 | $24,377 | 2031 |
| 2022 | 1,581 | 2,451 | 2032 |
| Total | $3,090 | $26,828 | |

(6) Assessment of Income tax returns

As of December 31, 2023, the Company's income tax returns had been assessed up to 2021.

27. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to holders of common stock of the parent company for the year divided by the weighted-average number of common stock outstanding during the year.

Diluted earnings per share is calculated by dividing the net income attributable to holders of common stock of the parent company for the year, adjusted for the effect of dilution, by the weighted-average number of common stock outstanding for the year plus the weighted-average number of common stock to be issued upon conversion of all dilutive potential common stock into common stock.

(1) Basic earnings per share

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to holders of common stock of the Company (Thousands of NTD) | $177,777 | $222,508 |
| Weighted average number of common shares for basic earnings per share (thousands of shares) | 117,266 | 120,300 |
| Basic earnings per share (NTD) | $1.52 | $1.85 |

(2) Diluted earnings per share

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to holders of common stock of the Company (Thousands of NTD) | $177,777 | $222,508 |
| Interest on convertible corporate bonds (NTD thousand) | 599 | - |
| Valuation adjustment of financial liabilities measured at fair value through profit or loss (NTD thousand) | (720) | - |
| Net income to common stockholders after adjustment for dilution (NTD thousand) | $177,656 | $222,508 |
| Weighted average number of common shares for basic earnings per share (thousands of shares) | 117,266 | 120,300 |
| Dilutive effect: | | |
| Profit sharing remuneration for employees - Stock (thousands of Shares) | 64 | 109 |
| Convertible bonds (thousand shares) | 1,538 | - |
| Weighted-average number of common shares after adjustment for dilutive effect (thousands of shares) | 118,868 | 120,409 |
| Diluted earnings per share (NTD) | $1.49 | $1.85 |

(3) There were no other transactions that materially changed the outstanding common shares or potential common shares at the end of the period after the reporting period and before the publication of the financial statements.

28. Changes in ownership interests in subsidiaries

New shares issued by the subsidiary's capital increase were not subscribed in proportion to the shareholding.

SINGATRON Electronics (China) Co. Ltd. increased capital and issued new shares on July 17, 2023, but the Group did not subscribe to its issues, reducing its ownership to 61.1986%. The cash of the capital increase obtained by the Group was NTD 3,556,383 thousand, and the carrying amount of net assets of SINGATRON Electronics (China) Co. Ltd. was NTD 3,069,223 thousand. The related equity of SINGATRON Electronics (China) Co. Ltd. included the increase in non-controlling interests is as follows:

| | |
|---|---|
| Cash received from the Group for capital increase | $3,556,383 |
| Increase in non-controlling interests | (2,014,894) |
| Difference of capital reserve recognized in equity | $1,541,489 |

29. Subsidiaries with significant non-controlling interests

Financial information on subsidiaries with significant non-controlling interests is presented below:

Percentage of interests held by non-controlling interests.

| Name of subsidiary | Country where the subsidiary is located and operates | 2023/12/31 | 2022/12/31 |
|---|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. and subsidiaries | Mainland China | 38.8014% | 18.1132% |

| Cumulative balance of significant non-controlling interests: | 2023/12/31 | 2022/12/31 |
|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. and subsidiaries | $2,626,567 | $528,524 |

| Interests allocated to significant non-controlling interests: | 2023 | 2022 |
|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. and subsidiaries | $85,655 | $73,447 |

Aggregate financial information on these subsidiaries is provided below and is based on amounts before inter-company (transaction) eliminations.

Aggregate information on the profit or loss of SINGATRON Electronics (China) Co., Ltd. and its subsidiaries for 2023 and 2022 is summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $3,433,249 | $3,866,139 |
| Net profit from continuing operations for the period | 319,435 | 405,488 |
| Total comprehensive income for the period | 321,203 | 412,427 |

Aggregate information on the assets and liabilities of SINGATRON Electronics (China) Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022 is summarized as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Current assets | $6,784,055 | $3,094,239 |
| Non-current assets | 953,309 | 860,892 |
| Current liabilities | 940,885 | 1,003,363 |
| Non-current liabilities | 16,861 | 11,681 |

Aggregate information on the cash flows of SINGATRON Electronics (China) Co., Ltd. and its subsidiaries for 2023 and 2022 is summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| From operating activities | $574,059 | $853,302 |
| Investing activities | (528,041) | (396,214) |
| Financing activities | 3,544,648 | (20,351) |
| Net increase (decrease) in cash and cash equivalents | 3,591,619 | 441,506 |

VII. Related-party transactions

1. The related parties with whom the Group had transactions during the financial reporting period were as follows:

Name and relationship of related party

| Name of related party | Relationship with the Group |
|---|---|
| SINGATRON ENTERPRISE CO., LTD.－U.S.A (SEC－U.S.A) | Other related parties (the Chairperson of the Company is a relative within second degree of kinship of the Chairperson of the related party) |

2. Significant transactions with related parties

(1) Sales

| | 2023 | 2022 |
|---|---|---|
| Other related parties | $276,940 | $306,548 |

The price of sales to related parties is the same as that of general customers, and the collection terms for related parties are 90 days after the monthly cut-off day, while the collection terms for general customers are 60 to 120 days after the monthly cut-off day.

(2) The commission to the other related party - SEC-U.S.A - is calculated on the gross profit from the sales of the Group's own products to customers referred by SEC-U.S.A. The commission expenses of NTD 3,330 thousand and NTD 7,345 thousand were recognized in 2023 and 2022, respectively, and were recorded as selling expenses - commission expenses.

(3) Accounts receivable - related parties

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Other related parties | $65,937 | $68,262 |
| Less: Allowance for losses | - | - |
| Net amount | $65,937 | $68,262 |

(4) Remuneration of key management personnel of the Group

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $40,323 | $46,009 |
| Post-employment benefits | 181 | 181 |
| Total | $40,504 | $46,190 |

Please refer to the Annual Report for shareholders' meeting for more information on the total remuneration paid to the key management personnel listed above.

VIII. Pledged assets

The Group had the following assets pledged as collaterals:

| Item | Carrying amount 2023/12/31 | Carrying amount 2022/12/31 | Content of secured debts |
|---|---|---|---|
| Property, plant and equipment - land | $117,248 | $117,248 | Borrowing collaterals |
| Property, plant and equipment - buildings | 76,294 | 78,703 | Borrowing collaterals |
| Investment properties - land | - | 13,949 | Borrowing collaterals |
| Investment properties - buildings | - | 8,655 | Borrowing collaterals |
| Investment accounted for using the equity method | 573,023 | - | Borrowing collaterals |
| Total | $766,565 | $218,555 | |

IX. Significant contingent liabilities and unrecognized commitments

1. The Group entered into a technology and patent license contract with Company A on July 1, 2012, under which the Group shall bear a certain amount of the technology license fee and the royalties shall be calculated based on sales volume and the agreed royalties per unit for the use of the technology license after mass production. In 2023, the Group recognized NTD 20,555 thousand in patent expenses, which were recorded as selling expenses, of which NTD 4,653 thousand was unpaid and recorded as other payables.

2. The Company's Board of Directors resolved on February 8, 2021, March 19, 2021, June 17, 2021, and June 14, 2022, March 7 and May 24, 2023 respectively, to approve the relevant commitments in response to the proposed listing of its subsidiary, SINGATRON Electronics (China) Co., Ltd., on the Growth Enterprise Market of the Shenzhen Stock Exchange in China. The Company assesses that these commitments have no material adverse impact on the finance and business matters of the Group and have complied with the relevant requirements. The relevant commitments include, but are not limited to the following:

   With respect to SINGATRON Electronics (China) Co., Ltd. and its subsidiaries, the Company is willing to unconditionally bear or compensate for the related losses if the authority requires or determines that the Company is required to pay back the social insurance charges, housing provident fund or related loss of fines and loss of endowment of related tax benefits prior to the IPO and listing. In 2023, some of the employees of SINGATRON Electronics (China) Co. Ltd. and its subsidiaries requested the Company to make back-up payments for the social insurance and housing provident funds that had not been paid or not adequately paid in the past. The back-up payment amounted to NTD 6,175 thousand (RMB 1,408 thousand) was recorded in the operating expenses and non-operating income and expense - other gains and losses.

   In addition, the Company listed the commitments made on February 8, 2021 and March 19, 2021 in the report to the shareholders' meeting on July 16, 2021; The commitments made on June 17 were included in the report to the shareholders' meeting on June 16, 2022; the commitments made on June 14, 2022 and March 7, 2023 were included in the report to the shareholders' meeting on June 13, 2023. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for related information.

X. Losses Due to Major Disasters

No such matter.

XI. Significant Subsequent Events

No such matter.

XII. Others

Financial instruments

1. Categories of financial instruments

Financial assets

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Financial assets measured at fair value through profit or loss Assets: | | |
| Mandatorily measured at fair value through profit or loss | $6,541 | $- |
| Financial assets at fair value through other comprehensive income or loss | 6,410 | 6,410 |
| Financial assets at amortized cost: | | |
| Cash and cash equivalents (excluding cash on hand) | 4,759,473 | 1,191,661 |
| Financial assets at amortized cost | 650,281 | 264,566 |
| Payables (including related parties) | 1,172,376 | 1,243,319 |
| Other receivables | 7,916 | 4,249 |
| Refundable deposits | 5,501 | 5,587 |
| Total | $6,608,498 | $2,715,792 |

Financial liabilities

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Financial assets measured at fair value through profit or loss: | | |
| Financial liabilities held for trading | $2,050 | $2,576 |
| Financial liabilities at amortized cost: | | |
| Short-term loans | 271,667 | 587,833 |
| Payables | 981,626 | 1,007,928 |
| Lease liabilities | 27,822 | 23,138 |
| Long-term loans (including due within one year) | 648,023 | 108,333 |
| Corporate bonds payable | 466,688 | - |
| Deposits received | 2,326 | 3,945 |
| Total | $2,400,202 | $1,733,753 |

2. Financial risk management objectives and policies

The Group's financial risk management objectives are mainly to manage market risk, credit risk and liquidity risk associated with operating activities. The Group identifies, measures and manages the aforementioned risks in accordance with the Group's policies and risk appetite.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with the relevant regulations. Significant financial activities are subject to review by the Board of Directors and the Audit Committee in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Group is required to comply with the relevant regulations on financial risk management.

3. Market risk

The Group's market risk is the risk of fluctuations in the fair value or cash flows of financial instruments due to changes in market prices. Market risk mainly includes exchange rate risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rare for a single risk variable to change in isolation, and changes in each risk variable are usually correlated. However, the following sensitivity analysis of each risk does not consider the interaction of related risk variables.

Exchange rate risk

The Group's exchange rate risk relates primarily to operating activities (when revenues or expenses are denominated in currencies different from the Group's functional currency) and net investments in foreign operations.

The Group's foreign currency receivables and payables are partly in the same currency, in which case, a significant position of the receivables and payables will have a natural hedge effect, while forward exchange contracts are used to manage the exchange rate risk for some foreign currency amounts. As the aforementioned natural hedge and the management of exchange rate risk by means of forward exchange contracts do not meet the requirements of hedge accounting and therefore hedge accounting is not applied; in addition, the net investment in foreign operations is a strategic investment and therefore, the Group does not hedge for it.

The sensitivity analysis of the Group's exposure to exchange rate risk focuses on the impact on the Group's profit or loss and equity of the appreciation/depreciation of the relevant foreign currencies for major foreign currency monetary items at the end of the financial reporting period. The Group's exposure to exchange rate risk is mainly affected by fluctuations in the USD exchange rate and the information on the sensitivity analysis is as follows:

When RMB had strengthened/weakened 1% against USD, the Group's profit or loss would have decreased/increased by RMB 2,824 thousand and RMB 2,993 thousand for 2023 and 2022, respectively.

Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. The Group's interest rate risk mainly arises from investments in floating rate debt instruments, fixed rate borrowings and floating rate borrowings.

The sensitivity analysis of interest rate risk focuses on the interest rate exposures at the end of the financial reporting period, including floating rate investments and floating rate borrowings, and assuming that these exposures had been held for one year, when interest rate had increased/decreased by 0.1%, the Group's profit or loss would have decreased/increased by NTD 239 thousand and NTD 432 thousand for 2023 and 2022, respectively.

Equity price risk

The fair value of unlisted equity securities held by the Group could be affected by the uncertainty of the future value of the investment subjects. The unlisted equity securities held by the Group are included in the category at fair value through other comprehensive income. The Group manages the price risk of equity securities by diversifying its investments and setting limits on investments in equity securities, both individually and in the aggregate. Information on equity securities portfolio is provided to the Group's senior management on a regular basis, and the Board of Directors reviews and approves all investment decisions on equity securities.

For the fair value hierarchy of other equity instruments in Level 3, please refer to Note 12.9 for information on sensitivity analysis.

4. Credit risk management

Credit risk refers to the risk that the counterparties will not be able to fulfill their obligations under contracts, resulting in financial losses. The Group's credit risk is attributable to operating activities (mainly accounts and notes receivable) and financing activities (mainly bank deposits and various financial instruments).

Each of the Group's units manages credit risk in accordance with its policies, procedures and controls over credit risk. All the credit risks of counterparties are evaluated by taking into account the financial positions of the counterparties, their ratings by credit rating agencies, historical transaction experience, the current economic environment and the Group's internal ratings, etc. The Group also uses certain credit enhancement tools (such as advance receipts and insurance) at appropriate times to reduce the credit risks of specific counterparties.

As at December 31, 2023 and 2022, the percentages of receivables from the Group's top ten customers to the Group's total receivables were 65.22% and 56.90%, respectively, and the credit concentration risk of the remaining receivables was relatively insignificant.

The Group's finance department manages the credit risk of bank deposits and other financial instruments in accordance with the Group's policies. The Group's counterparties are creditworthy banks and investment-grade financial institutions, corporate organizations and governmental authorities as determined by the Group's internal control procedures, so there is no significant credit risk.

The Group uses IFRS 9 to assess expected credit losses. Other than receivables, investments in debt instruments not measured at fair value through profit or loss are initially acquired on the premise that the credit risk is low. At each balance sheet date, an assessment is made of whether the credit risk has increased significantly since the initial recognition to determine the method of measuring the allowance for losses and its loss rate. As of December 31, 2023 and 2022, the Group did not hold any investments in debt instruments not measured at fair value through profit or loss.

In addition, the Group writes off financial assets when it is assessed that recovery is not reasonably expected, such as when the issuer or the debtor is in significant financial difficulty or has become insolvent.

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents and contracts such as bank borrowings. The following table summarizes the maturity profile of payments under contracts for the Group's financial liabilities, based on the earliest possible date on which repayment may be required and the undiscounted cash flows thereof, including agreed interest. The undiscounted amount of interest cash flows payable at floating interest rates is derived from the curve yield at the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| 2023/12/31 | | | |
| Loans | $414,656 | $543,541 | $958,197 |
| Payables | 981,626 | - | 981,626 |
| Lease liabilities | 15,235 | 13,664 | 28,899 |
| Convertible corporate bonds | - | 500,000 | 500,000 |
| 2022/12/31 | | | |
| Loans | $625,524 | $76,761 | $702,285 |
| Payables | 1,007,928 | - | 1,007,928 |
| Lease liabilities | 16,067 | 7,709 | 23,776 |

Derivative financial assets (liabilities)

| | Less than 1 month | 1 to 3 months | 3 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|
| 2023/12/31 | | | | | |
| Inflows | $162,267 | $329,817 | $466,154 | $- | $958,238 |
| Outflows | (162,859) | (324,638) | (464,200) | - | (951,697) |
| Net amount | $(592) | $5,179 | $1,954 | $- | $6,541 |
| 2022/12/31 | | | | | |
| Inflows | $143,453 | $344,014 | $319,179 | $- | $806,646 |
| Outflows | (147,291) | (345,462) | (316,469) | - | (809,222) |
| Net amount | $(3,838) | $(1,448) | $2,710 | $- | $(2,576) |

The above disclosures regarding derivative financial assets (liabilities) are presented using undiscounted net cash flows.

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for 2023:

| | Long/short-term loans | Deposits received | Lease liabilities | Corporate bonds payable | Total liabilities from financing activities |
|---|---|---|---|---|---|
| 2023/1/1 | $696,166 | $3,945 | $23,138 | $- | $723,249 |
| Cash flows | 223,524 | (1,619) | (16,056) | 520,920 | 726,769 |
| Non-cash flows | - | - | 20,740 | (54,232) | (33,492) |
| 2023/12/31 | $919,690 | $2,326 | $27,822 | $466,688 | $1,416,526 |

Information on reconciliation of liabilities for 2022:

| | Long/short-term loans | Deposits received | Lease liabilities | Total liabilities from financing activities |
|---|---|---|---|---|
| 2022/1/1 | $386,666 | $2,849 | $39,543 | $429,058 |
| Cash flows | 309,500 | 1,096 | (19,537) | 291,059 |
| Non-cash flows | - | - | 3,132 | 3,132 |
| 2022/12/31 | $696,166 | $3,945 | $23,138 | $723,249 |

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value is the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables and other current liabilities are reasonable approximations of fair values, primarily due to the short maturities of such instruments.

B. The fair values of financial assets and liabilities traded in active markets with standard terms and conditions are determined by reference to quoted market prices (e.g., listed stocks, beneficiary certificates, bonds and futures).

C. The fair value of equity instruments that are not traded in an active market (e.g., listed private stocks, publicly traded stocks without an active market, and unlisted stocks) is estimated using the market approach by using prices derived from market transactions of equity instruments of the same or comparable companies and other relevant information (e.g., lack of liquidity discount factor, price to earnings ratio of similar companies' stocks, price to equity ratio of similar companies' stocks, etc.).

D. The fair value of investments in debt instruments, bank loans and other non-current liabilities that do not have active market quotations are determined based on counterparty quotations or valuation techniques, which are based on discounted cash flow analysis. The assumptions on interest rates and discount rates are based on information related to similar instruments (e.g., TPEx reference yield curve, Reuters average interest rate quotations for commercial papers and credit risk).

E. The fair value of derivative financial instruments without active market quotations, including non-optional derivative financial instruments, is calculated by discounted cash flow analysis using counterparty quotations or the applicable yield rate curve for the duration of existence.

(2) Fair value of financial instruments at amortized cost

Among the Group 's financial instruments measured at amortized cost, except for the carrying amount of cash and cash equivalents, receivables, payables and other current liabilities that are reasonable and approximate to fair value, the fair value of the rest of the financial instruments measured at amortized cost is stated as follows:

| | Carrying amount | |
|---|---|---|
| | 2023/12/31 | 2022/12/31 |
| Financial liabilities: | | |
| Corporate bonds payable | $466,688 | $- |

| | Fair value | |
|---|---|---|
| | 2023/12/31 | 2022/12/31 |
| Financial liabilities: | | |
| Corporate bonds payable | $473,650 | $- |

(3) Information related to the fair value hierarchy of financial instruments

Please refer to Note 12.9 for information on the fair value hierarchy of the Group's financial instruments.

8. Derivative instruments

Information on the Group's derivative financial instruments that did not meet hedge accounting and were outstanding as of December 31, 2023 and 2022 is as follows:

Forward foreign exchange contracts

Forward foreign exchange contracts are used to manage the risk exposure of certain transactions, but are not designated as hedging instruments. The forward exchange contracts were as follows (in thousands of foreign currencies):

| Item | Contract amount | Period |
|---|---|---|
| 2023/12/31 | | |
| Forward foreign exchange contracts | Sell USD31,200 | 2023/7/28～2024/7/22 |
| 2022/12/31 | | |
| Forward foreign exchange contracts | Sell USD26,500 | 2022/07/15～2023/06/21 |

Embedded financial derivatives

The embedded derivative financial instrument identified by the Group due to the issuance of convertible corporate bonds has been separated from the main contract and disposed at fair value through profit and loss. For the contract information of this transaction, please refer to Note 6.

9. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized into their respective fair value hierarchy based on the lowest level of input value that is significant to the overall fair value measurement. The input vales for each level are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: refers to the direct or indirect observable input value of asset or liability further to the quotation of Level 1.

Level 3: the unobservable input value of asset or liability.

Assets and liabilities recognized in the financial statements on a recurring basis are reassessed at the end of each reporting period to determine whether transfers between levels of the fair value hierarchy have occurred.

(2) Information on the hierarchy of fair value measurements

Information on the fair value hierarchy for recurring assets and liabilities is presented below:

December 31, 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets at fair value: | | | | |
| Investments in equity instruments at fair value through other comprehensive income | $- | $- | $6,410 | $6,410 |
| Financial assets at fair value through profit or loss: | | | | |
| Forward foreign exchange contracts | $- | $6,541 | $- | $6,541 |
| Liabilities at fair value: | | | | |
| Embedded derivatives | $- | $- | $2,050 | $2,050 |

December 31, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets at fair value: | | | | |
| Investments in equity instruments at fair value through other comprehensive income | $- | $- | $6,410 | $6,410 |
| Liabilities at fair value: | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Forward foreign exchange contracts | $- | $2,576 | $- | $2,576 |

Transfer between Level 1 and Level 2 of fair value hierarchy

There were no transfers between Level 1 and Level 2 of fair value hierarchy for the Group's assets and liabilities at fair value on a recurring basis in 2023 and 2022.

Details of changes in Level 3 of the recurring fair value hierarchy

The Group's assets measured at repetitive fair value from January 1, 2023 and 2022 to December 31, 2022 are classified as Level 3 fair value, and there was no change in the balance from the beginning to the end of the period.

For the Group's liabilities measured at repetitive fair value from January 1 to December 31, 2023, the adjustment from the beginning to the closing balance is as follows:

| | Derivatives at fair value through profit or loss |
|---|---|
| 2023/1/1 | $- |
| Issued in the current period | (2,950) |
| Total profit and loss recognized in the current period | |
| Recognized as gains and losses (under "Other gains and losses") | 900 |
| 2023/12/31 | $(2,050) |

In the above total profit (loss) recognized in profit or loss, the profit and loss related to the assets held as of December 31, 2023 was NTD 900 thousand.

Information on significant unobservable input values in Level 3 of fair value hierarchy

Except for the unquantified unobservable inputs for structured time deposits, whose fair prices were the previous trading prices, the significant unobservable input values used for fair value measurement for assets in Level 3 of fair value hierarchy that are measured at fair value on a recurring basis are presented in the following table:

December 31, 2023:

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Market method | Lack of liquidity discount | 20% | The higher the degree of illiquidity, the lower the fair value estimate | When the percentage of illiquidity increases (decreases) by 10%, the Group's profit or loss would decrease/increase by $641 thousand |

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial liabilities: | | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | | |
| Embedded financial derivatives | Binary tree convertible pricing model | Volatility rate | 34.48% | The higher the volatility, the higher the fair value estimate | When the volatility increases (decreases) by 1%, the Group's income will decrease by NTD 0 and NTD 50 thousand, respectively. |

December 31, 2022:

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Market method | Lack of liquidity discount | 20% | The higher the degree of illiquidity, the lower the fair value estimate | When the percentage of illiquidity increases (decreases) by 10%, the Group's profit or loss would decrease/increase by $641 thousand |

Valuation process for Level 3 fair value measurement

The Group's finance department is responsible for carrying out fair value tests to ensure that the valuation results approximate market conditions, that the sources of information are independent, reliable, consistent with other sources and representative of executable prices, and that changes in the value of assets and liabilities that are subject to remeasurement or reassessment in accordance with the Group's accounting policies are analyzed at each reporting date to ensure that the valuation results are reasonable.

(3) Information on the fair value hierarchy for items that are not measured at fair value but require such disclosure

December 31, 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets with disclosure of fair value only: | | | | |
| Investment property (see Note 6.10) | $- | $- | $134,604 | $134,604 |

December 31, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets with disclosure of fair value only: | | | | |
| Investment property (see Note 6.10) | $- | $- | $180,347 | $180,347 |

10. Information on foreign-currency financial assets and liabilities

Information on the Group's foreign-currency financial assets and liabilities is as follows:

In thousands of foreign currency

| | 2023/12/31 | | | 2022/12/31 | | |
|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange rate | NTD | Foreign Currency | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items: | | | | | | |
| USD | $45,352 | 30.6987 | $1,392,241 | $47,953 | 30.7100 | $1,472,620 |
| RMB | $1,142,349 | 4.3352 | $4,952,309 | $210,572 | 4.3837 | $923,075 |
| Financial liabilities | | | | | | |
| Monetary items: | | | | | | |
| USD | $9,644 | 30.7037 | $296,092 | $10,156 | 30.7019 | $311,811 |
| RMB | $143,439 | 4.3352 | $621,838 | $149,651 | 4.4094 | $659,876 |

The above information is based on the carrying amount in foreign currency (converted to functional currency).

Due to the wide variety of currencies consolidated by the Group, it is not possible to disclose information on exchange gains and losses on monetary financial assets and financial liabilities by each foreign currency with significant impact. The Group's foreign currency exchange gains (losses) amounted to NTD 34,024 thousand and NTD 75,007 thousand in 2023 and 2022, respectively.

11. Capital management

The primary objective of the Group's capital management is to ensure the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Group manages and adjusts its capital structure according to economic conditions, which may be achieved by adjusting dividend payments, returning capital or issuing new shares for the purpose of maintaining and adjusting the capital structure.

XIII. Other disclosures

(I) Information on Significant Transactions:

1. The Company's provision of financial accommodations to others: None.

2. The Company's endorsements and guarantees for others: Please refer to Exhibit 1 for details.

3. Marketable securities held by the Company at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Exhibit 2 for details.

4. Acquisition or sale by the Company of the same security with the accumulated cost exceeding NTD 300 million or 20% of the Company's paid-in capital: Please refer to Exhibit 3 for details.

5. Acquisition of real estate by the Company exceeding $300 million or 20% of paid-in capital or more: None.

6. Disposal of real estate by the Company exceeding $300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods between the Company and related parties reaching $100 million or 20% of paid-in capital or more: None.

8. The Company's receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

9. The Company's engagement in derivative instruments: None.

10. Business relationships and significant intercompany transactions between the parent company and subsidiaries and between subsidiaries and the amounts involved: Please refer to Exhibit 8 for details.

(II) Information on Investees:

1. Information on the investee over which the Company has significant influence or control should be disclosed (excluding the investees in Mainland China): Please refer to Exhibit 4 for details.

2. If the Company has control over an investee, it should disclose the information in Note 13(1) on the investee.

2.1 Financing to others: Please refer to Exhibit 5 for details.

2.2 Endorsements and guarantees for others: Please refer to Exhibit 1 for details.

2.3 Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): None.

2.4 Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

2.5 Acquisition of real estate exceeding $300 million or 20% of paid-in capital or more: None.

2.6 Disposal of real estate exceeding $300 million or 20% of paid-in capital or more: None.

2.7 Purchases or sales of goods from or to related parties reaching NTD 100 million or 20% of paid-in capital or more: Please refer to Exhibit 6 for details.

2.8 Receivables from related parties reaching NTD 100 million or 20% of paid-in capital or more: Please refer to Exhibit 7 for details.

2.9 Engagement in derivative instruments: Please refer to Exhibit 12.8 for details.

(III) Information on Investment in Mainland China:

1. Information on investees in Mainland China, showing the name, principal business activities, paid-in capital, investment method, inward and outward remittance of funds, shareholding percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: Thousands of NTD

| Name of investee in Mainland China | Main businesses | Paid-in capital | Investment method | Accumulated investment amount remitted from Taiwan at the beginning of the period | Amount of investment remitted or recovered during the period | | Accumulated investment amount remitted from Taiwan at the end of the period | Net profit or loss of the Investee for the period | Shareholding percentage of direct or indirect investment by the Company | Investment income or loss recognized for the period | Carrying amount of investment at the end of the period | Investment income repatriated as of the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward remittance | Repatriation | | | | | | |
| Chung Shan Lung Tais Hing Electroplating Co., Ltd. | Manufacturing and sale of hardware parts and surface plating products | $- (Note 9) | Note 1 | $93,595 (Note 2 and Note 9) | $- | $- | $93,595 (Note 2 and Note 9) | $- (Note 9) | 100% | $- (Note 9) | $- (Note 9) | $- |
| Singatron Electronic (Zhongshan) Co., Ltd. | Manufacturing and sale of connectors | $92,115 (Note 2) | Note 1 | $76,763 (Note 2 and Note 5) | $- | $- | $76,763 (Note 2 and Note 5) | $10,239 (Note 2 and Note 3) | 61.1986% (Note 10 and Note 11) | $7,923 (Note 2, Note 3 and Note 12) | $235,296 (Note 2 and Note 12) | $30,823 |
| SINGATRON Electronics (China) Co. Ltd. | Manufacturing and sale of connectors | $651,595 (Note 2) | Note 1 | $241,034 (Note 2 and Note 4) | $- | $- | $241,034 (Note 2 and Note 4) | $255,553 (Note 2 and Note 3) | 61.1986% (Note 11) | $185,507 (Note 2, Note 3 and Note 12) | $3,876,943 (Note 2 and Note 12) | $853,057 |
| Suzhou Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | $82,369 (Note 2) | Note 6 | $- | $- | $- | $- | $958 (Note 2 and Note 3) | 61.1986% (Note 11) | $1,048 (Note 2, Note 3 and Note 12) | $84,701 (Note 2 and Note 12) | $- |
| Zhongshan Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | $26,011 (Note 2) | Note 7 | $- | $- | $- | $- | $22,155 (Note 2 and Note 3) | 61.1986% (Note 10 and Note 11) | $15,648 (Note 2, Note 3 and Note 12) | $7,638 (Note 2 and Note 12) | $- |
| Suzhou Singatron Auto Co., Ltd. | Manufacturing and sale of connectors | $39,017 (Note 2) | Note 8 | $- | $- | $- | $- | $30,530 (Note 2 and Note 3) | 61.1986% (Note 11) | $22,651 (Note 2, Note 3 and Note 12) | $179,514 (Note 2 and Note 12) | $- |

| Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period | Investment amount approved by Investment Commission, MOEA | Investment limitation for Mainland China regulated by the Investment Commission, MOEA |
|---|---|---|
| $411,392 | $411,392 | $1,866,298 |

Note 1: As of December 31, 2023, the Company invested USD 13,455 thousand in SINGATRON (B.V.I.), a holding company in a third region. . Through this holding company in a 3rd region, the Company invested in SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED and then indirectly invested in SINGATRON Electronics (China) Co., Ltd. and Singatron Electronic (Zhongshan) Co., Ltd. in Mainland China.

Note 2: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Note 3: The investment income or loss recognized in the financial statements of the same period audited by CPAs.

Note 4: The difference between the accumulated investment amount remitted from Taiwan and the paid-in capital amount is mainly due to the 43,000 thousand A-shares issued by and capital increase from earnings of SINGATRON Electronics (China) Co., Ltd. and the capital increase by US$2,000 thousand in cash of SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED with its own funds.

Note 5: The difference between the accumulated investment amount remitted from Taiwan and the paid-in capital is mainly due to the fact that Singatron Electronic (Zhongshan) Co., Ltd. distributed its earnings to SINGATRON (B.V.I.) ENTERPRISE CO. (B.V.I.), LTD. and then SINGATRON (B.V.I.) ENTERPRISE CO., LTD. increased the capital of SINYIN ELECTRONICS (ZHONGSHAN) CO. . .

Note 6: SINGATRON Electronics (China) Co., Ltd. increased capital by RMB 19,000 thousand in cash with its own funds.

Note 7: Singatron Electronic (Zhongshan) Co., Ltd. increased capital by RMB 6,000 thousand in cash with its own funds.

Note 8: SINGATRON Electronics (China) Co., Ltd. increased capital by RMB 9,000 thousand in cash with its own funds.

Note 9: The Company’s second-tier subsidiary, SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED, sold 100% of its indirect investment in Chung Shan Lung Tais Hing Electroplating Co., Ltd. in November 2014.

Note 10: The Company’s second-tier subsidiary, SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED, adjusted its investment structure in September 2020 by transferring its indirect investment in 25% equity of Singatron Electronic (Zhongshan) Co., Ltd. in Mainland China to SINGATRON Electronics (China) Co., Ltd. so that SINGATRON Electronics (China) Co., Ltd. increased its shareholding in Singatron Electronic (Zhongshan) Co., Ltd. from the original 75% to 100%.

Note 11: SINGATRON Electronics (China) Co. Ltd., the sub-subsidiary of the Company, was officially listed on the Shenzhen Stock Exchange on July 17, 2023 with the issuance of 43,000 thousand common shares (A-shares) in RMB through cash capital increase. The Company's sub-subsidiary SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED is the controlling shareholder of SINGATRON Electronics (China) Co. Ltd. Pursuant to Article 26 of the "Regulations Governing the Issuance and Underwriting of Securities" of the China Securities Regulatory Commission: the controlling shareholder is not allowed to participate in the placement of securities by public companies, resulting in a decrease in the shareholding of SINGATRON Electronics (China) Co. Ltd. from 81.8868% to 61.1986%.

Note 12: Eliminated in the consolidated financial statements.

2. Significant transactions with investees in Mainland China:

(1) Amount and percentage of purchases and related payables at the end of the period: Please refer to Exhibit 8 for details.

(2) Amount and percentage of sales and related receivables at the end of the period: Please refer to Exhibit 8 for details.

(3) Amount of property transactions and the resulted gains or losses: None.

(4) Ending balance and purpose of endorsement and guarantee with notes: Please refer to Exhibit 1 for details.

(5) The maximum balance, ending balance, interest rate range and total current interest on financial accommodations: Please refer to Exhibit 8 for details.

(6) Other transactions that had a significant effect on the profit or loss for the period or financial position, such as the provision or receipt of services: Please refer to Exhibit 8 for details.

(7) The above transactions between the Company and its consolidated subsidiaries were eliminated upon preparation of the consolidated financial statements. See Exhibit 8.

(IV) Information on Major Shareholders:

| Shares / Name of major shareholder | Total number of shares held (shares) | Shareholding percentage |
|---|---|---|
| SHENG CHUN INVESTMENT CO., LTD. | 10,945,786 | 9.33% |
| KAN SHI INVESTMENT CO., LTD. | 7,764,829 | 6.62% |

XIV. Segment Information

For management purposes, the Group segregates operating units based on different products and services, with the following two reportable operating segments:

1. Connector Operating Segment: This segment is responsible for the production and manufacturing of connectors for sale to electronic product manufacturers.

2. Electronic Module Products Segment: This segment is responsible for the design and trading of electronic module products such as charging modules and sensing modules, which are sold to electronic product manufacturers or distributors.

Management individually monitors the operating results of their business units to make decisions on resource allocation and performance evaluation. Segment performance is evaluated on the basis of operating profit or loss before income tax and is measured in a manner consistent with operating profit or loss in the consolidated financial statements. However, income tax in the consolidated financial statements is managed on a group basis and is not allocated to the operating segments.
Inter-operating segment transfer pricing is based on arm's-length transactions with external third parties.

1. Information on profit or loss, assets and liabilities of reportable segments:

2023

| | Connectors segment | Electronic module products segment | Subtotal by reportable segment | Other segments | Adjustments and eliminations | Group total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| Revenue from external customers | $3,373,350 | $78,380 | $3,451,730 | $- | $- | $3,451,730 |
| Revenue from other segments | 59,899 | - | 59,899 | - | (59,899) | - |
| Interest income | 43,357 | 297 | 43,654 | - | (1,822) | 41,832 |
| Total revenue and income | $3,476,606 | $78,677 | $3,555,283 | $- | $(61,721) | $3,493,562 |
| Segment profit or loss (before tax) | $376,510 | $(40,866) | $355,644 | $- | $(2,578) | $333,066 |

2022

| | Connectors segment | Electronic module products segment | Subtotal by reportable segment | Other segments | Adjustments and eliminations | Group total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| Revenue from external customers | $3,786,338 | $106,202 | $3,892,540 | $- | $- | $3,892,540 |
| Revenue from other segments | 79,801 | - | 79,801 | - | (79,801) | - |
| Interest income | 10,288 | 61 | 10,349 | - | (760) | 9,589 |
| Total revenue and income | $3,876,427 | $106,263 | $3,982,690 | $- | $(80,561) | $3,902,129 |
| Segment profit or loss (before tax) | $457,850 | $(53,017) | $404,833 | $- | $(2,926) | $401,907 |

The following table presents information related to the assets and liabilities of the Group's operating segments as of December 31, 2023 and 2022:

Segment assets

| | Connectors segment | Electronic module products segment | Subtotal by reportable segment | Other segments | Adjustments and eliminations | Group total |
|---|---|---|---|---|---|---|
| Segment assets as of 2023/12/31 | $7,667,512 | $849,870 | $8,517,382 | $98,879 | $- | $8,616,261 |
| Segment assets as of 2022/12/31 | $3,858,989 | $286,741 | $4,145,730 | $107,046 | $- | $4,252,776 |

Segment liabilities

| | Connectors segment | Electronic module products segment | Subtotal by reportable segment | Other segments | Adjustments and eliminations | Group total |
|---|---|---|---|---|---|---|
| Segment liabilities as of 2023/12/31 | $995,438 | $411,537 | $1,406,975 | $1,565,259 | $(93,036) | $2,879,198 |
| Segment liabilities as of 2022/12/31 | $1,058,144 | $749,951 | $1,808,095 | $509,686 | $(114,067) | $2,203,714 |

2. Information by regions:

(1) Revenue from external customers:

| | 2023 | 2022 |
|---|---|---|
| Mainland China | $2,197,862 | $2,429,865 |
| Taiwan | 667,826 | 824,557 |
| Others | 586,042 | 638,118 |
| Total | $3,451,730 | $3,892,540 |

Revenue is categorized based on the country in which customers are located.

(2) Non-current assets:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Mainland China | $681,904 | $724,247 |
| Taiwan | 217,371 | 246,997 |
| Other countries | 37,089 | 31,332 |
| Total | $936,364 | $1,002,576 |

3. Information on important customers: Individual customers of the Group with sales revenue accounting for 10% or more of the Group's consolidated net operating revenue as follows:

| | 2023 | 2022 |
|---|---|---|
| Customer A | $632,648 | $627,347 |
| Customer B | 347,684 | Note |

Note: The net sales revenue of the customer in the current year did not reach 10% or more of the Group's consolidated revenue, so it is not disclosed.

Exhibit 1

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Endorsement and guarantee for others

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Number (Note1) | Name of endorsor/guarantor | Endorsee/guarantee | | Limit on endorsement/guarantee amount for a single enterprise | Maximum endorsement/ guarantee balance for the period | Endorsement/guarantee balance at the end of the period | Amount actually drawn | Amount of endorsement/guarantee secured by properties | Ratio of accumulated endorsementg/ guarantee to net worth of the latest financial statements | Maximum limit on endorsement/ guarantee | Endorsement/ guarantee provided by parent company for subsidiary | Endorsement/ guarantee provided by subsidiary for parent company | Endorsement/guarantee for subsidiaries in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship (Note2) | | | | | | | | | | |
| 0 | SINGATRON ENTERPRISE CO.,LTD . | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | Third-tier subsidiary of which the Company holds 61.1986% of the shares . | $1,866,298 (Note3) | $546,633 | $393,108 | $- | $- | 12.64% | $3,110,496 (Note3) | Y | N | Y |
| 1 | Singatron Electronic(China) Co., Ltd. . | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. . | Singatron Electronic (China)Co., Ltd. Subsidiary of which the Company holds 100% of the shares | $4,067,771 (Note4) | $92,115 | $92,115 | $- | $- | 1.36% | $4,067,771 (Note4) | Y | N | Y |
| 2 | Singatron ( HK ) International . | SINGATRON ENTERPRISE CO.,LTD | The ultimate parent company of the Group | $2,539,647 (Note5) | $750,000 | $610,000 | $473,023 (Note 6) | $- | 14.41% | $4,232,746 (Note5) | N | Y | N |

Note1: The number column shall be filled in as follows:

(1) Fill in 0 for the issuer.

(2). Investees are numbered sequentially from Arabic numeral 1 by investee

Note 2: There are seven types of relationships between the endorser/guarantor and the endorsee/guarantee, and the types can be indicated as follows:

1. Entities with business dealings
2. Entities in which the Company directly or indirectly holds more than 50% of the voting shares.
3. Entities that directly or indirectly hold more than 50% of the voting shares of the Company.
4. Between the entities in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Intra-industry or co-founded entities with mutual insurance in accordance with contractual provisions based on the need for contracted work.
6. Entities that are endorsed and guaranteed by all contributing shareholders in proportion to their shareholdings as a result of joint investment.
7. Intra-industry entities engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 3: In accordance with the Company's "Operating Procedures for Endorsement and Guarantee", the total amount of the Company's external endorsement and guarantee shall not exceed 100% of the current net worth.

The amount of endorsement and guarantee for a single enterprise shall not exceed 30% of the current net worth.

The amount of endorsement and guarantee for a single overseas affiliate shall not exceed 60% of the current net worth.

Note 4: The total amount of external endorsement and guarantee shall not exceed 60% of the latest audited net assets in accordance with the "External Guarantee Management System" of the sub-subsidiaries.

The amount of a single endorsement and guarantee shall not exceed 30% of the latest audited net assets.

The total amount of endorsement and guarantee between affiliates shall not exceed 60% of the latest audited net assets.

Note 5 : According to the "Operating Procedures for Endorsement and Guarantee" of subsidiaries, the total amount of external endorsements/guarantees shall not exceed 100% of the net value for the current period. The amount of endorsement and guarantee for a single enterprise shall not exceed 30% of the current net worth.

The amount of endorsement and guarantee for a single overseas affiliate shall not exceed 60% of the current net worth. The total amount of endorsements/guarantees by the Company and its subsidiaries shall not exceed 100% of the most recent net worth of the parent company.

Note 6: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Exhibit 2

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)

December 31, 2023

Unit: Thousands of NTD

| company holding the secur | Type and name Marketable securities | Relationship with the issuers | Financial statement account | The end of the period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Carrying amount | ng percentage | Fair value | |
| SINGATRON ENTERPRISE CO., LTD. | Stock: | | | | | | | |
| | DEEPWATERS DIGITAL SUPPORT INC. | None | Financial assets at fair value through other comprehensive income | 1,066,668 | $16,381 | 3.94% | $6,410 | |
| | GT Booster Inc. | None | Financial assets at fair value through other comprehensive income | 2,420,000 | 23,543 | 17.74% | - | |
| | Subtotal | | | | 39,924 | | $6,410 | |
| | Add: Unrealized financial assets profit or loss measured at fair value through other comprehensive income | | | | (33,514) | | | |
| | Total | | | | $6,410 | | | |

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

January 1, 2023 to December 31, 2023

Exhibit 3

Unit: NTD Thousand / share

| Buying/selling company | Type and name Marketable securities | Financial statement account | Counterparty of the transaction | Related party | Beginning of period | | Buying in | | Selling | | | | End of the period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares / units | Amount | Number of shares / units | Amount | Number of shares / units | Selling price | Carrying cost | Disposal of gains ( losses ) | Number of shares / units | Amount |
| SINGATRON ENTERPRISE CO., LTD. | Stock | Investment accounted for using the equity method | Taisol Electronics Co., Ltd. | Investment in associate companies using the equity method | - | $- | 10,367,000 | $583,337 (Note1) | - | $- | $- | $- | 10,367,000 | $583,337 |

Note 1 : This includes the increase of investment under equity method of NTD 573,023 , the share of profit of NTD 11,793 thousand of associate companies and joint ventures recognized under equity method, and the loss of other comprehensive income of associate companies and joint ventures recognized under equity method of NTD 11,793 thousand. a share of NTD (1,479) thousand.

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Information on the investee over which the Company has significant influence or control (excluding the investees in Mainland China)

December 31, 2023

Unit: NTD / Thousands of foreign currency

| Name of investor | Name of investee | Location | Main businesses | Initial investment amount | | Held at the end of the period | | | Profit (loss) of the investee for the period | Investment income (loss) recognized during the period | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | The end of the period | The end of the pervious | Number of shares | % | Carrying amount | | | |
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON INVESTMENT COMPANY LIMITED | Hong Kong | General investments | $8,550 | $8,550 | 2,000,000 | 100.00% | $6,226 (Note 2) | $(308) | $(308) (Note 2) | Subsidiary |
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | The British Virgin Islands | General investments | 439,042 | 439,042 | 13,504,543 | 100.00% | 4,175,534 (Note 2 ) | 226,326 | 243,151 (Note 1 and Note 2) | Subsidiary |
| SINGATRON ENTERPRISE CO., LTD. | Taisol Electronics Co., Ltd. | Taiwan | Manufacturing, sales agency, and trading of thermal modules, other electronic components, and IoT application products | 573,023 | - | 10,367,000 | 11.79% | 583,337 | 243,294 | 11,793 | Investment accounted for using the equity |
| SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | Hong Kong | Investment | USD 13,400 NTD 411,447 (Note 3) | USD 13,400 NTD 411,447 (Note 3) | - | 100.00% | 4,232,746 (Note 2 and Note 3) | 221,817 (Note 3) | 221,817 (Note 2 and Note 3) | Second-tier subsidiary |
| Singatron Electronic (China) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Hong Kong | Trading of connectors and import and export related business | RMB 683 NTD 2,961 (Note 3) | RMB 683 NTD 2,961 (Note 3) | - | 100.00% | 141,220 (Note 2 and Note 3) | 37,287 (Note 3) | 37,287 (Note 2 and Note 3) | Third-tier subsidiary |
| Singatron Electronic (China) Co., Ltd. | SINGATRON SAN JOSE CONNECTION CO., LTD. | U.S.A. | Marketing and sales and customer services | USD 30 NTD 921 (Note 3) | USD 30 NTD 921 (Note 3) | - | 100.00% | 1,727 (Note 2 and Note 3) | 162 (Note 3) | 162 (Note 2 and Note 3) | Third-tier subsidiary |

Note 1: Including recognition of investment income of NTD 226,326 thousand, realized gross profit of sales of NTD 1,494 thousand from upstream transactions, unrealized gross profit of NTD 877 thousand from upstream transactions, realized gross profit of NTD 40,880 thousand from sidestream transactions, and unrealized gross profit of NTD 24,672 thousand from sidestream transactions.

Note 2 : Eliminated when the consolidated financial statements were prepared.

Note 3: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Lending of funds to others

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Number (Note1) | The entity that lends funds | Funds recipient | Correspondent account | Maximum amount for the period | Balance at the end of the period | Amount actually drawn | Interest rate range | Nature of the funds lending | Business dealing amount | the necessity of short-term financial accommodation | Provision of allowance for losses | Collateral | | Limit on the lending of funds to individual recipients | Total limit on the lending of funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Name | Value | | |
| 1 | SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | SINGATRON ENTERPRISE CO., LTD. | Other receivables | $92,115 (Note 5) | $92,115 (Note 5) | $79,833 (Note 5) (Note 6) | 2.00% | With necessity of short-term financial accommodatio | $- | To meet the operating liquidity needs of the | $- | - | $- | $846,549 (Note 2) (Note 4) | $1,693,098 (Note 3) |

Note 1:1 is a second-tier subsidiary of the Company

Note 2: Not to exceed 20% of the net worth of the lending company.

Note 3: Not to exceed 40% of the net worth of the lending company.

Note 4: In accordance with the Company's operating procedures for lending of funds to others, there is no limit on the amount of funds that can be lent between foreign companies whose voting shares are directly or indirectly 100% owned by public companies that meet the provisions of Paragraph 4, Article 3.

Note 5: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Note 6: Eliminated in the consolidated financial statements.

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Buying/Selling company | Name of trading party | Relationship | Circumstance of the transaction | | | | terms are different from those of ordinary transactions | | Notes, accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases (Sales) | Amount | percentage of total purchases (sales) | Credit period | Unit price | Credit period | Balance | of total notes, accounts receivable (payable) | |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | Sales | $1,551,942 (Note1) | 80.41% | Monthly settlement 90 - 180 | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $906,964 (Note1) | 88.31% | Note2 |
| Suzhou Singatron Connector Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Third-tier subsidiary of the Company | Processing revenue | $307,305 (Note1) | 97.01% | Monthly settlement 90 - 180 | The only customer, with no other customers for comparison | No non-related parties available for comparison | Accounts receivable $140,248 (Note1) | 100.00% | Note2 |
| Suzhou Singatron Auto Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | Sales | $102,119 (Note1) | 27.85% | Monthly settlement 90 - 180 | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $65,750 (Note1) | 51.55% | Note2 |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | SINGATRON ENTERPRISE CO., LTD. U.S.A (SEC－U.S.A) | Other related party of the Group | Sales | $276,940 (Note1) | 11.07% | 90 ~ 180 day | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $65,937 (Note1) | 7.28% | |

Note 1: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Note 2: Eliminated in the consolidated financial statements.

Exhibit 7

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2023

Unit: Thousands of NTD

| recorded the transaction as accounts receivable | Name of trading party | Relationship | Balance of receivables from related parties | Turnover rate | Overdue receivables from related parties | | Subsequent recoveries of receivables from related parties | Provision of allowance for losses |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions taken | | |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | $906,964 (Note 1 and Note 2) | 1.79 | $- | - | $284,855 | $- |
| Suzhou Singatron Connector Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Third-tier subsidiary of the Company | $140,248 (Note 1 and Note 2) | 2.44 | $- | - | $34,682 | $- |

Note 1: Eliminated in the consolidated financial statements.

Note 2: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

SINGATRON ENTERPRISE CO., LTD. and subsidiaries
Business relationship and significant transactions between parent company and subsidiary

Unit: Thousands of NTD

| Serial No. Note 1 | Name of trader | Trading partner | Relationship with the trading partner (Note 2) | Circumstances of the transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial statement account | Amount | Trading term | As a percentage of consolidated total revenue or total assets Ratio of assets ( Note 3 ) |
| | 2023/1/1～2023/12/31 | | | | | | |
| 0 | SINGATRON ENTERPRISE CO., LTD. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 1 | Rental income | $4,400 | Quarterly collection | 0.13% |
| 1 | Singatron (Hong Kong) International Holding Limited | SINGATRON ENTERPRISE CO., LTD. | 2 | Other receivables | 80,235 | - | 0.93% |
| 1 | Singatron (Hong Kong) International Holding Limited | SINGATRON ENTERPRISE CO., LTD. | 2 | Interest income | 1,822 | - | 0.05% |
| 1 | Singatron (Hong Kong) International Holding Limited | SINGATRON INVESTMENT COMPANY LIMITED | 3 | Other receivables | 267 | - | -% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Sales | 6,564 | Cash upon 90 days after the cut-off day of the month | 0.19% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Accounts receivable | 1,531 | Cash upon 90 days after the cut-off day of the month | 0.02% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | Singatron Electronic (China) Co., Ltd. | 2 | Sales | 15,759 | Cash upon 90 days after the cut-off day of the month | 0.46% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 3 | Sales | 94,300 | Cash upon 90 days after the cut-off day of the month | 2.73% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 3 | Accounts receivable | 58,573 | Cash upon 90 days after the cut-off day of the month | 0.68% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 3 | Other receivables | 2,050 | Cash upon 90 days after the cut-off day of the month | 0.02% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | Suzhou Singatron Auto Co., Ltd. | 3 | Sales | 4 | Cash upon 90 days after the cut-off day of the month | -% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | Chung Shan Singatron Connector Co., Ltd. | 1 | Sales | 1,383 | Cash upon 90 days after the cut-off day of the month | 0.04% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | Chung Shan Singatron Connector Co., Ltd. | 1 | Rental income | 12,980 | Cash upon the cut-off day of the month | 0.38% |
| 2 | Singatron Electronic (Zhongshan) Co., Ltd. | Suzhou Singatron Connector Co., Ltd. | 3 | Other receivables | 833 | Cash upon 90 days after the cut-off day of the month | 0.01% |
| 3 | Singatron Electronic (China) Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Sales | 26,532 | Cash upon 90 days after the cut-off day of the month | 0.77% |
| 3 | Singatron Electronic (China) Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Accounts receivable | 5,936 | Cash upon 90 days after the cut-off day of the month | 0.07% |
| 3 | Singatron Electronic (China) Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 1 | Sales | 52,399 | Cash upon 90 days after the cut-off day of the month | 1.52% |
| 3 | SINGATRON Electronics (China) Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 1 | Accounts receivable | 14,548 | Cash upon 90 days after the cut-off day of the month | 0.17% |
| 3 | Singatron Electronic (China) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 1 | Sales | 1,551,942 | Cash upon 90 days after the cut-off day of the month | 44.96% |
| 3 | Singatron Electronic (China) Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 1 | Accounts receivable | 906,964 | Cash upon 90 days after the cut-off day of the month | 10.53% |
| 3 | Singatron Electronic (China) Co., Ltd. | Suzhou Singatron Connector Co., Ltd. | 1 | Rental income | 4,555 | Cash upon the cut-off day of the month | 0.13% |
| 3 | Singatron Electronic (China) Co., Ltd. | Suzhou Singatron Auto Co., Ltd. | 1 | Rental income | 6,754 | Quarterly collection | 0.20% |
| 3 | Singatron Electronic (China) Co., Ltd. | Suzhou Singatron Auto Co., Ltd. | 1 | Sales | 9,064 | Cash upon 90 days after the cut-off day of the month | 0.26% |
| 4 | Suzhou Singatron Connector Co., Ltd. | Singatron Electronic (China) Co., Ltd. | 2 | Processing revenue | 307,305 | Cash upon 90 days after the cut-off day of the month | 8.90% |
| 4 | Suzhou Singatron Connector Co., Ltd. | Singatron Electronic (China) Co., Ltd. | 2 | Accounts receivable | 140,248 | Cash upon 90 days after the cut-off day of the month | 1.63% |
| 4 | Suzhou Singatron Connector Co., Ltd. | Suzhou Singatron Auto Co., Ltd. | 3 | Processing revenue | 1,793 | Cash upon 90 days after the cut-off day of the month | 0.05% |
| 5 | Chung Shan Singatron Connector Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 2 | Processing revenue | 89,669 | Cash upon 90 days after the cut-off day of the month | 2.60% |
| 5 | Chung Shan Singatron Connector Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 2 | Accounts receivable | 8,919 | Cash upon 90 days after the cut-off day of the month | 0.10% |
| 5 | Chung Shan Singatron Connector Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 2 | Other receivables | 1,131 | Cash upon 90 days after the cut-off day of the month | 0.01% |
| 6 | Suzhou Singatron Auto Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Sales | 26,803 | Cash upon 90 days after the cut-off day of the month | 0.78% |
| 6 | Suzhou Singatron Auto Co., Ltd. | SINGATRON ENTERPRISE CO., LTD. | 2 | Accounts receivable | 5,334 | Cash upon 90 days after the cut-off day of the month | 0.06% |

SINGATRON ENTERPRISE CO., LTD. and subsidiaries

Business relationship and significant transactions between parent company and subsidiary

Unit: Thousands of NTD

| Serial No. Note 1 | Name of trader | Trading partner | Relationship with the trading partner (Note 2) | Circumstances of the transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial statement account | Amount | Trading term | As a percentage of consolidated total revenue or total assets Ratio of assets ( Note 3 ) |
| 6 | Suzhou Singatron Auto Co., Ltd. | Singatron Electronic (China) Co., Ltd. | 2 | Sales | 57,169 | Cash upon 90 days after the cut-off day of the month | 1.66% |
| 6 | Suzhou Singatron Auto Co., Ltd. | SINGATRON Electronics (China) Co., Ltd. | 2 | Accounts receivable | 7,934 | Cash upon 90 days after the cut-off day of the month | 0.09% |
| 6 | Suzhou Singatron Auto Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 3 | Sales | 102,119 | Cash upon 90 days after the cut-off day of the month | 2.96% |
| 6 | Suzhou Singatron Auto Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED. | 3 | Accounts receivable | 65,750 | Cash upon 90 days after the cut-off day of the month | 0.76% |
| 6 | Suzhou Singatron Auto Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 3 | Sales | 4,825 | Cash upon 90 days after the cut-off day of the month | 0.14% |
| 6 | Suzhou Singatron Auto Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 3 | Accounts receivable | 1,694 | Cash upon 90 days after the cut-off day of the month | 0.02% |
| 6 | Suzhou Singatron Auto Co., Ltd. | Suzhou Singatron Connector Co., Ltd. | 3 | Other receivables | 235 | Cash upon 90 days after the cut-off day of the month | -% |
| 7 | Singatron San Jose Connetion Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 3 | Other receivables | 735 | Cash upon 90 days after the cut-off day of the month | 0.01% |
| 7 | Singatron San Jose Connetion Co., Ltd. | Singatron Electronic (Zhongshan) Co., Ltd. | 3 | Service income | 4,714 | Cash upon 90 days after the cut-off day of the month | 0.14% |

Note 1: Business dealings between the parent company and subsidiaries should be indicated in the number column and the number should be filled in as follows:

1. Fill in “0” for the parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 by company.

Note 2: The relationship between the traders is classified into the following three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities accounts, or as the interim cumulative amount to consolidated total revenue in the case of profit or loss accounts.

Note 4: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Appendix 2. 2023 Standalone Financial Statements and Independent Auditor’s Report

**Stock Code on TPEx: 6126**

# SINGATRON ENTERPRISE CO., LTD.

# Parent Company Only Financial Statements and Independent Auditors' Report

# 2023 and 2022

Company Address: No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County
Company TEL: (03)599-2862

This English version is prepared based on the Chinese version and is for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

**Standalone Financial Statements**
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Independent Auditor's Report

To the Board of Directors and shareholders of SINGATRON ENTERPRISE CO., LTD.:

**Audit opinions**

We have audited the accompanying standalone balance sheets of SINGATRON ENTERPRISE CO., LTD. as of December 31, 2023 and 2022, and the related standalone statements of comprehensive income, standalone statements of changes in equity, standalone statements of cash flows, and notes to the Parent Company Only Financial Statements (including summary of significant accounting policies) for the years then ended.

In our opinion, based on our audits and the audit reports of other CPAs (please refer to the "Other Matters" section), based on our audits, the Parent Company Only Financial Statements referred to above present fairly, in all material respects, the financial position of SINGATRON ENTERPRISE CO., LTD. as of December 31, 2022 and 2021, and its standalone financial performance and cash flows for the years then ended, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from SINGATRON ENTERPRISE CO., LTD. in accordance with the Code of Ethics and perform other obligations of such Code. Based on our audit results and the audit reports of other accountants, we believe that we have obtained sufficient and appropriate audit evidence as the basis for expressing the audit opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of SINGATRON ENTERPRISE CO., LTD. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

For 2023, SINGATRON ENTERPRISE CO., LTD. recognized operating revenue of NTD 78,380 thousand. The Company has agreements with its major customers to store inventory at the designated shipping warehouses of these sales customers. The Company has to judge and determine the performance obligations and the timing of satisfaction based on customer orders or shipping documents, which involves significant risk of ownership of inventory and complexity of the point of transfer of remuneration, resulting in significant risk in the recognition of operating revenue. Therefore, we decided that revenue recognition is a key audit matter. Our audit procedures included, but were not limited to, evaluating the appropriateness of accounting policies for revenue recognition, evaluating and testing the effectiveness of internal control over the sales cycle in determining revenue amounts, performing sales revenue cutoff tests on a sample of transactions for a period of time before and after the balance sheet date and reviewing whether the terms of the transactions and the timing of revenue recognition are consistent with the performance obligations and the timing of satisfaction, performing itemized tests on a sample of transactions and reviewing the material terms and conditions of the contracts. We also considered the appropriateness of the disclosure of operating revenue in Notes 4 and 6 to the Parent Company Only Financial Statements.

**Other Matters - Audits by other CPAs**

Some of the investees accounted for using the equity method included in the parent company only financial statements of SINGATRON ENTERPRISE CO., LTD. have not been audited by us but by other independent auditors. Therefore, our opinion on the figures of the investees in the parent company only financial statements is based on the audit reports of other independent auditors. The investments under equity method recognized by these companies on

December 31, 2023 amounted to NTD 583,337 thousand, representing 11% of the parent company only assets. The share of profit (loss) of the subsidiaries and associate companies accounted for using the equity method on March 31 was NTD 11,793 thousand, representing 6% of the parent company only net income before tax. The subsidiaries and associate companies accounted for using the equity method and the share of other comprehensive income from joint ventures was NTD (1,479) thousand, representing 5% of the parent company's other comprehensive income.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Including the Audit Committee, are responsible for overseeing the financial reporting process of SINGATRON ENTERPRISE CO., LTD.

**Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the Parent Company Only Financial Statements. Misstatements can arise from fraud or error. Misstatements are considered material if, standalone or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

As part of an audit in accordance with the auditing accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the Parent Company Only Financial Statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 of SINGATRON ENTERPRISE CO., LTD.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SINGATRON ENTERPRISE CO., LTD. to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the Parent Company Only Financial Statements are required to be provided in our audit report to allow users of Parent Company Only Financial Statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SINGATRON ENTERPRISE CO., LTD. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including relevant notes, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of standalone entities of the Group and provide opinion on the Parent Company Only Financial Statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2023 Parent Company Only Financial Statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young
Approved by the competent authorities for the processing of financial statements of public companies.
Audit Document No.: (2022) Jin-Guan-Zheng-Shen-Zi No. 1110348358
(2002) Tai-Cai-Zheng (6) Zi No. 144183

Cheng-Wei Lin

Certified Public Accountant:

Chi-Ming Chang

March 12, 2024

Notice to Readers

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

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

SINGATRON ENTERPRISE CO., LTD.

Standalone Balance Sheets

December 31, 2023 and 2022

(Amounts are in thousands of NTD)

| Assets | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Notes | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6.1 | $20,048 | 1 | $20,829 | 1 |
| 1150 | Notes receivable, net | 4 and 6.3 | 1,184 | - | 1,628 | - |
| 1170 | Accounts receivable, net | 4 and 6.4 | 16,196 | - | 26,877 | 1 |
| 1200 | Other receivables | | 478 | - | 288 | - |
| 1220 | Current income tax assets | | 2 | - | - | - |
| 130x | Net inventories | 4 and 6.5 | 6,301 | - | 8,425 | - |
| 1419 | Other prepaid expenses | | 1,061 | - | 1,403 | - |
| 1470 | Other current assets | | 1,039 | - | 102 | - |
| 11xx | Total current assets | | 46,309 | 1 | 59,552 | 2 |
| | Non-current assets | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income | 4 and 6.2 | 6,410 | - | 6,410 | - |
| 1550 | Investment accounted for using the equity method | 4, 6.6 and 8 | 4,765,097 | 94 | 2,437,177 | 88 |
| 1600 | Property, plant and equipment | 4, 6.7and 8 | 213,739 | 4 | 220,103 | 8 |
| 1760 | Investment properties | 4, 6.8 and 8 | 3,557 | - | 26,218 | 1 |
| 1780 | Intangible assets | 4 and 6.9 | 72 | - | 673 | - |
| 1840 | Deferred tax income assets | 4 and 6.24 | 50,943 | 1 | 29,596 | 1 |
| 1920 | Refundable deposits | | 3 | - | 3 | - |
| 15xx | Total non-current assets | | 5,039,821 | 99 | 2,720,180 | 98 |
| 1xxx | Total assets | | $5,086,130 | 100 | $2,779,732 | 100 |

(Please refer to Notes to Parent Company Only Financial Statements)

Chairperson: Hsin-Nan Kan Managerial Officer: Peng-Huang Peng Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD.
Standalone Balance Sheets (Continued)
December 31, 2023 and 2022
(Amounts are in thousands of NTD)

| Liabilities and equity | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Notes | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | 6.10and 8 | $271,667 | 5 | $587,833 | 21 |
| 2120 | Financial liabilities at fair value through profit or loss | 4 and 6.11 | 2,050 | - | - | - |
| 2170 | Accounts payable | | 1,356 | - | 1,006 | - |
| 2180 | Accounts payable - related parties | 7 | 12,801 | - | 21,699 | 1 |
| 2200 | Other payables | 6.13 | 23,806 | 1 | 23,700 | 1 |
| 2220 | Other payables - related parties | 7 | 80,522 | 2 | 92,545 | 3 |
| 2230 | Current tax liabilities | 4 and 6.24 | 4,585 | - | 3,213 | - |
| 2300 | Other current liabilities | | 154 | - | 152 | - |
| 2322 | Long-term loans due within one year | 4, 6.12 and 8 | 125,000 | 2 | 33,333 | 1 |
| 21xx | Total current liabilities | | 521,941 | 10 | 763,481 | 27 |
| | Non-current liabilities | | | | | |
| 2530 | Corporate bonds payable | 4 and 6.14 | 466,688 | 9 | - | - |
| 2540 | Long-term loans | 4, 6.12 and 8 | 523,023 | 10 | 75,000 | 3 |
| 2570 | Deferred income tax liabilities | 4 and 6.24 | 449,386 | 9 | 400,910 | 14 |
| 2600 | Other non-current liabilities | 6.15 and 6.16 | 14,596 | 1 | 19,803 | 1 |
| 25xx | Total non-current liabilities | | 1,453,693 | 29 | 495,713 | 18 |
| 2xxx | Total Liabilities | | 1,975,634 | 39 | 1,259,194 | 45 |
| | Equity | | | | | |
| 3100 | Share capital | 6.17 | | | | |
| 3110 | Common share capital | | 1,172,656 | 23 | 1,172,656 | 42 |
| 3200 | Capital surplus | 6.17 | 1,597,567 | 31 | 14,217 | 1 |
| 3300 | Retained earnings | 6.17 | | | | |
| 3310 | Legal reserve | | 100,833 | 2 | 85,554 | 3 |
| 3320 | Special reserve | | 125,538 | 3 | 160,295 | 6 |
| 3350 | Unappropriated earnings | | 270,811 | 5 | 213,354 | 8 |
| 3400 | Other equity | | (156,909) | (3) | (125,538) | (5) |
| 3xxx | Total equity | | 3,110,496 | 61 | 1,520,538 | 55 |
| 3x2x | Total liabilities and equities | | $5,086,130 | 100 | $2,779,732 | 100 |

(Please refer to Notes to Parent Company Only Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD.
Standalone Statements of Comprehensive Income
January 1, 2023 to December 31, 2023
and January 1 to December 31, 2022
(Amounts in thousands of NTD, except for earnings per share)

| Code | Item | Notes | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4 and 6.18 | $78,380 | 100 | $106,202 | 100 |
| 5000 | Operating costs | 7 | (68,240) | (87) | (85,873) | (81) |
| 5900 | Operating gross profit | | 10,140 | 13 | 20,329 | 19 |
| 6000 | Operating expenses | | | | | |
| 6100 | Selling expenses | 7 | (6,306) | (8) | (7,280) | (7) |
| 6200 | Administrative expenses | | (53,430) | (68) | (56,347) | (53) |
| 6450 | Expected credit impairment (losses) gains | 4 and 6.19 | (63) | - | (331) | - |
| | Total operating expenses | | (59,799) | (76) | (63,958) | (60) |
| 6900 | Operating loss | | (49,659) | (63) | (43,629) | (41) |
| 7000 | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6.22and 7 | 7,022 | 9 | 5,360 | 5 |
| 7020 | Other gains or losses | 6.22 | 23,499 | 30 | (7,075) | (7) |
| 7050 | Financial costs | 4, 6.22and 7 | (21,728) | (28) | (7,673) | (7) |
| 7070 | Share of non-operating income and expenses of subsidiaries, associate companies and joint ventures accounted for using the equity method | 4 and 6.6 | 254,636 | 325 | 334,822 | 316 |
| | | | 263,429 | 336 | 325,434 | 307 |
| 7900 | Net profit before tax | | 213,770 | 273 | 281,805 | 266 |
| 7950 | Income tax expense | 4 and 6.24 | (35,993) | (46) | (59,297) | (56) |
| 8200 | Net profit for the period | | 177,777 | 227 | 222,508 | 210 |
| 8300 | Other comprehensive income | 6.23 | | | | |
| 8310 | Items not reclassified subsequently to profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plans | | 920 | 1 | 3,797 | 3 |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | |
| 8380 | Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for using equity method | | (38,844) | (50) | 43,446 | 41 |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | | 7,473 | 10 | (8,689) | (8) |
| 8300 | Other comprehensive income for the period (net of tax) | | (30,451) | (39) | 38,554 | 36 |
| 8500 | Total comprehensive income for the period | | $147,326 | 188 | $261,062 | 246 |
| 9750 | Basic earnings per share (NTD) | 6.25 | $1.52 | | $1.85 | |
| 9850 | Diluted earnings per share (NTD) | 6.25 | $1.49 | | $1.85 | |

(Please refer to Notes to Parent Company Only Financial Statements)

Chairperson: Hsin-Nan Kan Managerial Officer: Peng-Huang Peng Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD.
Standalone Statement of Changes in Equity
January 1, 2023 to December 31, 2023
and January 1 to December 31, 2022
(Amounts are in thousands of NTD)

| | | | | Retained earnings | | | Other items of equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Code | Item | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences on the financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Treasury stock | Total |
| | | 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 3500 | 3XXX |
| A1 | Balance as of January 1 , 2022 | $1,227,626 | $14,217 | $66,651 | $148,903 | $250,456 | $(126,781) | $(33,514) | $- | 1,547,558 |
| | 2021 earnings appropriation and distribution | | | | | | | | | |
| B1 | Provision of legal reserve | | | 18,903 | | (18,903) | | | | - |
| B3 | Provision of special reserve | | | | 11,392 | (11,392) | | | | - |
| B5 | Cash dividends on common stock | | | | | (159,592) | | | | (159,592) |
| D1 | Net profit for 2022 | | | | | 222,508 | | | | 222,508 |
| D3 | Other comprehensive income for 2022 | | | | | 3,797 | 34,757 | | | 38,554 |
| D5 | Total comprehensive income for the period | - | - | - | - | 226,305 | 34,757 | - | - | 261,062 |
| L1 | Purchase of treasury stock | | | | | | | | (128,490) | (128,490) |
| L3 | Retirement of treasury stock | (54,970) | | | | (73,520) | | | 128,490 | - |
| Z1 | Balance as of December 31, 2022 | 1,172,656 | 14,217 | 85,554 | 160,295 | 213,354 | (92,024) | (33,514) | - | 1,520,538 |
| | 2022 earnings appropriation and distribution | | | | | | | | | |
| B1 | Provision of legal reserve | | | 15,279 | | (15,279) | | | | - |
| B5 | Cash dividends on common stock | | | | | (140,718) | | | | (140,718) |
| B17 | Reversal of special reserve | | | | (34,757) | 34,757 | | | | - |
| C5 | issuance of convertible corporate bonds | | 44,245 | | | | | | | 44,245 |
| | - generated from stock options | | | | | | | | | |
| D1 | Net profit for 2023 | | | | | 177,777 | | | | 177,777 |
| D3 | Other comprehensive income for 2023 | | | | | 920 | (31,371) | | | (30,451) |
| D5 | Total comprehensive income for the period | - | - | - | - | 178,697 | (31,371) | - | - | 147,326 |
| M7 | Change in ownership interests in subsidiaries | | 1,539,105 | | | | | | | 1,539,105 |
| Z1 | Balance as of December 31 , 2023 | $1,172,656 | $1,597,567 | $100,833 | $125,538 | $270,811 | $(123,395) | $(33,514) | $- | $3,110,496 |

(Please refer to Notes to Parent Company Only Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

SINGATRON ENTERPRISE CO., LTD.
Standalone Statements of Cash Flows
January 1, 2023 to December 31, 2023
and January 1 to December 31, 2022
(Amounts are in thousands of NTD)

| Code | Item | 2023 | 2022 | Code | Item | 2023 | 2022 |
|---|---|---|---|---|---|---|---|
| AAAA | Cash flows from operating activities | | | BBBB | Cash flows from investing activities: | | |
| A10000 | Income before income tax | $213,770 | $281,805 | B01800 | Acquisition of investments under equity method | (573,023) | - |
| A20000 | Adjustments: | | | B02700 | Acquisition of property, plant and equipment | (1,891) | (12,221) |
| A20010 | Income and expenses: | | | B02800 | Disposal of property, plant and equipment | - | 590 |
| A20100 | Depreciation expenses (including investment property) | 8,539 | 8,846 | B05500 | Disposal of investment property | 45,701 | - |
| A20200 | Amortization expenses | 601 | 893 | BBBB | Net cash inflows (outflows) from investing activities | (529,213) | (11,631) |
| A20300 | Expected credit impairment losses (gains) | 63 | 331 | | | | |
| A20400 | Net loss (gain) of financial assets/liabilities at fair value through profit or loss | (900) | - | CCCC | Cash flows from financing activities | | |
| | | | | C00100 | Borrowing (repayment) of short-term loans | (316,166) | 292,833 |
| A20900 | Interest expenses | 21,728 | 7,673 | C00120 | Issuance of corporate bonds | 520,920 | - |
| A21200 | Interest income | (297) | (61) | C01600 | Borrowing of long-term loans | 723,023 | 50,000 |
| A22400 | Share of profit or loss of subsidiaries, associate companies and joint ventures accounted for using equity method | (254,636) | (334,822) | C01700 | Repayment of long-term loans | (183,333) | (33,333) |
| | | | | C03100 | Increase (decrease) in deposits received | (252) | 252 |
| A22500 | Loss (gain) on disposal of property, plant and equipment | - | (197) | C03700 | Increase (decrease) in other payables - related parties | (12,133) | 36,757 |
| A22700 | Disposal of investment property losses ( gains ) | (23,370) | - | C04500 | Distribution of cash dividends | (140,718) | (159,592) |
| A30000 | Changes in assets/liabilities related to operating activities: | | | C04900 | Cost of treasury stock repurchase | - | (128,490) |
| A31130 | Decrease (increase) in notes receivable | 444 | 40 | CCCC | Net cash inflows (outflows) from financing activities | 591,341 | 58,427 |
| A31150 | Decrease (increase) in accounts receivable | 10,618 | 942 | | | | |
| A31180 | Decrease (increase) in other receivables | (190) | (83) | EEEE | Increase (decrease) in cash and cash equivalents for the period | (781) | 1,130 |
| A31200 | Decrease (increase) in inventories | 2,124 | 479 | E00100 | Cash and cash equivalents at the beginning of the year | 20,829 | 19,699 |
| A31230 | Decrease (increase) in other prepaid expenses | 342 | (472) | E00200 | Cash and cash equivalents at the end of the year | $20,048 | $20,829 |
| A31240 | Decrease (increase) in other non-current assets | (937) | (92) | | | | |
| A32125 | Increase (decrease) in contract liabilities | - | (2) | | | | |
| A32130 | Increase (decrease) in notes payable | - | (75) | | | | |
| A32150 | Increase (decrease) in accounts payable | 350 | 435 | | | | |
| A32160 | Increase (decrease) in accounts payable - related parties | (8,898) | 2,005 | | | | |
| A32180 | Increase (decrease) in other payables | (8,600) | (2,196) | | | | |
| A32190 | Increase (decrease) in other payables - related parties | 110 | (188) | | | | |
| A32230 | Increase (decrease) in other non-current liabilities | 2 | 1 | | | | |
| A32240 | Increase (decrease) in net defined benefit liabilities | (4,035) | (143) | | | | |
| A33000 | Cash inflows (outflows) from operating activities | (43,172) | (34,881) | | | | |
| A33100 | Interest received | 297 | 61 | | | | |
| A33300 | Interest paid | (20,013) | (7,363) | | | | |
| A33500 | Income tax paid | (21) | (3,483) | | | | |
| AAAA | Net cash inflows (outflows) from operating activities | (62,909) | (45,666) | | | | |

(Please refer to Notes to Parent Company Only Financial Statements)

Chairperson: Hsin-Nan Kan  Managerial Officer: Peng-Huang Peng  Accounting Officer: Rui-Chen Hu

I. Company History

SINGATRON ENTERPRISE CO., LTD. (hereinafter referred to as the Company) was established in July 1976 and started its business in October 1976.

The Company's main business is the development, manufacturing and sale of electronic connectors and electronic modules for various power supply, audio and video signal and electronic signal transmission devices. The products' main applications include notebook computers and peripherals, tablet computers, various consumer electronics, automotive electronics, and network communications.

The Company's shares have been listed on TPEx for trading since January 18, 2002, and its principal place of operations is located at No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County.

II. Date and Procedures for Approval of Financial Statements

The Parent Company Only Financial Statements of the Company for 2023 and 2022 were approved for publication by the Board of Directors on March 12, 2024.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies resulting from the first-time adoption of IFRS

The Company has adopted IFRS, IAS, IFR interpretations or interpretation pronouncements endorsed by the Financial Supervisory Commission ("FSC") and they are applicable for fiscal years beginning after January 1, 2023. Also, the first-time application of the new standards and amendments has no material impact on the Company.

2. As of the date of publication of the financial statements, the Company has not applied the following new, revised and amended standards or interpretations, which have been issued by the IASB and endorsed by the FSC.

| Item | New, Revised or Amended Standards and Interpretations | Effective date of IASB publication |
|---|---|---|
| 1 | Classification of liabilities as current or non-current (Amendment to IAS 1) | January 1, 2024 |
| 2 | Lease liabilities under sale and leaseback (amendments to IFRS 16) | January 1, 2024 |
| 3 | Non-current Liabilities in Contracts (Amendments to IAS 1) | January 1, 2024 |
| 4 | Supplier financing arrangement (Amendment to IAS 7 and IFRS 7) | January 1, 2024 |

(1) Classification of liabilities as current or non-current (Amendment to IAS 1)

This amendment is to revise the classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1, "Presentation of Financial Statements".

(2) Lease liabilities under sale and leaseback (amendments to IFRS 16)

This is to add the additional accounting treatment to IFRS 16 "Leases" for sellers and lessees in sale and leaseback transactions to improve the consistent application of the standards.

(3) Non-current Liabilities in Contracts (Amendments to IAS 1)

The amendments are to improve the information provided by companies on long-term debt contracts. It is to clarify that contractual obligations that are subject to 12 months after the reporting period do not affect the classification of these liabilities as current or noncurrent at the end of the reporting period.

(4) Supplier financing arrangement (Amendment to IAS 7 and IFRS 7)

In addition to adding the description of the supplier's financing arrangement, this amendment also adds the relevant disclosure of the supplier's financing arrangement.

The above are the newly issued, amended and revised standards or interpretations issued by the IASB and endorsed by the FSC and are applicable for fiscal years beginning after January 1, 2024. The Company assesses that the aforementioned newly issued or amended standards, or interpretations have no material impact on the Company.

3. As of the date of publication of the financial statements, the Company has not applied the following new, revised and amended standards or interpretations, which have been issued by the IASB but not yet endorsed by the FSC:

| Item | New, Revised or Amended Standards and Interpretations | Effective date of IASB publication |
|---|---|---|
| 1 | Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Affiliated Enterprises or Joint Ventures | To be decided by IASB |
| 2 | IFRS 17 "Insurance Contracts" | January 1, 2023 |
| 3 | Lack of Exchangeability (Amendment to IAS 21) | January 1, 2025 |

(1)Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Affiliated Enterprises or Joint Ventures

The plan is to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" regarding the loss of control over an investment in an affiliate or joint venture using a subsidiary as the consideration. IAS 28 requires that when a non-monetary asset is invested in exchange for an interest in an affiliate or joint venture, the share of the resulting gain or loss should be eliminated in accordance with the treatment of a downstream transaction; IFRS 10 requires that the full amount of the gain or loss should be recognized when control over the subsidiary is lost. The amendment restricts the aforementioned requirements of IAS 28 so that when an asset that constitutes a business is sold or contributed as defined in IFRS 3, the resulting gain or loss should be recognized in full.

The amendment also revises IFRS 10 so that a gain or loss arising from the sale or investment of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its affiliate or joint venture is recognized only to the extent that it is not the investor's share.

(2)IFRS 17 "Insurance Contracts"

The standard provides a comprehensive model of insurance contracts that includes all relevant components of accounting (recognition, measurement, presentation and disclosure principles). The core of the standard is a general model under which a group of insurance contracts is measured at the sum of contractual cash flows and contract service margin on initial recognition; the carrying amount at the end of each reporting period is the sum of the remaining coverage liability and the incurred claims liability.

In addition to the general model, specific applicable methods are also available for contracts with direct participation characteristics (variable fee method); and a simplified method for short-term contracts (premium sharing method).

This standard was issued in May 2017 and amended in 2020 and 2021. In addition to extending the effective date in the transitional provisions by two years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions, the amendment reduces the cost of adopting the standard by simplifying some of the requirements and modifying some of the requirements to make some situations easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 'Insurance contracts') when it becomes effective.

(3)Lack of Exchangeability (Amendment to IAS 21)

This amendment explains the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and adds additional disclosure requirements when the currency lacks exchangeability. The amendment shall be applicable for the fiscal year beginning after January 1, 2025.

The actual application dates of the above standards or interpretations issued by the IASB but not yet endorsed by the FSC are subject to the FSC's regulations. The Company assesses that the aforementioned newly issued or amended standards, or interpretations have no material impact on the Company.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Company’s Parent Company Only Financial Statements for 2023 and 2022 are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

These Parent Company Only Financial Statements were prepared by the Company in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”. In accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the allocation of current profit or loss and other comprehensive income in Parent Company Only Financial Statements is the same as the allocation of current profit or loss and other comprehensive income attributable to owners of the parent company in financial statements prepared on a consolidated basis, and the owners' equity in Parent Company Only Financial Statements is the same as the equity attributable to owners of the parent company in financial statements prepared on a consolidated basis. Therefore, investment in subsidiaries is presented in the Parent Company Only Financial Statements as "investments accounted for using the equity method", with necessary valuation adjustments.

The Parent Company Only Financial Statements have been prepared on the historical cost basis, except for financial instruments at fair value. The Parent Company Only Financial Statements are presented in thousands of NTD unless otherwise stated.

3. Foreign Currency Transactions

The Parent Company Only Financial Statements were expressed in NTD, which is the Company's functional currency.

The foreign-currency transactions are recorded in their functional currency using the exchange rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the closing rate on that date; non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate at the date of the fair value measurement; non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the original transaction.

Exchange differences arising from settlement or translation of monetary items other than those described below are recognized as profit or loss in the period in which they occur:

(1) Exchange differences arising on foreign-currency borrowings to acquire qualifying assets that are treated as adjustments to interest costs are capitalized as part of the cost of the borrowings and are recognized as the cost of the assets.

(2) Foreign-currency items under IFRS 9, "Financial Instruments," are accounted for in accordance with the accounting policy for financial instruments.
(3) For monetary items that form part of a reporting entity's net investment in a foreign operation, the resulting exchange differences are recognized in other comprehensive income and are reclassified from equity to profit or loss upon disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency and measures its financial statements in that functional currency. In preparing the Parent Company Only Financial Statements, the assets and liabilities of foreign operations are translated into NTD at the closing rate on the balance sheet date, and income and expense items are translated at the average exchange rate for the period. Exchange differences arising from translation are recognized in other comprehensive income. Upon disposal of the foreign operation, the cumulative exchange differences previously recognized in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss upon recognition of the gain or loss on disposal. A partial disposal involving a loss of control over a subsidiary that includes a foreign operation and a partial disposal of an interest in an affiliate or joint agreement that includes a foreign operation in which the retained interest is a financial asset that includes a foreign operation are also treated as disposal.

Upon partial disposal of a subsidiary that includes a foreign operation without loss of control, the cumulative translation differences recognized in other comprehensive income are reattributed to the non-controlling interest in the foreign operation on a pro rata basis and are not recognized in profit or loss; upon partial disposal of an affiliate or joint agreement that includes a foreign operation without loss of significant influence or joint control, the cumulative translation differences are reclassified to profit or loss on a pro rata basis.

5. Classification of Current and Non-current Assets and Liabilities

Assets are classified as current assets if one of the following conditions is met while assets not classified as current assets are classified as non-current assets.

(1) The asset is expected to be realized in the normal course of business, or is intended to be sold or consumed.
(2) The asset is held primarily for the purpose of trading.
(3) The asset is expected to be realized within 12 months after the balance sheet date.
(4) Cash or cash equivalents, except for those that are exchanged or restricted for the settlement of liabilities at least 12 months after the balance sheet date.

Liabilities are classified as current liabilities if one of the following conditions is met while liabilities not classified as current liabilities are classified as non-current liabilities:

(1) The liability is expected to be settled in the normal course of business.
(2) The liability is held primarily for the purpose of trading.
(3) The liability is expected to be settled upon maturity within 12 months after the balance sheet date.
(4) The liability for which the settlement date cannot be extended unconditionally to more than 12 months after the reporting period. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

6. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid time deposits or investments (including time deposits of contract period within three months) that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value.

7. Financial instruments

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

Financial assets and financial liabilities that are within the scope of IFRS 9, "Financial Instruments", are measured at fair value on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than those classified as at fair value through profit or loss) are added to or deducted from the fair value of those financial assets and financial liabilities.

(1) Recognition and Measurement of Financial Assets

The Company uses trade date accounting for the recognition and derecognition of all customarily traded financial assets.

The Company classifies financial assets as financial assets subsequently measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss on the following two bases:

A. operating model for managing financial assets
B. contractual cash flow characteristics of financial assets

Financial assets at amortized cost

Financial assets that meet both of the following two criteria are measured at amortized cost and reported in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables.

A. Operating model for managing financial assets: Holding financial assets to collect contractual cash flows
B. Contractual cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

These financial assets (excluding those involved in hedging relationships) are subsequently measured at amortized cost [the amount measured at original recognition, less principal repaid, plus or minus the cumulative amortization of the difference between that original amount and the maturity amount (using the effective interest method), and adjusted for allowance for losses]. An impairment gain or loss is recognized in profit or loss when it is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amount of the financial asset) or the following is recognized in profit or loss:

A. For credit-impaired financial assets acquired or created, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial assets
B. If the financial asset is not impaired, but subsequently becomes impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are reported in the balance sheet as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

A. Operating model for managing financial assets: Collect contractual cash flows and sell financial assets
B. Contractual cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

The recognition of gain and loss related to this type of financial assets is described as follows:

A. Before derecognition or reclassification, gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains or losses, which are recognized in profit or loss.

B. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amount of the financial asset) or the following is recognized in profit or loss:

a. For credit-impaired financial assets acquired or created, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial assets
b. If the financial asset is not impaired, but subsequently becomes impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, for equity instruments that are within the scope of application of IFRS 9 and that are neither held-for-trading nor contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies, subsequent changes in fair value are selectively (irrevocably) reported in other comprehensive income upon initial recognition. Amounts reported in other comprehensive income are not subsequently transferred to profit or loss (upon disposal of such equity instruments, the cumulative amounts included in other equity items are transferred directly to retained earnings), and financial assets measured at fair value through other comprehensive income are reported in the balance sheet. Dividends from investments are recognized in profit or loss unless it is clear that the dividends represent a partial recovery of the cost of the investment.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except when they meet certain criteria and are measured at amortized cost or at fair value through other comprehensive income, as described above, and are reported in the balance sheet as financial assets measured at fair value through profit or loss.

The gain or loss arising from the remeasurement of such financial assets measured at fair value is recognized in profit or loss, and the gain or loss recognized in profit or loss includes any dividends or interest received on the financial assets.

(2) Impairment of financial assets

The Company recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

The Company measures expected credit losses in a manner that reflects the following:

A. Unbiased, probability-weighted amounts determined by evaluating various possible outcomes
B. Time value of money
C. Information relating to past events, current conditions and projections of future economic conditions that is reasonable and supportable (available at the balance sheet date without excessive costs or inputs)

The method of measuring the allowance for losses is described as follows:

A. Measured by the amount of expected credit losses over 12 months: including financial assets with no significant increase in credit risk since original recognition or those with low credit risk as of the balance sheet date. In addition, it also includes the allowance for losses measured at the amount of expected credit losses during the prior reporting period, but at the balance sheet date no longer meets the condition that the credit risk has increased significantly since the original recognition.

B. Measurement of the amount of expected credit losses over the duration of existence: including financial assets with no significant increase in credit risk since original recognition or credit impaired financial assets that are acquired or created.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the allowance for losses using the expected credit loss amount over the life of the transaction.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the allowance for losses using the expected credit loss amount over the life of the transaction.

The Company assesses at each balance sheet date whether the credit risk of a financial instrument has increased significantly since original recognition by comparing the change in default risk of the financial instrument at the balance sheet date with that at the original recognition date. For information related to credit risk, please refer to Note 12.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of the financial assets are terminated.
B. The financial asset is transferred and substantially all the risks and rewards of ownership of the asset are transferred to others.
C. Neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but transferred control of the asset.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The liabilities and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that recognizes the Company's remaining interest in assets less all liabilities. The equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

Composite tools

The Company recognizes the components of financial liabilities and equity for convertible corporate bonds issued in accordance with the contractual terms. In addition, for the convertible corporate bonds issued, before distinguishing the equity element, it is evaluated whether the economic characteristics and risks of the embedded buy and sell options are closely related to the main debt instrument.

For the fair value of the liabilities that do not involve derivatives, the fair value is assessed using the market interest rate equivalent to the bonds with convertible characteristics. Before the settlement of conversion or redemption, the amount of this part is classified as financial liabilities measured at amortized cost. As for other embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (e.g., for the embedded repurchase option and redemption option whose exercise price is confirmed to be unable to be nearly equal to the amortized cost of the debt instrument on each exercise date), except for equity and other components, which are classified as components of liabilities and measured at fair value through profit or loss in the subsequent period, the amount of the equity element is determined by the fair value of convertible corporate bonds less the component of liabilities, and the carrying amount will not be remeasured in the subsequent accounting period. If the convertible corporate bonds issued have no equity element, they shall be handled in accordance with IFRS 9, "Hybrid Instruments".

The transaction cost is amortized to the liabilities and equity components in accordance with the ratio of the convertible corporate bonds recognized initially to the liabilities and equity components.

When the convertible bond holder requests to exercise the right of conversion before the maturity of the convertible corporate bond, the book value of the components of the liability is adjusted to the book value at the time of conversion as the basis for recording the issued ordinary shares.

Financial liabilities

Financial liabilities that meet the applicable scope of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or at amortized cost on initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held-for-trading when one of the following conditions is met:

A. It is acquired primarily for the purpose of selling in the short term.
B. It is part of a portfolio of identifiable financial instruments that are managed on initial recognition and for which there is recent evidence of a short-term profitable operating pattern; or
C. A derivative (other than a derivative on a financial guarantee contract or a designated and effective hedging instrument).

For contracts that contain one or more embedded derivatives, the overall hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; designated at fair value through profit or loss on initial recognition when one of the following factors is met that provides more relevant information:

A. The designation eliminates or materially reduces measurement or recognition inconsistencies; or
B. A group of financial liabilities or a group of financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a written risk management or investment strategy, and the information on that portfolio provided internally to management of the Consolidated Company is also on a fair value basis.

Gains or losses arising from the remeasurement of such financial liabilities are recognized in profit or loss, and such gains or losses recognized in profit or loss include any interest paid on financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gain or loss and amortization are recognized in profit or loss.

Amortized cost is calculated by taking into account the discount or premium on acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

When a debt instrument with materially different terms is exchanged between the Company and its creditors, or when all or part of the terms of an existing financial liability are significantly modified (whether or not due to financial difficulties), the difference between the carrying amount of the financial liability and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle the asset and the liability on a net basis or to realize the asset and settle the liability simultaneously.

8. Fair Value Measurements

Fair value is the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements assume that the sale of an asset or transfer of a liability occurs in one of the following markets.

(1) the principal market for the asset or liability, or
(2) if there is no principal market, the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible to the Company for the purpose of trading.

The fair value of an asset or liability is measured using assumptions that market participants would use in pricing the asset or liability, assuming that those market participants act in their economic best interests.

Fair value measurements of nonfinancial assets consider the ability of a market participant to generate economic benefits by using the asset for its maximum and best use or by selling the asset to another market participant that would use the asset for its maximum and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value and to maximize the use of observable inputs and minimize the use of unobservable inputs.

9. Inventories

Inventories are valued at the lower of cost or net realizable value on a item-by-item basis.

Cost is the cost incurred to bring inventories to a saleable or production-ready condition and location:

Raw materials - at actual incoming cost, using the weighted-average method.
Finished goods and work in process - includes direct raw materials, labor and fixed manufacturing costs allocated to normal production capacity, but does not include borrowing costs.

Net realizable value is the estimated selling price less costs and selling expenses to completion under normal circumstances.

The provision of service is accounted for in accordance with IFRS 15 and is not part of inventories.

10. Investment accounted for using the equity method

In accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in subsidiaries are stated as "investments accounted for using the equity method" with necessary valuation adjustments so that the allocation of current profit or loss and other comprehensive income in Parent Company Only Financial Statements is the same as the allocation of current profit or loss and other comprehensive income attributable to owners of the parent company in financial statements prepared on a consolidated basis, and the owners' equity in Parent Company Only Financial Statements is the same as the equity attributable to owners of the parent company in financial statements prepared on a consolidated basis. These adjustments are mainly for the differences in the treatment of investment in subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the application of IFRS at different reporting entity levels, which are debited or credited to accounts such as "investments accounted for using the equity method", "share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method" or "share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for using the equity method".

The Company's investments in affiliates are accounted for using the equity method, except for those classified as assets held for sale. Affiliates are those over which the Company has significant influence. A joint venture is one where the Company has rights to the net assets of a joint agreement (with joint control).

Under the equity method, investments in affiliates or joint ventures are carried on the balance sheet at cost plus changes in net assets of the affiliates or joint ventures recognized in proportion to the Company's shareholding percentages in those affiliates or joint ventures after acquisition. After the carrying amount of an investment in an affiliate or joint venture and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized to the extent that legal obligations, constructive obligations or payments on behalf of the affiliate have been incurred. Unrealized gains or losses arising from transactions between the Company and its affiliates or joint ventures are eliminated in proportion to the Company's interest in the affiliates or joint ventures.

When the change in equity in an affiliate or joint venture is not attributable to profit or loss and other comprehensive income and does not affect the Company's shareholding percentage in the affiliate or joint venture, the Company recognizes the related change in ownership interest in proportion to the Company's shareholding percentage in the affiliate or joint venture. Therefore, capital surplus recognized is transferred to profit or loss on the basis of the proportion of the disposal of the affiliates or joint ventures when they are subsequently disposed of.

If the Company does not subscribe for new shares of an affiliate or joint venture in proportion to the Company's shareholding, resulting in a change in investment percentage and an increase or decrease in the Company's share of the net assets of the affiliate or joint venture, the increase or decrease is adjusted by "capital surplus" and "investments accounted for using the equity method". When the investment percentage is reduced, the relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts in proportion to the reduction. The forgoing capital surplus recognized is transferred to profit or loss on the basis of the proportion of the disposal of the affiliates or joint ventures when they are subsequently disposed of.

The financial statements of affiliates or joint ventures are prepared for the same reporting periods as those of the Company and are adjusted to conform to the accounting policies of the Company.

At the end of each reporting period, the Company confirms whether there is objective evidence of impairment of its investment in an affiliate in accordance with IAS 28, "Investments in Affiliates and Joint Ventures", and if there is objective evidence of impairment, the Company calculates the amount of impairment in accordance with IAS 36, "Impairment of Assets", based on the difference between the recoverable amount and the carrying amount of the affiliate and recognizes the amount in profit or loss of the affiliate. If the value in use of the investment is used for the aforementioned recoverable amount, the Company determines the related value in use based on the following estimates:

(1) The Company's share of the present value of the estimated future cash flows from the affiliate or joint venture, including the cash flows from the affiliate's or joint venture's operations and the proceeds from the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to be generated by the Company from the dividends received from the investment and the ultimate disposal of the investment.

Because the components of goodwill that constitute the carrying amount of an investment in an affiliate or joint venture are not separately recognized, the provisions of IAS 36, "Impairment of Assets" for goodwill impairment testing are not required.

When significant influence over an affiliate or joint control over a joint venture is lost, the Company measures and recognizes the retained portion of the investment at fair value. When significant influence or joint control is lost, the difference between the carrying amount of the investment in the affiliate or joint venture and the fair value of the retained investment plus the proceeds of disposal is recognized as profit or loss. In addition, when the investment in the affiliate company becomes an investment in the joint venture, or the investment in the joint venture becomes an investment in the associate company, the Company continues to apply the equity method without re-measurement of the reserved equity.

11. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, less accumulated depreciation and accumulated impairment. The aforementioned costs include the costs of dismantling, removing and restoring property, plant and equipment to their original locations and the necessary interest expenses incurred for uncompleted construction. Depreciation is provided separately for each component of property, plant and equipment that is significant. When a significant component of property, plant and equipment is required to be replaced periodically, the Company recognizes the item as an individual asset with a specific useful life and depreciation method, respectively. The carrying amounts of these replaced components are derecognized in accordance with the derecognition provisions of IAS 16, "Property, Plant and Equipment". Major maintenance costs are recognized as part of the carrying amount of plant and equipment if they meet the criteria for recognition, and other repair and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

Buildings: 5 to 55 years (55 years for the main body of buildings and construction and 5 to 15 years for ancillary equipment)
Machinery and equipment: 3 to 5 years
Transportation equipment: 5 years
Office equipment: 5 years
Other equipment: 1 to 5 years

Items or significant components of property, plant and equipment are derecognized and recognized in profit or loss when they are disposed of or no future economic benefits are expected from their use or disposal after initial recognition.

The residual value, useful life and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from the previous estimate, the change is regarded as a change in the accounting estimate value.

12. Investment properties

Investment properties owned by the Company are measured at original cost and includes the transaction cost of acquiring the asset. The carrying amount of investment property includes the cost of repairing or adding to existing investment property when the cost is recognized, but maintenance costs incurred on a regular basis are not included as part of the cost. After initial recognition, investment property is measured at cost in accordance with IAS 16, "Property, Plant and Equipment", except when it is classified as held for sale (or included in a subgroup classified as held for sale) in accordance with IFRS 5, "Non-current Assets and Discontinued Operations". However, if the property is held by a lessee as a right-of-use asset and is not held for sale under IFRS 5, it is accounted for in accordance with IFRS 16.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

Buildings: 55 years

Investment properties are derecognized and gains or losses are recognized when it is disposed of, or permanently ceased to be used, and no future economic benefits are expected to be derived from its disposal.

The Company decides to transfer in or out of investment property depending on the actual use of the assets.

The Company reclassifies real estate as investment property or transfers out of investment property when the real estate meets or no longer meets the definition of investment property and there is evidence of a change in use.

13. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is (or contains) a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract transfers control over the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

(1) the right to obtain substantially all the economic benefits from the use of the identified assets; and
(2) the right to control the use of the identified assets.

For contracts that are (or contain) leases, the Company treats each lease component of the contract as a separate lease and treats it separately from the non-lease components of the contract. Where a contract contains a lease component and one or more additional leases or non-lease components, the Company apportions the consideration in the contract to the lease component on the basis of the relative individual prices of each lease component and the aggregated individual prices of the non-lease components. The relative individual prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar supplier) for that component (or similar component) respectively. If an observable separate price is not readily available, the Company maximizes the use of observable information to estimate that separate price.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases when the Company is the lessee of the lease contract, except for leases that qualify as short-term leases or leases with low-value underlying assets.

The Company measures the lease liability at the commencement date at the present value of the lease payments outstanding at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Lease payments included in the lease liability at the commencement date include the following payments relating to the right to use the subject asset during the lease period and outstanding at that date:

(1) Fixed payments (including material fixed payments), net of any lease incentives that may be received.
(2) Variable lease payments that depend on an index or rate (measured using the original index or rate as of the commencement date).
(3) The amount expected to be paid by the lessee under the residual value guarantee.
(4) The exercise price of the purchase option if the Company can be reasonably certain that it will exercise the option; and
(5) The penalty to be paid for lease termination if the lease period reflects that the lessee will exercise the option to terminate the lease.

Subsequent to the commencement date, the Company measures the lease liability on an amortized cost basis, increasing the carrying amount of the lease liability by the effective interest method to reflect interest on the lease liability; payments of lease benefits reduce the carrying amount of the lease liability.

The Company measures right-of-use assets at cost at the commencement date, and the cost of right-of-use assets consists of:

(1) The original measurement amount of the lease liability.
(2) Any lease payments made on or before the commencement date, less any lease incentives received.
(3) Any original direct costs incurred by the lessee; and
(4) The estimated cost to the lessee of disassembling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of right-of-use assets is stated at cost less accumulated depreciation and accumulated impairment losses, i.e., the right-of-use asset is measured using the cost model.

Right-of-use assets are depreciated from the commencement date to the end of the useful life of the subject assets if ownership of the subject assets is transferred to the Company at the end of the lease period or if the cost of the right-of-use assets reflects that the Company will exercise the purchase option. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period.

The Company applies IAS 36, "Impairment of Assets", to determine whether a right-of-use asset is impaired and to treat any identified impairment loss.

The Company reports right-of-use assets and lease liabilities in the balance sheet, except for leases that qualify as short-term leases or leases with low-value underlying assets, and reports depreciation expense and interest expense related to leases in the statement of comprehensive income, respectively.

For short-term leases and leases of low-value underlying assets, the Company elects to recognize lease payments related to these leases as an expense over the lease period on a straight-line basis or another systematic basis.

The Company as lessor

The Company classifies each of its leases as operating leases or finance leases at the contract inception date. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of the subject asset; if it does not transfer, it is classified as an operating lease. At the commencement date, the Company recognizes assets held under finance leases in the balance sheet and expresses them as finance lease receivables based on the net investment in the leases.

For contracts with lease components as well as non-lease components, the Company applies IFRS 15 to apportion the consideration in the contracts.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. Lease payments under operating leases that are not dependent on changes in an index or rate are recognized as rental income as incurred.

14. Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets that do not meet the criteria for recognition are not capitalized but are recognized in profit or loss as incurred.

The useful lives of intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment whenever there is an indication of impairment. The amortization period and amortization method of intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of an asset differs from previous estimates or the expected pattern of future economic consumption has changed, the amortization method or amortization period is adjusted and treated as a change in accounting

estimate value.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment at the individual asset or cash-generating unit level each year. Intangible assets with indefinite useful lives are assessed each period to determine whether events and circumstances continue to support the asset's indefinite useful life. If the useful life is changed from indefinite to finite, the application is deferred.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.

The accounting policy information of the Company's intangible assets is summarized as follows:

| | Computer software costs |
|---|---|
| Useful life | 3 years |
| Amortization method used | Amortized on a straight-line basis over the life of the contract |
| Internally generated or externally acquired | Externally acquired |

15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication of impairment for all assets subject to IAS 36, "Impairment of Assets". Where there is an indication of impairment or an asset is required to be tested annually for impairment, the Company performs the test on an individual asset or on the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of the cash-generating unit to which the asset or asset belongs exceeds its recoverable amount. Recoverable amount is the higher of net fair value and value in use.

The Company assesses at the end of each reporting period, for assets other than goodwill, whether there is any indication that a previously recognized impairment loss may no longer exist or may have decreased. If there is such indication, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. The carrying amount of the reversal does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

Cash-generating units or groups to which goodwill belongs are tested annually for impairment, regardless of whether there is any indication of impairment. If an impairment loss is recognized as a result of an impairment test, goodwill is written off first and any shortfall is allocated to assets other than goodwill in proportion to their carrying amounts. Once an impairment loss on goodwill is recognized, it cannot be reversed for any reason.

The impairment loss and reversal are recognized in profit or loss for the continuing business unit.

16. Treasury stock

When the Company acquires shares of the Company (treasury stock), the acquisition cost is recognized as a deduction from equity. The difference in the price of the treasury stock transactions is recognized under equity.

17. Revenue recognition

The Company's revenue from contracts with customers is mainly from the sale of goods, and the accounting treatment is explained as follows:

The Company manufactures and sells products. Revenue is recognized when the promised goods are delivered to the customer and the customer obtains control of the goods (i.e., the customer's ability to control the use of the goods and obtain substantially all of the residual benefits of the goods) primarily for connectors and electronic modules, based on contracted prices. The rest of product sales transactions are usually subject to volume discounts (based on the total cumulative sales in a given period). Accordingly, revenue is based on contracted prices, less estimated volume discounts. The Company estimates the variable consideration arising from volume discounts based on cumulative experience and using expected values, but only to the extent that it is highly probable that there will be no significant reversal in the cumulative amount of revenue recognized when the uncertainty associated with the variable consideration is subsequently removed.

The credit period for the Company's sales of merchandise transactions generally ranges from 60 days to 120 days. The majority of these contracts are recognized when the goods are transferred to the customer's control and the right to receive unconditional consideration is available, which is usually a short period and does not have a significant financial component. A small number of contracts that have been transferred to customers without the right to receive unconditional consideration are recognized as contract assets, and the contract assets are subject to an allowance for loss in accordance with IFRS 9 based on the expected credit loss over the life of the contract.

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

19. Post-employment benefit plans

The Company's employee retirement regulations are applicable to all regularly employed employees. The employee retirement fund is managed by the Supervisory Committee of Labor Retirement Reserve and deposited into the special account of the retirement fund. Since the above retirement fund is deposited in the name of the Supervisory Committee of Labor Retirement Reserve and is completely separate from the Company, it is not included in the above Parent Company Only Financial Statements.

Under the defined contribution plan, the Company's monthly contribution rate to the post-employment benefit plan shall not be less than 6% of the employee's monthly salary, and the amount contributed shall be recognized as current expense.

For post-employment benefit plan under that is a defined benefit plan, provision is made on the basis of actuarial report at the end of the annual reporting period in accordance with the projected unit benefit method. The remeasurement of the net defined benefit liability (asset) includes any changes in the remuneration on plan assets and the effect of the asset cap, net of amounts included in net interest on the net defined benefit liability (asset), and actuarial gain and loss.

The remeasurement of the net defined benefit liability (asset) is included in other comprehensive income as incurred and is recognized immediately in retained earnings. The cost of prior service is the change in the present value of the defined benefit obligation resulted from plan amendment or reduction and is recognized as an expense on the earlier of:

(1) when the plan amendment or reduction occurs; and
(2) when the Company recognizes the related restructuring costs or severance benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both of which are determined at the beginning of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) arising from contributions and benefit payments during that period.

20. Income tax

Income tax expense (benefit) represents the total amount included in the determination of current income tax and deferred income tax for the current period.

Current income tax

Current income tax liabilities (assets) related to current and prior periods are measured using tax rates and laws that have been legislated or substantively enacted by the end of the reporting period. Current income tax related to items recognized in other comprehensive income or recognized directly in equity are recognized in other comprehensive income or equity, respectively, rather than in profit or loss.

Income tax on undistributed earnings is recorded as income tax expense on the date when the shareholders resolve to distribute the earnings.

Deferred income tax

Deferred income tax is calculated on temporary differences between assets and liabilities of tax base and their carrying amounts on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities except for the following:

(1) The initial recognition of goodwill; or it is not generated from a business merger transaction, which affects neither accounting profits nor taxable income (loss) at the time of the transaction, and does not increase an equivalent taxable and deductible temporary difference at the time of the transaction;

(2) Taxable temporary differences arising from investments in subsidiaries, affiliates and interests in joint agreements where the timing of the reversal is controlled and it is probable that they will not reverse in the foreseeable future.

Deferred income tax assets arising from temporary differences, unused tax losses and unused income tax credits are recognized to the extent that it is probable that future taxable income will be available, except for the following:

(1) It is related to the deductible temporary difference arising from the initial recognition of assets or liabilities that are not business merger transactions, which affects neither accounting profits nor taxable income (loss) at the time of the transaction, and does not increase an equivalent taxable and deductible temporary difference at the time of the transaction;

(2) Deductible temporary differences arising from investments in subsidiaries, affiliates and interests in joint agreements are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and there are sufficient taxable instruments available at the time of the reversal to allow the temporary differences to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are measured to reflect the tax consequences of the manner in which the carrying amount of the asset is expected to be recovered or the liability settled at the end of the reporting period. Deferred income taxes are not recognized in profit or loss, but are recognized in other comprehensive income or directly in equity, depending on the transaction to which they relate. Deferred income tax assets are revisited and recognized at the end of each reporting period.
Deferred income tax assets and liabilities are offset only to the extent that the offsetting of current income tax assets and liabilities is legally enforceable and the deferred income taxes are attributable to the same taxable entity and are related to income taxes levied by the same taxing authority.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

The preparation of the Company's Parent Company Only Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainties in these significant assumptions and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods.

1. Judgments

In the process of adopting the Company's accounting policies, management makes the following judgments that have the most significant effect on the recognition of amounts in the Parent Company Only Financial Statements:

(1) Investment properties

Certain of the Company's real estate is held partly for rental or capital appreciation purposes and partly for the use by the Company. If each component can be sold separately, it is treated as investment property and property, plant and equipment, respectively. If each component cannot be sold separately, the real estate is classified as investment property only when the portion held for the use by the Group accounts for less than 5% of the individual real estate.

(2) Operating lease commitments - The Company as lessor

The Company has entered into commercial real estate leases for its investment property portfolio. Based on the assessment of the terms of these leases, the Company retains significant risks and rewards of ownership of these real estate properties and treats these leases as operating leases.

2. Estimates and assumptions

The key sources of information about the uncertainty of estimates and assumptions concerning the future at the end of the reporting period have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year. It is hereby explained as follows:

(1) Fair value of financial instruments

When the fair value of financial assets and liabilities recognized in the balance sheet is not available in an active market, the fair value is determined using valuation techniques, including the income approach (e.g., discounted cash flow model) or the market approach, and changes in the assumptions used in these models will affect the fair value of the reported financial instruments. Please refer to Note 12 for details.

(2) Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to dispose is based on the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date, less incremental costs directly attributable to the disposal of the asset or cash-generating unit. Value in use is calculated based on a discounted cash flow model. Cash flow projections are based on budgets for the next five years and do not include restructuring to which the Company is not yet committed or significant future investments required to enhance the performance of the tested cash-generating unit assets. Recoverable amounts are susceptible to the discount rates used in the discounted cash flow model and the expected future cash inflows and growth rates used for extrapolation purposes.

Some of the Company's property, plant and equipment are carried at net fair value as recoverable amount because there is no indication that the assets not available for operating use will generate cash flows in future years. As a result of the assessment, the carrying amount of the assets exceeded their recoverable amounts, and therefore, an impairment loss of $4,000 thousand was recognized for the year 2005.

(3) Accounts Receivable - Estimated Impairment Loss

The impairment loss on the Company's receivables is measured using the estimated credit loss over the remaining period. The credit loss is measured as the present value of the difference between the contractual cash flows receivable (carrying amount) and the cash flows expected to be received, except that the effect of discounting short-term receivables is not significant and the credit loss is measured as the undiscounted difference. If actual future cash flows are less than expected, a material impairment loss may result, as described in Note 6.19.

(4) Post-employment benefit plans

The present value of defined benefit cost and defined benefit obligation of the post-employment benefit plan is based on actuarial evaluation. The actuarial valuation involves various assumptions, including discount rates and changes in expected payroll. For a detailed description of the assumptions used to measure the defined benefit cost and defined benefit obligation, please refer to Note 6.16.

(5) Income tax

Uncertainty in income tax lies in the interpretation of complex tax regulations, the amount of future taxable income that will be generated and the timing. Due to the long-term nature and complexity of extensive international business relationships and contracts, differences between actual results and assumptions made, or future changes in such assumptions, may force future adjustments to recorded income tax benefits and expenses. The provision for income tax is based on reasonable estimates based on probable audits by the tax authorities of the countries in which the Company operates. The amounts provided are based on various factors, such as past tax audit experience and differences in the interpretation of tax regulations by the tax authorities to which the Group belongs. These differences in interpretation may give rise to various issues depending on the location of the Company's individual entities.
Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available or taxable temporary differences will be deductible from unused tax losses and income tax credits. The determination of the amount of deferred income tax assets to be recognized is based on the timing and level of future taxable income and taxable temporary differences, together with future tax planning strategies.

VI. Summary of Significant Accounting Items

1. Cash and cash equivalents

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Cash and petty cash | $55 | $55 |
| Demand deposits | 19,993 | 20,774 |
| Total | $20,048 | $20,829 |

2. Financial assets at fair value through other comprehensive income

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Investments in equity instruments at fair value through other comprehensive income - non-current | | |
| Shares of unlisted companies | $6,410 | $6,410 |

The Company classifies some financial assets as financial assets at fair value through other comprehensive income, with which no guarantees were provided

3. Notes receivable, net

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Notes receivable - incurred as a result of operations | $1,184 | $1,628 |
| Less: Allowance for losses | - | - |
| Net amount | $1,184 | $1,628 |

The Company has not provided the forgoing notes receivable as guarantee.

The Company uses IFRS 9 to assess impairment. Please refer to Note 6.19 for information on allowance for losses and Note 12 for information on credit risk.

4. Accounts receivable, net

(1) The breakdown of net accounts receivable is as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Accounts receivable - incurred as a result of operations | $16,656 | $27,274 |
| Less: Allowance for losses | (460) | (397) |
| Net amount | $16,196 | $26,877 |

The Company's credit period to customers normally ranges from 60 days to 120 days. As of December 31, 2023 and 2022, the total carrying amount was NTD 16,656 thousand and NTD 27,274 thousand, respectively, and the related information on allowance for losses for 2023 and 2022 is provided in Note 6.19. Please refer to Note 12 for information on credit risk.

(2) The Company has not provided the forgoing net notes receivable as guarantee.

5. Inventories

(1) The breakdown of net inventories is as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Work in process | $530 | $536 |
| Less: Allowance for losses (Note) | (418) | (430) |
| Subtotal | 112 | 106 |
| Finished goods | 7,062 | 8,675 |
| Less: Allowance for losses (Note) | (873) | (539) |
| Subtotal | 6,189 | 8,136 |
| Inventories in transit | - | 183 |
| Total | $6,301 | $8,425 |

Note: The Company's allowance for inventory losses included BTD 0 thousand and NTD 298 of reversal of inventory scrapping for 2023 and 2022.

(2) The cost of inventories recognized as expenses in 2023 and 2022 were NTD 68,240 thousand and NTD 85,873 thousand, respectively, including the following expenses:

| Item | 2023 | 2022 |
|---|---|---|
| Inventory valuation losses ( Note ) | $322 | $337 |

Note: The Company recognized (reversed) losses of NTD 322 thousand and NTD 635 thousand due to aged inventory in 2023 and 2022, respectively.

(3) The Company has not provided the forgoing inventories as guarantee.

6. Investment accounted for using the equity method

| | 2023/12/31 | | 2022/12/31 | |
|---|---|---|---|---|
| Name of investee | Amount | Shareholding percentage | Amount | Shareholding percentage |
| Investment in subsidiaries | | | | |
| SINGATRON INVESTMENT COMPANY LIMITED | $6,226 | 100% | $6,544 | 100% |
| SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | 4,175,534 | 100% | 2,430,633 | 100% |
| Subtotal | 4,181,760 | | 2,437,177 | |
| Investment in associate companies: | | | | |
| Taisol Electronics Co., Ltd. | 583,337 | 11.79% | - | -% |
| Total | $4,765,097 | | $2,437,177 | |

(1) Investment in subsidiaries is presented in the Parent Company Only Financial Statements as "investments accounted for using the equity method", with necessary valuation adjustments.

(2) Investment in associate companies

The associate companies important to the Company are as follows :

①Company name: Taisol Electronics Co., Ltd.

②Principal place of business (country of registration): Taiwan

③Fair value with quoted price in the open market:

Taisol Electronics Co., Ltd. is listed on the Taiwan Stock Exchange The fair value of the Company's investment in the company using the equity method was NTD 696,662 thousand on December 31, 2023.

④On August 10, 2023, the Board of Directors resolved to invest in Taisol Electronics Co., Ltd. with a price not exceeding NTD 660,000 thousand to acquire part of the equity in order to achieve more diversified development and maximize operational performance. In addition, Mr. Peng-Huang Peng, Vice Chairperson and President of the Company, serves as the Chairman (the legal person representative of Long-Thin Enterprise Co., Ltd.) and Chief Strategy Officer of Taisol Electronics Co., Ltd., and thus has significant influence over the company and is regarded it as an associate company.

As of December 31, 2023, the Company remitted NTD 573,023 thousand of its investment funds and acquired 11.79% of the equity.

⑤The summarized financial information and the reconciliation to the book value of the investment are as follows:

| | 2023/12/31 |
|---|---|
| Current assets | $3,255,441 |
| Non-current assets | 580,335 |
| Current liabilities | (1,799,239) |
| Non-current liabilities | (140,412) |
| Equity | 1,896,125 |
| Shareholding ratio of the Company | 11.79% |
| Subtotal | 223,553 |
| Acquisition at a premium | 359,784 |
| Carrying amount of investment | $583,337 |

| | 2023 |
|---|---|
| Operating revenue | $3,811,775 |
| Net profit from continuing operations for the period | 243,294 |
| Other comprehensive income | (24,480) |
| Current comprehensive income | 218,814 |

(3) The aforementioned investment under the equity method had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.

(4) Please refer to Note 8 for the provision of collateral for the aforementioned investment under the equity method.

7. Property, plant and equipment

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Property, plant and equipment for the use by the Group | $213,739 | $220,103 |

(1) Property, plant and equipment for the use by the Company

| | Land | Buildings | Machinery and equipment | Transportation equipment | Office equipment | Other equipment | Construction in progress and equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|---|
| Costs: | | | | | | | | |
| 2023/1/1 | $117,248 | $149,736 | $1,677 | $11,223 | $9,047 | $5,789 | $- | $294,720 |
| Addition | - | - | - | - | - | 494 | 1,351 | 1,845 |
| Disposal | - | (2,889) | (250) | - | (679) | (1,060) | - | (4,878) |
| Transfer | - | - | 136 | - | - | (136) | - | - |
| 2023/12/31 | $117,248 | $146,847 | $1,563 | $11,223 | $8,368 | $5,087 | $1,351 | $291,687 |
| | | | | | | | | |
| 2022/01/01 | $117,248 | $149,624 | $1,677 | $6,199 | $4,547 | $6,864 | $1,409 | $287,568 |
| Addition | - | 112 | - | - | 1,350 | 477 | 7,895 | 9,834 |
| Disposal | - | - | - | (976) | - | (1,706) | - | (2,682) |
| Transfer | - | - | - | 6,000 | 3,150 | 154 | (9,304) | - |
| 2022/12/31 | $117,248 | $149,736 | $1,677 | $11,223 | $9,047 | $5,789 | $- | $294,720 |
| | | | | | | | | |
| Accumulated depreciation | | | | | | | | |
| 2023/1/1 | $- | $66,109 | $1,199 | $1,902 | $2,775 | $2,632 | $- | $74,617 |
| Depreciation | - | 3,410 | 387 | 1,870 | 1,496 | 1,046 | - | 8,209 |
| Disposal | - | (2,889) | (250) | - | (679) | (1,060) | - | (4,878) |
| Transfer | - | - | 31 | - | - | (31) | - | - |
| 2023/12/31 | $- | $66,630 | $1,367 | $3,772 | $3,592 | $2,587 | $- | $77,948 |
| | | | | | | | | |
| 2022/01/01 | $- | $62,325 | $846 | $1,035 | $1,580 | $2,696 | $- | $68,482 |
| Depreciation | - | 3,784 | 353 | 1,450 | 1,195 | 1,642 | - | 8,424 |
| Disposal | - | - | - | (583) | - | (1,706) | - | (2,289) |
| Transfer | - | - | - | - | - | - | - | - |
| 2022/12/31 | $- | $66,109 | $1,199 | $1,902 | $2,775 | $2,632 | $- | $74,617 |
| | | | | | | | | |
| Net carrying amount: | | | | | | | | |
| 2023/12/31 | $117,248 | $80,217 | $196 | $7,451 | $4,776 | $2,500 | $1,351 | $213,739 |
| 2022/12/31 | $117,248 | $83,627 | $478 | $9,321 | $6,272 | $3,157 | $- | $220,103 |

(2) The significant components of the Company's buildings are primarily the main building and auxiliary equipment, which are depreciated over their useful lives of 55 years and 5 to 15 years, respectively.

(3) Please refer to Note 8 for details of the guarantees provided by the Company using property, plant and equipment.

8. Investment properties

(1) Investment properties are mainly the Company's own investment property. The Company has entered into commercial property leases for its own investment properties for a period of 2 years.

| | Land | Buildings | Total |
|---|---|---|---|
| Costs: | | | |
| 2023/1/1 | $20,053 | $23,618 | $43,671 |
| Addition - arising from purchases | - | - | - |
| Disposal | (13,949) | (20,407) | (34,356) |
| 2023/12/31 | $6,104 | $3,211 | $9,315 |
| | | | |
| 2022/01/01 | $20,053 | $23,618 | $43,671 |
| Addition - arising from purchases | - | - | - |
| Disposal | - | - | - |
| 2022/12/31 | $20,053 | $23,618 | $43,671 |
| | | | |
| Depreciation and impairment: | | | |
| 2023/1/1 | $- | $17,453 | $17,453 |
| Depreciation for the period | - | 330 | 330 |
| Disposal | - | (12,025) | (12,025) |
| Transfer | 2,547 | (2,547) | - |
| 2023/12/31 | $2,547 | $3,211 | $5,758 |
| | | | |
| 2022/01/01 | $- | $17,031 | $17,031 |
| Depreciation for the period | - | 422 | 422 |
| Disposal | - | - | - |
| 2022/12/31 | $- | $17,453 | $17,453 |
| | | | |
| Net carrying amount: | | | |
| 2023/12/31 | $3,557 | $- | $3,557 |
| 2022/12/31 | $20,053 | $6,165 | $26,218 |

| | 2023 | 2022 |
|---|---|---|
| Rental income from investment properties | $4,699 | $4,767 |
| Less: Direct operating expenses of investment properties generating rental income for the period | (109) | (110) |
| Total | $4,590 | $4,657 |

(2)The Company's investment properties are not measured at fair value, and we only disclose information about its fair value, while its fair value hierarchy is level 3. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 was NTD 6,389 thousand and NTD 46,536 thousand, respectively. The fair value of the aforementioned investment properties was based on the recent transaction prices of similar subject matters or the announced current value of land in the area where each investment property is located.

(3) Please refer to Note 8 for guarantees provided by the Group using investment properties mentioned above.

9. Intangible assets

| | Computer software |
|---|---|
| Costs: | |
| 2023/1/1 | $2,602 |
| Addition - acquired separately | - |
| Derecognition upon expiration | (2,357) |
| 2023/12/31 | $245 |
| | |
| 2022/01/01 | $2,718 |
| Addition - acquired separately | - |
| Derecognition upon expiration | (116) |
| 2022/12/31 | $2,602 |
| | |
| Amortization and impairment: | |
| 2023/1/1 | $1,929 |
| Amortization | 601 |
| Derecognition upon expiration | (2,357) |
| 2023/12/31 | $173 |
| | |
| 2022/01/01 | $1,152 |
| Amortization | 893 |
| Derecognition upon expiration | (116) |
| 2022/12/31 | $1,929 |
| Net carrying amount: | |
| 2023/12/31 | $72 |
| 2022/12/31 | $673 |

Amortization of recognized intangible assets was as follows:

| | 2023 | 2022 |
|---|---|---|
| Administrative expenses | $601 | $893 |

10. Short-term loans

| | Interest rate range (%) | 2023/12/31 | 2022/12/31 |
|---|---|---|---|
| Unsecured bank loans | 0.98%～2.35% | $271,667 | $528,333 |
| Secured bank loans | 0.95%～2.185% | - | 59,500 |
| Total | | $271,667 | $587,833 |

As of December 31, 2023 and 2022, the Company's unused short-term borrowing facilities were approximately NTD 503,333 thousand and NTD 353,667 thousand, respectively.

Please refer to Note 8 for the assets provided as collaterals for short-term borrowing facilities.

11. Financial liabilities measured at fair value through profit or loss

Details of corporate bonds payable are as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | |
| Embedded financial derivatives - redemption option | $2,050 | $- |
| Current | $2,050 | $- |
| Non-current | - | - |
| Total | $2,050 | $- |

12. Long-term loans

(1) Details of long-term borrowings as at December 31, 2023 and 2022 are as follows:

| Creditor | 2023/12/31 | Interest rate range (%) | Repayment period and method |
|---|---|---|---|
| Secured loans from Chang Hwa Commercial Bank | $25,000 | Interest is calculated based on the one-year floating interest rate +0.42% of post office savings | The borrowing period is from August 19, 2019 to August 19, 2024, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| Secured loans from Chang Hwa Commercial Bank | 150,000 | Interest is calculated based on the one-year floating interest rate +0.625 of post office savings | The borrowing period is from January 5, 2023 to January 5, 2028, including a repayment grace period of 2 years, with a quarterly instalment, a total of 12 equal installments to repay the principal, with the interest paid monthly. |
| Guaranteed loan of CTBC Bank | 473,023 | Interest is accrued at TAIBOR+1.5%, and interest is accrued at TAIBOR+1.1% after May 1, 2024 | The borrowing period is from August 22, 2023 to June 30, 2027. The principal was repaid on October 31, 2023, December 31, 2023, February 29, 2024 and April 30, 2024. The remaining principal of NTD 50,000 thousand is to be amortized and repaid in 3 instalments each year, with the interest paid monthly. |
| Less: Due within one year | (125,000) | | |
| Due in more than one year | $523,023 | | |

| Creditor | 2022/12/31 | Interest rate range (%) | Repayment period and method |
|---|---|---|---|
| Secured loans from Chang Hwa Commercial Bank | $58,333 | Interest is calculated based on the one-year floating interest rate +0.42% of post office savings | The borrowing period is from August 19, 2019 to August 19, 2024, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| Secured loans from Chang Hwa Commercial Bank | 50,000 | Interest is calculated based on the one-year floating interest rate +0.29% of post office savings | The borrowing period is from March 15, 2022 to March 15, 2027, including a grace period of 2 years for repayment, with quarterly installments and 12 equal installments of principal repayment, and interest is paid monthly. |
| Less: Due within one year | (33,333) | | |
| Due in more than one year | $75,000 | | |

(2) Please refer to Note 8 for details of the guarantees provided using assets.

13. Other payables

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Expenses payable | $22,323 | $23,137 |
| Interest payable | 1,429 | 463 |
| Payables for equipment | 54 | 100 |
| Total | $23,806 | $23,700 |

14. Corporate bonds payable

(1) The Company did not have any corporate bonds payable as of December 31, 2022. The details of the bonds payable as of December 31, 2023 were as follows:

| | 2023/12/31 |
|---|---|
| Elements of liabilities: | |
| Face value of domestic convertible corporate bonds payable | $500,000 |
| Less: Discount of domestic convertible corporate bond payable | (33,312) |
| Subtotal | 466,688 |
| Less: Due within one year | - |
| Net amount | $466,688 |
| | |
| Embedded financial derivatives - redemption option | $2,050 |
| Equity elements - conversion right | $44,245 |

For embedded financial derivatives - gain or loss on valuation of redemption right and interest expense amount recognized in corporate bonds, please refer to Note 6.22.

(2) The Company issued the third domestic unsecured convertible corporate bonds on November 30, 2023. The main terms of the issue are as follows:

(A) Total amount of issuance: NTD 500,000 thousand

(B) Date of issue: 2023/11/30

| | |
|---|---|
| (C) Issuance price: | Issued at 104.18% of the par value |
| (D) Coupon rate: | 0% |
| (E) Issuance period: | 2023/11/30～2026/11/30 |
| (F) Repayment upon maturity: | Unless the bondholder converts into the Company's common shares in accordance with Article 10 of these Regulations, or exercises the right of sale in accordance with Article 19 of these Procedures, or the Company has redeemed the bonds early in accordance with Article 18 of these Procedures, or the bonds are purchased and canceled by the Company from a brokerage firm, the Company shall repay the bonds held by the bondholders in cash at the face value within ten business days following the maturity date of the bonds. In the event that the centralized securities exchange market is closed on the aforementioned dates, it shall be postponed to the next business day. |
| (G) Conversion period: | The bondholders may redeem the bonds from the day following the expiration of three months after the date of issue of the convertible corporate bonds (March 1, 2024) to the maturity date (November 30, 2026), except (1) book closure period during in accordance with the law, (2) the date on which the book is closed for bonus shares, the date on which the transfer of cash dividends is closed, or the transfer date for capital increase in cash, until the record date for distribution of rights; (3) one day prior to the commencement date of the trading of the shares to be issued in exchange for the capital reduction,, and (4) the date on which conversion (subscription) of the change of par value of the shares is canceled other than the date one day prior to the commencement date of trading of the new shares to be exchanged. The bondholder may request the Company's Shareholder Service Agent to convert the principal amount of convertible corporate bonds into common shares of the Company through the Taiwan Depository & Clearing Corporation (hereinafter referred to as the "TDCC") in accordance with these Regulations, and Proceed in accordance with Articles 10, 11, 13 and 15 of these Procedures.<br><br>The starting date for the cessation of conversion (subscription) of the changed denomination in the preceding paragraph is one business day prior to the application for change registration from the Ministry of Economic Affairs, and the issuing company announce the cessation of conversion period four business days prior to such starting date. |
| (H) Conversion price and adjustment thereof: | The conversion price is set at NTD 28.50 per share at the time of issuance. In the event that the conversion price of the Company's common share conversion or share options meet the requirements of the terms of issuance, the conversion price will be adjusted according to the formula specified in the terms of the issuance. |

(I) The Company's right of redemption:

(1) If the Company's common shares traded over TPEx for 30 consecutive business days exceed the prevailing conversion price by 30% (or more) from the day following the expiration of three months after the issuance date of the bonds (March 1, 2024) to the 40th day prior to the expiration date of the issuance period (October 21, 2026), within the 30th day following the issuance date of the bonds, the Company may send a "Bond Recovery Notice" (the aforesaid period starts from the date of issuance of the letter by the Company, and the expiry date of the period is regarded as the record date for bond recovery; also, the aforementioned period shall not be the period of suspension of conversion as specified in Article 9) to the bondholders (subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent trading or for other reasons, an announcement shall be made). The redemption price is set at the face value of the bonds, and all of its outstanding bonds shall be redeemed in cash. The Company executes the recovery request by redeeming all of its outstanding convertible bonds at the face value of the bonds within five business days following the record date for redemption of the bonds by cash.

(2) If the outstanding balance of the Company's common shares is lower than 10% from the day following the expiration of three months after the issuance date of the bonds (March 1, 2024) to the 40th day prior to the expiration date of the issuance period (October 21, 2026), the Company may send a "Bond Recovery Notice" any time following the issuance date of the bonds (the aforesaid period starts from the date of issuance of the letter by the Company, and the expiry date of the period is regarded as the record date for bond recovery; also, the aforementioned period shall not be the period of suspension of conversion as specified in Article 9) to the bondholders (subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent trading or for other reasons, an announcement shall be made). The redemption price is set at the face value of the bonds, and all of its outstanding bonds shall be redeemed in cash. The Company executes the recovery request by redeeming all of its outstanding convertible bonds at the face value of the bonds within five business days following the record date for redemption of the bonds by cash. When the Company executes the demand for recovery of the bonds, it shall recover the outstanding convertible bonds at the face value of the bonds in cash within 5 business days following the record date of bond recovery.

(3) If the bondholders fail to respond in writing to the Company's stock agency before the record date of the bond call as stated in the "Bond Call Notice" (effective immediately upon the service; the postmark date is used as the basis for mailing orders), the Company will redeem the convertible bonds at the face value of the bonds within 5 business days following the record date of redemption.

(4) If the Company executes the recovery request, the deadline for the bondholders to request for the conversion is the second business day following the date on which the bonds are terminated on TPEx.

(J) Resale option of bondholders:

The record date for the early sell-back of the convertible corporate bonds by the bondholders on the date when the convertible corporate bonds have been issued for two years (November 30, 2025). On or before 40 days prior to the redemption reference date (Octobor 21, 2025), the Company shall send a "Notice of Exercise of Sales Redemption Right" to the bondholders by registered mail (with the title of "Sell-Back Option Notice"; subject to the roster of bondholders on the 5th business day prior to the mailing date of the Bond Recovery Notice; and for those holders who acquire the bonds for subsequent

trading or for other reasons, an announcement shall be made). The Company shall send a letter to TPEx to announce the exercise of the sell-back option. The bondholders may, request the Company to redeem the bonds at their face value plus interest compensation by written notice to the Company's transfer agent (effective upon delivery, or by postmark if mailed) within 40 days prior to the record date of the sale. The interest compensation after two years is 101.5056% of the bond face value (real yield is 0.75%). Upon accepting the sale back request, the Company shall redeem the convertible corporate bonds in cash within five business days after the record date of the redemption. In the event that the Taipei centralized securities exchange market is closed on the aforementioned dates, it shall be postponed to the next business day.

(3) As of December 31, 2023, the bonds of the Company had not been converted into shares.

15. Other non-current liabilities

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Net defined benefit liabilities | $14,596 | $19,551 |
| Deposits received | - | 252 |
| Total | $14,596 | $19,803 |

16. Post-employment benefit plans

Defined contribution plans

The Company's retirement plan under the "Labor Pension Act" is a defined contribution plan. In accordance with the Act, the Company's monthly contribution rate shall not be less than 6% of the employees' monthly salaries. The Company has made monthly contributions of 6% of employees' salaries to the individual pension accounts with the Bureau of Labor Insurance in accordance with the Employee Retirement Regulations, which were formulated in accordance with the Act.

The expenses of the defined contribution plan recognized in 2023 and 2022 were NTD 932 thousand and NTD 926 thousand, respectively.

Defined benefit plans

The Company's pension plan under the "Labor Standards Act" is a defined benefit plan under. The pension payments are based on the bases of years of service and the approved monthly average salary at the time of retirement. Two bases are granted for each year of service up to (including) 15 years, and one base is granted for each year of service over 15 years, subject to a maximum accumulation of 45 bases. In accordance with the Labor Standards Act, the Company appropriates monthly 2% of total salaries to a pension fund, deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a dedicated at the Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned pension fund before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the difference will be made up by the end of March of the following year.

The Ministry of Labor conducts asset allocations in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and the investment of the fund is conducted by the Ministry itself or through outsourcing, using both active and passive management with medium and long-term investment strategies. The Ministry of Labor sets risk limits and control plans for the fund, taking into account market, credit, and liquidity risks, so that the fund has sufficient flexibility to achieve target returns without excessive risk exposure. For the utilization of the fund, the minimum income to be distributed based on the annual final accounting reports shall not be lower than the income calculated based on the two-year time deposits in a local bank. If there is any shortage, it shall be made up by the national treasury after approval by the competent authority. Because the Company does not have the right to participate in the operations and management of the fund, it cannot disclose the classification of the fair value of plan assets in accordance with section 142 of IAS 19. As of December 31, 2023, NTD 324 thousand is expected to be appropriated from the Company's defined benefit plan in the following year.

As of December 31, 2023 and 2022, the Company's defined benefit plan is expected to expire in 2028 and 2027, respectively.

The following table summarizes the cost of the defined benefit plans recognized in profit or loss.

| | 2023 | 2022 |
|---|---|---|
| Net interest on net defined benefit liabilities (assets) | $292 | $162 |

A reconciliation of the present value of the defined benefit obligation to the fair value of plan assets is as follows:

| | 2023/12/31 | 2022/12/31 | 2022/01/01 |
|---|---|---|---|
| Present value of defined benefit obligation | $20,035 | $24,614 | $27,922 |
| Fair value of plan assets | (5,115) | (4,738) | (4,111) |
| Subtotal | 14,920 | 19,876 | 23,811 |
| Estimated appropriation for net defined benefit liabilities in the next year | (324) | (325) | (320) |
| The amount of other non-current liabilities - net defined benefit liabilities (assets) on the accounting books | $14,596 | $19,551 | $23,491 |

Reconciliation of net interest on net defined benefit liabilities (assets):

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| 2022/01/01 | $27,922 | $(4,111) | $23,811 |
| Service costs for the period | - | - | - |
| Interest expense (income) | 190 | (28) | 162 |
| Service costs for the prior period and settlement gains and losses | - | - | - |
| Subtotal | 190 | (28) | 162 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from changes in demographic assumptions | - | - | - |
| Actuarial gains or losses from changes in financial assumptions | (3,112) | (299) | (3,411) |
| Adjustments through experience | (386) | - | (386) |
| Remeasurement of defined benefit liabilities | - | - | - |
| Subtotal | (3,498) | (299) | (3,797) |
| Benefits paid | - | - | - |
| Appropriations by employer | - | (300) | (300) |
| 2022/12/31 | 24,614 | (4,738) | 19,876 |
| Service costs for the period | - | - | - |
| Interest expense (income) | 362 | (70) | 292 |
| Service costs for the prior period and settlement gains and losses | - | - | - |
| Subtotal | 362 | (70) | 292 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from changes in demographic assumptions | (155) | - | (155) |
| Actuarial gains or losses from changes in financial assumptions | 322 | (9) | 313 |
| Adjustments through experience | (1,078) | - | (1,078) |
| Remeasurement of defined benefit liabilities | - | - | - |
| Subtotal | (911) | (9) | (920) |
| Benefits paid | (4,030) | 4,030 | - |

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Appropriations by employer | - | (4,328) | (4,328) |
| 2023/12/31 | $20,035 | $(5,115) | $14,920 |

The following key assumptions were used to determine the Company's defined benefit plans:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Discount rate | 1.36% | 1.47% |
| Expected salary increase rate | 3.00% | 3.00% |

Sensitivity analysis for each significant actuarial assumption:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Increase in discount rate by 0.5% | $- | $(1,403) | $- | $(1,755) |
| Decrease in discount rate by 0.5% | 1,534 | - | 1,917 | - |
| Increase in expected salary increase rate by 0.5% | 1,501 | - | 1,878 | - |
| Decrease in expected salary increase rate by 0.5% | - | (1,388) | - | (1,738) |

The foregoing sensitivity analysis was performed to analyze the potential impact on the defined benefit obligation if a reasonably possible change in a single actuarial assumption (e.g., discount rate or expected salary) occurs, assuming other assumptions remained constant. The analysis is limited by the fact that some actuarial assumptions are interrelated and, in practice, changes in only a single actuarial assumption rarely occur.

The method and assumptions used in the sensitivity analysis for the current period are no different from those used in the prior period.

17. Equity

(1) Common stock

As of December 31, 2023 and 2022, the Company's authorized share capital was both NTD 2,000,000 thousand; the issued share capital was NTD 1,172,656 thousand, with a par value of NTD 10 per share, divided into 117,266 thousand shares. Each share has one voting right and is entitled to receive dividends.

On August 5, 2022, the Board of Directors resolved to retire treasury stock and reduce capital by $30,000 thousand, with August 8, 2022 as the base date for the capital reduction. The capital reduction was approved by the Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101162950 on record. After the capital reduction, the authorized capital was $2,000,000 thousand and the issued share capital was $1,197,626 thousand, with a par value of $10 per share, divided into 119,763 thousand shares.

On November 3, 2022, the Board of Directors resolved to retire treasury stock and reduce capital by $24,970 thousand, with November 7, 2022 as the base date for the capital reduction. The capital reduction was approved by the Ministry of Economic Affairs with the letter Jing-Shou-Shang-Zi No. 11101223740 on record. After the capital reduction, the authorized capital was $2,000,000 thousand and the issued share capital was NT$1,172,656 thousand, with a par value of $10 per share, divided into NT$ 117,266 thousand shares.

(2) Capital surplus

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Stock options - others | $44,269 | $24 |
| Recognition of change in ownership interests in subsidiaries (Note 1) | 1,553,211 | 14,106 |
| Others (Note 2) | 87 | 87 |
| Total | $1,597,567 | $14,217 |

Note 1: Such capital surplus represents the effect of equity transactions recognized for changes in the equity of subsidiaries without actually acquiring the equity in the subsidiaries.

Note 2: This capital reserve represents the exercise of disgorgement.

Capital surplus shall not be used except to make up for losses of the Company, and when the Company has no losses, capital surplus generated from the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts shall be capitalized as equity up to a certain percentage of the paid-in capital every year, and the aforementioned capital surplus may also be distributed in cash in proportion to the original shareholdings of the shareholders. In addition, capital surplus from long-term equity investments shall not be used for any purpose.

(3) Treasury stock

The Company did not own treasury shares on December 31, 2023 and 2022, and the increase or decrease in the Company's treasury shares during 2022 is as follows:

| Reason for recovery | Number of shares at the beginning of the period | Increase during the period | Decrease during the period | Number of shares at the end of the period |
|---|---|---|---|---|
| 2022 | | | | |
| To protect the creditworthiness of the Company and shareholders' equity | - Thousands of shares | 5,497 thousand shares | 5,497 thousand shares | - Thousands of shares |

The Securities and Exchange Act stipulates that the number of shares to be bought back by the Company shall not exceed 10% of the total number of shares issued by the Company, and the total amount of shares to be bought shall not exceed the amount of retained earnings plus premiums on issued shares and realized capital surplus.

(4) Earnings distribution and dividend policy

A. Earnings Distribution

In accordance with the Company's Articles of Incorporation, if the Company makes a net profit in a year as indicated in the annual accounting reports, the Company shall first make up for past losses and secondly set aside 10% as legal reserve and set aside or reverse special reserve in accordance with the law, and if there is any surplus, the Board of Directors shall prepare a proposal for the distribution of earnings after adding the undistributed earnings of previous years. In accordance with Paragraph 5, Article 240 of the Company Act, "When the Company distributes dividends and bonuses in whole or in part in cash, the Board of Directors is authorized to approve the distribution by a resolution of a majority of the directors present, with at least two-thirds of the directors present, and to report the distribution to the shareholders' meeting." In addition, if the Company distributes all or part of the dividends and bonuses by issuance of new shares, the dividends shall be resolved by the shareholders' meeting.

The Company's dividend policy is formulated to support business expansion, based on operating strategies, investment plans, capital budget and changes in internal and external environment. The Company shall set aside at least 20% of the accumulated distributable earnings as dividends to shareholders, of which no less than 10% of the total dividends shall be in cash. Cash dividends less than $0.1 per share calculated in accordance with the above dividend policy shall not be distributed. The Company shall not pay dividends or bonuses, if there is no surplus in earnings.

At the Company's regular shareholders' meeting held on June 13, 2023, the distribution of earnings and dividends per share for 2022 was proposed and resolved as follows:

| | Earnings appropriation and distribution proposal | Dividends Per Share (NTD) |
|---|---|---|
| | 2022 | 2022 |
| Legal reserve | $15,279 | |
| Provision (reversal) of special reserve | (34,757) | |
| Cash dividends on common stock | 140,718 | $1.2 |
| Total | $121,240 | |

The appropriation and distribution of earnings for 2023 is expected to be proposed by the Board of Directors at the most recent Board meeting following the approval of the financial statements.

Please refer to Note 6.21 for information on the basis of remuneration for employees and directors and the amounts recognized.

B. Legal reserve

Under the Company Act, legal reserve should be appropriated until the total amount of legal reserve reaches total capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed as new shares or cash in proportion to the original shareholdings of shareholders.

The shareholders' meetings held on June 13, 2023 and June 16, 2022 resolved to appropriate NTD 15,279 thousand and NTD18,903 thousand, respectively as legal reserve.

C. Special reserve

Upon the distribution of distributable earnings, a special reserve is provided for the difference between the balance of the special reserve and the net decrease in other equity upon the adoption of IFRSs for the first time. If there is a subsequent reversal of the net deduction from other equity, a special reserve may be reversed to distribute earnings for the portion of the reversal of the net deduction from other equity.

In accordance with the Financial Supervisory Commission's Order Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued on March 31, 2021, a special reserve is provided for the portion of unrealized revaluation increment and cumulative translation adjustments (gain) recorded at the date of transition to IFRSs that is transferred to retained earnings as a result of the adoption of IFRS 1, "First-time Adoption of International Financial Reporting Standards" exemption. The Company may reverse the distributed earnings in proportion to the special reserve originally provided for when the Company uses, disposes of or reclassifies related assets.

The amount of the special reserve applied for the first time by the Company as of January 1, 2023 and 2022 was both NTD 30,933 thousand. There was no reversal of special reserve from January 1 to December 31, 2023 and 2022 due to the use, disposal, or reclassification of related assets. As of December 31, 2023 and 2022, the amount of the special reserve applied for the first time was both NTD 30,933 thousand.

The shareholders' meetings held on June 13, 2023 and June 16, 2022 resolved to appropriate NTD (34,757) thousand and NTD11,392 thousand, respectively as legal reserve.

For information on the distribution of earnings resolved at the shareholders' meeting, please refer to the “Market Observation Post System” of the Taiwan Stock Exchange.

18. Operating revenue

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from sales of merchandise | $78,380 | $106,202 |

Information related to the Company's revenue from contracts with customers for 2023 and 2022 is as follows:

(1) Breakdown of revenue

| | Single segment | |
|---|---|---|
| | 2023 | 2022 |
| Merchandise sales | $78,380 | $106,202 |

| Timing of revenue recognition: | 2023 | 2022 |
|---|---|---|
| At a certain point in time | $78,380 | $106,202 |

(2) Contract balance

Contract liabilities - current

| | 2023/12/31 | 2022/12/31 | 2022/01/01 |
|---|---|---|---|
| Sales of merchandise | $- | $- | $2 |

The Company's 2022 balance of contractual liabilities decreased because part of the performance obligations had been satisfied and was recognized as income in the current period.

(3) Transaction price allocated to outstanding performance obligations

There was no need for the Company to provide information on outstanding performance obligations as of December 31, 2023 and 2022 as the Group's contracts were all shorter than one year.

(4) Assets recognized from the cost of acquiring or performing customer contracts

None.

19. Expected credit impairment losses (gains)

| Operating expenses - expected credit impairment losses (gains) | 2023 | 2022 |
|---|---|---|
| Accounts receivable | $63 | $331 |

For information related to credit risk, please refer to Note 12.

The Company measures receivables (including notes receivable and accounts receivable) with an allowance for losses using the expected credit loss amounts over the duration of existence. The related explanation of the allowance for losses as of December 31, 2023 and 2022 are as follows:

(1) Receivables are considered as a single group based on past experience and the allowance for losses is measured using an allowance matrix, and the related information is as follows:

2023/12/31

| | Not past due | Days past due | | | | |
|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91 days or more | Total |
| Total carrying amount | $17,176 | $558 | $- | $- | $106 | $17,840 |
| Loss rate | 0～1% | 2～10% | 11～50% | 51～55% | 56～100% | |
| Expected credit losses for the duration of existence | (327) | (27) | - | - | (106) | (460) |
| Carrying amount | $16,849 | $531 | $- | $- | $- | $17,380 |

2022/12/31

| | Not past due | Days past due | | | | |
|---|---|---|---|---|---|---|
| | (Note) | Within 30 days | 31~60 days | 61~90 days | 91 days or more | Total |
| Total carrying amount | $26,565 | $2,231 | $- | $- | $106 | $28,902 |
| Loss rate | 0～1% | 2～10% | 11～50% | 51～55% | 56～100% | |
| Expected credit losses for the duration of existence | (179) | (133) | - | - | (85) | (397) |
| Carrying amount | $26,386 | $2,098 | $- | $- | $21 | $28,505 |

Note: None of the Company's notes receivable were past due.

(2) Information on the changes in the Company's allowance for losses on notes receivable and accounts receivable for 2023 and 2022 are as follows:

| | Notes receivable | Accounts receivable |
|---|---|---|
| 2023/1/1 | $- | $397 |
| Increase (reversal) for the period | - | 63 |
| Balance as of 2023/12/31 | $- | $460 |
| | | |
| 2022/01/01 | $- | $66 |
| Increase (reversal) for the period | - | 331 |
| Balance as of 2022/12/31 | $- | $397 |

20. Leases

(1) The Company as lessor

Please refer to Note 6.8 for disclosures related to the Company's investment properties owned by the Company. Investment properties owned by the Group are classified as operating leases because substantially all the risks and rewards incidental to ownership of the subject assets have not been transferred.

The Company entered into an operating lease contract and received undiscounted lease payments and the total amount for the remaining years on December 31, 2023 and 2022 as follows:

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| No more than one year | $- | $2,057 |
| More than one year but not more than five years | - | - |
| Total | $- | $2,057 |

21. A summary of employee benefits, depreciation and amortization expenses by function is as follows:

| Function / Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | | | | |
| Salary expense | $- | $18,252 | $18,252 | $- | $21,366 | $21,366 |
| Labor and health insurance expenses | - | 1,930 | 1,930 | - | 1,907 | 1,907 |
| Pension expenses | - | 1,224 | 1,224 | - | 1,088 | 1,088 |
| Directors' Remuneration | - | 8,691 | 8,691 | - | 9,209 | 9,209 |
| Other employee benefits expenses | - | 247 | 247 | - | 254 | 254 |
| Depreciation expenses (including investment property) | 225 | 8,314 | 8,539 | 826 | 8,020 | 8,846 |
| Amortization expenses | - | 601 | 601 | - | 893 | 893 |

Note: 1. The average number of employees in 2023 and 2022 was 29, of which the number of directors who did not serve as employees concurrently was 6.

2. For companies whose shares are listed on the TWSE or traded on TPEx, the following information should be additionally disclosed:

(1) The average employee benefits expenses for 2023 and 2022 were NTD 984 thousand and NTD 1,119 thousand, respectively.
(2) The average employee wages and salaries in 2023 and 2022 were NTD 830 thousand and NTD 971 thousand, respectively.
The number of employees for the calculation of average employee benefits and salary expenses for 2023 was 22, excluding one director who concurrently served as an employee but was not included in the basis for calculating the number of employees because the Company did not pay employee salary to this director.
(3) The adjustment in the average employee salary expense was (14.52)%.
(4) The Company has established an Audit Committee to replace supervisors in accordance with the regulations, so it is not recognized as remuneration to supervisors.

(5) The Company's remuneration policy: (a) In accordance with the provisions of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the directors and supervisors for the performance of the Company's business, regardless of the Company's profit or loss, in accordance with the usual standards in the industry based on the value of their participation in and contribution to the Company's operations. (b) Managers and employees are paid in accordance with the Company's salary regulations, and bonuses and profit sharing remuneration for employees are paid with reference to the Company's overall operating performance and annual performance appraisal. (c) The profit sharing remuneration for directors and supervisors and the profit sharing remuneration for employees are appropriated in accordance with the Company's Articles of Incorporation.

The Company's Articles of Incorporation provide that if the Company makes a profit in a year, it shall appropriate not less than one-thousandth of the profit as profit sharing remuneration for employees and not more than 3% as profit sharing remuneration for directors, but if the Company has accumulated losses, it shall reserve in advance an amount to make up for the losses. The aforementioned profit sharing remuneration in the form of stock or cash shall be resolved by the Board of Directors with the presence of two-thirds of the directors and the approval of a majority of the directors present, and shall be reported to the shareholders' meeting. For information on the profit sharing remuneration for employees and remuneration to directors approved by the Board of Directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

Based on the Company's 2023 profitability, the profit sharing remuneration for employees and that for directors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as NTD 1,500 thousand and NTD 4,500 thousand, respectively, under salary expenses. The Company's Board of Directors resolved on March 12, 2024 to distribute NTD 1,500 thousand as remuneration to employees and NTD 4,500 as remuneration to directors both in cash, which are inconsistent with the amount recorded as "expenses" in the 2023 financial report difference.

Based on the Company's 2022 profitability, the profit sharing remuneration for employees and that for directors and supervisors were estimated at no less than 1% and no more than 3%, respectively, and the amount of profit sharing remuneration for employees and that for directors and supervisors were recognized as $2,000 thousand and $6,625 thousand, respectively, under salary expenses. On March 3, 2023, the Board of Directors resolved to distribute profit sharing remuneration for employees in the amount of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors in the amount of NTD 6,500 thousand, both in cash. The difference from the profit sharing remuneration for employees of NTD 2,000 thousand and profit sharing remuneration for directors and supervisors of NTD 6,625 thousand recorded as expenses on the financial statements for 2022 were NTD 0 and NTD 125 thousand, respectively, which were mainly due to the change in the estimate and are to be recorded as profit or loss for 2023.

22. Non-operating income and expenses

(1) Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income | $4,699 | $4,767 |
| Interest income | | |
| Bank deposits | 297 | 61 |
| Other income | 2,026 | 532 |
| Total | $7,022 | $5,360 |

(2) Other gains or losses

| | 2023 | 2022 |
|---|---|---|
| Gain (loss) on disposal of property, plant and equipment | $- | $197 |
| Gains (losses) on disposal of investment property | 23,370 | - |
| Net foreign currency exchange gains (losses) | (441) | (6,843) |
| Gains on financial assets (liabilities) measured at fair value through profit or loss | 900 | - |
| Other losses | - | (7) |
| Depreciation of investment properties | (330) | (422) |
| Total | $23,499 | $(7,075) |

(3) Financial costs

| | 2023 | 2022 |
|---|---|---|
| Interest on bank loans | $19,126 | $6,877 |
| Interest payable on corporate bonds | 749 | - |
| Other interest expenses | 1,853 | 796 |
| Total | $21,728 | $7,673 |

23. Components of other comprehensive income

The components of other comprehensive income in 2023 are as follows:

| | Occurred during the period | Reclassified or adjusted during the period | Subtotal | Income tax benefit (expense) | After-tax amount |
|---|---|---|---|---|---|
| Items not reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | $920 | $- | $920 | $- | $920 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for using equity method | (38,844) | - | (38,844) | 7,473 | (31,371) |
| Total other comprehensive income for the period | $(37,924) | $- | $(37,924) | $7,473 | $(30,451) |

The components of other comprehensive income for 2022 were as follows:

| | Occurred during the period | Reclassified or adjusted during the period | Subtotal | Income tax benefit (expense) | After-tax amount |
|---|---|---|---|---|---|
| Items not reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | $3,797 | $- | $3,797 | $- | $3,797 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for using equity method | 43,446 | - | 43,446 | (8,689) | 34,757 |
| Total other comprehensive income for the period | $47,243 | $- | $47,243 | $(8,689) | $38,554 |

24. Income tax

(1) Major components of tax expense (benefit) were as follows:

Income tax recognized in profit or loss

| | 2023 | 2022 |
|---|---|---|
| Current income tax expense (benefit) | | |
| Current income tax payable | $4,606 | $2,874 |
| Adjustments to the current income taxes of prior periods for the current year | (3,215) | - |
| Deferred income tax expense (benefit): | | |
| Deferred income tax expense related to the original generation and reversal of temporary differences | 34,602 | 56,423 |
| Income tax expense | $35,993 | $59,297 |

Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax expense (benefit): | | |
| Share of subsidiaries, associate companies and joint ventures recognized using the equity method | $(7,473) | $8,689 |

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(2) Reconciliation of income tax expense to accounting profit multiplied by the applicable income tax rate is as follows:

| | 2023 | 2022 |
|---|---|---|
| Net profit before tax from continuing operations | $213,770 | $281,805 |
| Tax based on domestic tax rates applicable to income from related countries | $42,754 | $56,361 |
| Income tax levied on undistributed earnings | 4,606 | 2,874 |
| Income tax effect of non-deductible expenses on tax returns | (8,152) | 62 |
| Adjustments to the current income taxes of prior periods for the current year | (3,215) | - |
| Total income tax expense recognized in profit or loss | $35,993 | $59,297 |

(3) Balance of deferred income tax assets (liabilities) related to the following items:

2023

| | Balance at the beginning of the period | Recognized in profit or loss | Recognized in other comprehensive income | Balance at the end of the period |
|---|---|---|---|---|
| Temporary differences | | | | |
| Loss on decline in value of inventories and slow-moving inventories. | $194 | $64 | $- | $258 |
| Investment income | (400,518) | (48,569) | - | (449,087) |
| Exchange losses (gains) | (392) | 93 | - | (299) |
| Expected credit impairment losses | 21 | 35 | - | 56 |
| Net defined benefit liabilities | 7,373 | (474) | - | 6,899 |
| Impairment losses of assets | 800 | - | - | 800 |
| Exchange differences on translation of the financial statements of foreign operations | 10,098 | - | 7,473 | 17,571 |
| Short-term employee benefits | 452 | - | - | 452 |
| Loss carryforwards | 10,658 | 14,249 | - | 24,907 |
| Deferred income tax (expense)/benefit: | | $(34,602) | $7,473 | |
| Net deferred tax assets (liabilities) | $(371,314) | | | $(398,443) |
| The information shown in the balance sheet is as follows: | | | | |
| Deferred tax income assets | $29,596 | | | $50,943 |
| Deferred income tax liabilities | $(400,910) | | | $(449,386) |

2022

| | Balance at the beginning of the period | Recognized in profit or loss | Recognized in other comprehensive income | Balance at the end of the period |
|---|---|---|---|---|
| Temporary differences | | | | |
| Loss on decline in value of inventories and slow-moving inventories. | $127 | $67 | $- | $194 |
| Investment income | (333,554) | (66,964) | - | (400,518) |
| Exchange losses (gains) | (187) | (205) | - | (392) |
| Expected credit impairment losses | - | 21 | - | 21 |
| Net defined benefit liabilities | 7,373 | - | - | 7,373 |
| Impairment losses of assets | 800 | - | - | 800 |
| Exchange differences on translation of the financial statements of foreign operations | 18,787 | - | (8,689) | 10,098 |
| Short-term employee benefits | 452 | - | - | 452 |
| Loss carryforwards | - | 10,658 | - | 10,658 |
| Deferred income tax (expense)/benefit: | | $(56,423) | $(8,689) | |
| Net deferred tax assets (liabilities) | $(306,202) | | | $(371,314) |
| The information shown in the balance sheet is as follows: | | | | |
| Deferred tax income assets | $27,539 | | | $29,596 |
| Deferred income tax liabilities | $(333,741) | | | $(400,910) |

(4) Information on the Company's unused loss carryforward is as follows:

| | Unused balance | | |
|---|---|---|---|
| Year of occurrence | 2023/12/31 | 2022/12/31 | Final deductible year |
| 2022 | $53,290 | $53,290 | 2032 |
| 2023 (Estimate) | 71,244 | - | 2033 |
| Total | $124,534 | $53,290 | |

(5) Assessment of Income tax returns

As of December 31, 2023, the Company's income tax returns had been assessed up to 2021.

25. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to holders of common stock of the Company for the period divided by the weighted-average number of common stock outstanding during the period.

Diluted earnings per share is calculated by dividing the net income attributable to holders of common stock of the Company for the period, adjusted for the effect of dilution, by the weighted-average number of common stock outstanding for the period plus the weighted-average number of common stock to be issued upon conversion of all dilutive potential common stock into common stock.

(1) Basic earnings per share

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to holders of common stock of the Company (Thousands of NTD) | $177,777 | $222,508 |
| Weighted average number of common shares for basic earnings per share (thousands of shares) | 117,266 | 120,300 |
| Basic earnings per share (NTD) | $1.52 | $1.85 |

(2) Diluted earnings per share

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to holders of common stock of the Company (Thousands of NTD) | $177,777 | $222,508 |
| Interest on convertible corporate bonds (NTD thousand) | 599 | - |
| Valuation adjustment of financial liabilities measured at fair value through profit or loss (NTD thousand) | (720) | - |
| Net income to common stockholders after adjustment for dilution (NTD thousand) | $177,656 | $222,508 |
| Weighted average number of common shares for basic earnings per share (thousands of shares) | 117,266 | 120,300 |
| Dilutive effect: | | |
| Profit sharing remuneration for employees - Stock (thousands of Shares) | 64 | 109 |
| Convertible bonds (thousand shares) | 1,538 | - |
| Weighted-average number of common shares after adjustment for dilutive effect (thousands of shares) | 118,868 | 120,409 |
| Diluted earnings per share (NTD) | $1.49 | $1.85 |

(3) There were no other transactions that materially changed the number of outstanding common shares or potential common shares at the end of the period after the reporting period and before the publication of the financial statements.

VII. Related-party transactions

1. The related parties with whom the Company had transactions during the financial reporting period were as follows:

Name and relationship of related party

| Name of related party | Relationship with the Company |
|---|---|
| SINGATRON ENTERPRISE CO., LTD.－U.S.A(SEC－U.S.A) | Other related parties (the Chairperson of the Company is a relative within second degree of kinship of the Chairperson of the related party) |
| SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | Second-tier subsidiary of the Company |
| SINGATRON Electronics (China) Co. Ltd. | Third-tier subsidiary of the Company |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company |
| Singatron Electronic (Zhongshan) Co., Ltd. | Third-tier subsidiary of the Company |
| Suzhou Singatron Auto Co., Ltd. | Third-tier subsidiary of the Company |

2. Significant transactions with related parties

(1) Purchases

| | 2023 | 2022 |
|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. | $26,532 | $33,977 |
| Suzhou Singatron Auto Co., Ltd. | 26,803 | 43,643 |
| Singatron Electronic (Zhongshan) Co., Ltd. | 6,564 | 2,181 |
| Total | $59,899 | $79,801 |

The Company mainly purchases from related parties connectors and finished goods, and the prices are based on the prices of the orders received, and no prices from other suppliers are available for comparison. Payment terms for purchases from related parties are 90 to 180 days after the cut-off day of each month, while payment terms for purchases from general suppliers are 60 to 90 days from the cut-off day of the following month.

(2) The commission to the other related party - SEC-U.S.A is calculated on the gross profit from the sales of the Company's own products to customers referred by SEC-U.S.A. The commission expense of NTD 486 thousand and NTD 816 thousand was recognized in 2023 and 2022, respectively, and was recorded as selling expenses - commission expenses. Commission expense payable at the end of the period was NTD 287 thousand and NTD 177 thousand, respectively.

(3) Accounts payable - related parties

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| SINGATRON Electronics (China) Co. Ltd. | $5,936 | $8,024 |
| Suzhou Singatron Auto Co., Ltd. | 5,334 | 12,981 |
| Singatron Electronic (Zhongshan) Co., Ltd. | 1,531 | 694 |
| Total | $12,801 | $21,699 |

(4) Other payables - related parties (excluding financial accommodations)

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Second-tier subsidiary | $689 | $415 |

(5)The Company's financial accommodations with related parties for 2023 and 2022 were as follows:

a. Recorded as other payables

| Counterparty | Maximum Balance | Balance at the end of the period | Interest rate range | Total interest expenses | Collateral |
|---|---|---|---|---|---|
| 2023 | | | | | |
| SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | $92,115 | $79,833 | 2% | $1,822 | None |
| 2022 | | | | | |
| SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | $92,130 | $92,130 | 0.9%～2% | $760 | None |

(6) As of December 31, 2023 and 2022, the balance of the Company's endorsement and guarantee for its related party, Singatron Electronics Enterprise Co., Ltd. (HK), was NTD 393,108 thousand (USD 11,500 thousand and NTD 40,000 thousand) and NTD 546,715 thousand (USD 16,500 thousand and NT$40,000), respectively.

(7) The Company leased office space to related parties as follows:

| Name of related party | Lease subject matter | Lease period | Rental/month | Rental income |
|---|---|---|---|---|
| 2023 | | | | |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | 3F and 4F, No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County | 2023/07/15 - 2023/07/14 and 2023.07.15 - 2024.07.14 | $390 | $4,400 |
| 2022 | | | | |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | 3F and 4F, No. 209, Section 2, Zhongzheng Road, Hukou Township, Hsinchu County | 2021/07/15～ 2023/07/15 and 2023/07/15～ 2023/07/14 | $343 | $3,686 |

(8) Remuneration of key management personnel of the Company

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $40,323 | $46,009 |
| Post-employment benefits | 181 | 181 |
| Total | $40,504 | $46,190 |

Please refer to the Annual Report for shareholders' meeting for more information on the total remuneration paid to the key management personnel listed above.

VIII. Pledged assets

The Company had the following assets pledged as collaterals:

| Item | Carrying amount 2023/12/31 | Carrying amount 2022/12/31 | Content of secured debts |
|---|---|---|---|
| Property, plant and equipment - land | $117,248 | $117,248 | Borrowing collaterals |
| Property, plant and equipment - buildings | 76,294 | 78,703 | Borrowing collaterals |
| Investment properties - land | - | 13,949 | Borrowing collaterals |
| Investment properties - buildings | - | 8,655 | Borrowing collaterals |
| Investment accounted for using the equity method | 573,023 | - | Borrowing collaterals |
| Total | $766,565 | $218,555 | |

IX. Significant contingent liabilities and unrecognized commitments

1. The Company's Board of Directors resolved on February 8, 2021, March 19, 2021, June 17, 2021, and June 14, 2022, March 7 and May 24, 2023 respectively, to approve the relevant commitments in response to the proposed listing of its subsidiary, SINGATRON Electronics (China) Co., Ltd., on the Growth Enterprise Market of the Shenzhen Stock Exchange in China. The Company assesses that these commitments have no material adverse impact on the finance and business matters of the Group and have complied with the relevant requirements. The relevant commitments include, but are not limited to the following:

   With respect to SINGATRON Electronics (China) Co., Ltd. and its subsidiaries, the Group is willing to unconditionally bear or compensate for the related losses if the authority requires or determines that the SINGATRON Electronics (China) Co., Ltd. or subsidiaries are required to pay back the social insurance charges, housing provident fund or related loss of fines and loss of endowment of related tax benefits prior to the IPO and listing.

   In addition, the Company listed the commitments made on February 8, 2021 and March 19, 2021 in the report to the shareholders' meeting on July 16, 2021; The commitments made on June 17 were included in the report to the shareholders' meeting on June 16, 2022; the commitments made on June 14, 2022 and March 7, 2023 were included in the report to the shareholders' meeting on June 13, 2023. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for related information.

X. Losses Due to Major Disasters

No such matter.

XI. Significant Subsequent Events

No such matter.

XII. Others

1. Categories of financial instruments

Financial assets

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Financial assets at fair value through profit or loss: | | |
| Financial assets at fair value through other comprehensive income or loss | $6,410 | $6,410 |
| Financial assets at amortized cost: | | |
| Cash and cash equivalents (excluding cash on hand) | 19,993 | 20,774 |
| Notes receivable | 1,184 | 1,628 |
| Accounts receivable | 16,196 | 26,877 |
| Other receivables | 478 | 288 |
| Refundable deposits | 3 | 3 |
| Total | $44,264 | $55,980 |

Financial liabilities

| | 2023/12/31 | 2022/12/31 |
|---|---|---|
| Financial liabilities at fair value through profit or loss: | | |
| Financial liabilities held for trading | $2,050 | $- |
| Financial liabilities at amortized cost: | | |
| Short-term loans | 271,667 | 587,833 |
| Payables (including related parties) | 118,485 | 138,950 |
| Long-term loans (including due within one year) | 648,023 | 108,333 |
| Corporate bonds payable | 466,688 | - |
| Deposits received | - | 252 |
| Total | $1,506,913 | $835,368 |

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market risk, credit risk and liquidity risk associated with operating activities. The Company identifies, measures and manages the aforementioned risks in accordance with the Company's policies and risk appetite.
The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with the relevant regulations. Significant financial activities are subject to review by the Board of Directors and the Audit Committee in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company is required to comply with the relevant regulations on financial risk management.

3. Market risk

The Company's market risk is the risk of fluctuations in the fair value or cash flows of financial instruments due to changes in market prices. Market risk mainly includes exchange rate risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rare for a single risk variable to change in isolation, and changes in each risk variable are usually correlated. However, the following sensitivity analysis of each risk does not consider the interaction of related risk variables.

Exchange rate risk

The Company's exchange rate risk relates primarily to operating activities (when revenues or expenses are denominated in currencies different from the Company's functional currency) and net investments in foreign operations.

The Company's foreign currency receivables and payables are partly in the same currency, in which case, a significant position of the receivables and payables will have a natural hedge effect, while forward exchange contracts are used to manage the exchange rate risk for some foreign currency amounts. As the aforementioned natural hedge and the management of exchange rate risk by means of forward exchange contracts do not meet the requirements of hedge accounting and therefore hedge accounting is not applied; in addition, the net investment in foreign operations is a strategic investment and therefore, the Company does not hedge for it.

The sensitivity analysis of the Company's exposure to exchange rate risk focuses on the impact on the Company's profit or loss and equity of the appreciation/depreciation of the relevant foreign currencies for major foreign currency monetary items at the end of the financial reporting period. The Company's exposure to exchange rate risk is mainly affected by fluctuations in the USD exchange rate and the information on the sensitivity analysis is as follows:

When the NTD had strengthened/weakened 1% against USD, the Company's profit or loss would have decreased/increased by NTD 873 thousand and NTD 967 thousand for 2023 and 2022, respectively.

Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. The Company's interest rate risk mainly arises from floating rate investments and borrowings.

The sensitivity analysis of interest rate risk focuses on the interest rate exposures at the end of the financial reporting period, including floating rate investments, and assuming that these exposures had been held for one year, when interest rate had increased/decreased by 0.1%, the Company's profit or loss would have decreased/increased by NTD 920 thousand and NTD 696 thousand for 2023 and 2022, respectively.

Equity price risk

The fair value of unlisted equity securities held by the Company could be affected by the uncertainty of the future value of the investment subjects. The unlisted equity securities held by the Company are included in the category at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying its investments and setting limits on investments in equity securities, both individually and in the aggregate. Information on equity securities portfolio is provided to the Company's senior management on a regular basis, and the Board of Directors reviews and approves all investment decisions on equity securities.

For the fair value hierarchy of other equity instruments in Level 3, please refer to Note 12.8 for information on sensitivity analysis.

4. Credit risk management

Credit risk refers to the risk that the counterparties will not be able to fulfill their obligations under contracts, resulting in financial losses. The Company's credit risk is attributable to operating activities (mainly accounts and notes receivable) and financing activities (mainly bank deposits and various financial instruments).

Each of the Company's units manages credit risk in accordance with its policies, procedures and controls over credit risk. All the credit risks of counterparties are evaluated by taking into account the financial positions of the counterparties, their ratings by credit rating agencies, historical transaction experience, the current economic environment and the Company's internal ratings, etc. The Company also uses certain credit enhancement tools (such as advance receipts and insurance) at appropriate times to reduce the credit risks of specific counterparties.

As at December 31, 2023 and 2022, the percentages of receivables from the Company's top ten customers to the Company's total receivables were 67.61% and 70.93%, respectively, and the credit concentration risk of the remaining receivables was relatively insignificant.

The Company's finance department manages the credit risk of bank deposits and other financial instruments in accordance with the Company's policies. The Company's counterparties are creditworthy banks and investment-grade financial institutions, corporate organizations and governmental authorities as determined by the Company's internal control procedures, so there is no significant credit risk.

The Company uses IFRS 9 to assess expected credit losses. Other than receivables, investments in debt instruments not measured at fair value through profit or loss are initially acquired on the premise that the credit risk is low. At each balance sheet date, an assessment is made of whether the credit risk has increased significantly since the initial recognition to determine the method of measuring the allowance for losses and its loss rate. As of December 31, 2023 and 2022, the Company did not hold any investments in debt instruments not measured at fair value through profit or loss.

In addition, the Company writes off financial assets when it is assessed that recovery is not reasonably expected, such as when the issuer or the debtor is in significant financial difficulty or has become insolvent.

5. Liquidity risk management

The Company maintains financial flexibility through cash and cash equivalents and contracts such as bank borrowings. The following table summarizes the maturity profile of payments under contracts for the Company's financial liabilities, based on the earliest possible date on which repayment may be required and the undiscounted cash flows thereof, including agreed interest. The undiscounted amount of interest cash flows payable at floating interest rates is derived from the curve yield at the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| 2023/12/31 | | | |
| Loans | $414,656 | $543,541 | $958,197 |
| Payables | 118,485 | - | 118,485 |
| Corporate bonds payable | - | 500,000 | 500,000 |
| | | | |
| 2022/12/31 | | | |
| Loans | $625,524 | $76,761 | $702,285 |
| Payables | 138,950 | - | 138,950 |

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for 2023:

| | Long/short-term loans | Deposits received | Other payables - Related parties (financing) | Corporate bonds payable | Total liabilities from financing activities |
|---|---|---|---|---|---|
| 2023/1/1 | $696,166 | $252 | $92,368 | $- | $788,786 |
| Cash flows | 223,524 | (252) | (12,133) | 520,920 | 732,059 |
| Non-cash flows | - | - | - | (54,232) | (54,232) |
| 2023/12/31 | $919,690 | $- | $80,235 | $466,688 | $1,466,613 |

Information on reconciliation of liabilities for 2022:

| | Long/short-term loans | Deposits received | Other payables - Related parties (financing) | Total liabilities from financing activities |
|---|---|---|---|---|
| 2022/01/01 | $386,666 | $- | $55,611 | $442,277 |
| Cash flows | 309,500 | 252 | 36,757 | 346,509 |
| Non-cash flows | - | - | - | - |
| 2022/12/31 | $696,166 | $252 | $92,368 | $788,786 |

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value is the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables and other current liabilities are reasonable approximations of fair values, primarily due to the short maturities of such instruments.

B. The fair values of financial assets and liabilities traded in active markets with standard terms and conditions are determined by reference to quoted market prices (e.g., listed stocks, beneficiary certificates, bonds and futures).

C. The fair value of equity instruments that are not traded in an active market (e.g., listed private stocks, publicly traded stocks without an active market, and unlisted stocks) is estimated using the market approach by using prices derived from market transactions of equity instruments of the same or comparable companies and other relevant information (e.g., lack of liquidity discount factor, price to earnings ratio of similar companies' stocks, price to equity ratio of similar companies' stocks, etc.).

D. The fair value of investments in debt instruments, bank loans and other non-current liabilities that do not have active market quotations are determined based on counterparty quotations or valuation techniques, which are based on discounted cash flow analysis. The assumptions on interest rates and discount rates are based on information related to similar instruments (e.g., TPEx reference yield curve, Reuters average interest rate quotations for commercial papers and credit risk).

E. The fair value of derivative financial instruments without active market quotations, including non-optional derivative financial instruments, is calculated by discounted cash flow analysis using counterparty quotations or the applicable yield rate curve for the duration of existence.

(2) Fair value of financial instruments at amortized cost

Among the Company's financial instruments measured at amortized cost, except for the carrying amount of cash and cash equivalents, receivables, payables and other current liabilities that are reasonable and approximate to fair value, the fair value of the rest of the financial instruments measured at amortized cost is stated as follows:

| | Carrying amount | |
|---|---|---|
| | 2023/12/31 | 2022/12/31 |
| Financial liabilities: | | |
| Corporate bonds payable | $466,688 | $- |

| | Fair value | |
|---|---|---|
| | 2023/12/31 | 2022/12/31 |
| Financial liabilities: | | |
| Corporate bonds payable | $473,650 | $- |

(3) Information related to the fair value hierarchy of financial instruments

Please refer to Note 12.9 for information on the fair value hierarchy of the Company's financial instruments.

8. Derivative instruments

Information on the Company's derivative instruments that did not meet hedge accounting and were outstanding as of December 31, 2023 is as follows:

Embedded financial derivatives

The embedded derivative financial instrument identified by the Company due to the issuance of convertible corporate bonds has been separated from the main contract and disposed at fair value through profit and loss. For the contract information of this transaction, please refer to Note 6.

9. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized into their respective fair value hierarchy based on the lowest level of input value that is significant to the overall fair value measurement. The input vales for each level are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: refers to the direct or indirect observable input value of asset or liability further to the quotation of Level 1.

Level 3: the unobservable input value of asset or liability.

Assets and liabilities recognized in the financial statements on a recurring basis are reassessed at the end of each reporting period to determine whether transfers between levels of the fair value hierarchy have occurred.

(2) Information on the hierarchy of fair value measurements

Information on the fair value hierarchy for recurring assets and liabilities is presented below:

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets at fair value: | | | | |
| Investments in equity instruments at fair value through other comprehensive income | $- | $- | $6,410 | $6,410 |
| Liabilities at fair value: | | | | |
| Financial liabilities at fair value through profit or oss | | | | |
| Embedded derivatives | $- | $- | $2,050 | $2,050 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets at fair value: | | | | |
| Investments in equity instruments at fair value through other comprehensive income | $- | $- | $6,410 | $6,410 |

Transfer between Level 1 and Level 2 of fair value hierarchy

There were no transfers between Level 1 and Level 2 of fair value hierarchy for the Company's assets and liabilities at fair value on a recurring basis in 2023 and 2022.

Details of changes in Level 3 of the recurring fair value hierarchy

The Company's assets measured at repetitive fair value for the fiscal years ending December 31, 2022, and December 31, 2023, are classified as Level 3 fair value, and there was no change in the balance from the beginning to the end of the period.

For the Company's liabilities measured at repetitive fair value from January 1 to December 31, 2023, the adjustment from the beginning to the closing balance is as follows:

| | Derivatives at fair value through profit or loss |
|---|---|
| 2023/1/1 | $- |
| Issued in the current period | (2,950) |
| Total profit and loss recognized in the current period | |
| Recognized as gains and losses (under "Other gains and losses") | 900 |
| 2023/12/31 | $(2,050) |

In the above total profit (loss) recognized in profit or loss, the profit or loss related to the liabilities held as of December 31, 2023 was NTD 900 thousand.

Information on significant unobservable input values in Level 3 of fair value hierarchy

The following table presents the significant unobservable input values to the Company's fair value hierarchy for assets measured at fair value on a recurring basis within Level 3 of the fair value hierarchy:

December 31, 2023:

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Market method | Lack of liquidity discount | 20% | The higher the degree of illiquidity, the lower the fair value estimate | When the percentage of illiquidity increases (decreases) by 10%, the Company's profit or loss would decrease/increase by $641 thousand |

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial liabilities: | | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | | |
| Embedded financial derivatives | Binary tree convertible pricing model | Volatility rate | 34.48% | The higher the volatility, the higher the fair value estimate | When the volatility increases (decreases) by 1%, the Company's income will decrease by NTD 0 and NTD 50 thousand, respectively. |

December 31, 2022:

| | Valuation techniques | Significant unobservable input values | Quantitative information | Relationship between input values and fair value | Sensitivity analysis of the relationship between input values and fair value relationship |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Market method | Lack of liquidity discount | 20% | The higher the degree of illiquidity, the lower the fair value estimate | When the percentage of illiquidity increases (decreases) by 10%, the Company's profit or loss would decrease/increase by $641 thousand |

Valuation process for Level 3 fair value measurement

The Company's finance department is responsible for carrying out fair value tests to ensure that the valuation results approximate market conditions, that the sources of information are independent, reliable, consistent with other sources and representative of executable prices, and that changes in the value of assets and liabilities that are subject to remeasurement or reassessment in accordance with the Company's accounting policies are analyzed at each reporting date to ensure that the valuation results are reasonable.

(3) Information on the fair value hierarchy for items that are not measured at fair value but require such disclosure

December 31, 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets with disclosure of fair value only: | | | | |
| Investment properties (Note 6.8) | $- | $- | $6,389 | $6,389 |

December 31, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets with disclosure of fair value only: | | | | |
| Investment properties (Note 6.8) | $- | $- | $46,536 | $46,536 |

10. Information on foreign-currency financial assets and liabilities

Information on the Company's foreign-currency financial assets and liabilities is as follows:

In thousands of foreign currency

| | 2023/12/31 | | | 2022/12/31 | | |
|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange rate | NTD | Foreign Currency | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items: | | | | | | |
| USD | $192 | 30.705 | $5,889 | $611 | 30.71 | $18,763 |
| Non-monetary items: | | | | | | |
| USD | $136,821 | 30.705 | $4,201,083 | $80,528 | 30.71 | $2,473,007 |
| Financial liabilities | | | | | | |
| Monetary items: | | | | | | |
| USD | $3,063 | 30.705 | $94,062 | $3,796 | 30.71 | $116,582 |
| Non-monetary items: | | | | | | |
| None | | | | | | |

Due to the wide variety of functional currencies of the Company, it is impossible to disclose the exchange gains and losses of monetary financial assets and financial liabilities by each foreign currency with significant impact. The Company's foreign currency exchange gains (losses) were NTD 441 thousand and NTD (6,843) thousand in 2023 and 2022, respectively.

11. Capital management

The primary objective of the Company's capital management is to ensure the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts its capital structure according to economic conditions, which may be achieved by adjusting dividend payments, returning capital or issuing new shares for the purpose of maintaining and adjusting the capital structure.

XIII. Other disclosures

(I) Information on Significant Transactions:

1. The Company's provision of financial accommodations to others: None.
2. The Company's endorsement and guarantee for others: Please refer to Exhibit 1 for details.
3. Marketable securities held by the Company at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Exhibit 2 for details.
4. Acquisition or sale by the Company of the same securities with the accumulated cost exceeding NTD 300 million or 20% of the Company's paid-in capital: Please refer to Exhibit 3 for details.
5. Acquisition of real estate by the Company exceeding $300 million or 20% of paid-in capital or more: None.

6. Disposal of real estate by the Company exceeding $300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods between the Company and related parties reaching $100 million or 20% of paid-in capital or more: None.

8. The Company's receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

9. The Company's engagement in derivative instruments: None.

(II) Information on Investees:

1. Information on the investee over which the Company has significant influence or control should be disclosed (excluding the investees in Mainland China): Please refer to Exhibit 4 for details.

2. If the Company has control over an investee, it should disclose the information in Note 13.(1) on the investee.

2.1 Financing to others: Please refer to Exhibit 5 for details.

2.2 Endorsements and guarantees for others: Please refer to Exhibit 1 for details.

2.3 Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): None.

2.4 Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

2.5 Acquisition of real estate exceeding $300 million or 20% of paid-in capital or more: None.

2.6 Disposal of real estate exceeding $300 million or 20% of paid-in capital or more: None.

2.7 Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Exhibit 6 for details.

2.8 Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Exhibit 7 for details.

2.9 Trading in derivative instruments:

Information regarding derivative financial instruments not qualifying for hedge accounting and outstanding as of December 31, 2023, held by the Company's third-tier subsidiaries - SINGATRON Electronics (China) Co., Ltd., Singatron Electronic (Zhongshan) Co., Ltd. , and Suzhou Singatron Auto Co., Ltd. is as follows:

Forward foreign exchange contracts

Forward foreign exchange contracts are used to manage the risk exposure of certain transactions, but are not designated as hedging instruments. The forward exchange contracts were as follows (in thousands of foreign currencies):

| Item | Contract amount | Period |
|---|---|---|
| 2023/12/31 | | |
| Forward foreign exchange contracts | Sell USD31,200 | 2023/7/28～2024/7/22 |

(III) Information on Investment in Mainland China:

1. Information on investees in Mainland China, showing the name, principal business activities, paid-in capital, investment method, inward and outward remittance of funds, shareholding percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: Thousands of NTD

| Name of investee in Mainland China | Main businesses | Paid-in capital | Investment method | Accumulated investment amount remitted from Taiwan at the beginning of the period | Amount of investment remitted or recovered during the period | | Accumulated investment amount remitted from Taiwan at the end of the period | Net profit or loss of the Investee for the period | Shareholding percentage of direct or indirect investment by the Company | Investment income or loss recognized for the period | Carrying amount of investment at the end of the period | Investment income repatriated as of the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward remittance | Repatriation | | | | | | |
| Chung Shan Lung Tais Hing Electroplating Co., Ltd. | Manufacturing and sale of hardware parts and surface plating products | $- (Note 9) | Note 1 | $93,595 (Note 2 and Note 9) | $- | $- | $93,595 (Note 2 and Note 9) | $- (Note 9) | 100% | $- (Note 9) | $- (Note 9) | $- |
| Singatron Electronic (Zhongshan) Co., Ltd. | Manufacturing and sale of connectors | $92,115 (Note 2) | Note 1 | $76,763 (Note 2 and Note 5) | $- | $- | $76,763 (Note 2 and Note 5) | $10,239 (Note 2 and Note 3) | 61.1986% (Note 10 and Note 11) | $7,923 (Note 2, Note 3) | $235,296 (Note 2) | $30,823 |
| SINGATRON Electronics (China) Co., Ltd. . | Manufacturing and sale of connectors | $651,595 (Note 2) | Note 1 | $241,034 (Note 2 and Note 4) | $- | $- | $241,034 (Note 2 and Note 4) | $255,553 (Note 2 and Note 3) | 61.1986% (Note 11) | $185,507 (Note 2, Note 3) | $3,876,943 (Note 2) | $853,057 |
| Suzhou Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | $82,369 (Note 2) | Note 6 | $- | $- | $- | $- | $958 (Note 2 and Note 3) | 61.1986% (Note 11) | $1,048 (Note 2, Note 3) | $84,701 (Note 2) | $- |
| Zhongshan Singatron Connector Co., Ltd. | Manufacturing and sale of connectors | $26,011 (Note 2) | Note 7 | $- | $- | $- | $- | $22,155 (Note 2 and Note 3) | 61.1986% (Note 10 and Note 11) | $15,648 (Note 2, Note 3) | $7,638 (Note 2) | $- |
| Suzhou Singatron Auto Co., Ltd. | Manufacturing and sale of connectors | $39,017 (Note 2) | Note 8 | $- | $- | $- | $- | $30,530 (Note 2 and Note 3) | 61.1986% (Note 11) | $22,651 (Note 2, Note 3) | $179,514 (Note 2) | $- |

| Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period | Investment amount approved by Investment Commission, MOEA | Investment limitation for Mainland China regulated by the Investment Commission, MOEA |
|---|---|---|
| $411,392 | $411,392 | $1,866,298 |

Note 1: As of December 31, 2023, the Company invested USD 13,455 thousand in SINGATRON (B.V.I.), a holding company in a third region. . Through this holding company in a 3rd region, the Company invested in SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED and then indirectly invested in SINGATRON Electronics (China) Co., Ltd. and Singatron Electronic (Zhongshan) Co., Ltd. in Mainland China.

Note 2: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Note 3: The investment income or loss recognized in the financial statements of the same period audited by CPAs.

Note 4: The difference between the accumulated investment amount remitted from Taiwan and the paid-in capital amount is mainly due to the 43,000 thousand A-shares issued by and capital increase from earnings of SINGATRON Electronics (China) Co., Ltd. and the capital increase by US$2,000 thousand in cash of SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED with its own funds.

Note 5: The difference between the accumulated investment amount remitted from Taiwan and the paid-in capital is mainly due to the fact that Singatron Electronic (Zhongshan) Co., Ltd. distributed its earnings to SINGATRON (B.V.I.) ENTERPRISE CO. (B.V.I.), LTD. and then SINGATRON (B.V.I.) ENTERPRISE CO., LTD. increased the capital of SINYIN ELECTRONICS (ZHONGSHAN) CO. . .

Note 6: SINGATRON Electronics (China) Co., Ltd. increased capital by RMB 19,000 thousand in cash with its own funds.

Note 7: Singatron Electronic (Zhongshan) Co., Ltd. increased capital by RMB 6,000 thousand in cash with its own funds.

Note 8: SINGATRON Electronics (China) Co., Ltd. increased capital by RMB 9,000 thousand in cash with its own funds.

Note 9: The Company’s second-tier subsidiary, SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED, sold 100% of its indirect investment in Chung Shan Lung Tais Hing Electroplating Co., Ltd. in November 2014.

Note 10: The Company’s second-tier subsidiary, SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED, adjusted its investment structure in September 2020 by transferring its indirect investment in 25% equity of Singatron Electronic (Zhongshan) Co., Ltd. in Mainland China to SINGATRON Electronics (China) Co., Ltd. so that SINGATRON Electronics (China) Co., Ltd. increased its shareholding in Singatron Electronic (Zhongshan) Co., Ltd. from the original 75% to 100%.

Note 11: SINGATRON Electronics (China) Co. Ltd., the sub-subsidiary of the Company, was officially listed on the Shenzhen Stock Exchange on July 17, 2023 with the issuance of 43,000 thousand common shares (A-shares) in RMB through cash capital increase. The Company's sub-subsidiary SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED is the controlling shareholder of SINGATRON Electronics (China) Co. Ltd. Pursuant to Article 26 of the "Regulations Governing the Issuance and Underwriting of Securities" of the China Securities Regulatory Commission: the controlling shareholder is not allowed to participate in the placement of securities by public companies, resulting in a decrease in the shareholding of SINGATRON Electronics (China) Co. Ltd. from 81.8868% to 61.1986%.

2. Significant transactions with investees in Mainland China:

(1) Amount and percentage of purchases and related payables at the end of the period:

| | Purchases | | Accounts payable | |
|---|---|---|---|---|
| | Amount | As a percentage of the Company's net purchases | Amount | As a percentage of the balance of the account |
| SINGATRON Electronics (China) Co. Ltd. | $26,532 | 40% | $5,936 | 42% |
| Suzhou Singatron Auto Co., Ltd. | 26,803 | 41 | 5,334 | 37 |
| Singatron Electronic (Zhongshan) Co., Ltd. | 6,564 | 10 | 1,531 | 11 |
| Total | $59,899 | 91% | $12,801 | 90% |

The Company mainly purchases from related parties connectors and finished goods, and the prices are based on the prices of the orders received, and no prices from other suppliers are available for comparison. Payment terms for purchases from related parties are 90 to 180 days after the cut-off day of each month, while payment terms for purchases from general suppliers are 60 to 90 days from the cut-off day of the following month.

(2) Amount and percentage of sales and related receivables at the end of the period: None

(3) Amount of property transactions and the resulted gains or losses: None.

(4) Ending balance and purpose of endorsement and guarantee with notes: Please refer to Exhibit 1 for details.

(5) The maximum balance, ending balance, interest rate range and total current interest on financial accommodations: Please refer to Exhibit 4 for details.

(6) Other transactions that significantly impacted the current year's profit or loss or financial position:

For 2023, the Company recognized rental income of NTD 4,400 thousand from leasing office space to Singatron Electronics Enterprise Co., Ltd. (HK).

(IV) Information on Major Shareholders:

| Shares / Name of major shareholder | Total number of shares held (shares) | Shareholding percentage |
|---|---|---|
| SHENG CHUN INVESTMENT CO., LTD. | 10,945,786 | 9.33% |
| KAN SHI INVESTMENT CO., LTD. | 7,764,829 | 6.62% |

XIV. Segment Information

The Company has disclosed segment information in the consolidated financial statements.

Exhibit 1

SINGATRON ENTERPRISE CO., LTD.

Endorsement and guarantee for others

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Number (Note1) | Name of endorsor/guarantor | Endorsee/guarantee | | Limit on endorsement/ guarantee amount for a single enterprise | Maximum endorsement/ guarantee balance for the period | Endorsement/guarantee balance at the end of the period | Amount actually drawn | Amount of endorsement/ guarantee secured by properties | Ratio of accumulated endorsementg/ guarantee to net worth of the latest financial statements | Maximum limit on endorsement/ guarantee | Endorsement/ guarantee provided by parent company for subsidiary | Endorsement/ guarantee provided by subsidiary for parent company | Endorsement/ guarantee for subsidiaries in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship (Note2) | | | | | | | | | | |
| 0 | SINGATRON ENTERPRISE CO.,LTD . | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of which the Company holds 61.1986% of the shares . | $1,866,298 (Note3) | $546,633 | $393,108 | $- | $- | 12.64% | $3,110,496 (Note3) | Y | N | Y |
| 1 | Singatron Electronic(China) Co., Ltd. . | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED . | Singatron Electronic (China)Co., Ltd. Subsidiary of which the Company holds 100% of the shares | $4,067,771 (Note4) | $92,115 | $92,115 | $- | $- | 1.36% | $4,067,771 (Note4) | Y | N | Y |
| 2 | Singatron ( HK ) International . | SINGATRON ENTERPRISE CO.,LTD | The ultimate parent company of the Group | $2,539,647 (Note5) | $750,000 | $610,000 | $473,023 (Note 6) | $- | 14.41% | $4,232,746 (Note5) | N | Y | N |

Note1: The number column shall be filled in as follows:

(1) Fill in 0 for the issuer.

(2). Investees are numbered sequentially from Arabic numeral 1 by investee

Note 2: There are seven types of relationships between the endorser/guarantor and the endorsee/guarantee, and the types can be indicated as follows:

1. Entities with business dealings

2. Entities in which the Company directly or indirectly holds more than 50% of the voting shares.

3. Entities that directly or indirectly hold more than 50% of the voting shares of the Company.

4. Between the entities in which the Company directly or indirectly holds more than 90% of the voting shares.

5. Intra-industry or co-founded entities with mutual insurance in accordance with contractual provisions based on the need for contracted work.

6. Entities that are endorsed and guaranteed by all contributing shareholders in proportion to their shareholdings as a result of joint investment.

7. Intra-industry entities engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 3: In accordance with the Company's "Operating Procedures for Endorsement and Guarantee", the total amount of the Company's external endorsement and guarantee shall not exceed 100% of the current net worth. guarantee for a single The amount of endorsement and enterprise shall not exceed 30% of the current net worth. The amount of endorsement and guarantee for a single overseas affiliate shall not exceed 60% of the current net worth.

Note 4: The total amount of external endorsement and guarantee shall not exceed 60% of the latest audited net assets in accordance with the "External Guarantee Management System" of the sub-subsidiaries. The amount of a single endorsement and guarantee shall not exceed 30% of the latest audited net assets.

The total amount of endorsement and guarantee between affiliates shall not exceed 60% of the latest audited net assets.

Note 5 : According to the "Operating Procedures for Endorsement and Guarantee" of subsidiaries, the total amount of external endorsements/guarantees shall not exceed 100% of the net value for the current period. The amount of endorsement and guarantee for a single enterprise shall not exceed 30% of the current net worth.

The amount of endorsement and guarantee for a single overseas affiliate shall not exceed 60% of the current net worth. The total amount of endorsements/guarantees by the Company and its subsidiaries shall not exceed 100% of the most recent net worth of the parent company.

Note 6: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Exhibit 2

SINGATRON ENTERPRISE CO., LTD.

Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)

December 31, 2023

Unit: Thousands of NTD

| The company holding the securities | Type and name Marketable securities | Relationship with the issuers | Financial statement account | The end of the period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Carrying amount | Shareholding percentage | Fair value | |
| SINGATRON ENTERPRISE CO., LTD. | Stock: | | | | | | | |
| | DEEPWATERS DIGITAL SUPPORT INC. | None | Financial assets at fair value through other comprehensive income | 1,066,668 | $16,381 | 3.94% | $6,410 | |
| | GT Booster Inc. | None | Financial assets at fair value through other comprehensive income | 2,420,000 | 23,543 | 17.74% | - | |
| | Subtotal | | | | 39,924 | | $6,410 | |
| | Add: Unrealized financial assets profit or loss measured at fair value through other comprehensive income | | | | (33,514) | | | |
| | Total | | | | $6,410 | | | |

SINGATRON ENTERPRISE CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

January 1, 2023 to December 31, 2023

Exhibit 3

Unit: NTD Thousand/share

| Buying/selling company | Type and name Marketable securities | Financial statement account | Counterparty of the transaction | Related party | Beginning of period | | Buying in | | Selling | | | | End of the period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares/units | Amount | Number of shares/units | Amount | Number of shares/units | Selling price | Carrying cost | Disposal of gains (losses) | Number of shares/units | Amount |
| SINGATRON ENTERPRISE CO., LTD. . | Stock | Investment accounted for using the equity method | Taiso Electronics Co., Ltd. . | Investment accounted for using the equity method Associate company | - | $- | 10,367,000 | $583,337 (Note 1) | - | $- | $- | $- | 10,367,000 | $583,337 |

Note 1: This includes the increase of investment under the equity method of NTD 573,023, the recognition of share of profit of NTD 11,793 thousand in subsidiaries, associate companies and joint ventures under the equity method, and the recognition of subsidiaries, associate companies and joint ventures under equity method. (1,479) NTD thousand.

Exhibit 4

SINGATRON ENTERPRISE CO., LTD.

Information on the investee over which the Company has significant influence or control (excluding the investees in Mainland China)

December 31, 2023

Unit: Thousands of NTD or foreign currency

| Name of investor | Name of investee | Location | Main businesses | Initial investment amount | | Held at the end of the period | | | Profit (loss) of the investee for the period | Investment income (loss) recognized during the period | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | The end of the period | The end of the pervious period | Number of shares | % | Carrying amount | | | |
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON INVESTMENT COMPANY LIMITED | Hong Kong | General investments | $8,550 | $8,550 | 2,000,000 | 100.00% | $6,226 | $(308) | $(308) | Subsidiary |
| SINGATRON ENTERPRISE CO., LTD. | SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | The British Virgin Islands | General investments | 439,042 | 439,042 | 13,504,543 | 100.00% | 4,175,534 | 226,326 | 243,151 (Note1) | Subsidiary |
| SINGATRON ENTERPRISE CO., LTD. | Taisol Electronics Co., Ltd. | Taiwan | Manufacturing, sales agency, and trading of thermal modules, other electronic components, and IoT application products | 573,023 | - | 10,367,000 | 11.79% | 583,337 | 243,294 | 11,793 | Investment accounted for using the equity |
| SINGATRON (B.V.I.) ENTERPRISE CO., LTD. | SINGATRON (HONG KONG) INTERNATIONAL HOLDING LIMITED | Hong Kong | Investment | USD 13,400 NTD 411,447 (Note2) | USD 13,400 NTD 411,447 (Note2) | - | 100.00% | 4,232,746 (Note2) | 221,817 (Note2) | 221,817 (Note2) | Second-tier subsidiary |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Hong Kong | Trading of connectors and import and export related business | RMB 683 NTD 2,961 (Note2) | RMB 683 NTD 2,961 (Note2) | - | 100.00% | 141,220 (Note2) | 37,287 (Note2) | 37,287 (Note2) | Third-tier subsidiary |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON SAN JOSE CONNECTION CO., LTD. | U.S.A. | Marketing and sales and customer services | USD 30 NTD 921 (Note2) | USD 30 NTD 921 (Note2) | - | 100.00% | 1,727 (Note2) | 162 (Note2) | 162 (Note2) | Third-tier subsidiary |

Note 1: Including recognition of investment income of NTD 226,326 thousand, realized gross profit of sales of NTD 1,494 thousand from upstream transactions, unrealized gross profit of NTD 877 thousand from upstream transactions, realized gross profit of NTD 40,880 thousand from sidestream transactions, and unrealized gross profit of NTD 24,672 thousand from sidestream transactions.

Note 2: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Exhibit 5

SINGATRON ENTERPRISE CO., LTD.

Lending of funds to others

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Number (Note1) | The entity that lends funds | Funds recipient | Correspondent account | Maximum amount for the period | Balance at the end of the period | Amount actually drawn | Interest rate range | Nature of the funds lending | Business dealing amount | Reason for the necessity of short-term financial accommodation | Provision of allowance for losses | Collateral | | lending of funds to individual recipients | Total limit on the lending of funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Name | Value | | |
| 1 | SINGATRON(HONG KONG) INTERNATIONAL HOLDING LIMITED | SINGATRON ENTERPRISE CO., LTD. | Other receivables | $92,115 (Note 5) | $92,115 (Note 5) | $79,833 (Note 5) | 2.00% | With necessity of short-term financial accommodation | $- | To meet the operating liquidity needs of the funds recipient | $- | - | $- | $846,549 (Note 2) (Note 4) | $1,693,098 (Note 3) |

Note 1:1 is a second-tier subsidiary of the Company

Note 2: Not to exceed 20% of the net worth of the lending company.

Note 3: Not to exceed 40% of the net worth of the lending company.

Note 4: In accordance with the Company's operating procedures for lending of funds to others, there is no limit on the amount of funds that can be lent between foreign companies whose voting shares are directly or indirectly 100% owned by public companies that meet the provisions of Paragraph 4, Article 3.

Note 5: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Exhibit 6

SINGATRON ENTERPRISE CO., LTD.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

January 1, 2023 to December 31, 2023

Unit: Thousands of NTD

| Buying/Selling company | Name of trading party | Relationship | Circumstance of the transaction | | | | Circumstances and reasons why the transaction terms are different from those of ordinary transactions | | Notes, accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases (Sales) | Amount | As a percentage of total purchases (sales) | Credit period | Unit price | Credit period | Balance | As a percentage of total notes, accounts receivable (payable) | |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | Sales | $1,551,942 (Note1) | 80.41% | Monthly settlement 90 - 180 days | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $906,964 (Note1) | 88.31% | |
| Suzhou Singatron Connector Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Third-tier subsidiary of the Company | Processing revenue | $307,305 (Note1) | 97.01% | Monthly settlement 90 - 180 days | The only customer, with no other customers for comparison | No non-related parties available for comparison | Accounts receivable $140,248 (Note1) | 100.00% | |
| Suzhou Singatron Auto Co., Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | Sales | $102,119 (Note1) | 27.85% | Monthly settlement 90 - 180 days | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $65,750 (Note1) | 51.55% | |
| SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | SINGATRON ENTERPRISE CO., LTD.U.S.A (SEC - U.S.A) | Other related party of the Company | Sales | $276,940 (Note1) | 11.07% | 90 ~ 180 days after the cut-off day of the month | The prices are mainly for connectors and finished goods, based on the prices of the orders received, and no prices from other customers are available for comparison. | Monthly settlement 60 - 120 days for general customers | Accounts receivable $65,937 (Note1) | 7.28% | |

Note 1: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

Exhibit 7

SINGATRON ENTERPRISE CO., LTD.

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2023

Unit: Thousands of NTD

| Entity that recorded the transaction as accounts receivable | Name of trading party | Relationship | Balance of receivables from related parties | Turnover rate | Overdue receivables from related parties | | Subsequent recoveries of receivables from related parties | Provision of allowance for losses |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions taken | | |
| SINGATRON Electronics (China) Co. Ltd. | SINGATRON TECHNOLOGY (HongKong) CO., LIMITED | Third-tier subsidiary of the Company | $906,964 (Note1) | 1.79 | $- | - | $284,855 | $- |
| Suzhou Singatron Connector Co., Ltd. | SINGATRON Electronics (China) Co. Ltd. | Third-tier subsidiary of the Company | $140,248 (Note1) | 2.44 | $- | - | $34,682 | $- |

Note 1: Foreign currency amounts were translated into NTD based on the exchange rate at the balance sheet date.

SINGATRON ENTERPRISE CO., LTD.

Chairperson: Hsin-Nan Kan