

SOLOMON

SOLOMON TECHNOLOGY CORPORATION

2023 ANNUAL REPORT

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Notice to Readers

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

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Chapter 1. Letter to Shareholders

Dear shareholders,

The consolidated operating income in 2023 amounted to NT\$4.22 billion. The profit after tax was NT\$558 million and the after-tax EPS was NT\$3.11. The Company's operating results in 2023 and the business plan for 2024 are hereby presented as follows:

I. 2023 Business Report:

(I) 2023 business plan implementation results and profitability analysis:

1. SOLOMON and subsidiaries (consolidated):

Unit: NT\$ Thousand

| Item | 2023 | | 2022 | | Increase/Decrease | |
|---|-----------|---------|-----------|---------|-------------------|---------|
| | Amount | % | Amount | % | Amount | % |
| Operating income | 4,219,903 | 100.00% | 5,249,928 | 100.00% | (1,030,025) | -19.62% |
| Gross operating profit | 968,719 | 22.96% | 1,083,514 | 20.64% | (114,795) | -10.59% |
| Operating profit | 143,145 | 3.39% | 264,528 | 5.04% | (121,383) | -45.89% |
| Pre-tax profit | 638,524 | 15.13% | 655,837 | 12.49% | (17,313) | -2.64% |
| Net profit (loss) in the current period | 557,787 | 13.22% | 475,943 | 9.07% | 81,844 | 17.20% |
| Net profit attributable to owners of the parent company | 532,241 | 12.61% | 458,232 | 8.73% | 74,009 | 16.15% |
| Net profit attributable to non-controlling interests | 25,546 | 0.61% | 17,711 | 0.34% | 7,835 | 44.24% |
| Earnings per share (NT\$) | 3.11 | | 2.67 | | 0.44 | |

2. SOLOMON (parent-only):

Unit: NT\$ Thousand

| Item | 2023 | | 2022 | | Increase/Decrease | |
|---|-----------|---------|-----------|---------|-------------------|---------|
| | Amount | % | Amount | % | Amount | % |
| Operating income | 2,555,512 | 100.00% | 3,157,169 | 100.00% | (601,657) | -19.06% |
| Gross operating profit | 543,546 | 21.27% | 546,707 | 17.32% | (3,161) | -0.58% |
| Operating profit | 80,296 | 3.14% | 98,955 | 3.13% | (18,659) | -18.86% |
| Pre-tax profit | 567,571 | 22.21% | 543,276 | 17.21% | 24,295 | 4.47% |
| Net profit (loss) in the current period | 532,241 | 20.83% | 458,232 | 14.51% | 74,009 | 16.15% |
| Earnings per share (NT\$) | 3.11 | | 2.67 | | 0.44 | |

(II) Financial revenue and expenditure in 2023:

Unit: NT\$ Thousand

| Item | Consolidated | | Parent-only | |
|--|--------------|-----------|-------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Net cash inflow (outflow) from operating activities | (105,193) | 1,075,571 | 7,008 | 555,993 |
| Net cash inflow (outflow) from investing activities | (540,363) | 483,681 | (15,810) | 98,534 |
| Net cash inflow (outflow) from financing activities | (555,485) | (501,855) | (317,924) | (501,639) |
| Effect of exchange rate | 6,071 | 13,570 | 33 | 663 |
| Increase (Decrease) in cash and cash equivalents in the current period | (1,194,970) | 1,070,967 | (326,693) | 153,551 |

(III) R&D performance in 2023:

| No. | R&D results |
|-----|--|
| 1 | Accupick can plan the optimal anti-collision path for multiple targets at the same time |
| 2 | Accupick's anti-collision system supports dynamic switching between gripper tools and environmental obstacles, and updates the anti-collision path immediately after switching |
| 3 | Accupick can control two arms at the same time to grip objects in the same bin, achieving high-speed gripping |
| 4 | The Company has added multiple functional modules to Accupick to meet customization needs in a more flexible manner |
| 5 | Solvision has been equipped with a new model management interface |
| 6 | We have optimized Solvision's annotation function and added several rapid annotation tools |
| 7 | We have optimized Solvision's model effect analysis interface |
| 8 | Solmotion supports deformed objects and can modify the processing path according to workpiece deformation |
| 9 | We completed the first-version website and app development for META-aivi |
| 10 | Enhancement of Solmotion's drilling, derusting, cleaning, tin soldering, engraving and cutting functions used in conjunction with laser engraving machines |

(IV) Budget implementation:

Not applicable since SOLOMON did not make the financial forecast public in 2023.

II. Overview of the 2024 Business Plan:

(I) Operating strategies and production and sales policies

Solomon Group has a diversified business scope covering energy equipment, smart automated industrial products, AI & 3D visual technology integration, and other applications, and has accumulated decades of industry experience. In 2024, Solomon Group will continue to increase R&D capacity and prioritize business expansion. Important policies and implementation strategies are shown below:

1. Energy equipment business:

(1) In addition to continuous business expansion in the semiconductor industry,

SOLOMON will branch out into emerging industries such as EV supply chains, reshoring investment and manufacturing, 5G, AI, and other energy-intensive industries to meet developing customer requirements for power and energy.

- (2) We will integrate the Group's resources and service advantages, and seek opportunities to collaborate with Taiwan Power Company and related generating set suppliers.
- (3) In view of the energy reform under ESG and carbon emission policies, we will pursue application opportunities in the industrial biogas market to increase our service capacity in the foremarket and in the aftermarket.
- (4) SOLOMON will participate in public construction, commercial and urban renewal projects and provide comprehensive energy solutions.
- (5) We will continue to promote our existing products, and expand new products and application integration.

2. Smart automation business:

- (1) In the following year, the Company will align strategies for technologies, products, and channels with a focus on "connecting with partners and discovering more AI-powered smart applications."
- (2) We will use key technologies to link products from ecosystem partners that are in high demand and in need of AI upgrades. In combination with partner products, we can meet the demand for functional expansion and cross-industry applications, achieving AI empowerment and new product creation.
- (3) We will continue to accumulate diverse smart application cases, seek new, suitable partners, develop new channels, and expand sales channels.
- (4) The Company will implement a full-scale digital corporate transformation, and expand the business in automation equipment, AI & 3D vision, AMR and robotic arm markets.
- (5) With a focus on ESG issues, SOLOMON will promote various solutions for production lines and plants.

(II) Anticipated sales volume and the basis

In the field of smart automation, we will continuously strengthen the R&D and innovation of 3D vision and AI technologies, and integrate them into solving the pain points of enterprises, in order to improve business processes and enhance competitiveness. For the energy business, in response to global concerns about energy conservation, carbon reduction, and ESG issues, we will commit to the development and application of green energy generation and grid infrastructure solutions. This will help us adapt to changes in the energy industry and contribute to global environmental protection and sustainable development goals.

III. Future Strategies for the Development of SOLOMON and the Impact of External Competitive, Legal and Overall Business Environments on SOLOMON:

Entering 2024, global macroeconomic and geopolitical factors still exist. With the post-pandemic reconstruction of business operations and an increasing international focus on ESG and green sustainability, it is as if we are entering a whole new competition. Each step must be taken with greater caution.

For Solomon Group, it has always been our mission to maintain professional R&D capabilities, excellent teamwork, and solid industry experience while continuously creating

value for our customers, employees, and shareholders. Therefore, in the coming year, we will continue to strive for product and service quality and create our own products to meet market demand through technological innovation and application integration, further expanding our overall competitiveness.

For the energy business, in addition to continuously optimizing the quality of operations, we will also focus on technology and manufacturing plants with higher energy demands to meet the need for power applications in innovative industries. In response to rising sustainability awareness in recent years, we will integrate internal and external resources to launch ESG-compliant products and services and provide high value-added energy solutions.

As for the smart automation business, the popularization of AI has increased the market demand for AI products and services. Machine vision enables machines to “see” and understand the world around them like human eyes. This is of great significance for making products smarter and improving user experience.

In recent years, machine vision combined with deep learning technology has made its application more extensive. How we respond to the rapid development of open source software and AI technology in the maturing field of machine vision will be the key to the development of innovative products and services for SOLOMON.

We wish all shareholders good health and all the best!

Chairman and General Manager: Chen Cheng-Lung

Chapter 2. About the Company

1. Date of Establishment: April 28, 1990

2. Company History:

(1) Company Milestones:

- | | |
|------|--|
| 1973 | • Solomon Enterprises Limited was founded and entered the market as a specialized agent for electronic parts and components from Europe and America. |
| 1978 | • Yih Chuenn Enterprise Co., Ltd. was established to serve as an import agent for generators. |
| 1987 | • Solomon (USA) Corporation was founded. |
| 1988 | • Solomon Industry Limited was founded to engage in the R&D, design, manufacturing, and sale of optoelectronic automation products. |
| 1989 | • Solomon Electronics Limited was established to engage in the R&D, design, manufacturing, and sale of LCD modules. |
| 1990 | • On May 7, all associates were incorporated to form SOLOMON Technology Corporation with total capital of NT\$250,000 thousand. • On October 30, SOLOMON Technology Corporation was approved to be listed by the Securities and Futures Commission, Ministry of Finance. |
| 1991 | • The Communication Business Unit was formed to engage in the R&D, design, manufacturing, and sale of smart life management communication systems. • Land was purchased to be used as the site for the construction of the factory office building in Nangang Dist., Taipei City. • A cash capital increase of NT\$300,000 thousand was carried out, increasing the paid-in capital to NT\$550,000 thousand. |
| 1992 | • The Smart Card Department was formed to engage in the R&D and sale of IC cards and relevant products. • Retained earnings of NT\$55,000 thousand were capitalized, increasing the paid-in capital to NT\$605,000 thousand. |
| 1994 | • The Solomon Building in Nangang Dist., Taipei City, was built and put into use. • Retained earnings of NT\$30,250 thousand were capitalized, increasing the paid-in capital to NT\$635,250 thousand. |
| 1995 | • The Battery Module Department was formed to engage in technical cooperation with TOSHIBA in manufacturing NiMH battery cell modules. • Retained earnings of NT\$95,287.5 thousand were capitalized, increasing the paid-in capital to NT\$730,537.5 thousand. • The directors and supervisors of the 3rd Board of Directors were reelected for a term of office from 1995.6.24 to 1998.6.23. |
| 1996 | • The stock of the Company was listed on December 19. • Retained earnings of NT\$182,634 thousand were capitalized, increasing the paid-in capital to NT\$913,171.9 thousand. |
| 1997 | • The Computer Peripheral Business Unit was formed to engage in the sale of computer system components and their peripherals. • A cash capital increase and capitalization of retained earnings collectively amounting to NT\$686,828 thousand was carried |

- out, increasing the paid-in capital to NT\$1,600,000 thousand.
- 1998
- The Smart Card Department, Wireless Communication Business Unit, and Optoelectronic Automation Business Unit were incorporated into Solomon Smartnet Corp., Solomon Wireless Technology Corp., and Long Men Technology Corporation, respectively.
 - The Company issued NT\$1,500,000 thousand in unsecured convertible corporate bonds domestically for the first time.
 - Retained earnings, capital reserves, and employee bonuses collectively amounting to NT\$508,444 thousand were capitalized, increasing the paid-in capital to NT\$2,347,848 thousand (including CB conversion entitlement certificates).
 - The directors and supervisors of the 4th Board of Directors were reelected for a term of office from 1998.6.9 to 2001.6.18.
- 1999
- Solomon Group was founded officially.
 - The Group merged with Solomon QCE Ltd. in Hong Kong to branch out into overseas and Chinese markets, marking a new milestone.
 - The Group merged with the R&D department of MOTOROLA LCD DRIVER to establish Solomon Systech Limited and engage in the R&D of LCD driver application products.
 - On November 1, Solomon Information Corporation was set up to enter the network education training area.
 - In December, Solomon Microtech Limited was founded to focus on the R&D of embedded micro controllers.
 - The CB conversion entitlement certificates were converted into common shares, increasing the paid-in capital to NT\$2,429,640 thousand.
- 2000
- 41% of equity in Solomon Goldentek Display was acquired to reinforce the supply of LCD panels.
 - Solomon Korea (Seoul) Corporation was set up.
 - A new plant in Kaohsiung was put into use.
 - The CB conversion entitlement certificates were converted into common shares, increasing the paid-in capital to NT\$3,004,962 thousand.
- 2001
- The organization was reorganized into five business units, namely the Technology Equipment, System integration, Memory, Module, and Component Business Units, the Finance Department, and Administration Department.
 - The Company's LCD Business Unit merged with Solomon Goldentek Display, marking the official takeover of Solomon Goldentek Display by the Company.
 - The Company moved into an office building in Neihu in April.
 - Shou Neng Technology was founded to focus on the supply of battery modules.
 - The Wireless Network Communication Business was formed to engage in the R&D and manufacturing of wireless communication products.
 - Solomon Group USA (San Jose) Corporation was founded.
 - The Hong Kong Branch was established.
 - Retained earnings, capital reserves, and employee bonuses collectively amounting to NT\$756,747 thousand were

- capitalized, increasing the paid-in capital to NT\$3,761,708 thousand.
- 2002
- The directors and supervisors of the 5th Board of Directors were elected for a term of office from 2001.5.15 to 2004.5.14.
 - The System Software Business Unit was formed and then merged with the Application Software Business Unit.
 - The Oracle ERP system went live successfully, laying the foundation of the Digital Nervous System.
 - In April, Yumon International Trade Shanghai Limited Corporation was founded through indirect investment.
 - In September, Solomon Trading (Shenzhen) Ltd. was set up through indirect investment.
 - The first domestic issuance of unsecured convertible corporate bonds was completed.
 - The CB conversion entitlement certificates were converted into common shares, increasing the paid-in capital to NT\$3,761,834 thousand.
 - On December 18, the Securities & Futures Institute approved the issuance of employee stock warrants with 30,000 thousand shares.
- 2003
- The Wireless Network Communication Business Unit was renamed the IA Business Unit and the Wireless Communication Business Unit was set up.
 - In June, the first private placement of secured corporate bonds amounting to NT\$250,000 thousand in 2003 was carried out.
 - On December 18, employee stock warrants were issued for the first time on with 30,000 thousand shares.
 - The Wireless Communication Business Unit was formed to focus on the R&D and marketing of wireless network products, including GPRS, WCDMA, WLAN, and other modules, and modems and mobile phones using the above modules.
 - On August 28, the subsidiary Solomos Group (USA) ceased operating.
- 2004
- In February, the first private placement of secured corporate bonds amounting to NT\$40,000 thousand in 2004 was carried out.
 - In April, the Wireless Communication Business Unit and the IA Business Unit were merged into the “IA/Wireless Business Unit”.
 - In June, Solomon Microtech Limited was disposed of and was no longer an associate of the Company.
 - In June, the directors and supervisors of the 6th Board of Directors were elected for a term of office from 2004.6.11 to 2007.6.10.
 - In October, the Qingdao Office was set up in China.
 - In October, the new Process Equipment and Material Business Departments were established.
 - On December 31, the record date for the dissolution of the subsidiary Solomon Information Corporation was set.
- 2005
- January
 - The Semiconductor Business Unit and the Special Component Business Unit were merged into the

“Component Business Unit.”

- February
 - On February 28, the liquidation of the subsidiary Solomon Information Corporation was completed.
- 2006
- March
 - On March 8, the Company merged with its 100%-owned subsidiary De Li Investment Co., Ltd.. The Company survived and De Li Investment was dissolved.
- July
 - Solomon Goldentek Display reduced its capital to offset its losses. 375.56 shares were reduced per thousand shares, with a capital reduction rate of 37.556%, and the record date for the capital reduction was set on July 20.
- 2007
- April
 - On April 1, the Company merged with its 100%-owned subsidiary Long Men Technology Corporation. The Company survived and formed the Hygiene Business Unit (HBU) to branch out into niche industries such as hygiene, health care, remote medical equipment, and their core components.
 - 20,000 shares were exercised for the first time for the employee stock warrants issued for the first time in 2002 on March 28 this year. The record date for the capital increase was set on April 11. The share capital was increased to 376,203,398 shares.
- June
 - Organizational restructuring: The Power Business Unit (PBU) responsible for promoting capacitive products was formed.
 - Team 2B set up a business location in Suzhou.
 - The directors and supervisors of the 7th Board of Directors were elected for a term of office from 2007.6.15 to 2010.6.14. The Board of Directors elected Chen Jan-Sun as the Chairman of the Company.
- July
 - 1,216,500 shares were exercised for the employee stock warrants issued for the first time in 2002 in Q2 2007. The record date for the capital increase was set on July 12. The share capital was increased to 377,419,898 shares.
 - Technology Equipment Business Unit: The Ho Chi Minh Office in Vietnam was set up and commenced to operate.
- October
 - 10,319,500 shares were exercised for the employee stock warrants issued for the first time in 2002 in Q3 2007. The record date for the capital increase was set on October 1. The share capital was increased to 387,739,398 shares.
 - On October 7, the Company merged with its 100%-owned subsidiary Mo Dao Investment Co., Ltd.. The Company survived.
 - On November 2, the Company’s subsidiary Solomos Technology (USA) Corporate was approved for dissolution by the government of California, USA.

- 2008
- December
 - 623,000 shares were exercised for the employee stock warrants issued for the first time in 2002 in Q4 2007. The record date for the capital increase was set on December 31. The share capital was increased to 388,362,398 shares.
 - February
 - The Company's entire shares in its subsidiary Phoenix Wisdom were disposed of.
 - March
 - 562,000 shares were exercised for the employee stock warrants issued for the first time in 2002 in Q1 2008. The record date for the capital increase was set on March 26. The share capital was increased to 388,924,398 shares.
 - The first special shareholders' meeting in 2008 held on March 14 approved:
 - ◆ The transfer of the four agency lines of ST, On, Systech, and Freesale to WT Microelectronics Co., Ltd.;
 - ◆ The disposal of QCE that was owned by the Company's subsidiary Cayman to Promising Investment Limited, a subsidiary of WT Microelectronics Co., Ltd.
 - April
 - A capital reduction in cash was implemented, with a cash refund of NT\$1.76 billion. About NT\$4.5253010 in cash was refunded per share, with a capital reduction rate of 45.253010%. The record date for the capital reduction was set on April 2 and the share capital was 212,924,398 shares after the capital reduction.
 - August
 - Retained earnings and employee bonuses of NT\$234,701 thousand in 2007 were capitalized, increasing the paid-in capital to NT\$2,363,945 thousand. The record date for the capital increase was set on August 23.
 - September
 - Solomon Technology Group (Singapore) Pte. Ltd. was established through Solomon (Cayman) with a capital of US\$100,000.
 - December
 - The treasury stocks were canceled for the third time, reducing the capital by NT\$75,570 thousand. The paid-in capital amounted to NT\$2,288,375 thousand after the capital reduction. The record date for the capital reduction was set on December 1.
 - On December 24, Mr. Chen Jan-Sun resigned as General Manager of the Company. The Board of Directors appointed Mr. Chiang Chen-Tsun to be General Manager of the Company.
 - Organizational restructuring: The "Backlight Business Unit" was merged with the "Capacitor Business Unit."
 - The power-related IC agency lines were integrated to form the "Power Business Unit."

2009

 - January
 - On January 23, Mr. Chen Jan-Sun resigned as Chairman and

director of the Company. The Board of Directors elected Mr. Chiang Chen-Tsun as Chairman of the Company.

- April
 - The treasury stocks were canceled for the fourth and fifth time, reducing the capital by NT\$29,830 thousand. The paid-in capital amounted to NT\$2,258,545 thousand after the capital reduction. The record date for the capital reduction was set on April 14.
- June
 - A capital reduction in cash was implemented, with a cash refund of NT\$450 million. About NT\$1.99243341 in cash was refunded per share, with a capital reduction rate of 19.92433411%. The record date for the capital reduction was set on June 10 and the share capital was 180,854,474 shares after the capital reduction.
 - On June 26, five directors and two supervisors of Data International Co., Ltd. were reelected. The Company's subsidiaries Moredel Investment Corp. and Solomon Smartnet Corp. acquired four director seats and two supervisor seats, respectively, marking the Company's official entry into the board of directors of Data International.
- December
 - On December 18, the board of directors of Data International Co., Ltd. approved the first private placement of common shares in 2009. 23,000,000 shares were issued at a discount price of NT\$3.84 per share for capital increase. Solomon Group (including SOLOMON, Moredel, Solomon Smartnet) subscribed for 18,250,000 shares in the capital increase, increasing the shareholding percentage to 53.53%. Data International Co., Ltd. became a member of Solomon Group.
 - On December 22, the Company officially took over Data International (5432) and obtained corporate control by acquiring nearly 53.4% of equity in the company.
 - 7,203,270 shares were exercised for the employee stock warrants issued for the first time in 2002 in Q4 2009. The record date for the capital increase was set on December 24. The share capital was increased to 188,057,744 shares.
 - Organizational restructuring: The Automation Business Unit (ABU) was set up. The original Application Business Unit (ABU) was renamed the "System Application Business Unit (SBU)."

2010

- April
 - On April 14, the board of directors of Data International Co., Ltd. approved the first private placement of common shares in 2010. 11,850,000 shares were issued at a discount price of NT\$3.80 per share for capital increase. Solomon Group subscribed for 8,549,000 shares in the capital increase, increasing the shareholding percentage to 58.33%.
- June
 - The directors and supervisors of the 8th Board of Directors were reelected for a term of office from 2010.6.18 to

2003.6.17. The Board of Directors elected Director Chen Cheng-Lung as the Chairman of the Company.

- July
 - On July 23, General Manager Chiang Chen-Tsun resigned and the Board of Directors appointed Chairman Chen Cheng-Lung to concurrently serve as General Manager.
- October
 - Organizational restructuring: The “Gas Genset Business Unit” (GBU) subordinate to the “Electricity and Automation Business Group” was formed. It mainly engaged in: 1. the agency business and sale of the gas generators of GE Jenbacher in the US; 2. their peripheral and ancillary equipment; 3. the relevant installation projects; 4. the purchase/sale of parts as well as repair and maintenance services. General Manager Kao Sheng-Hui in charge of the Electricity and Automation Business Group concurrently served as the chief of the business unit.

2011

- December
 - The Board of Directors elected the members of the 1st Compensation Committee.

2012

- January
 - Organizational restructuring: The “Electrical Equipment Business Unit” (EBU) subordinate to the “Electricity and Automation Business Group” was formed, responsible for the R&D, design, manufacturing, agency business, and sale of electrical equipment. General Manager Kao Sheng-Hui in charge of the Electricity and Automation Business Group concurrently served as the chief of the business unit.
- May
 - Solomon (Singapore) Corporation ceased operating.
- June
 - Organizational restructuring: The “Electrical Equipment Business Unit” (EBU) was removed and the activities it was engaged in were handed over to the “Technology Equipment Business Unit.”
- October
 - Organizational restructuring: The “Component Business Unit I” was merged with the “Power Business Unit.” The “Component Business Unit-II” was renamed the “Component Business Unit” and the renaming became effective on October 1.

2013

- April
 - Organizational restructuring: The Board of Directors approved the establishment of four business units, the “Bi-fuel Power Business Unit” (BBU), the Diesel Genset Business Unit, the Gas Turbine Genset Business Unit, and the Motion Business Unit. They were all subordinate to the “Electricity and Automation Business Group” and directed by General Manager Kao Sheng-Hui in charge of the

Electricity and Automation Business Group.

- May
 - Organizational restructuring: The Board of Directors approved the removal of the “Gas Turbine Genset Business Unit” (JBU).
- June
 - The directors and supervisors of the 9th Board of Directors were reelected for a term of office from 2013.6.11 to 2016.6.10. The Board of Directors elected Director Chen Cheng-Lung as the Chairman of the Company.
 - Organizational restructuring: The Board of Directors approved the removal and merger of the “Bi-fuel Power Business Unit” (BBU) with the “Diesel Genset Business Unit” (DBU).
- July
 - Organizational restructuring: The Board of Directors approved the removal of the “System Application Business Unit” (SBU).
 - The subsidiary Solomon (Cayman) International Corporation established GD Power Ltd. in Seychelles, in which it held a 100% interest.
 - The subsidiary Solomon (Cayman) International Corporation established Solomon (Brunei) Ltd. in Brunei, in which it held a 100% interest.
- August
 - A capital reduction in cash was implemented, with a cash refund of NT\$56,417,320. About NT\$0.3 in cash was refunded per share, with a capital reduction rate of 3%. The record date for the capital reduction was set on August 6 and the share capital was 182,416,012 shares after the capital reduction.
 - Organizational restructuring: The Board of Directors approved the removal and merger of the “Power Business Unit” (PBU) with the “Component Business Unit” (CBU).
- September
 - The Board of Directors elected the members of the 2nd Compensation Committee.
 - Organizational restructuring: The “Diesel Genset Business Unit” (DBU) was renamed the “Power Business Unit” (PBU).
- November
 - The subsidiary GD Power Ltd. established GD Energy Equipment (Chengdu) Ltd., in which it held 100% interest, with capital of RMB 5 million.
- December
 - The subsidiary Solomon (Brunei) Ltd. acquired an 80% interest in Solomon Vietnam Company Limited with capital of VND 3.8 billion.
- 2014
 - February
 - The subsidiary GD Power Ltd. established GD Energy Equipment (Chengdu) Ltd., in which it held a 100% interest, with capital of RMB 5 million.

- June
 - Organizational restructuring: The Equipment Business Unit (EBU), Vision Business Unit (VBU), and System Business Unit (SBU) subordinate to the “Motion Business Unit” (MBU) were formed and the effective date was set on June 1.
- July
 - On July 1, the registered industry type was changed from the “electronic channel industry” to “other electronic industries.”
 - A capital reduction in cash was implemented, with a cash refund of NT\$109,449,600. About NT\$0.6 in cash was refunded per share, with a capital reduction rate of 6%. The record date for the capital reduction was set on July 14 and the share capital was 171,471,052 shares after the capital reduction. The new shares were listed for trading on August 20.
- October
 - Organizational restructuring: The effective date was set on October 20
 1. Establishment: The Pneumatic Business Unit (NBU).
 2. Renaming:
The Technology Equipment Business Unit (TBU) and the Power Business Unit (PBU) were renamed the Technology Business Unit and the New Power Business Unit, respectively.
 3. Three business groups were formed:
Nine business units were categorized into the Electromechanical Business Group, Intelligent Business GroupI, and Intelligent Business GroupII.

2015

- January
 - Organizational restructuring: The effective date was set on January 26
 1. Mergers:
The Technology Business Unit (TBU) was merged with the New Power Business Unit (PBU)
The System Business Unit (SBU) was merged with the Vision Business Unit (VBU)
 2. Removal: Equipment Business Unit (EBU)
 3. Establishment:
International Business Unit (IBU), North East Association Business (NABU)

July

- Organizational restructuring: The effective date was set on July 20
 1. Establishment:
Overseas Oil and Gas Business Unit (OBU), Foreign Infrastructure Business Unit (FBU), Vision Business Unit (VBU), Internet Business Unit (IBU)
 2. Removal:
International Business Unit (IBU), North East

Association Business (NABU)

2016

- January
 - Organizational restructuring: The effective date was set on January 1
 - Renaming:
The Pneumatic Business Unit (PBU) was renamed the Encompass Business Unit (EBU)
The Motion Business Unit (MBU) was renamed the Robot Business Unit (RBU)
- May
 - Organizational restructuring: The effective date was set on May 10
 - Establishment: Purchasing Department
 - Removal: Foreign Infrastructure Business Unit (FBU)
- June
 - Seven directors (including two independent directors) and two supervisors of the 10th Board of Directors were reelected for a term of office from 2016.6.7 to 2019.6.6. The Board of Directors elected Director Chen Cheng-Lung to continue in office as the Chairman of the Company.
 - The Board of Directors elected the members of the 3rd Compensation Committee.
- September
 - Organizational restructuring: The effective date was set on September 1
 - The Overseas Oil and Gas Business Unit (OBU) was renamed the Foreign Oil and Gas Business Unit (FBU).
- October
 - The Automation Business Unit (ABU) was presented with the Best Distribution Performance Award by Rockwell Automation in FY16.

2017

- January
 - The Automation Business Unit (ABU) officially entered into a contract with MTE, a leading company offering passive harmonic filters in the US, to be appointed as its general agent in Taiwan.
- May
 - Organizational restructuring: The effective date was set on May 1
 - The Foreign Oil and Gas Business Unit (FBU) was removed and merged with the Technology Business Unit (TBU).
- September
 - Organizational restructuring: The effective date was set on September 1
 - The Marketing Department was set up.

2018

- January
 - Organizational restructuring: The effective date was set on January 1
 - The activities of the Encompass Business Unit (EBU) were

- handed over to the Automation Business Unit (ABU).
 - The Automation Business Unit (ABU) won an order from MAS Automation Corp.
 - July
 - Organizational restructuring: The effective date was set on July 1.
The Optical Materials Business Unit (OBU) subordinate to the Intelligent Business Group was formed.
 - September
 - Received a “confirmation letter for business headquarters” from the Ministry of Economic Affairs with a validity period from 2018.9.20 to 2020.9.19.
- 2019
- January
 - Organizational restructuring: The effective date was set on January 1
The activities and all members of the “Internet Business Unit” (IBU) were transferred to the “Automation Business Unit” (ABU).
 - June
 - Seven directors (including two independent directors) and two supervisors of the 11th Board of Directors were reelected for a term of office from 2019.6.12 to 2022.6.11. The Board of Directors elected Director Chen Cheng-Lung as the Chairman of the Company. Mr. Wong Ching-Chang and Mr. Cheng Po-Jen took office as new independent directors.
 - The Board of Directors elected the members of the 4th Compensation Committee.
- 2020
- September
 - Received a “confirmation letter for business headquarters” from the Ministry of Economic Affairs with a validity period from 2020.9.16 to 2023.9.15.
- 2021
- May
 - Organizational restructuring: The effective date was set on May 1
The activities and members of the “System Business Unit” (SBU) were transferred to the “Vision Business Unit” (VBU) and the “Robot Business Unit” (RBU), respectively.
 - August
 - On August 9, the subsidiary Data International Co., Ltd. was renamed **Solomon Data International Corporation** upon approval by the Taipei City Government, and its Chinese name was changed from 達威光電股份有限公司 to 新門科技股份有限公司.
 - September
 - On September 30, “Data International Co., Ltd.” was renamed “**Solomon Data International Corporation**” and officially listed.

2022

- June
 - Nine directors (including four independent directors) of the 12th Board of Directors were reelected (with the supervisor system abolished) for a term of office from 2022.6.8 to 2025.6.7. The Board of Directors elected Director Chen Cheng-Lung as the Chairman of the Company. Mr. Wong Ching-Chang, Mr. Huang Ming-Yu, Mr. Wong Chu-Ching, and Mr. Huanag Chung-Yuan took office as new independent directors.
 - The Board of Directors elected the members of the 5th Compensation Committee and appointed the four independent directors to be the members of the 1st Audit Committee.
- December
 - Dissolution and liquidation of subsidiaries: GD Investment Corp., Fast Energy Corporation

2023

- June
 - Invested in the establishment of a subsidiary in Japan: Solomon Technology Japan co., Ltd.
- September
 - Received a “confirmation letter for business headquarters” from the Ministry of Economic Affairs with a validity period from 2023.9.6 to 2026.9.5.
- November
 - The Board of Directors set up the “Sustainable Development Committee.”

2024

- February
 - The dissolution of the subsidiary in Thailand: Solomon Robotics (Thai) Limited was in progress.

(2) Awards and Achievements:

1. Product design:

- | | |
|------|--|
| 1993 | Selected as a Taiwan Excellence symbol winner in the [1st Taiwan Excellence Awards] with the SMART COM 2001. |
| 1994 | Selected as a Taiwan Excellence symbol winner in the [2nd Taiwan Excellence Awards] with the SMART COM 2001 (R series) and optoelectronic automation product series. |
| 1995 | The SHD-101 and SHD-103 automatic hand dryers won the [Excellent Product Design Award] and were nominated for the [National Design Award]. |
| 1997 | <ul style="list-style-type: none">• The SSD-902 automatic soap dispenser was recognized by the [1st CED Innovation and Design Technology Award].• The SPX-208, SFP-208, and SAS-110 mini-com systems received the [Excellent Product Design Award]. |
| 2015 | <ul style="list-style-type: none">• Selected as a Taiwan Excellence symbol winner in the [6th Taiwan Excellence Awards] with the cordless phone with two outside lines. |

- The Automation Business Unit (ABU) was presented with the Best Distribution Performance Award by Rockwell Automation in FY15.
- 2016
 - Received the Preferred Partner Award from Universal Robots, a leading collaborative robot company in Denmark.
 - The Automation Business Unit (ABU) was presented with the Best Distribution Performance Award by Rockwell Automation in FY16.
- 2017 The Smart Lacer SLM KW-230 was selected as one of the winners of the [Taiwan Excellence Award 2018].
- 2018 The VBU's AccuPick 3D obtained CE, FCC, and VCCI certifications.
- 2019 The smart 3D vision scanner and smart 3D random bin picking system won the [Taiwan Excellence Award 2019].
 - The AccuPick 3D Smart Bin Picking System received an "Innovators Award" under the category of "Vision Systems" in Vision Systems Design 2019 in the United States.
 - Presented with the CIIF's first "Robot Award" in the 21st China International Industrial Fair.
 - The Solvision smart inspection solution won the [Taiwan Excellence Award 2020].
- 2020
 - SOLOMON's AccuPick won the [Red Dot: Best of the Best 2020] top award.
 - The AccuPick 3D Smart Bin Picking System received an "Innovators Award" under the category of "Vision Systems" in Vision Systems Design 2020.
 - The smart 3D sorting system won the [Taiwan Excellence Award 2021].
- 2021
 - The AccuPick 3D Smart Bin Picking System was rated as Outstanding under the category of "R&D of Robots and Key Parts and Components" in the 1st Robotic System Integration Award.
- 2022
 - November: The "META-aivi wearable smart AI solution" was awarded the Taiwan Excellence Silver Award (2023 Silver Badge) and the Taiwan Excellence Award (2023 Red Badge) by the Ministry of Economic Affairs.
- 2. Business management and quality:
 - 1990
 - Selected as one of the winners of the [1st National Excellent Quality Practice Award] for our stock management quality improvement practice (QIP).
 - 1991
 - Selected as one of the winners of the [2nd National Excellent Quality Practice Award] for our inventory quality improvement practice.
 - 1992
 - Selected as one of the winners of the [3rd National Excellent Quality Practice Award] for our overall quality improvement and application of guidelines for implementing annual work plans (guideline management).
 - 1994
 - Selected as one of the winners of the [5th National Excellent Quality Practice Award] for improving

- management quality through vision shaping and strategic planning.
- Received an [Outstanding Enterprise Award] from the [Taiwan Electrical and Electronic Manufacturers' Association]
- 1995
- Our imaging module plant in Kaohsiung passed the [ISO 9002 international quality assurance certification inspection of the Bureau of Commodity Inspection & Quarantine].
- 1996
- Our communication, optoelectronic automation, and battery module plants passed the [ISO 9002 international quality assurance certification inspection of Germany's TUV].
 - Our imaging module plant in Kaohsiung passed the [ISO 9002 international quality assurance certification inspection of the UK's BSI].
 - Our communication, optoelectronic automation, and battery module plants passed the [ISO 9001 international quality assurance certification inspection of Germany's TUV].
- 1997
- Our imaging module plant in Kaohsiung passed the [ISO 9001 international quality assurance certification inspection of the Bureau of Commodity Inspection & Quarantine].
- 1998
- Our communication product production plant and imaging module plant in Kaohsiung passed the [ISO 9002 international quality assurance certification inspection of the Bureau of Commodity Inspection & Quarantine].
- 2002
- Recognized by the [12th National Excellent Quality Practice Award] for implementing a performance development system.
- 2003
- Solomon QCE obtained ISO 9001:2000 certification.
 - The Kaohsiung plant of Solomon Goldentek Display was granted ISO 9001:2000 certification.
 - SOLOMON was recognized by Cummins as the Long Term Partner of 2003 in China.
 - Solomon Goldentek Display was presented with a Green Partner certificate by SONY.
 - Solomon QCE received the Best Support and Achievement of TSPG Demand Creation in 2003 by its supplier Motorola Semiconductors (Hong Kong).
 - Solomon QCE was awarded the following awards by its supplier Agere Systems:
 1. Distributor of The Year 2003.
 2. Best Marketing Award.
 3. Best Account Executive Award.
- 2004
- The TBU was honored as the “Agent of the Year in Greater China” by Cummins.
 - The Company was awarded a certificate of appreciation by Powerchip Semiconductor Corporation for being an “excellent supplier making a significant contribution by

- supporting the expansion of technology and production capacity for 12-inch chip plants.”
- 2005 • The Component Business Unit won the Best Growth Award for Agents in 2005 in Taiwan from its supplier ST.
 - 2007 • The TBU received the “Outstanding Business Contribution Award in China” from Cummins.
 - Team 2B was presented with the “Global Award for Best Progress” by Protek Devices.
 - The CBU's Team 1 was honored with the “Best Performance Award for Agents in Asia in the Year” by Thomson Tuner.
 - 2008 • The TBU was awarded the “Cummins Best Achievement Award in East Asia in 2008” by Cummins.
 - 2009 • Team 2A won the “Partnership Award” from Protek Devices.
 - The SBU received the Platinum Partner Award from Phoenix.
 - 2016 • Obtained a certificate for the service capacity of automation technology service providers for passing a service inspection for technology service providers by the Industrial Development Bureau, Ministry of Economic Affairs.
 - 2017 • Passed ISO 9001:2015 certification in November.
 - Received a Certificate of Talent Quality-management System (TTQS) with a certified level of Enterprise Version - Bronze from the Workforce Development Agency, Ministry of Labor, in December.
 - 2019 • Selected as one of the winners in the 5th “Potential Taiwan Mittelstand Award” by the Industrial Development Bureau, Ministry of Economic Affairs, in August.
 - Received a Certificate of Talent Quality-management System (TTQS) with a certified level of Enterprise Version - Bronze from the Workforce Development Agency, Ministry of Labor, in October.
 - The RBU was presented by Universal Robots with the APAC BEST OF THE BEST award.
 - 2024 • Won the 7th “Potential Taiwan Mittelstand Award” of the Ministry of Economic Affairs.
3. Outstanding leadership:
- 1993 Chairman Chen Jan-Sun was awarded the “Entrepreneur of the Year 1993 - Accolade Award.”
 - 1994 General Manager Wang Ko-Ping was recognized as one of the winners of the “12th Manager Excellence Award.”
4. Social welfare:
- 2003 Honored with a Merit Award in the [2003 Taipei City Smoke-free Workplace Competition] and an Honorable Mention Award in the [The Bureau of Health Promotion, Department of Health’s Award Ceremony for Workplaces with Outstanding Tobacco Control Performance].

(3) Patents and inventions:

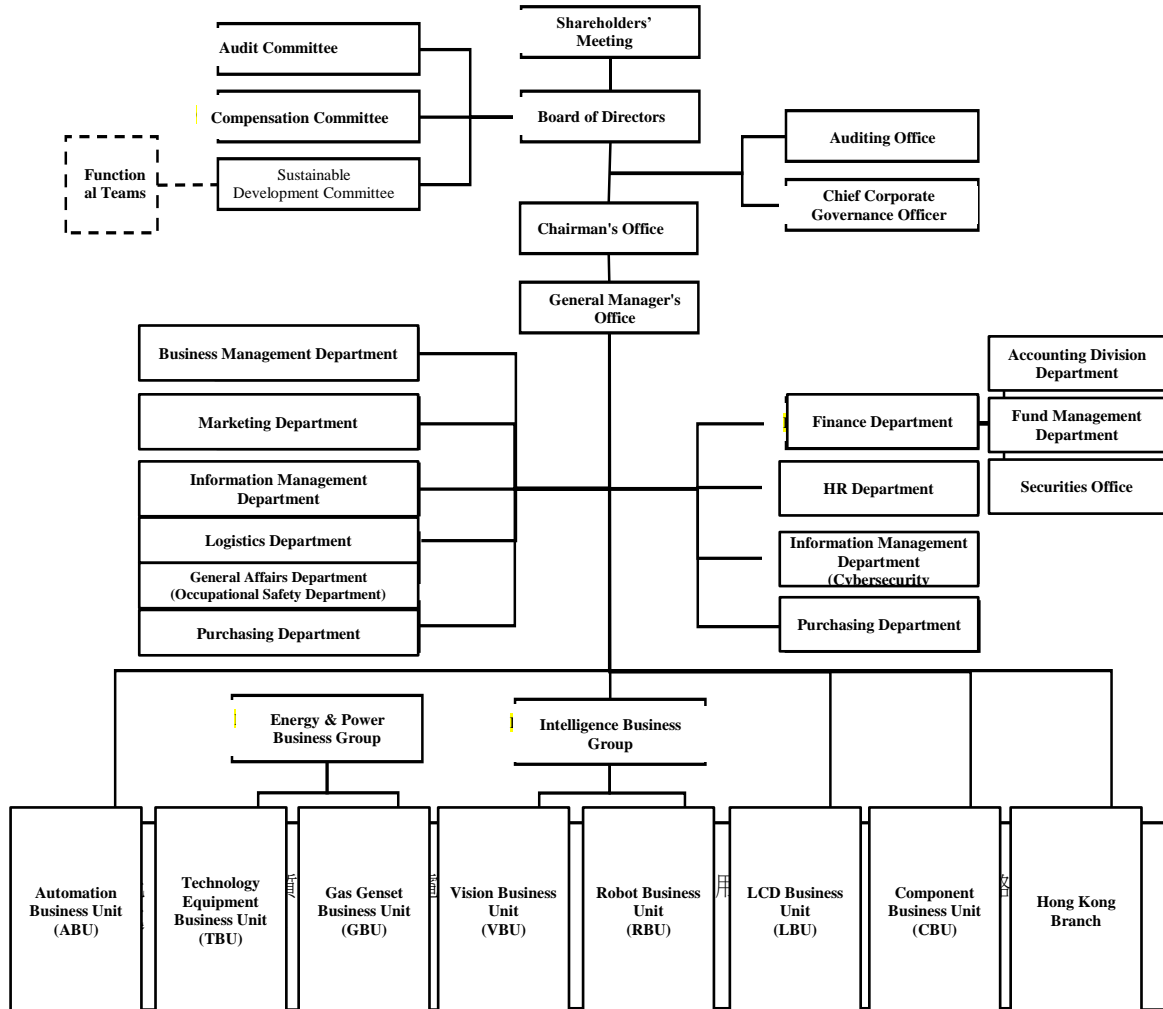
- | | |
|------|--|
| 2017 | <p>In May, the Company developed the world's first automatic shoe lacing machine in-house and officially obtained a Taiwanese patent certificate. Invention name: Automatic Shoe Lacing Method and Equipment. Republic of China Patent Certificate Invention Patent No. I581731.</p> <p>In December, the VBU's AccuPick 3D obtained FCC certification.</p> |
| 2018 | <p>In January, the VBU's AccuPick 3D obtained CE and VCCI certifications.</p> <p>In May, the VBU's AccuPick 3D passed KC certification.</p> <p>Acquired a Republic of China Patent Certificate with the invention patent No. I633044 for our "Automatic Material Placement System and Method."</p> |
| 2019 | <p>In April, the VBU's AccuPick 3D, Solscan, and Solmotion passed CB certification.</p> <p>Acquired a Republic of China Patent Certificate with the invention patent No. I675000 for our "Object Transportation Method and System."</p> |
| 2020 | <p>Acquired a Republic of China Patent Certificate with the invention patent No. I685407 for our "Object Identification and Picking Method and System."</p> |
- (4) Substantial transfers or changes of shares held by directors or shareholders with a shareholding of more than 10% in 2023 and as of the publication date of the annual report: None.

Chapter 3. Corporate Governance Report

1. Organizational System

(1) Organizational Structure: March 11, 2024

Organizational Chart of the Company



(2) Business activities of the main departments:

A. Administrative units:

| Department | Primary duties |
|--|--|
| General Manager's Office | <ul style="list-style-type: none"> • Responsible for planning the Company's business development strategies and the approval and supervision of business plans. • Contract review, debt collection and enforcement procedures, official documents, litigation, pleading writing, legal document preparation, provision of legal opinions. |
| Audit Committee | <ul style="list-style-type: none"> • The committee operates mainly to supervise the following matters: <ol style="list-style-type: none"> 1. Appropriate presentation of the Company's financial statements. 2. Appointment (dismissal), independence, and performance of CPAs 3. Effective implementation of the Company's internal control. 4. The Company's compliance with relevant laws, regulations, and rules. 5. Management and control of existing or potential risks of the Company. |
| Compensation Committee | <ul style="list-style-type: none"> • Evaluating the remuneration policies and systems for the Company's directors and managerial officers from a professional and objective standpoint, and making recommendations to the Board of Directors for its reference in decision-making. |
| Sustainable Development Committee | <ul style="list-style-type: none"> • Establishing sustainable development policies. • Formulating annual sustainable development plans and strategic directions. • Tracking, reviewing, and reporting the implementation and effectiveness of sustainable development to the Board of Directors. • According to the Company's needs, functional teams including those for "nomination," "ethical management," "risk management," "information security," "environmental protection," and "occupational safety" may be established for the Committee. |
| Finance Department | <ul style="list-style-type: none"> • Responsible for the Company's financial scheduling, accounting, financial and accounting statements, stock affairs, etc. |
| Information Management Department (Cybersecurity Department) | <ul style="list-style-type: none"> • Responsible for information equipment security management, routine maintenance of information systems, improvement of the Company's information application capabilities and cybersecurity management services. |
| Purchasing Department | <ul style="list-style-type: none"> • Evaluating and analyzing the supply of raw materials or equipment in the market, implementing the procurement process, and managing suppliers. |
| HR Department | <ul style="list-style-type: none"> • Coordinating and utilizing internal human resources to maximize synergy. • Ensuring that the functions of employee recruitment, remuneration, training and development, and personnel regulations are complete and in compliance with laws and regulations. |
| Business Management Department | <ul style="list-style-type: none"> • Assisting in the formulation of the annual business plan and the annual goals of each sales unit. • Responsible for tracking, supervising, and managing the monthly operating results of each sales unit, executing strategic plans, and tracking and solving operational issues. |

| | |
|------------------------------------|---|
| Logistics Department | <ul style="list-style-type: none"> • Coordinating the operation of materials in the enterprise organization, and taking charge of the systematic work of product distribution for each unit. |
| Legal Affairs Department | <ul style="list-style-type: none"> • Assisting the Company in negotiating procedures, complying with laws and regulations, drafting and assisting in the execution of various contracts and legal documents. |
| Auditing Office | <ul style="list-style-type: none"> • Managing activities with regard to the planning, organization, coordination, guidance, control, and evaluation of internal audits. |
| General Affairs Department | <ul style="list-style-type: none"> • Supporting the needs of each department in the Company, providing business-related services, and managing and maintaining the Company's resource operations. |
| Marketing Department | <ul style="list-style-type: none"> • Developing marketing and branding strategies in accordance with the Company's annual goals. • Discussing with product developers issues related to product specifications, and compiling product or service catalogs. |
| Chief Corporate Governance Officer | <ul style="list-style-type: none"> • Handling matters related to Board of Directors' meetings and shareholders' meetings, and preparing the minutes of the Board of Directors' meetings and shareholders' meetings. • Assisting directors in taking office, receiving continuing education, and complying with laws and regulations. • Providing directors with information required for executing their duties. |

B. Sales units:

| Business group | Business unit | Business division (abbreviation) | Main business activities |
|-------------------------------|------------------------------------|----------------------------------|---|
| Energy & Power Business Group | Technology Equipment Business Unit | TBU (PC) | <p>Sales/agency business:</p> <ol style="list-style-type: none"> 1. Diesel generators, ATS automatic switches, parallel systems from the US Cummins Power Generation 2. Dynamic uninterruptible power systems (UPS) from the German Piller 3. Static uninterruptible power systems (UPS) from the US Eaton 4. Busways from the German Siemens <p>System design, planning, integration, installation, part purchase/sale, and repair and maintenance services for the above equipment</p> |
| | | TBU (PQ) | <p>Sales/agency business:</p> <ol style="list-style-type: none"> 1. High frequency uninterruptible power supply equipment/high frequency SMR uninterruptible power supply equipment/UPS energy storage equipment from Eaton 2. DC chargers from the German BENNING 3. Low frequency uninterruptible power supply equipment 4. Inverters <p>System design, planning, installation, part purchase/sale, and repair and maintenance services for the above equipment</p> <p>1. (Hotels/commercial offices) Audio, video, stage lighting, environmental control, IDS, BGM, large LED displays, guest room control, hanging signs, dimming, welcome robots, and other systems. Surveillance, access control, central monitoring, action improvement, charging hub, and parking management systems.</p> <ol style="list-style-type: none"> 2. Mitsubishi generator units 3. Planning of smart buildings and green building systems. <p>System design, planning, installation, spare part purchase/sale, and repair and maintenance services for the above equipment</p> |
| | Gas Genset Business Unit | GBU | <p>Sales/agency business:</p> <ol style="list-style-type: none"> 1. Gas generators and their peripheral and ancillary equipment from the Austrian Jenbacher 2. System design, planning, integration, installation, part purchase/sale, and repair and maintenance services for the above equipment |

| Business group | Business unit | Business division (abbreviation) | Main business activities |
|-----------------------------|--------------------------|----------------------------------|--|
| | Automation Business Unit | ABU | <ol style="list-style-type: none"> Continuing promotion of ROCKWELL products <ol style="list-style-type: none"> System optimization and smart manufacturing Internet security Asset management Power quality improvement Sensing and transmission Proof of concept AI predictive maintenance systems and products Painless upgrade Product life cycle management Cross-platform integration Cloud-based service platforms Agency business for PTC's software equipped with the following functions: <ol style="list-style-type: none"> ThingWorx IIoT Platform Vuforia AR Creo 3D solid model Big data analytics and machine learning (ML) Agency of Rockwell Automation FactoryTalk Hub : <ol style="list-style-type: none"> FT InnovationSuite/PlantPAx® process operation management system Emulate 3D process simulation/virtual reality training system FiiX facility maintenance and management system AssetCentre asset management solution PLEX QMS quality management system Sale agency of AIoT peripheral brands <ol style="list-style-type: none"> HPE Secomea SiA Adder |
| Intelligence Business group | Vision Business Unit | VBU | Self-developed products <ol style="list-style-type: none"> AccuPick Solscan Deep Learning Solmotion Solvision Metaverse AI visual products |
| | Robot Business Unit | RBU | <ol style="list-style-type: none"> Sales/agency business: <ol style="list-style-type: none"> Robotic arms from the Danish Universal Robots Robotic arms from the Japanese Shibaura Machine Robotic arms from the Japanese Kawasaki Autonomous mobile robots (AMRs) from the Danish Mobile Industrial Robots Robotic arm peripherals from the Danish OnRobot Sales of peripheral fixtures/jigs and conveyor module mixes for robotic arms Ancillary integrated smart automation solutions |
| | LCD Business Unit | LBU | <ol style="list-style-type: none"> Sale/agency business: Domestic and overseas TFT LCDs, driver ICs, and electronics. Provision of domestic and overseas LCD module customization services |

| Business group | Business unit | Business division (abbreviation) | Main business activities |
|----------------|-------------------------|----------------------------------|--|
| | Component Business Unit | CBU | <p>Sales/agency business for domestic and overseas electronic parts and components:</p> <ol style="list-style-type: none"> 1. Passive components: Resistor, Capacitor, Inductor, Crystal 2. Active components: A/D IC, D/D IC, Hall sensor, Transistor, Mosfet, Diode, Led chip 3. Protection elements: Esd, Tvs, Connector, Fuse, Filter, Speaker, Mov |

2. Information on Directors and Managerial Officers

(1) Information on Directors:

Date: April 9, 2024 (book closure date)

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------|--|-----------------|---------------|-------------------------------------|-------------|------------------------|----------------------------------|-------------------------|----------------------------|-------------------------|---|-------------------------|----------------------|---|--|---|--|--------------------------------------|--|---------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Chairman | Republic of China | Chen Cheng-Lung | Male 50-60 | 2022.6.8 | Three years | 2009.08.20 | 15,733,057 shares 9.18% | | 15,733,057 shares 9.18% | | 1,582,360 shares 0.92% | | 0 | MBA, New York University Master of Accountancy, University of Southern California Master of Economics, University of Michigan Head of BNP Paribas's Securities Research Department in Taiwan and Asia Head of Technology Industries Senior Analyst for the Asian semiconductor industry, Deutsche Securities Analyst for semiconductor industries, Credit Suisse AG Management Consultant, Stern Stewart Director, CASTEC International Corp. Director, INGA NANO Technology Co., Ltd. Chairman, Cornucopia Innovation Corporation | General Manager and Member of Sustainable Development Committee, SOLOMON Technology Corporation Chairman, Solomon Smartnet Corp. Chairman, General Manager, and Member of Sustainable Development Committee, SOLOMON Technology Corporation Director, Solomon Goldentek Display Corp. Chairman and General Manager, Moredel Investment Corp. Supervisor, Baguio Recreation Co., Ltd. Director, CENZ Automation Co., Ltd. Chairman, Solomon Technology (USA) Corp. Chairman, Solomon Robotics (Thai) Ltd. Chairman, Solomon Science Technology (VN) Company Limited Chairman, Solomon Energy Technology (Singapore) Pte. Ltd. Director, Solomon Energy Technology Corporation Chairman, Solomon Technology Japan co., Ltd | Director | Chen Lu Su-Yue Chen Jan-Sun | Mother and son Father and son | 1. Reason, reasonableness, necessity: Due to the Company's business needs, it is necessary for the Chairman and General Manager to be the same person. Response measure: Four independent director seats are added to the current Board of Directors and more than half of the directors do not serve concurrently as the Company's employees or managerial officers. | |

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------|--|---------------------------------|------------------|----------------------------------|-------------|------------------------|----------------------------------|-------------------------|----------------------------|-------------------------|---|-------------------------|----------------------|--|--|--|--|--------------------------|-------|------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Number of shares | Shareholding percentage | Title | |
| Director | Republic of China | Chen Jan-Sun | Male 70-80 | 2022.6.8 | Three years | 2019.6.12 | 9,587,377 shares 5.59% | | 8,909,377 shares 5.20% | | 13,386,843 shares 7.81% | | 0 | Bachelor of Electrical Engineering, Tatung University Chairman and General Manager, SOLOMON Technology Corporation Chairman, UTAC (Taiwan) Corporation Chairman, TM Technology Inc. Chairman, Long Men Technology Corporation Director, Solomon Qce Limited Director, Yumon International Trade Shanghai Limited Corporation Director, Total Profit Holding Ltd. Chairman, INGA NANO Technology Co., Ltd. General Manager, Solomon Goldentek Display Corp. Chairman and General Manager, Solomon Smartnet Corp. Chairman and General Manager, Moredel Investment Corp. Chairman and General Manager, Fast Energy Corporation Chairman and General Manager, GD Investment Corp. Director, INGA NANO Technology Co., Ltd. Chairman, Goldentek Smart International Limited | Director, SOLOMON Technology Corporation Chairman, Solomon Goldentek Display Corp. Director, Solomon Smartnet Corp. Director, Moredel Investment Corp. Director, Goldentek Display System (BVI) Co., Ltd. Director, Futek Trading Company Ltd. Director, Solomon Goldentek Display (HK) Ltd. Director, Cornucopia Innovation Corporation Chairman and General Manager, Solomon Energy Technology Corporation Director, Sheng-Peng Technology Corp. Director, Ju Xin Energy Inc. Director, Integrated Solutions Technology, Inc. | Director | Chen Lu Su-Yue Chen Cheng-Lung | Spouse Father and son | N/A | |
| Director | Republic of China | Chen Lu Su-Yue | Female 70-80 | 2022.6.8 | Three years | 2001.05.15 | 15,150,843 shares 8.84% | | 13,386,843 shares 7.81% | | 8,909,377 shares 5.20% | | 0 | Special Assistant, SOLOMON Technology Corporation Junior college | Director, SOLOMON Technology Corporation | Director | Chen Cheng-Lung Chen Jan-Sun | Mother and son Spouse | N/A | |
| Director | Republic of China | Sheng Xing Investment Co., Ltd. | Juridical person | 2022.6.8 | Three years | 2001.05.15 | 145,026 shares 0.08% | | 145,026 shares 0.08% | | | | 0 | None | None | | None | | N/A | |

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------|--|---|------------------|-------------------------------------|-------------|------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|--|--|----------------------|-------------------------|---|---|--|-------------------------|-------|---------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Number of shares | Shareholding percentage | Title | |
| Director | Republic of China | Sheng Xing Investment Co., Ltd. Representative: Wang Wei-Chung | Male 40~50 | 2022.6.8 | Three years | 2010.06.18 | — | 505,626 shares 0.30% | 268,000 shares 0.16% | 0 | MBA, Wharton School, University of Pennsylvania BSEE, National Taiwan University Vice President, Taishin Venture Capital Senior Manager, Entie Commercial Bank Investment Manager, China Development Industrial Bank Director, Yeong Chin Machinery Industries Co., Ltd. Director, EasyCard Investment Holdings Co., Ltd. Director, EasyCard Corporation Director, E&R Engineering Corporation Director, Taiwan Sugar Corporation | Chairman, Sunsino Ventures Group Director, Sunder Biomedical Tech. Co., Ltd. Director, Uni-President Asset Management Corporation Director, New Taipei City Fruit & Vegetable Marketing Co., Ltd. Independent Director, SCI Pharmtech Inc. Director, SOLOMON Technology Corporation Supervisor, ANGELIC-FOUNDER Co., Ltd. ROC Certified Securities Investment Analyst One of the Ten Outstanding Young Persons in Taiwan | None | | | N/A | | | | |
| Director | Republic of China | Moredel Investment Corp. | Juridical person | 2022.6.8 | Three years | 1998.06.08 | 100,432 shares 0.06% | 100,432 shares 0.06% | 0 | 0 | Director, Data International Co., Ltd. Director, INGA NANO Technology Co., Ltd. | Director, Integrated Solutions Technology, Inc. | None | | | N/A | | | | |
| Director | Republic of China | Moredel Investment Corp. Representative: Kao Sheng-Hui | Male 60~70 | 2022.6.8 | Three years | 2021.11.12 | — | 223,548 shares 0.13% | 0 | 0 | Bachelor of Electrical Engineering, National Taipei Institute of Technology Director, Long Men Technology Corporation General Manager, Long Men Technology Corporation Business Group General Manager, SOLOMON Technology Corporation Consultant, SOLOMON Technology Corporation | Director, SOLOMON Technology Corporation Chairman and General Manager, Yumon International Trade Shanghai Limited Corporation Director, Solomon Trading (Shenzhen) Ltd. Director, Solomon Energy Technology Corporation | None | | | N/A | | | | |

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------------------|--|------------------|---------------|-------------------------------------|-------------|------------------------|----------------------------------|-------------------------|----------------------|-------------------------|---|-------------------------|----------------------|-------------------------|---|--|--|------|--------------|---------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Independent Director | Republic of China | Huang Ming-Yu | Male 60-70 | 2022.6.8 | Three years | 2022.6.8 | 0 | | 0 | | 0 | | 0 | | Department of Accounting, Soochow University Deputy Chairman, PricewaterhouseCoopers Taiwan Vice Chairman, PwC Tax Consulting Co., Ltd. Director, Nankang Rubber Tire Corp., Ltd. | Chairman, Chuancheng Investment Consulting Co., Ltd. CPA, Zhicheng Accounting Firm Independent Director, Hotai Finance Co., Ltd. Independent Director, Zinwell Corporation Independent Director, Taroko Textile Corporation Director, Chuwa Wool Industry Co., (Taiwan) Ltd. Director, Bole Film Co., Ltd. Director, Jollify Creative, Ltd. Supervisor, Locus Cell Co., Ltd. Independent Director, SOLOMON Technology Corporation Member of Compensation Committee, SOLOMON Technology Corporation Member of Audit Committee, SOLOMON Technology Corporation | None | | | N/A |
| Independent Director | Republic of China | Wong Ching-Chang | Male 60-70 | 2022.6.8 | Three years | 2016.6.7 | 0 | | 0 | | 0 | | 0 | | Ph.D., Department of Electrical Engineering, Tatung Institute of Technology Professor & Chair, Department of Electrical Engineering, Tamkang University Professor, Department of Electrical Engineering, Tamkang University Associate Professor, Department of Electrical Engineering, Tamkang University Visiting Scholar, Georgia Institute of Technology, USA Visiting Scholar, University of Manitoba, Canada Visiting Scholar, The University of Electro-Communications, Japan Chair, Doctoral Program in Robotics, Tamkang University Director, Intelligent Automation and Robotics Center, Tamkang University Director of the Board, Taiwan Automation Intelligence and Robotics Association (TAIROA) | Distinguished Professor, Department of Electrical Engineering, Tamkang University Director of the Board, Chinese Automatic Control Society (CACS) Director of the Board, Robotics Society of Taiwan (RST) Supervisor, Taiwan Automation Intelligence and Robotics Association (TAIROA) Director of the Board, HIWIN Education Foundation Independent Director, SOLOMON Technology Corporation Member of Compensation Committee, SOLOMON Technology Corporation Member of Audit Committee, SOLOMON Technology Corporation Member of Sustainable Development Committee, SOLOMON Technology Corporation | None | | | N/A |

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------------------|--|----------------|---------------|----------------------------------|-------------|------------------------|----------------------------------|-------------------------|----------------------|-------------------------|---|-------------------------|----------------------|-------------------------|--|---|--|------|--------------|------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Independent Director | Republic of China | Wong Chu-Ching | Male 60~70 | 2022.6.8 | Three years | 2022.6.8 | 0 | | 0 | | 0 | | 0 | | Ph.D., Business Administration, National Taiwan University MBA, Tatung University Bachelor of Business Administration, National Cheng-Chi University Bachelor of Electrical Engineering, Ming-Chi Institute of Technology Professor and Dean of College of Management, Tamkang University Professor and Chair of Department of Business Administration, Tamkang University Professor and Chair of Center of Innovation and Incubation, Tamkang University Overseas Marketing Manager, Tatung Company Associate Professor, Department of Business Administration, Tatung University Adjunct Professor, National Taipei University of Technology, University of Taipei, Fu Jen Catholic University, and Shih Chien University Independent Director of Some Listed Companies Government Representative Director, HanTech Venture Capital Corporation | Professor, Tamkang University Member and Convener of the Board of Examination, Ministry of Examination, R.O.C. (Civil Service Senior and Special Examination) Selection Member of Public Construction Commission, Executive Yuan, R.O.C. Independent Director, SOLOMON Technology Corporation Member of Compensation Committee, SOLOMON Technology Corporation Member of Audit Committee, SOLOMON Technology Corporation | None | | | N/A |

| Title | Nationality or country of registration | Name | Gender Age | Date of election (taking office) | Term | Date of first election | Shareholding at time of election | | Current shareholding | | Current shareholding of spouse and minor children | | Nominee shareholding | | Professional and educational background (Note) | Concurrent positions in the Company and other companies (Note) | Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 2) |
|----------------------|--|------------------|---------------|-------------------------------------|-------------|------------------------|----------------------------------|-------------------------|----------------------|-------------------------|---|-------------------------|----------------------|-------------------------|---|---|--|------|--------------|---------------------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Independent Director | Republic of China | Huang Chung-Yuan | Male 50-60 | 2022.6.8 | Three years | 2022.6.8 | 0 | | 0 | | 0 | | 0 | | Ph.D., Institute of Computer Science and Engineering, National Chiao Tung University Master's degree, Institute of Computer Science and Engineering, National Chiao Tung University Associate Professor, Department of Computer Science and Information Engineering, Chang Gung University Assistant Professor, Department of Computer Science and Information Engineering, Chang Gung University Section Chief, Division of Instructional Support, Computer Center, Chang Gung University Deputy CEO, Biomedical Technology Cluster, Yuanpei University of Technology Assistant Professor and Chair of Department of Computer Science and Information Engineering, Yuanpei University of Technology Adjunct Assistant Professor, Department of Information Management, Shih Hsin University Lecturer, Department of Computer Science and Information Engineering, China University of Technology Information Course Lecturer, Computer Program, Hsinchu City Bamboo Community University System Engineer, Management Department, WORLDWIDE TELNET CO., LTD. Senior System Engineer, Software Department, Yu Bo Computer Co., Ltd. Director, Teaching Department, Bai Dian Chain Information Classroom Special Assistant to the General Manager, Management Department, Bai Dian Chain Information Classroom Director, Software Development Department, Mediland Enterprise Corporation | Professor, Department of Computer Science and Information Engineering, Chang Gung University Jointly Appointed Professor at Bachelor Program in Artificial Intelligence, Chang Gung University Jointly Appointed Professor at Artificial Intelligence Research Center, Chang Gung University Jointly Appointed Researcher at Cerebrovascular Division, Neurology Department, Linkou Chang Gung Memorial Hospital Independent Director, SOLOMON Technology Corporation Member of Compensation Committee, SOLOMON Technology Corporation Member of Audit Committee, SOLOMON Technology Corporation Member of Sustainable Development Committee, SOLOMON Technology Corporation | None | | | N/A |

(Note 1): Refers to the information of corporate representatives or natural persons. On June 8, 2022, directors were re-elected and the supervisor system was abolished.

(Note 2): If the Company's Chairman and General Manager or their equivalents (top managerial officers) are the same person, spouses or relatives within the first degree of kinship, it is necessary to explain the reason, rationality, necessity, and measures (e.g. increasing the number of independent directors and ensuring that more than half of all directors do not serve as employees or managerial officers concurrently).

Information on the Major Shareholders of Directors that Are Corporate Shareholders

Date: April 9, 2024 (book closure date)

| Name of corporate shareholder | Major shareholders of corporate shareholders |
|---------------------------------|--|
| Sheng Xing Investment Co., Ltd. | Chen Chuan-Chuan (20%), Chen Cheng-Lung (20%), Chen Cheng-Lien (20%), Chen Lu Su-Yue (15%), Chen Jan-Sun (10%), Hsu Ching-Hsin (10%), Yang Yu-Pin (5%) |
| Moredel Investment Corp. | SOLOMON Technology Corporation (100%) |

Note 1: If a director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder shall be provided. Note 2: Names of major shareholders (top 10 shareholders) of the corporate shareholders and their shareholdings shall be provided. If any of the major shareholders are juristic persons, please complete the following table 2. Note 3: If a corporate shareholder is not a corporate organization, the names and shareholding ratios of the shareholders that shall be disclosed as mentioned above shall be the names and capital contribution or donation ratios of the investors or donors (see the announcement of the Judicial Yuan). Any deceased donors shall be indicated as "Deceased."

Corporate Shareholders Whose Major Shareholders Are Corporate Shareholder Representatives

| Name of company | Major shareholders of company |
|--------------------------------|---|
| SOLOMON Technology Corporation | Chen Cheng-Lung (9.18%), Chen Lu Su-Yue (7.81%), Xin Li Investment (5.39%), Chen Jan-Sun (5.20%), Chen Chuan-Chuan (3.34%), Lu Fu Investment Corp. (2.81%), Chen Cheng-Lien (1.76%), Mo Li Investment (1.60%), J.P. Morgan Asset Management Investment (1.15%), Yang Yu-Pin (0.92%) |

Note 1: If any major shareholder in Table 1 above is a juristic person, the name of the juridical person shall be provided.

Note 2: Provide the names and shareholding ratios of the major shareholders (top ten shareholders) of the juristic person.

Note 3: If a corporate shareholder is not a corporate organization, the names and shareholding ratios of the shareholders that shall be disclosed as mentioned above shall be the names and capital contribution or donation ratios of the investors or donors.

(2) Information on Directors:

A. Disclosure of information about the professional qualifications of directors and the independence of independent directors:

| Criteria | Professional qualifications and experience (Please refer to P.27 Information on Directors for the full educational background and experience) | Independence | Number of publicly listed companies where the director is currently also an independent director |
|-----------------|--|--------------|--|
| Chen Cheng-Lung | Having professional accounting, industrial, financial, marketing, or technological backgrounds, professional skills, and industrial experience. Additionally, having the following skills: 1. Operational judgment skills. 2. Accounting and financial analysis skills. 3. Business management skills. 4. Crisis management skills. 5. Industrial knowledge. 6. International market insights. 7. Leadership skills. 8. Decision-making skills. | N/A | None |
| Chen Lu Su-Yue | Having work experience in commerce and investment as well as the skills required for the Company's business activities | N/A | None |
| Chen Jan-Sun | Having professional accounting, industrial, financial, marketing, or technological backgrounds, professional skills, and industrial experience. Additionally, having the following skills: 1. Operational judgment skills. 2. Accounting and financial analysis skills. 3. Business management skills. 4. Crisis management skills. 5. Industrial knowledge. 6. International market insights. 7. Leadership skills. 8. Decision-making skills. | N/A | None |

| | | | |
|----------------|--|-----|------|
| Wang Wei-Chung | Having practical experience in serving as technical personnel at the associate professor level, as well as strategic management, leadership, and academic skills, focusing on the development of start-ups and operation and management in the investment industry for more than 20 years, being selected as one of the ten outstanding young persons of the Republic of China (corporate entrepreneurship), serving as a director or an independent director at companies in relevant innovative development industries in addition to the subsidiaries (including the Company and the 100%-owned subsidiaries thereof) of Sunsino Venture Group to contribute his corporate governance expertise to the companies, and having skills related to financial accounting, commerce, marketing, and the operational planning, operation, and management practices of technology industries. | N/A | None |
| Kao Sheng-Hui | Having professional accounting, industrial, financial, marketing, or technological backgrounds, professional skills, and industrial experience. Additionally, having the following skills: 1. Operational judgment skills. 2. Accounting and financial analysis skills. 3. Business management skills. 4. Crisis management skills. 5. Industrial knowledge. 6. International market insights. 7. Leadership skills. 8. Decision-making skills. | N/A | None |

| | | | |
|------------------|---|--|------|
| Huang Ming-Yu | <p>Department of Accounting, Soochow University. Previous positions include: Deputy Chairman of PricewaterhouseCoopers Taiwan, Vice Chairman of PwC Tax Consulting Co., Ltd., and director and supervisor of CPA Associations R.O.C. (Taiwan). Currently, he is the chairman of Chuancheng Investment Consulting Co., Ltd., and concurrently serves as an independent director or director of several TWSE/TPEX listed companies. Areas of expertise: Accounting and auditing, corporate oversight practices, public offerings and listing regulations and practices, the Company Act, corporate financial reorganization and planning, investment, company acquisitions/merger evaluations, and feasibility analysis. None of the circumstances under Article 30 of the Company Act apply</p> | Independent Director Compliant with what is described in Note 2 | 3 |
| Wong Ching-Chang | <p>Doctor of Electrical Engineering, Tatung Institute of Technology (now Tatung University). Currently, he is a distinguished professor in the Department of Electrical and Computer Engineering, Tamkang University and serves as a director of the “Chinese Automatic Control Society”, a director of the “Robotics Society of Taiwan”, and a director of the “Taiwan Automation Intelligence and Robotics Association”. His main research fields are intelligent control, SOPC design, and intelligent automation and robotics. In terms of academic research performance, he was awarded the Outstanding Robot Engineering Medal (2018) by the “Robotics Society of Taiwan”, the Outstanding Automatic Control Engineering Award (2009) by the “Chinese Automatic Control Society”, and as a Fellow from the “Robotics Society of Taiwan” (2019), “Chinese Automatic Control Society” (2015), and Institution of Engineering and Technology (IET) (2009), respectively.</p> | Independent Director Compliant with what is described in Note 2 | None |

| | | | |
|-------------------|---|--|------|
| Wong Chu-Ching | 1. Development and management of strategies 2. Global strategic planning and layout 3. Corporate governance and organizational design 4. Human resources management and cross-cultural management 5. Total quality management and international trade practices 6. As a corporate administrative personnel who passed the Senior Civil Service Examination None of the circumstances under Article 30 of the Company Act apply | Independent Director Compliant with what is described in Note 2 | None |
| Huanag Chung-Yuan | Master's and Doctor of Information Science, National Chiao Tung University. Currently, he is a professor of the Department of Computer Science and Information Engineering, Chang Gung University, and a professor appointed jointly by the College of Intelligent Computing, Department of Artificial Intelligence, and Artificial Intelligence Research Center of Chang Gung University. He is well-recognized for his academic research and has rich experience in industry-academia collaboration, with expertise in the cross-sector application and practical promotion of artificial intelligence, and professional knowledge and skills of hardware, software, theory, and application in the field of artificial intelligence. None of the circumstances under Article 30 of the Company Act apply. | Independent Director Compliant with what is described in Note 2 | None |

- Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors. If they are members of the Audit Committee and have accounting or finance expertise, their accounting or financial background and work experience shall be stated. Specify if none of the circumstances under Article 30 of the Company Act apply.
- Note 2: Independent directors' compliance with the requirements for independence shall be described, including but not limited to the following: Whether or not the independent director, their spouse, or relatives within the second degree of consanguinity serve as director, supervisor or employee of the Company or its associates; the number of shares held by the independent director, their spouse, or relatives within the second degree of consanguinity (or as a nominee shareholder) in the Company and the percentage of the shares; whether or not the independent director is a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration for the services related to commerce, legal affairs, finance, and accounting provided by the independent director to the Company or its associates in the most recent two years.

B. Diversity and independence of the Board of Directors:

a. Diversity of the Board of Directors:

Describe the Board of Directors' diversity policy, goals, and achievements. The diversity policy includes but is not limited to director selection criteria, professional qualifications and experience required for the Board of Directors,

and board composition by gender, age, nationality, and culture. Specify concrete goals and their achievement for the said policy:

In addition to the “Articles of Incorporation,” the Company has established the “Procedures for Election of Directors” that specify that the candidate nomination system shall be adopted for the nomination and qualification review of directors. The director nominees are proposed to the shareholders’ meeting for election after being approved by the Board of Directors. The overall composition of the Board of Directors shall be taken into consideration for the “election of directors.” The composition of the Board of Directors shall be determined by taking diversity into account and formulating an appropriate diversity policy based on the Company’s business operation, business type and development needs. It is advised that such a policy include, but is not limited to, the following two categories of criteria:

- (a) Basic requirements and values: Gender, age, nationality and culture.
- (b) Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

Members of the Board of Directors shall possess the necessary knowledge, skills and experience for performing their duties. They shall possess the following skills:

1. Operational judgment skills. 2. Accounting and financial analysis skills. 3. Business management skills. 4. Crisis management skills. 5. Industrial knowledge. 6. International market insights. 7. Leadership skills. 8. Decision-making skills.

The Company’s Board of Directors consists of nine directors (of which four are independent directors, accounting for 44.44%).

The current directors have experience in the fields of commerce, sales, finance, accounting and education. One of the Company’s directors is female, showing that the Company values gender equality. We have attained our specific management goals for the diversity of the Board of Directors.

| Diversity attribute Name of director | Basic composition | | | Industrial experience | | | | Professional skills | | | |
|---|-------------------|--------|--|-----------------------|---------------------|----------------------|----------------------|---------------------|-----|------------|-----------------|
| | Nationality | Gender | Concurrently an employee of associates | Technology industry | Business management | International market | University professor | Commerce | Law | Accounting | Risk management |
| Chen Cheng-Lung | ROC | Male | Yes | V | V | V | | V | | V | V |
| Chen Jan-Sun | ROC | Male | Yes | V | V | V | | V | | V | V |
| Chen Lu Su-Yue | ROC | Female | None | V | V | | | V | | | V |
| Wang Wei-Chung | ROC | Male | None | V | V | V | | V | | V | V |
| Kao Sheng-Hui | ROC | Male | None | V | V | V | | V | | V | V |
| Wong Ching-Chang | ROC | Male | None | V | V | V | V | V | | | V |
| Huang Ming-Yu | ROC | Male | None | V | V | V | | V | | V | V |
| Wong Chu-Ching | ROC | Male | None | V | V | V | V | V | | V | V |
| Huanag Chung-Yuan | ROC | Male | None | V | V | V | V | V | | | V |

- b. Independence of the Board of Directors:
- Specify the number and percentage of independent directors, and describe the independence of the Board of Directors and justify if none of the circumstances in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act apply, including explain the spousal relationship and first- and second-degree kinship between directors, supervisors, or between directors and supervisors.
- The Company's current Board of Directors consists of nine directors (of which four are independent directors, accounting for 44.44%). None of the circumstances specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act apply to the four independent directors, including specification of the spousal relationship and first- and second-degree kinship between directors. (Description of the diversity policy of SOLOMON's Board of Directors and its implementation: Please refer to P.64))

(1) Information of Managerial Officers:

Date: April 9, 2024 (book closure date)

| Date: April 2, 2024 (Book Closure date) | | | | | | | | | | | | | | | | |
|---|-------------------|-----------------|--------|---------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|---|--|--|------|--------------|---|
| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| General Manager | Republic of China | Chen Cheng-Lung | Male | 2010.07.23 | 15,733,057 | 9.18 | 1,582,360 | 0.92 | 0 | 0 | MBA, New York University Master of Accountancy, University of Southern California Master of Economics, University of Michigan Head of BNP Paribas’s Securities Research Department in Taiwan and Asia Head of Technology Industries Senior Analyst for the Asian semiconductor industry, Deutsche Securities Analyst for semiconductor industries, Credit Suisse AG Management Consultant, Stern Stewart Director, CASTEC International Corp. Director, INGA NANO Technology Co., Ltd. Chairman, Cornucopia Innovation Corporation Director, GD Investment Corp. Director, Fast Energy Corporation Chairman, SOLOMON Technology Corporation General Manager, SOLOMON Technology Corporation | Chairman, General Manager, and Member of Sustainable Development Committee, Solomon Data International Corporation Chairman and Member of Sustainable Development Committee, SOLOMON Technology Corporation Chairman, Solomon Smartnet Corp. Director, Solomon Goldentek Display Corp. Chairman, Moredel Investment Corp. Supervisor, Baguio Recreation Co., Ltd. Director, CENZ Automation Co., Ltd. Chairman, Solomon Technology (USA) Corp. Chairman, Solomon Robotics (Thai) Ltd. Chairman, Solomon Science Technology (VN) Company Limited Chairman, Solomon Energy Technology (Singapore) Pte. Ltd. Director, Solomon Energy Technology Corporation Chairman, Solomon Technology Japan Co., Ltd. | | None | | 1. Reason, reasonableness, necessity: Due to the Company's business needs, it is necessary for the Chairman and General Manager to be the same person. 2. Response measure: Four independent director seats are added to the current Board of Directors and more than half of the directors do not serve concurrently as the Company’s employees or managerial officers. |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|--------------------------------|-------------------|----------------|--------|--------------------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|---|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Business Group General Manager | Republic of China | Wu Chuan-Hsing | Male | 2023.02.06-2023.08.31 Resigned | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor's of Chemical Engineering, National Cheng Kung University Vice President of Sales, Rockwell Automation Taiwan Co., Ltd. Head of Process Control BU, Rockwell Automation China Industry Business Development Manager, Rockwell Automation Asia Pacific Asia Pacific PCS7 Chemical Industry Development Manager, Siemens Asia Pacific Account Manager of Automation Systems, Honeywell International Inc. General Manager of Energy & Power Business Group, SOLOMON Technology Corporation | None | | | None | N/A |
| Vice President | Republic of China | Lee Guei-Chung | Male | 2021.04.19 | 83,534 | 0.05 | 0 | 0 | 0 | 0 | Bachelor of Electrical Engineering, Lee-Ming Institute of Technology Power Department Sales Engineer, Axxon Enterprise Corp. Automation Business Unit Assistant General Manager, SOLOMON Technology Corporation Vice President, Automation Business Unit, SOLOMON Technology Corporation | None | | | None | N/A |
| Vice President | Republic of China | Tseng Chih-Jen | Male | 2021.04.19 | 0 | 0 | 0 | 0 | 0 | 0 | Industrial Management Department, Oriental Institute of Technology Project Manager, Quicken System Integration Co., Ltd. Sales Manager, Utitech Technology Co., Ltd. Automation Business Unit Assistant General Manager, SOLOMON Technology Corporation Sales Vice President, SOLOMON Technology Corporation | None | | | None | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|----------------|-------------------|-----------------|--------|------------------------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|--|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Vice President | Republic of China | Joe Yang | Male | 2021.04.19 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Business Management, National Taipei University of Technology Sales Director, Jemmytex International Corp. R&D Chief, Sapphire Instruments Co. Ltd. Technology Equipment Business Unit Assistant General Manager, SOLOMON Technology Corporation Gas Genset Business Unit Assistant General Manager, SOLOMON Technology Corporation Technology Equipment Business Unit Vice President, SOLOMON Technology Corporation | None | | None | | N/A |
| Vice President | Vietnam | Nguyen Xuan Loc | Male | 2022.02.01 | 0 | 0 | 0 | 0 | 0 | 0 | Ph.D., Mechanical and Electrical Engineering, National Taipei University of Technology, Taipei, Taiwan Product Manager, Research and Development Department, Samwell Testing Inc. Research and Development Assistant General Manager, Vision Business Unit, SOLOMON Technology Corporation Vice President of Research and Development, Vision Business Unit, SOLOMON Technology Corporation | None | | None | | N/A |
| Vice President | Republic of China | Lin Sheng-Chang | Male | 2022.12.01-2023.07.03 Dismissed | 0 | 0 | 0 | 0 | 0 | 0 | Master's of Industrial Engineering, Tunghai University General Manager, Chunghwa Picture Tubes Ltd. Chairman, Giantplus Technology Co., Ltd. Vice President of the Medium-Sized and Small-Sized Panel Business Unit, Chunghwa Picture Tubes, Ltd. Vice President, Solomon Group | None | | None | | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|---------------------------|-------------------|---------------|--------|-----------------------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|---|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Assistant General Manager | Republic of China | Meng Tai-Li | Female | 2012.11.28 | 33,987 | 0.02 | 0 | 0 | 0 | 0 | Department of Computer Science and Information Engineering, Tamkang University Manager, Yang Wei International Technology Co., Ltd. Project Manager, Mitac Information Technology Corporation Section Manager, Kuo Sen Enterprise Co., Ltd. Assistant General Manager, SOLOMON Technology Corporation | None | | | None | N/A |
| Assistant General Manager | Republic of China | Chao Kuo-Chi | Male | 2012.11.28-2023.04.30 Retired | 6,864 | 0 | 0 | 0 | 0 | 0 | Department of Metal Materials, Provincial Taipei Institute of Technology System Manager, Cummins Inc. Technical Manager, Lei Shing Hong Machinery Co., Ltd Director, Data International Co., Ltd. Gas Genset Business Unit Assistant General Manager, SOLOMON Technology Corporation | None | | | None | N/A |
| Assistant General Manager | Republic of China | George Huang | Male | 2016.11.02 | 0 | 0 | 0 | 0 | 0 | 0 | Mechanical Engineering, Taipei City University of Science and Technology Project Manager, HUNTEK SYSTEMS CO., LTD. Automation Business Unit Assistant General Manager, SOLOMON Technology Corporation | None | | | None | N/A |
| Assistant General Manager | Republic of China | Hsieh Ming-Ta | Male | 2017.06.26-2023.12.31 Resigned | 0 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taiwan University of Science and Technology Graduate Institute of Management Assistant General Manager, Yung Ching Realty Co. Assistant Manager, Jardine Matheson Senior Regional Manager, Hi-Life Business Management Assistant General Manager, SOLOMON Technology Corporation | None | | | None | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|--|-------------------|------------|--------|--------------------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|--|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Senior Sales Assistant General Manager | Republic of China | Andy Chou | Male | 2021.04.19 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Electrical Engineering, National Taipei Institute of Technology Field Licensing Personnel, Yi Ming Customs Broker Field Licensing Personnel, Jian Guo Customs Broker Technology Equipment Business Unit Assistant General Manager, SOLOMON Technology Corporation Senior Sales Assistant General Manager, Technology Equipment Business Unit, SOLOMON Technology Corporation | None | | | None | N/A |
| Assistant General Manager | Republic of China | Norton Liu | Male | 2023.10.03 | 444 | 0 | 0 | 0 | 0 | 0 | Electrical Engineering, St. John's and St. Mary's Institute of Technology Engineer, Dah Ching Engineering Corp. Technology Equipment Business Unit Assistant General Manager, SOLOMON Technology Corporation | None | | | None | N/A |
| Senior Sales Assistant General Manager | Republic of China | Nick Lin | Male | 2019.11.04-2023.07.31 Resigned | 0 | 0 | 0 | 0 | 0 | 0 | MEM, National Chiao Tung University Channel Manager, ABB Asea Brown Boveri Ltd. Sales Manager, KUKA Automation Taiwan Ltd. Director, Forcecon Technology Co., Ltd. Senior Assistant General Manager, Vision Business Unit, SOLOMON Technology Corporation | None | | | None | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|------------------------------------|-------------------|-----------------|--------|------------------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|---|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Assistant General Manager | Republic of China | Huang Chien-Chi | Female | 2021.04.19 | 0 | 0 | 0 | 0 | 0 | 0 | EMBA, Tamkang University Bachelor of Business Administration, Department of Accounting, School of Business, Soochow University Assistant Manager, PwC Chief Auditor, Sentronic International Co., Ltd. Chief Accountant, Sentronic International Co., Ltd. Manager, Finance Department, SOLOMON Technology Corporation Assistant General Manager of Finance Department and Chief Financial and Accounting Officer, SOLOMON Technology Corporation | None | | None | | N/A |
| Director | Republic of China | Li Chia-Yun | Male | 2022.12.09 | 0 | 0 | 0 | 0 | 0 | 0 | Master's of Physics, Chung Yuan Christian University Global Sales Manager, C-Double Enterprise Co., Ltd. Lecturer, Ulead Systems, Inc. Research and Development Director of the Vision Business Unit, SOLOMON Technology Corporation | None | | None | | N/A |
| Chief Corporate Governance Officer | Republic of China | Chu Shu-E | Female | 2022.11.09-2024.3.1 Resigned | 15 | 0 | 0 | 0 | 0 | 0 | Master's in the Business Administration Program, National Taiwan University of Science and Technology Director, Data International Co., Ltd. General Manager, Solomon Goldentek Display Corp. | Director, Solomon Goldentek Display Corp. Executive Assistant to the Chairman's Office, SOLOMON Technology Corporation | | None | | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|-----------------|-------------------|---------------|--------|---------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|--|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Senior Director | Republic of China | Chung Yu-Hsiu | Male | 2023.03.01 | 0 | 0 | 0 | 0 | 0 | 0 | National Chiao Tung University Master's of Science, Institute of Computer Science and Engineering Completed the doctoral program, Knowledge Engineering Laboratory Director of the Vision Business Unit, Yumon International Trade Shanghai Limited Corporation Marketing Director, Pro-Lambda Solutions Co., Ltd. Branch General Manager, Shanghai Yihai Weixun Network Technology Co., Ltd. IT Director/COO, Xinghua Unicom Information Consulting (Shanghai) Co., Ltd. Executive Assistant to the Chairman, Zhengyin Computing Technology (Shanghai) Co., Ltd. Sales VP (Taiwan)/VP (Shanghai), Feiyi Technology Co., Ltd. Co-founder/Board member of CoreTech Knowledge Inc. Senior Director of the Vision Business Unit, SOLOMON Technology Corporation | None | | None | | N/A |
| Director | Republic of China | Chen Yu-An | Male | 2023.03.27 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Environmental Engineering, Tungnan University Director of the Semiconductor Component Business Unit, ABUNNO Corp. Director of the Component Business Unit, SOLOMON Technology Corporation | None | | None | | N/A |
| Director | Republic of China | Hsiao Yu-Tung | Male | 2023.08.01 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Japanese, Tamkang University Senior Technical Engineering, KEYENCE Taiwan Research and Development Director of the Vision Business Unit, SOLOMON Technology Corporation | None | | None | | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|----------|-------------------|-------------------|--------|---------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|--|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Director | Republic of China | Hsiao Hsien-Chang | Male | 2023.11.01 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Industrial and Systems Engineering, Chung Yuan Christian University Director, Business Management Division of Manufacturing Center, Chunghwa Picture Tubes Ltd. IE Director, Mantix Display Technology Co., Ltd. Industrial Engineering Manager, ProLogium Technology Co., Ltd. Industrial Engineering Manager, Senao Networks Inc. Director of the Technology Equipment Business Unit, SOLOMON Technology Corporation | None | | | None | N/A |
| Director | Republic of China | Chen Hsin-Hung | Male | 2023.12.18 | 0 | 0 | 0 | 0 | 0 | 0 | Master of Business Administration, University of North Alabama Bachelor of Chemical Engineering, National Taiwan University Deputy Procurement Director, Lien Chang Electronic Enterprise Co., LTD. Deputy Procurement Manager, Sysgration Ltd. Senior Procurement Specialist, Cyber Power Systems, Inc. Senior Procurement Specialist, Delta Electronics, Inc. Director of the Technology Equipment Business Unit, SOLOMON Technology Corporation | None | | | None | N/A |
| Director | Republic of China | Huang Chia-Hui | Female | 2024.01.22 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Business Administration, Tatung University Bankruptcy Estate Manager, Chunghwa Picture Tubes Vice Executive Officer, Tron Energy Technology Corporation Accounting Manager, Chunghwa Picture Tubes Ltd. Director of the Business Management Department, SOLOMON Technology Corporation | None | | | None | N/A |

| Title | Nationality | Name | Gender | Date of appointment | Shareholding | | Shareholdings of spouse and minor children | | Nominee shareholding | | Professional and educational background | Concurrent positions at other companies | Managers with a spousal relationship or a relationship within the second degree of consanguinity | | | Remarks (Note 1) |
|-----------------|-------------------|----------------|--------|---------------------|------------------|-------------------------|--|-------------------------|----------------------|-------------------------|---|---|--|------|--------------|------------------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| Director | Republic of China | Wang Yung-Teng | Female | 2024.03.11 | 0 | 0 | 0 | 0 | 0 | 0 | Master of Business Management, Tamkang University Tatung Company – Chief Human Resources Officer Tatung Electric Co., of America, Inc. – Director Forward Electronics Co., Ltd. – Director Director of the HR Department, SOLOMON Technology Corporation | None | | | None | N/A |
| Senior Director | Republic of China | Li Ming-Tsung | Male | 2024.03.25 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Engineering, Tunghai University Champion Building Materials Co., Ltd. – Executive Assistant to the Chairman Shanghai Branch of Yong Ji Shi Duo – General Manager Yung Ching Rehouse Co. – Director of Business Planning Office Senior Director of Business Management Department, SOLOMON Technology Corporation | None | | | None | N/A |

(Note 1): If the General Manager or their equivalents (top managerial officers) are the same person as the Chairman or the spouse or a relative within the first degree of kinship of the Chairman, it is necessary to disclose the reason, rationality, necessity, and measures (e.g. increasing the number of independent directors and ensuring that more than half of all directors do not serve as employees or managerial officers concurrently).

3. Remuneration to Directors and Managerial Officers

- (1) If any of the following circumstances apply, the remuneration paid to individual directors shall be disclosed:
 1. If the parent-only or individual financial statements of the most recent three years show incurred after-tax losses, the names and remuneration of “directors” shall be disclosed separately, unless the incurred profit after tax shown in the parent-only or individual financial statements of the most recent year is sufficient to offset the accumulated losses: None.
 2. The remuneration paid to individual directors shall be disclosed if their shareholding ratios were insufficient for three consecutive months or more in the most recent year: None.
 3. Where the average pledge ratio of any three months in the most recent year exceeded 50%, the remuneration paid to individual directors with a pledge ratio exceeding 50% in each month shall be disclosed: None.
 4. Where the remuneration received by all the Company’s directors accounts for over 2% of the director remuneration paid by all companies in the financial statements and the directors individually receive over NT\$15,000,000 of remuneration (excluding relevant remuneration received for concurrent service as an employee), the remuneration of such individual directors shall be disclosed: None.
 5. A TWSE/TPEX listed company’s corporate governance evaluation results in the most recent year fell in the bottom two brackets, or the company’s trading methods have been changed, suspended from trading, terminated from listing on the TWSE/TPEX in the most recent year and up to the date of publication of the annual report, or the company has been rejected for the evaluation by the Corporate Governance Evaluation Committee : (Detailed Attachment).
 6. The average annual salary of non-managerial full-time employees of a TWSE/TPEX listed company in the most recent year did not reach NT\$500,000: None.
 7. The profit after tax of a TWSE/TPEX listed company in the most recent year increased by more than 10%, but the average annual salary of non-managerial full-time employees did not increase from the previous year: None.
 8. A TWSE/TPEX listed company’s after-tax income declined by 10%, or NT\$5,000,000, in the most recent year, and the average remuneration per director (excluding remuneration as employees) increased by 10%, or NT\$100,000: None.
- (2) A TWSE/TPEX listed company shall disclose the remuneration of its top five highest-paid executives (e.g. general manager, vice president, CEO, CFO, or other managerial officers) if the circumstance in the preceding 1 or 5 applies: (Detailed Attachment).

(1) Remuneration to General Directors and Independent Directors:

Date: 2022; unit: NT\$ thousand; thousand shares

| Date: 2022, Unit: NT\$ thousand, thousands shares | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------|---------------------------|--|-----------------------------|--|--|--|---|--|--|--|-------------|--|---|--|-----------------------------|--|--|---|--|---|---|-----|---|-----|--|
| Title | Name | Remuneration to directors | | | | | | | | Sum of A, B, C and D and its ratio to profit after tax % (Note 10) | | | | Remuneration received for concurrent service as an employee | | | | | | | | Sum of A, B, C, D, E, F and G and its ratio to profit after tax % (Note 10) | | | | Remuneration received from non-subsidiary investee companies or parent company (Note 11) |
| | | Remuneration (A) (Note 2) | | Post-employment pension (B) | | Remuneration to directors (C) (Note 3) | | Business execution expense (D) (Note 4) | | | | | | Salary, bonus, special disbursement, etc. (E) (Note 5) | | Post-employment pension (F) | | Remuneration to employees (G) (Note 6) | | | | | | | | |
| | | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | All companies in the financial statements (Note 7) | The Company | | All companies in the financial statements (Note 7) | | The Company | | All companies in the financial statements | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chairman | Chen Cheng-Lung | 0 | 0 | 0 | 0 | 4,500 | 4,578 | 20 | 65 | 4,520 | 0.8 | 4,643 | 0.9 | 9,883 | 18,663 | 0 | 0 | 350 | 0 | 350 | 0 | 14,753 | 2.8 | 23,656 | 4.4 | None |
| Director | Chen Jan-Sun | 0 | 0 | 0 | 0 | 4,500 | 4,500 | 20 | 45 | 4,520 | 0.8 | 4,545 | 0.9 | 6,266 | 18,532 | 108 | 108 | 350 | 0 | 350 | 0 | 11,244 | 2.1 | 23,535 | 4.4 | |
| Director Representative | Chen Lu Su-Yue | 0 | 0 | 0 | 0 | 1,852 | 1,852 | 20 | 20 | 1,872 | 0.4 | 1,872 | 0.4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,872 | 0.4 | 1,872 | 0.4 | |
| Director Representative | Wang Wei-Chung | 0 | 0 | 0 | 0 | 600 | 600 | 20 | 20 | 620 | 0.1 | 620 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 620 | 0.1 | 620 | 0.1 | |
| Director Representative | Kao Sheng-Hui | 0 | 0 | 0 | 0 | 250 | 250 | 20 | 20 | 270 | 0.1 | 270 | 0.1 | 2,260 | 2,260 | 104 | 104 | 0 | 0 | 0 | 0 | 2,643 | 0.5 | 2,634 | 0.5 | |
| Independent Director | Wong Ching-Chang | 720 | 720 | 0 | 0 | 0 | 0 | 50 | 50 | 770 | 0.1 | 770 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 770 | 0.1 | 770 | 0.1 | None |
| Independent Director | Huang Ming-Yu | 720 | 720 | 0 | 0 | 0 | 0 | 50 | 50 | 770 | 0.1 | 770 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 770 | 0.1 | 770 | 0.1 | |
| Independent Director | Wong Chu-Ching | 720 | 720 | 0 | 0 | 0 | 0 | 50 | 50 | 770 | 0.1 | 770 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 770 | 0.1 | 770 | 0.1 | |
| Independent Director | Huanag Chung-Yuan | 720 | 720 | 0 | 0 | 0 | 0 | 50 | 50 | 770 | 0.1 | 770 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 770 | 0.1 | 770 | 0.1 | |
| <div>1. Please specify the policy, system, standard, and structure for payment of remuneration to independent directors and describe the relevance to the remuneration paid based on factors such as job responsibilities, risks, the time invested, etc.: Assessment indicators for distribution of remuneration to directors and supervisors: (1) Participation in and contribution to the Company's operations (2) Participation in the Board of Directors (3) Serving as joint endorsers/guarantors in response to the Company's financing needs (4) Other important contributions</div> <div>2. Remuneration received by directors for providing services (e.g., serving as a non-employee advisor of the parent company/all companies in the financial statements/investee companies) to all companies in the financial statements in the most recent year, other than that disclosed in the table above: 0</div> <div>*Information on directors (directors who are not independent directors) and independent directors shall be presented separately.</div> | | | | | | | | | | | | | | | | | | | | | | | | | | |

Remuneration Scale

| Scale of remuneration paid to the Company's directors | Name of director | | | |
|---|---|---|--|--|
| | Sum of the first four remunerations (A+B+C+D) | | Sum of the first seven remunerations (A+B+C+D+E+F+G) | |
| | The Company (Note 8) | All companies in the financial statements (Note 9) H | The Company (Note 8) | Parent company and all investee companies (Note 9) I |
| Less than NT\$1,000,000 | Wang Wei-Chung, Kao Sheng-Hui, Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan | Wang Wei-Chung, Kao Sheng-Hui, Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan | Wang Wei-Chung, Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan | Wang Wei-Chung, Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan |
| NT\$1,000,000 (included)~NT\$2,000,000 (excluded) | Chen Lu Su-Yue | Chen Lu Su-Yue | Chen Lu Su-Yue | Chen Lu Su-Yue |
| NT\$2,000,000 (included)~NT\$3,500,000 (excluded) | 0 | 0 | Kao Sheng-Hui | Kao Sheng-Hui |
| NT\$3,500,000 (included)~NT\$5,000,000 (excluded) | Chen Cheng-Lung, Chen Jan-Sun | Chen Cheng-Lung, Chen Jan-Sun | 0 | 0 |
| NT\$5,000,000 (included)~NT\$10,000,000 (excluded) | 0 | 0 | 0 | 0 |
| NT\$10,000,000 (included)~NT\$15,000,000 (excluded) | 0 | 0 | Chen Cheng-Lung, Chen Jan-Sun | 0 |
| NT\$15,000,000 (included)~NT\$30,000,000 (excluded) | 0 | 0 | 0 | Chen Cheng-Lung, Chen Jan-Sun |
| NT\$30,000,000 (included)~NT\$50,000,000 (excluded) | 0 | 0 | 0 | 0 |
| NT\$50,000,000 (included)~NT\$100,000,000 (excluded) | | | | |
| More than NT\$100,000,000 | | | | |
| Total | 9 | 9 | 9 | 9 |

Note 1: The names of directors shall be listed separately (for corporate shareholders, the names of the corporate shareholders and their representatives shall be listed separately), and the directors and independent directors shall be listed separately. The amounts of remunerations shall be disclosed in aggregate form. **This and the following tables (3-1) or (3-2-1) and (3-2-2) shall be filled out if the director is also the General Manager or a Vice President.**

Note 2: Refers to directors' remuneration in the most recent year (including directors' salaries, duty allowance, severance pay, various bonuses, and incentives).

Note 3: The amount of directors' remuneration approved by the Board of Directors for distribution in the most recent year.

Note 4: Refers to directors' business execution expenses in the most recent year (including transportation allowances, special allowances, various allowances, accommodation, vehicles, and other in-kind benefits). For example, when providing houses, cars and other means of transportation or personal expenditures, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments shall be disclosed. If there is a driver assigned, please explain in a note the compensation paid to the driver; however, it is not included in the remuneration.

Note 5: Refers to the salaries, duty allowance, severance pay, various bonuses, incentives, transportation allowance, special allowances, various allowances, accommodation, vehicles, and in-kind benefits received by directors concurrently serving as employees (including the General Manager, Vice Presidents, and other managerial officers and employees) in the most recent year. For example, when providing houses, cars

and other means of transportation or personal expenditures, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments shall be disclosed. If there is a driver assigned, please explain in a note the compensation paid to the driver; however, it is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 “Share-based Payment,” including the acquisition of employee stock warrants, restricted stock awards, and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.

Note 6: Where directors concurrently serving as employees (including the General Manager, Vice Presidents, and other managerial officers and employees) received employee remuneration (including that paid in shares and cash) in the most recent year, the amount of the employee remuneration approved by the Board of Directors for distribution in the most recent year shall be disclosed. If the amount cannot be estimated, this year’s distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and Table 1-3 shall be completed.

Note 7: The total amount of remunerations paid to the directors of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 8: For the total amount of remunerations paid to each director by the Company, disclose the name of the director in the scale to which he/she belongs.

Note 9: The total amount of remunerations paid to each director of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, and the name of the director shall be disclosed in the scale to which he/she belongs.

Note 10: Profit after tax refers to the profit after tax in the parent-only or individual financial statements of the most recent year.

Note 11: a. The amount of remunerations received by the Company’s directors from non-subsiidiary investee companies or the parent company shall be specified in this column (indicate None if there are no such remunerations).

b. If the Company’s directors have received remunerations from non-subsiidiary investee companies or the parent company, the remunerations received shall be included in Column I in the Remuneration Scale, and the column shall be renamed “Parent company and all investee companies.”

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, directors, and supervisors) and business execution expenses received by the Company’s directors for serving as directors, supervisors or managerial officers in non-subsiidiary investee companies or the parent company.

- (1) ~1 Where the remuneration received by all the Company's directors accounts for over 2% of the director remuneration paid by all companies in the financial statements and the directors or supervisors individually receive over NT\$15,000,000 of remuneration (excluding relevant remuneration received for concurrent service as an employee), the remuneration of such individual directors or supervisors shall be disclosed: None.

- (1) ~2 Remuneration to directors concurrently serving as the General Manager or Vice Presidents:

Date: 2023; unit: NT\$ thousand; thousand shares

| Title | Name | Salary (A) (Note 2) | | Post-employment pension (B) | | Bonus, special disbursement, etc. (C) (Note 3) | | Amount of remuneration to employees (D) (Note 4) | | | | Sum of A, B, C and D and its ratio to profit after tax (%) (Note 8) | | | | Remuneration received from non- subsidiary investee companies or parent company (Note 9) |
|--------------------|---------------------|------------------------|---|--------------------------------|---|---|---|---|-----------------------------|--|-----------------------------|---|---|--------|-----|---|
| | | The Company | All companies in the financial statements (Note 5) | The Company | All companies in the financial statements (Note 5) | The Company | All companies in the financial statements (Note 5) | The Company | | All companies in the financial statements (Note 5) | | The Company | All companies in the financial statements | | | |
| | | | | | | | | Amount paid in cash | Amount paid in shares | Amount paid in cash | Amount paid in shares | | | | | |
| General Manager | Chen Cheng- Lung | 6,252 | 11,532 | 0 | 0 | 3,631 | 7,131 | 350 | 0 | 350 | 0 | 10,233 | 1.9 | 19,013 | 3.6 | None |

Note 1: The amount of the 2023 employees' remuneration is presented as proposed (calculated based on the actual distribution amount last year). Profit after tax refers to the profit after tax in the most recent year's parent-only or individual financial statements.

Remuneration Scale

| Scale of remuneration paid to the Company's General Manager and Vice Presidents | Names of General Manager and Vice Presidents | |
|--|--|--|
| | The Company | Parent company and all investee companies (Note 7) E |
| Less than NT\$1,000,000 | 0 | 0 |
| NT\$1,000,000 (included)~NT\$2,000,000 (excluded) | 0 | 0 |
| NT\$2,000,000 (included)~NT\$3,500,000 (excluded) | 0 | 0 |
| NT\$3,500,000 (included)~NT\$5,000,000 (excluded) | 0 | 0 |
| NT\$5,000,000 (included)~NT\$10,000,000 (excluded) | 0 | 0 |
| NT\$10,000,000 (included)~NT\$15,000,000 (excluded) | Chen Cheng-Lung | 0 |
| NT\$15,000,000 (included)~NT\$30,000,000 (excluded) | 0 | Chen Cheng-Lung |
| NT\$30,000,000 (included)~NT\$50,000,000 (excluded) | 0 | 0 |
| NT\$50,000,000 (included)~NT\$100,000,000 (excluded) | | |
| More than NT\$100,000,000 | | |
| Total | 1 | 1 |

- (1) ~3 Where the amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the General Manager and Vice Presidents in the most recent year cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and the following table shall be completed.

Date: 2023; unit: NT\$ thousand

| | Title | Name | Amount paid in shares | Amount paid in cash | Total | Ratio of total amount to profit after tax (%) |
|---------------------|--------------------------------|-----------------|-----------------------|---------------------|-------|---|
| Managerial officers | General Manager | Chen Cheng-Lung | 0 | 960 | 960 | 0.2 |
| | Business Group General Manager | Wu Chuan-Hsing | | | | |
| | Vice President | Lin Sheng-Chang | | | | |
| | Vice President | Lee Guei-Chung | | | | |
| | Vice President | Tseng Chih-Jen | | | | |
| | Vice President | Joe Yang | | | | |
| | Vice President | Nguyen Xuan Loc | | | | |

Note: The amount of the 2023 employees' remuneration is presented as proposed (calculated based on the actual distribution amount last year). Profit after tax refers to the profit after tax in the most recent year's parent-only or individual financial statements.

Note: Dismissed

Note 1: The names of the General Manager and Vice Presidents shall be listed separately, and the amounts of remunerations shall be disclosed in aggregate form. **This and the above tables (1-1) or (1-2-1) and (1-2-2) shall be filled out if the director is also the General Manager or a Vice President.**

Note 2: The salaries, duty allowance, and severance pay of the General Manager and Vice Presidents in the most recent year.

Note 3: The amount of various bonuses, incentives, transportation allowance, special allowances, various allowances, accommodation, vehicles, in-kind benefits, and other compensations paid to the General Manager and Vice Presidents in the most recent year. For example, when providing houses, cars and other means of transportation or personal expenditures, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments shall be disclosed. If there is a driver assigned, please explain in a note the compensation paid to the driver; however, it is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including the acquisition of employee stock warrants, restricted stock awards, and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.

Note 4: The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the General Manager and Vice Presidents in the most recent year. If the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year **and Table 1-3 shall be completed.**

Note 5: The total amount of remunerations paid to the Company's General Manager and Vice Presidents by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: For the total amount of remunerations paid to the General Manager and each Vice President by the Company, disclose their names in the scale to which they belong.

Note 7: The total amount of remunerations paid to the General Manager and each Vice President of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, and their names shall be disclosed in the scale to which they belong.

Note 8: Profit after tax refers to the profit after tax in the parent-only or individual financial statements of the most recent year.

Note 9: a. The amount of remunerations received by the Company's General Manager and Vice Presidents from non-subsidiary investee companies or the parent company shall be specified in this column (indicate None if there are no such remunerations).

b. If the Company's General Manager and Vice Presidents have received remunerations from non-subsidiary investee companies or the parent company, the remunerations received shall be included in Column E in the Remuneration Scale, and the column shall be renamed "Parent company and all investee companies."

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, directors, and supervisors) and business execution expenses received by the Company's General Manager and Vice Presidents for serving as directors, supervisors or managerial officers in non-subsidiary investee companies or the parent company.

*The remuneration disclosed in this table is different from income as defined in the Income Tax Act. Therefore, this table is for information disclosure and not for tax purposes.

(2) **Remuneration to the General Manager and Vice Presidents:**

Date: 2022; unit: NT\$ thousand; thousand shares

| Title | Name | Salary (A) (Note 2) | | Post-employment pension (B) | | Bonus, special disbursement, etc. (C) (Note 3) | | Amount of remuneration to employees (D) (Note 4) | | | | Sum of A, B, C and D and its ratio to profit after tax (%) (Note 8) | | | | Remuneration received from non- subsidiary investee companies or parent company (Note 9) |
|---|---------------------|------------------------|---|--------------------------------|---|--|---|--|-----------------------------|---|-----------------------------|---|-----|---|-----|---|
| | | The Company | All companies in the financial statements (Note 5) | The Company | All companies in the financial statements (Note 5) | The Company | All companies in the financial statements (Note 5) | The Company | | All companies in the financial statements (Note 5) | | The Company | | All companies in the financial statements | | |
| | | | | | | | | Amount paid in cash | Amount paid in shares | Amount paid in cash | Amount paid in shares | | | | | |
| General Manager | Chen Cheng- Lung | 19,278 | 27,358 | 386 | 440 | 5,441 | 9,041 | 960 | 0 | 1,360 | 0 | 26,064 | 4.9 | 38,198 | 7.2 | None |
| Business Group General Manager | Wu Chuan- Hsing | | | | | | | | | | | | | | | |
| Vice President | Lin Sheng- Chang | | | | | | | | | | | | | | | |
| Vice President | Lee Guei- Chung | | | | | | | | | | | | | | | |
| Vice President | Tseng Chih- Jen | | | | | | | | | | | | | | | |
| Vice President | Joe Yang | | | | | | | | | | | | | | | |
| Vice President | Nguyen Xuan Loc | | | | | | | | | | | | | | | |

Note: The amount of the 2023 employees' remuneration is presented as proposed (calculated based on the actual distribution amount last year). Profit after tax refers to the profit after tax in the most recent year's parent-only or individual financial statements.

Note: Resigned or dismissed

Remuneration Scale

| Scale of remuneration paid to the Company's General Manager and Vice Presidents | Names of General Manager and Vice Presidents | |
|---|--|--|
| | The Company | Parent company and all investee companies E |
| Less than NT\$1,000,000 | 0 | 0 |
| NT\$1,000,000 (included)~NT\$2,000,000 (excluded) | Joe Yang, Tseng Chih-Jen | Joe Yang, Tseng Chih-Jen |
| NT\$2,000,000 (included)~NT\$3,500,000 (excluded) | Lee Guei-Chung, Wu Chuan-Hsing, Lin Sheng-Chang | Lee Guei-Chung, Wu Chuan-Hsing, Lin Sheng-Chang |
| NT\$3,500,000 (included)~NT\$5,000,000 (excluded) | Nguyen Xuan Loc | Nguyen Xuan Loc |
| NT\$5,000,000 (included)~NT\$10,000,000 (excluded) | 0 | 0 |
| NT\$10,000,000 (included)~NT\$15,000,000 (excluded) | Chen Cheng-Lung | 0 |
| NT\$15,000,000 (included)~NT\$30,000,000 (excluded) | 0 | Chen Cheng-Lung |
| NT\$30,000,000 (included)~NT\$50,000,000 (excluded) | 0 | 0 |
| NT\$50,000,000 (included)~NT\$100,000,000 (excluded) | | |
| More than NT\$100,000,000 | | |
| Total | 7 | 7 |

(3)-1 Directors concurrently serving as the General Manager or Vice Presidents:

Date: 2023; unit: NT\$ thousand; thousand shares

| Title | | Name | Remuneration to directors | | | | | | | | Sum of A, B, C and D and its ratio to profit after tax % | | | | Remuneration received for concurrent service as an employee | | | | | | | | Sum of A, B, C, D, E, F and G and its ratio to profit after tax % | | | | Remuneration received from non-subsidiary investee companies or parent company |
|----------|-----------------|------|---------------------------|---|-----------------------------|---|-------------------------------|---|--------------------------------|---|--|---|-------------|---|---|---|-----------------------------|---|-------------------------------|-----------------------|-------------|---|---|-----------------------|-------------|---|--|
| | | | Remuneration (A) | | Post-employment pension (B) | | Remuneration to directors (C) | | Business execution expense (D) | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | Salary, bonus, special disbursement, etc. (E) | | Post-employment pension (F) | | Remuneration to 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 | Amount of cash bonus | Amount of stock bonus | | | Amount of cash bonus | Amount of stock bonus | The Company | All companies in the financial statements | |
| Chairman | Chen Cheng-Lung | 0 | 0 | 0 | 0 | 4,500 | 4,578 | 20 | 65 | 4,520 | 0.84 | 643 | 0.9 | 9,883 | 18,663 | 0 | 0 | 350 | 0 | 350 | 0 | 14,753 | 2.8 | 23,656 | 4.4 | None | |

Note 1: The names of the General Manager and Vice Presidents shall be listed separately, and the amounts of remunerations shall be disclosed in aggregate form. This and the above tables (1-1) or (1-2-1) and (1-2-2) shall be filled out if the director is also the General Manager or a Vice President.

Note 2: The salaries, duty allowance, and severance pay of the General Manager and Vice Presidents in the most recent year.

Note 3: The amount of various bonuses, incentives, transportation allowance, special allowances, various allowances, accommodation, vehicles, in-kind benefits, and other compensations paid to the General Manager and Vice Presidents in the most recent year. For example, when providing houses, cars and other means of transportation or personal expenditures, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments shall be disclosed. If there is a driver assigned, please explain in a note the compensation paid to the driver; however, it is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including the acquisition of employee stock warrants, restricted stock awards, and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.

Note 4: The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the General Manager and Vice Presidents in the most recent year. If the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and Table 1-3 shall be completed.

Note 5: The total amount of remunerations paid to the Company's General Manager and Vice Presidents by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: For the total amount of remunerations paid to the General Manager and each Vice President by the Company, disclose their names in the scale to which they belong.

Note 7: The total amount of remunerations paid to the General Manager and each Vice President of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, and their names shall be disclosed in the scale to which they belong.

Note 8: Profit after tax refers to the profit after tax in the parent-only or individual financial statements of the most recent year.

Note 9: a. The amount of remunerations received by the Company's General Manager and Vice Presidents from non-subsidiary investee companies or the parent company shall be specified in this column (indicate None if there are no such remunerations).

b. If the Company's General Manager and Vice Presidents have received remunerations from non-subsidiary investee companies or the parent company, the remunerations received shall be included in Column E in the Remuneration Scale, and the column shall be renamed "Parent company and all investee companies."

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, directors, and supervisors) and business execution expenses received by the Company's General Manager and Vice Presidents for serving as directors, supervisors or managerial officers in non-subsidiary investee companies or the parent company.

*The remuneration disclosed in this table is different from income as defined in the Income Tax Act. Therefore, this table is for information disclosure and not for tax purposes.

(3)~2 The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the General Manager and Vice Presidents in the most recent year. If the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and this table shall be completed:

Date: 2023; unit: NT\$ thousand

| | Title | Name | Amount paid in shares | Amount paid in cash | Total | Ratio of total amount to profit after tax (%) |
|---------------------|--------------------------------|---------------------------------|-----------------------|---------------------|-------|---|
| Managerial officers | General Manager | Chen Cheng-Lung | 0 | 960 | 960 | 0.2 |
| | Business Group General Manager | Wu Chuan-Hsing ^{note} | | | | |
| | Vice President | Lin Sheng-Chang ^{note} | | | | |
| | Vice President | Lee Guei-Chung | | | | |
| | Vice President | Tseng Chih-Jen | | | | |
| | Vice President | Joe Yang | | | | |
| | Vice President | Nguyen Xuan Loc | | | | |

Note: Resigned or dismissed

Names of managerial officers to whom employee remuneration was distributed and the remuneration distributed

Date: 2023; unit: NT\$ thousand

| | Title | Name | Amount paid in shares | Amount paid in cash | Total | Ratio of total amount to profit after tax (%) |
|---------------------|--|-----------------------------------|-----------------------|---------------------|-------|---|
| Managerial officers | General Manager | Chen Cheng-Lung | 0 | 1,610 | 1,610 | 0.30 |
| | Business Group General Manager | Wu Chuan-Hsing ^{Note 1} | | | | |
| | Vice President | Lin Sheng-Chang ^{Note 1} | | | | |
| | Vice President | Lee Guei-Chung | | | | |
| | Vice President | Joe Yang | | | | |
| | Vice President | Tseng Chih-Jen | | | | |
| | Vice President | Nguyen Xuan Loc | | | | |
| | Senior Automation Business Unit | Andy Chou | | | | |
| | Senior Automation Business Unit | Nick Lin | | | | |
| | Assistant General Manager | Meng Tai-Li | | | | |
| | Assistant General Manager | Chao Kuo-Chi ^{Note 1} | | | | |
| | Assistant General Manager | George Huang | | | | |
| | Assistant General Manager | Hsieh Ming-Ta | | | | |
| | Assistant General Manager | Norton Liu | | | | |
| | Assistant General Manager/Chief Financial and Accounting Officer | Huang Chien-Chi | | | | |
| | Director | Li Chia-Yun | | | | |
| | Senior Director | Chung Yu-Hsiu | | | | |
| | Chief Corporate Governance Officer | Chu Shu-E ^{Note 1} | | | | |
| | Director | Chen Yu-An | | | | |
| | Director | Hsiao Hsien-Chang | | | | |
| | Director | Chen Hsin-Hung | | | | |
| | Director | Huang Chia-Hui ^{Note 2} | | | | |
| | Director | Wang Yung-Feng ^{Note 2} | | | | |
| | Senior Director | Li Ming-Tsung ^{Note 2} | | | | |

The amount of the 2023 employees' remuneration is presented as proposed (calculated based on the actual distribution amount last year). Profit after tax refers to the profit after tax in the most recent year's parent-only or individual financial statements.

Note 1: Resigned or dismissed during 2023–2024

Note 2: Newly appointed in 2024

(3)-3 Remuneration to the top 5 highest-paid managers of listed/OTC companies
(their names and remuneration shall be disclosed individually):
(E.g., General Manager, Vice Presidents, CEO, CFO, and other managerial officers) :

Date: 2023; unit: NT\$ thousand; thousand shares

| Title | Name | Salary (A) (Note 2) | | Post-employment pension (B) | | Bonus, special disbursement, etc. (C) (Note 3) | | Amount of remuneration to employees (D) (Note 4) | | | | Sum of A, B, C and D and its ratio to profit after tax (%) (Note 6) | | | | Whether there was any remunerat ion received from non- subsidiar y investee companie s or parent company (Note 7) |
|-----------------|-----------------|------------------------|---|--------------------------------|--|--|--|--|---------------------------------|---|-------------------------------------|--|--|--------|------|--|
| | | The Company | All companies in the financial statements (Note 5) | The Company | All companie s in the financial statement s (Note 5) | The Company | All companie s in the financial statement s (Note 5) | The Company | | All companies in the financial statements (Note 5) | | The Company | All companies in the financial statements | | | |
| | | | | | | | | Amoun t paid in cash | Amoun t paid in shares | Amount paid in cash | Amo unt paid in share s | | | | | |
| General Manager | Chen Cheng-Lung | 6,252 | 11,532 | 0 | 0, | 3,631 | 7,131 | 0 | 0 | 0 | 0 | 9,883 | 1.86 | 18,663 | 3.51 | N/A |
| Vice President | Nguyen Xuan Loc | 2,910 | 2,910 | 108 | 108 | 750 | 750 | 200 | 0 | 200 | 0 | 3,968 | 0.75 | 3,968 | 0.75 | |
| Vice President | Lee Guei-Chung | 2,083 | 2,083 | 0 | 0 | 700 | 700 | 300 | 0 | 300 | 0 | 3,083 | 0.58 | 3,083 | 0.58 | |
| Vice President | Tseng Chih-Jen | 1,590 | 1,590 | 91 | 91 | 200 | 200 | 150 | 0 | 150 | 0 | 2,031 | 0.38 | 2,031 | 0.38 | |
| Vice President | Joe Yang | 1,275 | 1,275 | 71 | 71 | 160 | 160 | 150 | 0 | 150 | 0 | 1,656 | 0.31 | 1,656 | 0.31 | |

Note 1: For the “top five highest-paid executives,” the executives refer to the Company’s managerial officers. Managerial officers shall be as defined under the former Securities and Futures Commission, Ministry of Finance’s Letter Tai-Cai-Zheng No. 0920001301 dated March 27, 2003. The “top five highest-paid executives” are the top five managerial officers in terms of the total amount of the salaries, post-employment pension, bonuses, and special allowances received by the Company’s managerial officers from all companies in the financial statements as well as the remuneration to employees (namely the sum of A+B+C+D). This and the above tables (1-1) shall be filled out if the director is also an executive mentioned above.

Note 2: The salaries, duty allowance, and severance pay of the top five highest-paid executives in the most recent year.

Note 3: The amount of various bonuses, incentives, transportation allowance, special allowances, various allowances, accommodation, vehicles, in-kind benefits, and other compensations paid to the top five highest-paid executives in the most recent year. For example, when providing houses, cars and other means of transportation or personal expenditures, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments shall be disclosed. If there is a driver assigned, please explain in a note the compensation paid to the driver; however, it is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 “Share-based Payment,” including the acquisition of employee stock warrants, restricted stock awards, and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.

Note 4: The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the top five highest-paid executives in the most recent year. If the amount cannot be estimated, this year’s distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and Table 1-3 shall be completed.

Note 5: The total amount of remunerations paid to the top five highest-paid executives of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: Profit after tax refers to the profit after tax in the parent-only or individual financial statements of the most recent year.

Note 7: a. The amount of remunerations received by the Company’s top five highest-paid executives from non-subsidiary investee companies or the parent company shall be specified in this column (indicate None if there are no such remunerations).

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, directors, and supervisors) and business execution expenses received by the Company’s top five highest-paid executives for serving as directors, supervisors or managerial officers in non-subsidiary investee companies or the parent company.

*The remuneration disclosed in this table is different from income as defined in the Income Tax Act. Therefore, this table is for information disclosure and not for tax purposes.

- (2) Analysis of the total remuneration paid by the Company and all companies in the consolidated financial statements to the directors, supervisors, General Manager and Vice Presidents of the Company in the most recent two years as a percentage of the profit after tax in the parent-only or individual financial statements and the description of the policy, standard and packages for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:

1. Total remuneration paid to directors, supervisors, General Manager, and Vice Presidents in the most recent two years as a percentage of the profit after tax in the parent-only or individual financial statements:

| Item Title | Total remuneration as a % of the profit after tax in the parent-only financial statements | | | |
|------------------------------------|---|---|-------------|---|
| | 2022 | | 2023 | |
| | The Company | All companies in the financial statements | The Company | All companies in the financial statements |
| Director | 6.62 | 12.02 | 6.43 | 10.41 |
| Supervisor | 0.04 | 0.04 | - | - |
| General Manager and Vice President | 5.11 | 7.57 | 4.90 | 7.18 |

2. The policy, standard and packages for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:

The Company pays remuneration to the directors in accordance with the Articles of Incorporation.

The Board of Directors is authorized to determine the remuneration of the Company's directors based on their individual participation in and contribution to the Company's operations and with reference to the general level in the industry at home and abroad. The Company shall subtract any accumulated losses from earnings in the year (i.e., pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors and supervisors). A minimum amount of 1% of the remaining earnings, if any, shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.

The distribution of employees' remuneration in cash or in shares and the distribution of directors' remuneration in cash are subject to a resolution adopted with the consent of a majority of all attending directors at a board meeting with more than two-thirds of board members present after being approved by the Compensation Committee, and it shall be subsequently reported at a shareholders' meeting.

Considering their independence, independent directors are not linked to the Company's operating performance and do not participate in the distribution of directors' remuneration. They are paid a monthly remuneration of NT\$60,000. A transportation allowance of NT\$5,000 is paid for directors' attendance at each meeting. The Company's employees, including the employees of the parent of the Company meeting certain specific requirements, are entitled to receive employees' remuneration paid in shares or cash.

The salary structure of the employees consists of their total salary that is equal to the base salary plus meal allowances. Performance bonuses are distributed only when the company goals are achieved. The salary structure is determined based on their professional experience and length of service. The salary of managerial officers is between NT\$80,000 and NT\$500,000.

3. Performance evaluation and compensation policies:

The Company has developed the [Performance Evaluation Management Guidelines] using the current period as the base period. The performance of the employees is evaluated based on their job performance during the review period and their daily attendance and leave records.

<Preparations> Subject: Annual performance evaluation is required for employees reporting to work on or before September 30 of the current year.

<Notification/sending> The HR personnel send a “Notification of Year-end Performance Evaluation for Employees in 20xx” and a “Performance Evaluation Form” by mail to the Group's employees prior to the first week of every December.

<Performance evaluation interviews> The department heads must interview their subordinates during the review period. The business unit heads must determine the employees’ performance evaluation ratings and proportionality principles for the ratings.

<Reviews by heads> There are five performance evaluation ratings. The department heads shall actively strengthen guidance and improvement follow-ups for employees with an evaluation rating of “C” (which is substandard).

<Compilation and submission of a performance evaluation form to the top management> The HR personnel compile a “Performance Evaluation Summary Form” based on the performance evaluation forms from all departments and submit the same to the top management.

<Performance evaluation follow-ups> The follow-ups aim to provide opportunities for communication to help improve job performance. They can also provide reference for compensation adjustment/distribution and promotion, help identify education and training needs, and be used as references for talent training.

[Salary Management Guidelines] These guidelines have been established in order to provide reference for the salary payment standard and calculation method for the Company's employees and ensure fairness and reasonableness.

<General Salary Payment Procedures> Employees’ monthly salary is credited to the account designated by them at the end of every month. If the month end falls on a weekend or holiday, the salary is credited on the working day prior to the weekend or holiday.

<Promotion and Salary Adjustment Procedures> All departments’ annual salary adjustments and employee performance ratings made in accordance with the [Performance Evaluation Management Guidelines] are compiled by the HR Department and submitted to the Chairman for approval. However, the annual salary adjustments and employee performance ratings of the Company's managerial officers (above Job Grade 9) shall be presented to the Compensation Committee for review and submitted to the Board of Directors for approval.

Employee compensation includes bonuses for the Company's operating performance that are assessed, calculated and distributed at the end of a fiscal year. The bonuses are calculated based on the Company's operating performance in the fiscal year.

4. Information on Corporate Governance

(1) Information on the operations of the Board of Directors:

1~1. The Board of Directors held six meetings (A) (including special board meetings) in 2022 and the attendance of directors in these meetings was as follows:

| Title | Name | Actual number of meetings attended (in voting/non-voting capacity) B | Number of meetings attended by proxy | Actual rate of attendance (in voting/non-voting capacity) (%) [B/A] | Remarks |
|----------|-----------------|--|--------------------------------------|---|---------|
| Chairman | Chen Cheng-Lung | 4 | 0 | 100 | |
| Director | Chen Jan-Sun | 4 | 0 | 100 | |

| | | | | | |
|---|-------------------|---|---|-----|--|
| Director | Chen Lu Su-Yue | 4 | 0 | 100 | |
| Director | Wang Wei-Chung | 4 | 0 | 100 | |
| Director | Kao Sheng-Hui | 4 | 0 | 100 | |
| Independent Director | Wong Ching-Chang | 4 | 0 | 100 | |
| Independent Director | Huang Ming-Yu | 4 | 0 | 100 | |
| Independent Director | Wong Chu-Ching | 4 | 0 | 100 | |
| Independent Director | Huanag Chung-Yuan | 4 | 0 | 100 | |
| Other information required: | | | | | |
| 1. Where any of the following applies to the operations of the Board of Directors, the board meeting dates and sessions, proposals, all opinions from independent directors, and the actions taken by the Company in response to the opinions of the independent directors shall be specified: (1) Matters set forth in Article 14-3 of the Securities and Exchange Act: None. (2) Matters other than the foregoing ones, resolutions adopted by the Board of Directors to which objections or reservations have been expressed by the independent directors in records or written statements: no objections or reservations were expressed by the independent directors in the 2023 meetings. 2. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and their participation in the voting must be specified: None. 3. Listed and OTC companies shall disclose the cycle, period, scope, method, and content of self-evaluations (or peer evaluations) for the Board of Directors and complete Table 2 (2) Implementation of Evaluations for the Board of Directors. 4. Goals for enhancement of the functions of the Board of Directors in the current year and the most recent year (e.g., establishment of the Audit Committee, improvement of information transparency, etc.) and the assessment of their implementation: The Company has improved information transparency by disclosing board meeting minutes on the Company's website. | | | | | |

1–2. Implementation of the Board of Directors’ self-evaluation:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|------------------|---------------------|--|---|--|
| Once a year | 2023.1.1-2023.12.31 | Performance evaluation for the Board of Directors and individual directors | A “Self-Evaluation Questionnaire for Performance Evaluation of the Board of Directors” was used to complete the performance evaluation. | <ul style="list-style-type: none"> Self-evaluation score: The 2023 annual evaluation score was between 4.83 and 5 (out of 5), which was considered good. 1. Participation in the Company’s operations: 5.00 2. Improvement of decision-making quality of the Board of Directors: 4.83 3. Composition and structure of the Board of Directors: 4.86 4. Election and continuing education of directors: 5.00 5. Internal control: 5.00 Overall comments: 1. The Board of Directors operates normally. |

1–3. Implementation of directors’ self-evaluations:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|------------------|---------------------|--|--|---|
| Once a year | 2023.1.1-2023.12.31 | Performance evaluation for the Board of Directors and individual directors | A “Self-Evaluation Questionnaire for Performance Evaluation of Board Members” was used to complete the performance evaluation. | <ul style="list-style-type: none"> Self-evaluation score: The 2023 annual evaluation score was between 4.9 and 5 (out of 5), which was considered good. 1. Alignment with the Company’s goals and mission: 4.90 2. Awareness of the duties of a director: 5.00 3. Participation in the Company’s operations: 4.90 4. Internal relationship management and communication: 5.00 5. Internal control: 4.83 Suggestions made by directors to the Board of Directors: <ul style="list-style-type: none"> 1. The Board of Directors operates normally 2. In the coming year, if the overall economic situation is unclear, the Board of Directors may consider paying more attention to expenses and cash inflow. The long-term outlook of each business unit is different, and there should be long-term strategic discussions for key business units. |

1–4. Implementation of Audit Committee members’ self-evaluation:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|------------------|---------------------|--|--|---|
| Once a year | 2023.1.1-2023.12.31 | Performance evaluation of functional committee members | A “Self-Evaluation Questionnaire for Performance Evaluation of Functional Committees” was used to complete the performance evaluation. | <ul style="list-style-type: none"> Self-evaluation score: A perfect score of 5 1. Participation in the Company’s operations: 5 2. Awareness of the duties of the functional committee: 5 3. Improvement of decision-making quality of the functional committee: 5 4. Composition and election of members of the functional committee: 5 5. Internal control system: 5 Suggestions: |

| | | | | |
|--|--|--|--|--|
| | | | | The functional committee operates normally and fulfills the duties of independent directors in accordance with the law and professionally. |
|--|--|--|--|--|

1-5. Implementation of Compensation Committee members' self-evaluation:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|------------------|---------------------|--|--|--|
| Once a year | 2023.1.1-2023.12.31 | Performance evaluation of functional committee members | A "Self-Evaluation Questionnaire for Performance Evaluation of Functional Committees" was used to complete the performance evaluation. | <ul style="list-style-type: none"> •Self-evaluation score: A perfect score of 5 1. Participation in the Company's operations: 5 2. Awareness of the duties of the functional committee: 5 3. Improvement of decision-making quality of the functional committee: 5 4. Composition and election of members of the functional committee: 5 5. Internal control system: 5 •Suggestions: The functional committee operates normally and fulfills the duties of independent directors in accordance with the law and professionally. |

1~6. Details on attendance of independent directors at the Company's board meetings in 2023:

| Board meeting session | Month | Independent Director | Independent Director | Independent Director | Independent Director |
|-----------------------|----------|----------------------|----------------------|----------------------|----------------------|
| | | Wong Ching-Chang | Huang Ming-Yu | Wong Chu-Ching | Huanag Chung-Yuan |
| 12-4 | March | V | V | V | V |
| 12-5 | May | V | V | V | V |
| 12-6 | August | V | V | V | V |
| 12-7 | November | V | V | V | V |
| | Total | 4 | 4 | 4 | 4 |

2. Training courses for directors in 2023:

| Course title | Training hours | Organizer | Participating directors |
|--|----------------|--|---|
| New-generation Enterprise Threat Management and Prevention: Reconstructing Cybersecurity from the Perspective of Digital Forensics | 3 | Taiwan Corporate Governance Association | Chen Cheng-Lung, Chen Lu Su-Yue, Chen Jan-Sun, Kao Sheng-Hui, Wong Ching-Chang, Wong Chu-Ching, Huanag Chung-Yuan |
| New Economy in the ESG Capital Market | 3 | Taiwan Corporate Governance Association | Chen Cheng-Lung, Chen Lu Su-Yue, Chen Jan-Sun, Kao Sheng-Hui, Wong Ching-Chang, Wong Chu-Ching, Huanag Chung-Yuan |
| Disclosure of Material Corporate Information and Responsibilities of Directors and Supervisors | 3 | Taiwan Corporate Governance Association | Huang Ming-Yu |
| Latest Development and Practices of Money Laundering Prevention and Counter-terrorism | 3 | Taiwan Independent Directors Association | Huang Ming-Yu |
| 2023 Cathay Sustainable Finance and Climate Change Summit | 6 | Taiwan Stock Exchange | Huang Ming-Yu |
| 2023 Conference on Awareness of Compliance with the Laws Governing Trading of Equity by Insiders | 3 | Securities and Futures Institute | Huang Ming-Yu |
| Money Laundering Prevention Practices and Development Trends – A Case Study of the Financial Industry | 3 | CPA Associations R.O.C. (Taiwan) | Huang Ming-Yu |
| Accountants' Responsibilities for and Responses to Shareholder Disputes | 3 | CPA Associations R.O.C. (Taiwan) | Huang Ming-Yu |
| Net Zero Sustainable Talent Development Workshop [Northern Taiwan] – Enterprise Low-carbon Transition Strategies | 9 | Taiwan Corporate Governance Association | Huanag Chung-Yuan |
| 2023 KPMG Taiwan 2023 Business Leader Academy Forum – Business Opportunities and Challenges Under the Net Zero Boom | 3 | Taiwan Institute of Directors | Wang Wei-Chung |
| Compliance and Legal Responsibilities of Directors and Supervisors under Corporate Governance 3.0 | 3 | Taiwan Institute of Directors | Wang Wei-Chung |

(2) Information on the operations of the Audit Committee' participation in the Board of Directors' operations:

1. Operations of the Audit Committee: The Audit Committee was formed in June 2022 and the supervisor system was abolished.

In 2023, the Audit Committee held four meetings (A), and attendance at these meetings was as follows:

| Title | Name | Actual number of meetings attended (B) | Number of meetings attended by proxy | Actual rate of attendance (%) (B/A) | Remarks |
|----------------------|-------------------|--|--------------------------------------|-------------------------------------|---------|
| Independent Director | Huang Ming-Yu | 4 | 0 | 100 | |
| Independent Director | Wong Ching-Chang | 4 | 0 | 100 | |
| Independent Director | Wong Chu-Ching | 4 | 0 | 100 | |
| Independent Director | Huanag Chung-Yuan | 4 | 0 | 100 | |

Other information required:

- Where any of the following applies to the operations of the Audit Committee, the Audit Committee meeting dates and sessions, proposals, the dissent, reservation or major suggestion of any independent director, the relevant resolutions of the Audit Committee and the actions taken by the Company in response to the opinions of the Audit Committee shall be specified: Refer to 1.1
 - Matters set forth in Article 14-5 of the Securities and Exchange Act.
 - Matters other than the foregoing ones, which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors.
- With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal and their participation in the voting must be specified: None
- Communication between independent directors and the chief internal auditor and CPAs (such information must include the material matters, methods and results of communication regarding the financial and business conditions of the Company):
 - The Audit Committee has regularly reviewed audit reports and exchanged opinions regarding the audits with the chief internal auditor.
 - The CPAs submit regular reports to the Audit Committee, discuss the deficiencies related to internal control and audit with the Audit Committee, and ask the auditing department to urge the Company's relevant departments to improve their internal procedures in order to reduce operational risks and enhance the operating performance.

1.1. Convening of Audit Committee meetings:

| Meeting name | Meeting date | Important resolution and subsequent actions |
|-----------------------|--------------|--|
| 1st term, 4th meeting | 20230316 | <ul style="list-style-type: none"> Reporting by CPAs: Communication with governing bodies. Review of the financial statements for 2022. Review of the earnings distribution for 2022. A cash dividend of NT\$1.5, with the ex-dividend date set on 7/16. Review of establishment of the Regulations Governing the Financial and Business Activities between Related Parties. Review of establishment of the Self-regulations Governing the Disclosure of M&A Information. Review of the authorization for endorsements/guarantees. Review of regular assessment of the independence of CPAs. Review of the pre-approval of non-audit services provided by CPAs. Review of the issuance of the "Statement of Internal Control" for 2022. <p>Opinions from independent directors: None. The Company's response to independent directors' opinions: None. Resolution result: The above discussions were approved by all attending members.</p> |
| 1st term, 5th meeting | 20230510 | <ul style="list-style-type: none"> Review of the consolidated financial statements for Q1 2023. <p>Opinions from independent directors: None. The Company's response to independent directors' opinions: None. Resolution result: The above discussions were approved by all attending members.</p> |

| Meeting name | Meeting date | Important resolution and subsequent actions |
|-----------------------|--------------|--|
| 1st term, 6th meeting | 20230810 | <ul style="list-style-type: none"> Report on director and supervisor liability insurance taken out for directors. Report on the Company's ability to prepare financial statements. Review of the consolidated financial statements for Q2 2023. Review of the earnings distribution for the first half of 2023. Review of the endorsements/guarantees for Solomon Energy Technology Corporation. Review of the formulation of the "Risk Management Policy and Procedure." Review of the formulation of the "Management Procedure for the Preparation of Financial Statements." <p>Opinions from the Audit Committee: None. The Company's response to independent directors' opinions: None. Resolution result: The above discussions were approved by all attending members.</p> |
| 1st term, 7th meeting | 20231110 | <ul style="list-style-type: none"> Report on the Company's ability to prepare financial statements. Report on 2023 ESG implementation and performance and the establishment of 2024 plans and strategies Discussion on the consolidated financial statements for Q3 of 2023. Discussion on the amendment of the "Rules of Procedure for Board of Directors Meetings." Review of loaning of funds to the subsidiary Solomon Energy Technology (Singapore) Pte. Ltd. Review of the amendment of the "Organizational Rules of the Sustainable Development Committee." Review of the endorsements/guarantees for Solomon Energy Technology. <p>Opinions from the Audit Committee: None. The Company's response to the independent directors' opinions: None. Resolution result: The above discussions were approved by all attending members.</p> |

2. Participation of Audit Committee in the Board of Directors' operations:
In 2023, the Board of Directors held four meetings (A), and attendance at these meetings was as follows:

| Title | Name | Actual number of meetings attended (in non-voting capacity) (B) | Actual rate of attendance (in non-voting capacity) (%) (B/A) | Remarks |
|--|-------------------|---|--|---------|
| Audit Member | Huang Ming-Yu | 4 | 100 | |
| Audit Member | Wong Ching-Chang | 4 | 100 | |
| Audit Member | Wong Chu-Ching | 4 | 100 | |
| Audit Member | Huanag Chung-Yuan | 4 | 100 | |
| Other information required: | | | | |
| 1. Roles and responsibilities of Audit Committee: | | | | |
| (1) Communication of Audit Committee with the Company’s employees and shareholders: The Audit Committee regularly participate in board meetings, understand the Company's business activities and financial position, and propose suggestions on operating performance improvement based on their expertise as reference for the management to make business decisions. | | | | |
| (2) Communication of Audit Committee with the chief internal auditor and CPAs: | | | | |
| 1. The Audit Committee have regularly reviewed audit reports and exchanged opinions regarding the audits with the chief internal auditor. | | | | |
| 2. The CPAs have regularly invited the Audit Committee to meetings to discuss with them the deficiencies related to internal control and audit. They also ask the auditing department to urge the Company's relevant departments to improve their internal procedures in order to reduce operational risks and enhance the operating performance. | | | | |
| 2. Where any Audit Committee attending board meetings in a non-voting capacity express opinions, the board meeting dates and sessions, proposals, the resolutions of the Board of Directors, and the actions taken by the Company in response to the opinions of the Audit Committee shall be specified: None. | | | | |

(2) ~1 Communication of directors and Audit Committee with the chief internal auditor and CPAs:

1. Communication mechanism:

The chief internal auditor submits written information on the implementation of internal audit to the directors and Audit Committee on a monthly basis and holds irregular meetings to explain the implementation of audit plans and internal control. In case of material misconduct or likelihood of material damage to the Company, the chief internal auditor shall immediately report and inform the independent directors and Audit Committee of the same.

In order to facilitate the implementation of the Company's governance affairs, the CPAs communicate with the directors and Audit Committee every quarter to ensure the reliability of the Company's publicly-disclosed financial information, discuss the work of auditors, and understand the Company's material risks and the management's actions to reduce the risks.

2. Communication summary:

- (1) At least once a year, a separate meeting between CPAs and the chief auditor is convened to discuss external audit opinions formed by the chief internal auditor and CPAs and to communicate the defects of the annual audit. The communicated opinions are recorded and reported to the Board of Directors.
- (2) The chief internal auditor makes reports to the Audit Committee on a regular basis.
 - A. Annual internal audit plan;
 - B. Annual professional training plan for auditors;
 - C. Regularly reporting of the implementation of internal audit operations to the Audit Committee.
- (3) CPAs participate in at least 2 Audit Committee meetings each year and report the annual audit results.
- (4) Others: A meeting may be convened from time to time to discuss any material abnormality or matters that independent directors, the chief auditor, and CPAs deem necessary to communicate independently.

3. Communication:

(1) Communication between directors, Audit Committee and CPAs:

| Date | Communication meeting | Communication subject | Communication results |
|----------|---------------------------------------|--|-----------------------|
| 20230316 | Board of Directors Audit Committee | 1. Communication with directors (Audit Committee) in the completion stage of the 2022 financial statements. 2. Review of the "Statement of Internal Control" for 2022. | No opinion |
| 20230407 | Board of Directors | Communication with directors (Audit Committee) in the planning stage of the financial statement audit for 2023 | No opinion |
| 20230510 | Board of Directors | 1. Issuance of a communication letter on the financial statements for Q1 of 2023 to governing bodies. 2. CPAs' response to and communication about the questions of directors (Audit Committee). | No opinion |
| 20230810 | Board of Directors Audit Committee | 1. CPAs participated in the Audit Committee meeting and board meeting for explanation and guidance regarding the 2023 Q2 financial statements. 2. CPAs participated in discussion and communication about the questions of directors (Audit Committee). | No opinion |
| 20231110 | Board of Directors | 1. Issuance of a communication letter on | No opinion |

| Date | Communication meeting | Communication subject | Communication results |
|------|-----------------------|--|-----------------------|
| | | the financial statements for Q3 of 2023 to governing bodies. 2. CPAs' response to and communication about the questions of directors (Audit Committee). | |

Communication Plan

| Communication subject | Form of communication | Expected communication time |
|---|---|--|
| Annual audit planning <ul style="list-style-type: none"> • Communication with governing bodies • Roles and responsibilities of the principal auditor • Audit plans • Preliminary opinions on key audit matters • Independence of CPAs | 1. Written correspondence | April 2023 |
| Interim review <ul style="list-style-type: none"> • Review of the Q1 quarterly report • Review of the Q2 quarterly report • Review of the Q3 quarterly report | 1. Written correspondence 2. CPAs attended meetings in person, engaged in communication, and provided guidance | May 2022 August 2022 November 2022 |
| Annual audit summary <ul style="list-style-type: none"> • Financial statement draft • Audit findings • Audit report (including key audit matters) • Independence of CPAs | 1. Written correspondence 2. CPAs attended meetings in person, engaged in communication, and provided guidance | March 2024 |

(2) Communication between the chief internal auditor and CPAs in Audit Committee meetings:

| Date | Attendees | Communication subject | Communication results |
|----------|--|------------------------------|-----------------------|
| 20230316 | Independent Director Huang Ming-Yu Independent Director Wong Chu-Ching Independent Director Wong Ching-Chang Independent Director Huanag Chung-Yuan Chief Auditor Lin Pao-Tsun CPA Liang Yi-Chang | 2022 Financial Statements | No opinion |
| 20230510 | Independent Director Huang Ming-Yu Independent Director Wong Chu-Ching Independent Director Wong Ching-Chang Independent Director Huanag Chung-Yuan Chief Auditor Lin Pao-Tsun | 2023 Q1 Financial Statements | No opinion |
| 20230810 | Independent Director Huang Ming-Yu Independent Director Wong Chu-Ching Independent Director Wong Ching-Chang Independent Director Huanag Chung-Yuan Chief Auditor Lin Pao-Tsun CPA Liang Yi-Chang | 2023 Q2 Financial Statements | No opinion |
| 20231110 | Independent Director Huang Ming-Yu Independent Director Wong Chu-Ching Independent Director Wong Ching-Chang Independent Director Huanag Chung-Yuan Chief Auditor Lin Pao-Tsun | 2023 Q3 Financial Statements | No opinion |

(3) Communication between the chief internal auditor and independent directors:

| Session | Communication key points | Communication results |
|---------------|--|-----------------------|
| November 2022 | Review of the annual internal audit plan for 2023. | No opinion |
| March 2023 | Presentation and reporting of the implementation of the 2022 internal audit plan. | No opinion |
| March 2023 | Audit report for November 2022 to January 2023 Result of the self-evaluation for the internal control system in 2022, indicating no material deficiency. Issuance and submission of a "Statement of Internal Control" on the effectiveness of the design and implementation of the Company's internal control system. | No opinion |
| May 2023 | Audit report for February to March 2022 | No opinion |
| August 2023 | Audit report for April to June 2023 | No opinion |
| November 2023 | Audit report for July to October 2023 | No opinion |

(4) Separate communication between CPAs and independent directors and the chief auditor:

| Date | Attendees | Communication subject | Communication results |
|----------|--|---|-----------------------|
| 20230810 | Independent Director Huang Ming-Yu Independent Director Wong Chu-Ching Independent Director Wong Ching-Chang Independent Director Huanag Chung-Yuan Chief Auditor Lin Pao-Tsun CPA Liang Yi-Chang | 2023 Q2 Financial Statements Advocacy of 2024 government decrees | No opinion |

(3) Implementation of corporate governance, differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences:

| Item assessed | Implementation | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|---|----------------|----|---|
| | Yes | No | |
| 1. Does the company establish and disclose its corporate governance best practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | V | | The principles for corporate governance are: (1) creating an internal control system; (2) protecting the shareholders' equity; (3) enhancing the functions of the Board of Directors; (4) fulfilling the supervisors' functions; (5) respecting the rights and interests of stakeholders; (6) improving information transparency. Compliant with the Corporate Governance Best Practice Principles |
| 2. The Company's shareholding structure and shareholders' equity | | | |
| (1) Does the company establish internal procedures for handling shareholders' suggestions, questions, disputes, and lawsuits? Does the company follow such procedures? | V | | Such procedures have been established in the "Corporate Governance Best Practice Principles." The Company has appointed a spokesperson, an acting spokesperson, and a shareholder services department to deal with relevant problems. Compliant with the Corporate Governance Best Practice Principles |
| (2) Does the company keep a list of major shareholders actually controlling the company and the ultimate controllers of the major shareholders? | V | | The list is kept by the Securities Office. |
| (3) Has the company established and implemented a system for risk control and firewalls with its associates? | V | | The Company has established the "Regulations Governing the Financial and Business Activities between Related Parties" and "Procedures for the Supervision and Management of Subsidiaries" as a basis for supervision of the subsidiaries in order for the auditors to conduct regular or random audits. |
| (4) Has the company established internal regulations that prevent insiders from trading securities using non-public market information? | V | | The Company has established the "Procedures for Management of Material Insider Information" and the "Code of Ethical Conduct" as a basis for preventing insider trading. |
| 3. Composition and responsibilities of the board of directors | | | |
| (1) Does the board of directors formulate diversity policies and specific management goals? Are the policies and goals thoroughly implemented? | V | | 1. The Company has a female director. 2. The Company has established the "Corporate Governance Best-Practice Principles" and "Procedures for Election of Directors." The nomination and selection of board members are in compliance with the Company's Articles of Incorporation. The candidate nomination system is adopted, and the educational/work experience and qualifications of each candidate are evaluated to ensure the diversity and independence of board members. Talented people with different professional backgrounds (including accounting, finance, technology) Compliant with the Corporate Governance Best Practice Principles |

| Item assessed | Implementation | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|--|----------------|--|---|
| | Yes | No | |
| | | | |
| | | <p>are elected as directors in accordance with the procedures. The Procedures for Election of Directors have been implemented thoroughly.</p> <p>3. There were nine directors in the 12th term of the Board of Directors, including one female director. Employee directors accounted for 33.33%, female directors represented 11.11%, and independent directors accounted for 44.44%.</p> <p>4. The Board of Directors has established a diversity policy for the composition of its members, which is disclosed on the Company's website and this annual report</p> | |
| (2) Has the company, apart from establishing a compensation committee and an audit committee, voluntarily set up any other functional committee? | V | In 2023, the Company's Board of Directors approved the establishment of the "Sustainable Development Committee" with three members (including two independent directors). Teams for sexual harassment prevention, risk management, nomination, corporate governance, and cybersecurity risk management will be set up for the committee. | |
| (3) Has the company established regulations and methods for evaluation of the performance of the board of directors? Does the company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluation submitted to the board of directors and used as reference for the remuneration to individual directors and for their nomination or re-election? | V | <p>1. In 2022, the Company commissioned Taiwan Institute of Ethical Business, an external professional organization, for the first time to carry out a performance evaluation.</p> <p>2. The Board of Directors used a "Self-Evaluation Questionnaire for Performance Evaluation of Board Members" to complete the performance evaluation in December 2023.</p> <p>3. Evaluation period: 2023.1.1-2023.12.31 The Company completed the performance evaluation of the Board of Directors, board members, Compensation Committee, and Audit Committee in December 2023. The evaluation results and the direction of continuous improvement in the next year will be reported at the 1st board meeting in 2024.</p> <p>4. Self-evaluation score: The 2023 annual evaluation score was between 4.9 and 5 (out of 5), which was considered good.</p> <p>(1) Alignment with the Company's goals and mission: 4.90 on average (2) Awareness of the duties of a director: 5.00 on average (3) Participation in the Company's operations: 4.90 on average (4) Internal relationship management and communication: 5.00 on average</p> | |

| Item assessed | Implementation | | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences |
|---------------|----------------|----|---|---|
| | Yes | No | Summary | |
| | | | <p>(5) Internal control: 4.83 on average</p> <p>5. Suggestions made by directors to the Board of Directors:</p> <p>(1) The Board of Directors operates normally</p> <p>(2) In the coming year, if the overall economic situation is unclear, the Board of Directors may consider paying more attention to expenses and cash inflow. The long-term outlook of each business unit is different, and there should be long-term strategic discussions for key business units.</p> <ul style="list-style-type: none"> • Performance evaluation of functional committees (Compensation Committee and Audit Committee) <p>The functional committee members of the Company already filled out the “Self-Evaluation Questionnaire for Performance Evaluation of Functional Committees” in December 2022 to complete the self-evaluation on the performance of the functional committees. The self-evaluation results and the direction of continuous improvement in 2023 will be reported at the latest committee meeting in 2023.</p> <p>The self-evaluation scores and suggested corrective actions for the Compensation Committee and Audit Committee are as follows:</p> <p>(The members of the Company’s Compensation Committee are the same as those of the Audit Committee)</p> <p>1. Compensation Committee’s self-evaluation score: A perfect score of 5</p> <p>(1) Participation in the Company’s operations: 5 on average</p> <p>(2) Awareness of the duties of the functional committee: 5 on average</p> <p>(3) Improvement of decision-making quality of the functional committee: 5 on average</p> <p>(4) Composition and election of members of the functional committee: 5 on average</p> <p>(5) Internal control system: 5 on average</p> <p>2. Audit Committee’s self-evaluation score: A perfect score of 5</p> <p>(1) Participation in the Company’s operations: 5 on average</p> <p>(2) Awareness of the duties of the functional committee: 5 on average</p> <p>(3) Improvement of decision-making quality of the functional committee:</p> | |

| Item assessed | Implementation | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|--|----------------|---|---|
| | Yes | No | |
| | | Summary | |
| | | <p>5 on average</p> <p>(4) Composition and election of members of the functional committee: 5 on average</p> <p>(5) Internal control system: 5 on average</p> <p>3. Overall suggestions: The functional committees operate and fulfill the duties of independent directors in accordance with the law and professionally!</p> | |
| (4) Does the company assess the independence of CPAs on a regular basis? | V | <p>The Company's Board of Directors reviews the independence of CPAs annually to ascertain if they comply with the regulations on independence in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China No. 10 and the global independence policy of the firm. After the Company has confirmed that there are no financial interests and business relationships between the CPAs and the Company, except for fees for audit and taxation cases, and made sure that the CPAs did not violate the principles of independence, the Board of Directors assesses the appointment of the CPAs and the fees.</p> <p>In March 2023, the Board of Directors conducted an assessment for CPAs and appointed them after confirming that there were no other financial interests and business relationships between them and the Company and making sure that they did not violate the principles of independence.</p> | |
| 4. Does the listed/OTC company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board meetings and shareholders' meetings as required by law, and preparing minutes for board meetings and shareholders' meetings)? | V | The Securities Office is specialized in corporate governance affairs (including but not limited to providing the information required for directors to perform their duties, managing affairs for board meetings and shareholders' meetings as required by law, conducting company registration and change registration, and preparing minutes for board meetings and shareholders' meetings). Executive Assistant Chu Shu-E was appointed as the chief corporate governance officer (full-time) at the 1203rd board meeting held on 2022.11.9. For the authority, scope, and continuing education of the chief corporate governance officer. | Compliant with the Corporate Governance Best Practice Principles |
| 5. Does the company establish channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does the company create a | V | The Company has appointed a spokesperson and an acting spokesperson. Relevant contact information is disclosed on the Market Observation Post System (MOPS). The Company also discloses relevant financial and | Compliant with the Corporate Governance Best Practice |

| Item assessed | Implementation | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|---|----------------|----|---|
| | Yes | No | |
| section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders? | | | Principles |
| 6. Does the company engage any professional shareholder services agent to manage affairs for shareholders' meetings? | V | | Compliant with the Corporate Governance Best Practice Principles |
| 7. Information disclosure | | | |
| (1) Does the company set up a website to disclose financial, business and corporate governance information? | V | | Compliant with the Corporate Governance Best Practice Principles |
| (2) Does the company use other means to disclose information (e.g., setting up an English website, assigning specialized personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to the company's website)? | V | | Compliant with the Corporate Governance Best Practice Principles |
| (3) Does the company publish and submit annual financial statements within two months after the end of each fiscal year? Does the company publish and submit financial statements of the first, second and third quarters and the monthly operational status before the required deadline? | V | | Compliant with the Corporate Governance Best Practice Principles |
| 8. Does the company have other important information useful for understanding the status of corporate governance of the company (including but not limited to employees' rights, employee care, investor relations, supplier relationships, stakeholders' rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by the company, etc.)? | V | | Compliant with the Corporate Governance Best Practice Principles |

| Item assessed | Implementation | | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|---------------|----------------|----|---|---|
| | Yes | No | Summary | |
| | | | <p>the spokesperson and acting spokesperson system to answer the questions of shareholders.</p> <p>(3) Supplier relationships: The Company has always maintained good relationships with suppliers.</p> <p>(4) Stakeholders' rights: We respect and protect the rights that stakeholders are entitled to, maintain good communication channels with customers, employees and suppliers, and disclose relevant information in accordance with the regulations of the competent authority to provide the Company's information in a timely manner.</p> <p>(5) Continuing education of directors: A minimum of six hours of continuing education is required each year in accordance with the regulations.</p> <p>(6) Implementation of risk management policies and risk measurement standards: To put the monitoring mechanism into practice and ensure the control of risks, the Company's material operating policies, investment projects, endorsements/guarantees, loaning of funds, bank funding, and other material proposals are assessed and analyzed by appropriate responsible departments and then implemented based on the resolutions of the Board of Directors, and the Auditing Office also formulates its annual audit plan based on risk assessment results and thoroughly implements the plan.</p> <p>(7) Implementation of customer policies: The Company has dedicated customer service departments responsible for implementing customer policies. These policies are executed smoothly.</p> <p>(8) The Company's purchase of liability insurance for directors and supervisors and social responsibility: We have taken out a liability insurance policy with coverage of US\$5 million for our directors and key officers. Information on the coverage amount, available coverage, and premium rate of the director liability insurance policy taken out or renewed and other important information were reported at the board meeting held in August 2023.</p> <p>(9) The Company has adopted the "Code of Ethical Conduct," "Sustainable Development Principles," "Ethical Management</p> | |

| Item assessed | Implementation | | Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences |
|---|----------------|----|---|
| | Yes | No | |
| | | | Summary |
| | | | Principles,” and “Corporate Governance Best Practice Principles” as one of the bases for corporate governance management. |
| <p>9. Please describe the matters improved based on the results of corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and specify the priorities and measures for improvement with respect to matters not yet improved.</p> <p>Improvements: The Audit Committee was established in June 2022. The annual report and financial statements for 2022 in English have been issued.</p> | | | |

Note: No matter whether “Yes” or “No” is selected in the Implementation column, it shall be explained in the Summary column.

Table 1

Summary: The Company's regular assessment of the independence and AQIs (Audit Quality Indicators) of CPAs.

- Article 68 of Statement of Auditing Standards No. 46: "Familiarity correlates particularly with cases where the financial statements of listed/OTC companies are audited. For such cases, principal auditors shall be rotated after a certain period of time (usually no longer than seven years) and may be reinstated at least after a certain period of time (usually no less than two years)." Also, Article 27, Paragraph 2 of the Company's "Corporate Governance Best Practice Principles": "The Company shall regularly (at least once a year) assess the independence of the CPAs appointed. Where any of the CPAs have not been changed for seven consecutive years or have been punished or where their independence has been impaired, the need to change such CPAs shall be contemplated and the results shall be reported to the Board of Directors." Matters are handled according to these regulations.
- The Company's CPAs in 2023 are: CPA Liang Yi-Chang and CPA Wen Ya-Fang from PricewaterhouseCoopers Taiwan. Their audit tenure at the Company is described as follows:

| Name of CPA | Audit tenure (from start to now) | Accumulated tenure |
|----------------|----------------------------------|--------------------|
| Liang Yi-Chang | 2018 until now | 5 years |
| Wen Ya-Fang | From Q1 of 2023 | 1 years |

- The Company assesses the independence of CPAs in accordance with Article 47 of the Certified Public Accountant Act and the Bulletin of the Norm of Professional Ethics No. 10 – Integrity, Objectivity and Independence. To sum up, the standards and results of assessing the independence of the two CPAs are as follows:

| Item assessed | Assessment | Compliance with independence requirements |
|--|------------|---|
| 1. Whether the CPA has direct or material indirect financial interests with the Company | No | Yes |
| 2. Whether the CPA has made or received loans or guarantees to or from the Company or the Company's directors | No | Yes |
| 3. Whether the CPA has close business relationships and a potential employment relationship with the Company | No | Yes |
| 4. Whether the CPA and their audit team members are currently holding or, in the most recent two years, have held director or managerial positions or other positions having a significant impact on the audit work at the Company | No | Yes |
| 5. Whether the CPA has offered any non-audit services that may cause a direct impact on the audit work to the Company | No | Yes |
| 6. Whether the CPA has served as a broker to sell the shares or other securities issued by | No | Yes |

| | | | |
|----|---|----|-----|
| | the Company | | |
| 7. | Whether the CPA has acted as a defender of the Company or has mediated any dispute with third parties on behalf of the Company | No | Yes |
| 8. | Whether the CPA is a relative of the Company's directors, managerial officers, or personnel holding positions having a significant impact on the audit case | No | Yes |

4. The AQIs issued by PricewaterhouseCoopers Taiwan.
5. In summary, the PwC CPAs had no conflict of interest and were compliant with the principles of independence during their tenure as the Company's auditors. Thus, the Company agreed to continue the appointment in 2024.

Table 2

Information on the chief corporate governance officer (2023):

- 1. At the 3rd meeting of the 12th term of the Board of Directors on 2022.11.09, the Company appointed the Executive Assistant to the Chairman, Ms. Chu Shu-E, as the “Chief Corporate Governance Officer” (full-time).**
- 2. The functional requirements of the “Corporate Governance Officer” and the corporate governance affairs that the officer is in charge of are described as follows:**
 - (1) The corporate governance affairs shall include:
 - A. Handling matters related to board meetings and shareholders’ meetings in accordance with the law.
 - B. Preparing minutes for board meetings and shareholders’ meetings.
 - C. Assisting directors in taking office and receiving continuing education.
 - D. Providing directors with information required for executing their duties.
 - E. Assisting directors in complying with laws and regulations.
 - F. Other matters stipulated in the Company’s Articles of Incorporation or contracts.
 - (2) Qualifications of the Company’s chief corporate governance officer:
Having more than 3 years of experience in charge of finance in a public company.
 - (3) Concurrent positions of the chief corporate governance officer:
The chief corporate governance officer is a managerial officer of the Company and may be served by other personnel in the Company concurrently.
- 3. Special Assistant to the Chairman, Ms. Chu Shu-E, was appointed as the “Chief Corporate Governance Officer” of the Company. Her educational and work experiences are shown in the following table:**

| Introduction of Ms. Chu Shu-E’s Educational and Work Experiences | |
|--|--|
| Education and work experience | Current position |
| Master’s in the Business Administration Program, National Taiwan University of Science and Technology Director, Data International Co., Ltd. Supervisor, Solomon Goldentek Display Corp. | Director and General Manager, Solomon Goldentek Display Corp. Chief Corporate Governance Officer of the Chairman’s Office, SOLOMON Technology Corporation |

4. The continuing education of the chief corporate governance officer in 2023 is as follows:

| Course date | Organizer | Course title | Continuing education hours | Total continuing education hours in the current year |
|-------------|---|--|----------------------------|--|
| 2023.06.02 | Securities and Futures Institute | 2023 Insider Trading Prevention Conference | 3 | 12 |
| 2023.10.18 | Taiwan Corporate Governance Association | New-generation Enterprise Threat Management and Prevention: Reconstructing Cybersecurity from the Perspective of Digital Forensics | 3 | |
| 2023.10.18 | Taiwan Corporate Governance Association | New Economy in the ESG Capital Market | 3 | |
| 2023.11.23 | Taiwan Institute of Directors | Issues Related to Carbon Reduction and Their IFRS Accounting Treatment | 3 | |

(3) ~1 Description of the diversity policy of SOLOMON's Board of Directors and its implementation:

- Management goals: Basis: **SOLOMON Technology Corporation Procedures for Election of Directors**

The overall composition of the Board of Directors shall be taken into consideration for the election of the directors of the Company. The composition of the Board of Directors shall be determined by taking diversity into account based on the Company's business operation, business type and development needs. It is advised that the considerations include, but not be limited to, the following two categories of criteria:

1. Basic requirements and values: Gender, age, nationality and culture.
2. Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.
3. Members of the Board of Directors shall possess the necessary knowledge, skills and experience for performing their duties. They shall possess the following skills:
 - (1) Operational judgment skills. (2) Accounting and financial analysis skills.
 - (3) Business management skills. (4) Crisis management skills.
 - (5) Industrial knowledge. (6) International market insights.
 - (7) Leadership skills. (8) Decision-making skills.
4. The specific background and expertise management goals are as follows:
 - (1) The Company's Board of Directors also values gender equality, and its members shall at least include one female.
 - (2) The Board of Directors of the Company focuses on operational judgment, business management, and crisis management, and more than 2/3 of the board members shall possess capabilities related to these core items.
 - (3) At least 1 member with accounting background.
 - (4) At least 1 member with technology industry background.
 - (5) Independent directors shall not hold office for more than 3 consecutive terms in order to maintain their independence.
 - (6) The number of directors who are employees of the Company, its parent, subsidiary, or sibling companies shall be less than 1/3 (inclusive) of the board members in order to achieve the purpose of supervision.

- Implementation:

| Item Name | Gender | Operational judgment skills | Accounting and financial analysis skills | Business management skills | Crisis management skills | Industrial knowledge | International market insights | Leadership skills | Decision-making skills |
|-------------------|--------|--------------------------------|--|-------------------------------|-----------------------------|-------------------------|----------------------------------|-------------------|---------------------------|
| Chen Cheng-Lung | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Chen Jan-Sun | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Chen Lu Su-Yue | Female | ● | ● | ● | | ● | ● | | |
| Wang Wei-Chung | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Kao Sheng-Hui | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Huang Ming-Yu | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Wong Ching-Chang | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Wong Chu-Ching | Male | ● | ● | ● | ● | ● | ● | ● | ● |
| Huanag Chung-Yuan | Male | ● | ● | ● | ● | ● | ● | ● | ● |

- Composition Description:

| | Item | Proportion % |
|---|-----------------------------|--------------|
| 1 | Directors who are employees | 33.33 |
| 2 | Independent Director | 44.44 |
| 3 | Female directors | 11.11 |

- Industrial Experience/Expertise Distribution:

| Item Name | Gender | Accounting and financial analysis skills | Automated/in telligent industries | International trade | Investment |
|-------------------|--------|---|--------------------------------------|------------------------|------------|
| Chen Cheng-Lung | Male | ● | ● | ● | ● |
| Chen Jan-Sun | Male | ● | ● | ● | ● |
| Chen Lu Su-Yue | Female | ● | | ● | ● |
| Wang Wei-Chung | Male | ● | ● | ● | ● |
| Kao Sheng-Hui | Male | ● | ● | ● | ● |
| Wong Ching-Chang | Male | ● | ● | ● | ● |
| Huang Ming-Yu | Male | ● | ● | ● | ● |
| Wong Chu-Ching | Male | ● | ● | ● | ● |
| Huanag Chung-Yuan | Male | ● | ● | ● | ● |

- Age Distribution of Directors:

| Item Name | Gender | 40~50 | 50~60 | 60~70 | 70~80 |
|-------------------|--------|-------|-------|-------|-------|
| Chen Cheng-Lung | Male | | ● | | |
| Chen Jan-Sun | Male | | | | ● |
| Chen Lu Su-Yue | Female | | | | ● |
| Wang Wei-Chung | Male | ● | | | |
| Kao Sheng-Hui | Male | | | ● | |
| Huang Ming-Yu | Male | | | ● | |
| Wong Ching-Chang | Male | | | ● | |
| Wong Chu-Ching | Male | | | ● | |
| Huanag Chung-Yuan | Male | | ● | | |

- Term-of-office Distribution of Independent Directors:

| Name \ Item | Gender | One term | Two terms |
|-------------------|--------|----------|-----------|
| Huang Ming-Yu | Male | ● | |
| Wong Ching-Chang | Male | | ● |
| Wong Chu-Ching | Male | ● | |
| Huanag Chung-Yuan | Male | ● | |

(4) Disclosure of the composition, responsibilities and operations of the Compensation Committee:

1. Composition:

The appointment of Independent Directors Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, and Huanag Chung-Yuan as the members of the 5th Compensation Committee was approved at the board meeting held on 2022.6.8. The appointment became effective immediately upon approval by the Board of Directors (i.e., on 2022.6.8) and will end on 2025.6.7, the same date on which the term of the directors of the 12th Board of Directors will end. The compensation members elected Member Huang Ming-Yu as the convener.

2. Responsibilities: The Compensation Committee consists of four members appointed by a resolution of the Board of Directors, with an independent director as the convener. The Compensation Committee holds at least two meetings a year. The reason for convening meetings shall be specified at the time of convening such meetings. A notice shall be given to the members seven days before a meeting. However, this is not applicable in case of an emergency.

3. Operations: In 2023, the Compensation Committee convened on January 7 and August 10.

Participating members: The four members were present at both meetings.

| Meeting date | Session | Proposal | Meeting result | Actions taken by the Company in response to the opinions of the Compensation Committee |
|--------------|-----------------------|--|----------------|--|
| 2023.01.17 | 5th term, 3rd meeting | <ul style="list-style-type: none"> • Review of the distribution of year-end bonuses to managerial officers for 2022. • Review of the amendment of the Guidelines for the Salary and Compensation of Employees. | Passed | None |
| 2023.8.10 | 5th term, 4th meeting | <ul style="list-style-type: none"> • Report on change of directors and managerial officers. • Report on the compensation of directors and managerial officers. • Review of the distribution of remuneration to directors and supervisors for 2022. • Review of the distribution of employees' remuneration for 2022. | Passed | None |

(1) Information of members of the Compensation Committee:

| Title | Criteria | Professional qualifications and experience | Independence | Number of publicly listed companies where the committee member is currently also a compensation committee member |
|-------------------------------|-------------------|---|--|--|
| | Name | | | |
| Independent Director Convener | Huang Ming-Yu | Please refer to Information of Directors on page 25 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act applies | Compliant with what is described in the note | 3 |
| Independent Director | Wong Ching-Chang | Please refer to Information of Directors on page 26 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act applies | Compliant with what is described in the note | 0 |
| Independent Director | Wong Chu-Ching | Please refer to Information of Directors on page 26 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act applies | Compliant with what is described in the note | 0 |
| Independent Director | Huanag Chung-Yuan | Please refer to Information of Directors on page 26 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act applies | Compliant with what is described in the note | 0 |

Note: Compliance with independence requirements: The compliance of the Compensation Committee' members with the requirements for independence shall be described, including but not limited to the following: Whether or not the member, their spouse, or relatives within the second degree of consanguinity serve as a director, a supervisor or an employee of the Company or its associates; the number of shares held by the member, their spouse, or relatives within the second degree of consanguinity (as a nominee shareholder) in the Company and the percentage of the shares; whether or not the member is a director, a supervisor or an employee of a company that has a specific relationship with the Company (refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received for the services related to commerce, legal affairs, finance, and accounting provided by the member to the Company or its associates in the most recent two years.

(2) Information of operations of the Compensation Committee:

A. The Compensation Committee of the Company consists of 4 members.

B. Term of the current members: June 8, 2022, to June 7, 2025. In 2023, the Compensation Committee held two meetings (A), and the qualifications of the members and their attendance at these meetings were as follows:

| Title | Name | Actual number of meetings attended (B) | Number of meetings attended by proxy | Actual rate of attendance (%) (B/A) (Note) | Remarks |
|---|-------------------|--|--------------------------------------|--|---------|
| Convener | Huang Ming-Yu | 2 | 0 | 100 | - |
| Committee Member | Wong Ching-Chang | 2 | 0 | 100 | - |
| Committee Member | Wong Chu-Ching | 2 | 0 | 100 | - |
| Committee Member | Huanag Chung-Yuan | 2 | 0 | 100 | - |
| <p>Other information required:</p> <ol style="list-style-type: none"> Where the Board of Directors has declined to adopt or amended the suggestions of the Compensation Committee, the board meeting dates and sessions, proposals, the resolutions of the Board of Directors, and the actions taken by the Company in response to the opinions of the Compensation Committee shall be specified (if the compensation approved by the Board of Directors is higher than that suggested by the Compensation Committee, the difference and its reason shall be specified): There was no such circumstance. Where the members of the Compensation Committee have expressed objections or reservations in records or written statements to any matter subject to a resolution of the Compensation Committee, the Compensation Committee meeting dates and sessions, proposals, the opinions of all members, and the actions taken in response to their opinions shall be specified: There was no such circumstance. | | | | | |

Note:

- Before the end of each fiscal year, if any member of the Compensation Committee resigns, the date of resignation shall be indicated in the Remarks column, and the member's actual attendance rate (%) shall be calculated based on the number of meetings of the Compensation Committee and the number of actual attendances during his/her service.
- Before the end of each fiscal year, if there is a re-election of the Compensation Committee, the new and old members of the Compensation Committee shall be provided, and the Remarks column shall indicate whether the member is old, new or re-elected and the date of the re-election. Their actual attendance rate (%) shall be calculated based on the number of meetings of the Compensation Committee and the number of actual attendances during their service.

- (5) Information of operations of the Sustainable Development Committee:
1. Composition:
 - A. The committee members shall be appointed by resolution of the Board of Directors. The number of members shall not be less than three. Among them, at least one shall be an independent director and at least one or more members shall possess the professional skills required by the Committee. All committee members shall elect a chairperson to act as the convener and meeting chair.
 - B. The Committee has established “Functional Teams” and an “Execution Office” and appointed relevant business managers to ensure the promotion and implementation of sustainable development-related tasks.
 - C. The Board of Directors approved the establishment of the “Organizational Rules for Sustainable Development” and the “1st Sustainable Development Committee” on 2023.11.10. Chairman Chen Cheng-Lung and two independent directors, Wong Ching-Chang and Huanag Chung-Yuan, were appointed as the members of the Committee. The appointment took effect upon the approval of the Board of Directors (i.e. 2023.11.10) and will end on 2025.6.7, the same as the expiration date of the term of office of the 12th term of the Board of Directors.
 2. Duties:
 - A. Establishing sustainable development policies.
 - B. Formulating annual sustainable development plans and strategic directions.
 - C. Tracking, reviewing, and reporting the implementation and effectiveness of sustainable development to the Board of Directors.
 - D. Making decisions on other matters related to sustainable development.
 3. Duties of functional teams:

According to the Company’s needs, functional teams including those for “nomination,” “ethical management,” “risk management,” “information security,” “environmental protection,” and “occupational safety” may be established for the Committee to implement corporate sustainability work.

The “Department of Infrastructure” acts as the “Executive Unit” of the Committee to comprehensively manage the Committee’s operations and integrate the annual plans and execution of each “functional team.” In November 2023, the unit reported on the execution in 2023 and the work plan for 2024 to the Board of Directors.
 4. Operation: The Company’s 2023 ESG implementation and performance and the establishment of plans and strategies for 2024 were reported to the Board of Directors and the Sustainable Development Committee.

| Implementation and performance related to ESG sustainability issues in 2023: | |
|--|---|
| 1 | In March, the Company completed the revision or establishment of the “Regulations Governing the Financial and Business Activities between Related Parties,” “Corporate Governance Best-Practice Principles,” “Sustainable Development Principles,” and “Self-regulations Governing the Disclosure of M&A Information,” and submitted the same to the Audit Committee and the Board of Directors for approval. |
| 2 | In June, education and training on the provisions of ISO 31000 Risk Management and the provisions of ISO 22301 Business Continuity were conducted |
| 3 | In August, the Company established the “Risk Management Policy and Procedure” and submitted the same to the Audit Committee and the Board of Directors for approval. |
| 4 | In September, the Company formulated a business continuity plan and greenhouse gas inventory management procedures. |
| 5 | In October, the Company completed the external verification of greenhouse gas inventory. |
| 6 | In November, the Board of Directors approved the “Organizational Rules of the Sustainable Development Committee” and appointed “Sustainable Development Committee Members” for reporting. |

| In January 2024, the Company planned to introduce sustainability report guidance and verification: | |
|---|--|
| In response to the deadline set by the Financial Supervisory Commission, SOLOMON and Solomon Data International’s sustainability report must be prepared and verified by 2025, which is planned to be carried out in two phases. (Since the sustainability report covers a wide and diverse range of topics, it is necessary for all units to pay more attention to ESG topics. Currently, Kind Management Consulting, Co. has been selected to provide guidance + verification.) | |
| Phase 1: | Establish a sustainability report |
| | Introduction in January 2024, completion (of the 2023 report content) in August, and upload to the MOPS in September. |
| Phase 2: | Optimize the sustainability report |
| | Introduction starting in Q4 2024, report completion (2024 report content) in April 2025, verification in May 2025 (by Great Certification in accordance with AA1000), and upload to the MOPS in June 2025. |

5. Information of members of the Sustainable Development Committee:

| Member name | Whether the member is an independent director | Expertise |
|-------------------|---|--|
| Chen Cheng-Lung | No | Please refer to relevant information in Information of Directors on page 28-31 |
| Wong Ching-Chang | Yes | Please refer to relevant information in Information of Directors on page 28-31 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act apply |
| Huanag Chung-Yuan | Yes | Please refer to relevant information in Information of Directors on page 28-31 More than 20 years of work experience None of the circumstances under Article 30 of the Company Act apply |

- (6) Information on the operations of the Audit Committee: The Audit Committee was established by a resolution of the annual general meeting in 2022.
For relevant information, please refer to page 45~46

(5) Promotion of sustainable development, differences with the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences:

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| 1. Does the company establish a governance framework to promote sustainable development? Does the company establish a specialized (or designate an existing) department to promote sustainable development, which the senior management is authorized by the board of directors to manage under the supervision of the board of directors? | V | | <p>The Company will implement a governance framework for ESG and sustainable development through the guidance of a consulting firm in the second half of 2023. An [ESG Promotion Committee] will be established and its subordinate members responsible for affairs related to <corporate governance>, <environment>, <society>, and <economy> will be divided into groups to promote sustainable development.</p> <p>The process and stages involved in introducing ESG and sustainable development are described below: Interviews/ESG scope assessment → Kick-off meeting/education and training → Identification of material matters → Identification of material considerations → Selection of performance indicators → Assignment of tasks → Collection and compilation of documents and data → Preparation of the first draft of the ESG report → Internal checks and draft revision → External verification and draft revision → Official publication/continuous updating.</p> <p>The Company has established the “Sustainable Development Principles.” The Board of Directors approved the establishment of the “Organizational Rules for Sustainable Development” and the “1st Sustainable Development Committee” on 2023.11.10. Chairman Chen Cheng-Lung and two independent directors, Wong Ching-Chang and Huanag Chung-Yuan, were appointed as the members of the Committee. The appointment took effect upon the approval of the Board of Directors (i.e. 2023.11.10) and will end on 2025.6.7, the same as the expiration date of the term of office of the 12th term of the Board of Directors. According to the Company’s needs, functional teams including those for “nomination,” “ethical management,” “risk management,” “information security,” “environmental protection,” and “occupational safety” may be established for the Committee to implement corporate sustainability work. The “Department of Infrastructure” acts as the “Executive Unit” of the Committee to comprehensively manage the Committee’s operations and integrate the annual plans and execution of each “functional team.” In November 2023, the unit reported on the execution in 2023 and the work plan for 2024 to the Board of Directors.</p> | No major difference |
| 2. Does the company conduct any risk assessment regarding | V | | The Company’s departments formulate annual plans and relevant risk | No major |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| environmental, social and corporate governance issues related to the company's operations according to the materiality principle? Does the company establish any relevant risk management policy or strategy? (Note 2) | | | management policies and strategies through analysis of internal and external environments between September and December every year to mitigate operational risks in the following year. The risks the Company's overall operations face are classified into environmental risks, social risks, economic risks, and corporate governance risks based on the departments' risk assessment results. A plan is drawn up for the management of the risks after integrating the Company's resources. The Board of Directors has established the "Sustainable Development Principles" and amended them in accordance with the regulations of the competent authority. The Company's business decisions are made in accordance with the aforesaid principles and risk management strategies with environmental, social, and corporate governance risks taken into account. | difference |
| 3. Environmental issues | | | | |
| (1) Does the company create an appropriate environmental management system based on the industrial characteristics of the company? | V | | Electricity: Energy-efficient lighting, replacement of water chiller units with new inverter water chiller units (variable frequency to save energy) Water: Installation of touchless water faucets and water saving toilets. Paper: Reducing paper use and encouraging the replacement of paper documents with electronic ones in administrative processes and the use of printed and recycled paper. Waste: Garbage sorting and waste recycling by commissioned professional waste disposal companies to reduce environmental impacts The companies in the industry that the Company is in are mainly engaged in products and services. Our business activities' impact on the environment mostly comes from the water and electricity consumed and the waste generated in our office and business premises. Hence, we have created suitable environmental management systems in this regard (such as water resource saving, energy-efficient air conditioning and lighting, waste management procedures, etc.). ISO 14001 is not applicable since the Company is not a manufacturer. | No major difference |
| (2) Is the company committed to achieving more efficient use of energy and using renewable materials with low environmental impacts? | V | | 1. Renewal of one water chiller unit, with an annual energy-saving amount of 62,400 kWh/kLOE, an estimated savings of NT\$187,000, and an invested amount of NT\$665,000. 2. Renewal of one air compressor, with an annual energy-saving amount of 31,500 kWh/kLOE, an estimated savings of NT\$94,500, and an invested amount of NT\$580,000. | No major difference |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>The Company has been dedicated to achieving more efficient use of resources to reduce environmental impacts:</p> <ol style="list-style-type: none"> 1. We continue to reduce the use of paper and encourage the replacement of paper documents with electronic ones for administrative processes. Relevant measures include using printed and recycled paper and actively strengthening internal review and procurement systems, as well as other fully computerized systems. 2. The Company carries out garbage sorting, recycles usable resources, and commissions a professional waste disposal company to recycle waste to reduce environmental impacts. | |
| (3) Does the company assess the present and future potential risks and opportunities arising from climate change for the company? Does the company take any measures in response to climate-related issues? | V | | <p>Man-made climate change results from changes in the greenhouse gas content in the atmosphere. Changes in particulate matters in the air (also called aerosols) and land use also contribute to climate change. Man-made greenhouse gas emissions have increased since the industrial age (around 1750). The concentrations of carbon dioxide, methane, and nitrous oxide in the atmosphere have reached their highest levels in 800,000 years. These man-made greenhouse gas emissions and other human activities have influenced the whole climate system and it is thus believed that they are very likely the main cause of climate change since the 20th century.</p> <ol style="list-style-type: none"> 1. A green supply chain is promoted to support energy saving and carbon reduction measures. 2. The office personnel are further encouraged to save energy and reduce carbon emissions from food, clothing, housing, and transportation by, for example, eating less meat and more greens, choosing reusable products, learning about green buildings, and using electric vehicles and public transportation more. | No major difference |
| (4) Does the company make statistics of the greenhouse gas emissions, water usage and total weight of waste over the previous two years? Does the company establish policies for energy saving and carbon reduction, greenhouse gas reduction, reduction of water usage or management of other waste? | V | | <p>The Company's strategies for energy saving and carbon reduction and greenhouse gas reduction are as follows:</p> <ol style="list-style-type: none"> 1. Water resource saving: The Company has fully switched to the use of water-saving facilities to reduce water resources wasted and used, such as touchless water faucets, urinal flush valves, and water-saving toilets. We have also enhanced the water leakage management system, and check pipes and toilets from time to time to reduce water leakage and losses. 2. Energy-efficient air conditioning: We reinforce the control of the use of air | No major difference |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences | | | | |
|---|---|----|---|--|---------------|---|---|--|
| | Yes | No | Summary | | | | | |
| | | | <p>conditioning (e.g. by having Taipower install water chiller unit temperature adjusters to keep the air conditioning at 26°C), and has installed air conditioning timers, which can help reduce about 2% of electricity consumption (carbon emissions) every year.</p> <p>3. Energy-efficient lighting: The use of lighting equipment is further controlled (e.g. by turning lights off during lunch breaks, before getting off work, and when not in use), which can help reduce electricity consumption (carbon emissions) by 1%.</p> <p>4. Garbage sorting and recycling: Since we are not a manufacturer, we do not generate hazardous waste. For general domestic waste, waste sorting and recycling bins are set up for waste reduction and resource recycling to protect the environment.</p> <p>The above strategies and practices will be propagated to all employees throughout the year and thoroughly implemented.</p> <p>Water consumption: 2022/10,458 m³; 2023/8,767 m³</p> <p>Total waste weight: 2022/52,211 kg; 2023/53,411 kg</p> <p>Policy issues will be communicated to the employees by means of announcement to encourage them to protect the earth together.</p> | | | | | |
| 4.Social issues | | | | | | | | |
| (1) Does the company establish relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions? | V | | <p>The Company formulated the “SOLOMON Human Rights Policy” in accordance with internationally recognized human rights standards such as the “United Nations Guiding Principles on Business and Human Rights” and “International Labour Organization” to respect the protections stipulated by human rights covenants, and has disclosed the policy on the Company’s website. We regularly examines our own operations, value chain, investment activities, and other related activities by paying attention to major social issues and data monitoring every year to identify and assess groups at risk and potential human rights risks, and continues to monitor and improve plan implementation results.</p> <p>The Company’s human rights management policies and specific plans are summarized as follows:</p> <table><tr><th>Human rights management policy</th><th>Specific plan</th></tr><tr><td>Providing a safe and healthy work environment</td><td>See 1. The Company’s employee welfare measures, retirement system and their</td></tr></table> | Human rights management policy | Specific plan | Providing a safe and healthy work environment | See 1. The Company’s employee welfare measures, retirement system and their | |
| Human rights management policy | Specific plan | | | | | | | |
| Providing a safe and healthy work environment | See 1. The Company’s employee welfare measures, retirement system and their | | | | | | | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences | |
|--|----------------|----|--|--|---|
| | Yes | No | Summary | | |
| | | | implementation 2. Measures to protect employees’ work environment and personal safety 3. Employee compensation 4. Establishment and implementation of reasonable employee welfare measures (including compensation, leave, and other benefits) 5. Performance evaluation and compensation policy | | |
| | | | Assisting employees in maintaining physical and mental health and work–life balance | | Turning lights off at noon for 40 minutes to provide employees with sufficient lunch time. The Company’s Employee Welfare Committee provides subsidies for hospitalization, maternity and company trips, etc. |
| | | | Prohibiting forced labor and abiding by the labor laws and regulations of the local government | | A leave system is implemented to encourage employees to value work–life balance |
| | | | Including human rights clauses in contracts entered into with suppliers and implementing on-site audits | | The Company reaches out to new suppliers and provides them with a “Basic Supplier Information Form,” a “Supplier Survey Form,” a “Letter of Commitment to Integrity,” a “Declaration for Non-use of Conflict Minerals,” an “Occupational Safety and Health Survey Form,” and “Supplier/Contractor Social Responsibility Guidelines” |
| | | | In addition, in 2023, we provided human rights protection-related training for employees, with a total of 116,907 hours, and a total of 48,763 employees completed the training, accounting for 95% of the total number of employees. In the future, we will continue to pay attention to human rights protection issues and promote relevant education and training to raise human rights protection awareness and reduce the possibility of related risks. | | |
| (2) Does the company establish and implement reasonable employee welfare measures (including compensation, leave and other | V | | The [Employee Welfare Committee Management Guidelines] have been established in accordance with Article 6 of the Organization Rules of the | No major difference | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| benefits)? Is the operating performance or result appropriately reflected in the compensation for employees? | | | <p>Employee Welfare Committee to offer welfare subsidies to employees, ranging from marriage allowance, funeral allowance, maternity allowance, solatium for injury/illness hospitalization, cash gifts for festivals to emergency aid for the employees.</p> <p>The [Attendance Management Guidelines] specify that the guidelines apply to all matters related to the employees' attendance and leave. New or existing types of leave are introduced or changed as required by law to ensure the rights and interests of the employees.</p> <p>[Salary Management Guidelines]</p> <p>The guidelines are established in order to provide reference for the salary payment standard and calculation method for the Company's employees and ensure fairness and reasonableness. The General Salary Payment Procedures and Promotion and Salary Adjustment Procedures are also explicitly specified.</p> <p>[Performance Evaluation Management Guidelines]</p> <p>The Company uses the current period as the base period. The performance of the employees is evaluated based on their job performance during the review period and their daily attendance and leave records. The compensation policy is also regularly reviewed by the Compensation Committee to pursue internal equity and external competitiveness.</p> <p>The Compensation Committee has been established to review the compensation policy on a periodic basis to achieve internal equity and external competitiveness. The Company's performance evaluation system includes evaluating the employees' core competence and performance regarding corporate social responsibility and uses the evaluation result as a basis for year-end bonuses, salary adjustment, and promotion.</p> <p>We have a leave system in place in compliance with the government's regulations.</p> <p>The Employee Welfare Committee has been set up to promote physical and arts activities and take care of the families of employees.</p> <p>[Performance Evaluation Management and Compensation Policies] (Refer to P42~43)</p> <p>Employee compensation includes bonuses for the Company's operating performance that are assessed, calculated and distributed at the end of a fiscal year. The bonuses are calculated based on the Company's operating performance</p> | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | in the fiscal year. | |
| (3) Does the company provide employees with a safe and healthy work environment and give safety and health education to employees regularly? | V | | <p>We have formulated protective measures for the personal safety and work environment of our employees.</p> <ol style="list-style-type: none"> 1. [Plan for Prevention of Ergonomic Hazards] To protect the employees from being exposed to an unsatisfactorily designed work environment, repetitive tasks, poor working postures or improper time management at work for a long period of time, relevant preventive measures shall be adopted in accordance with Article 6, Paragraph 2, Subparagraph 1 of the Occupational Safety and Health Act and Article 324-1 of the Regulations for the Occupational Safety and Health Equipment and Measures to prevent ergonomic hazards resulting from work, including musculoskeletal injury or illness. In 2022, 193 employees conducted a "Survey on Musculoskeletal Disorders". The results showed that there were 13 employees with suspected musculoskeletal disorders, and guidance has been provided for them for improvement. 2. [Plan for Prevention of Diseases Induced by Overwork] In an effort to prevent overwork from causing diseases to the Company's employees, health management measures are provided for our employees who work in shifts, at night or long periods of time to protect them from developing cerebrovascular and cardiovascular diseases due to overwork and thereby ensure their physical and mental health. These measures are implemented in accordance with Article 6, Paragraph 2, Subparagraph 2 of the Occupational Safety and Health Act and Article 324-2 of the Regulations for the Occupational Safety and Health Equipment and Measures. In 2022, a total of 16 employees received face-to-face physician counseling and health education. Follow-up interviews about their health conditions have been conducted with them afterwards. 3. [Plan for Prevention of Unlawful Infringement When Performing Duties] In order to protect our employees from being treated improperly by their employers, managers or colleagues by means of taking advantage of their positions or status and from being subject to verbal abuse, physical aggression, intimidation, threats, and other bullying or violent behavior that results in psychological or physical harm or even endanger their lives from the people they serve or other third parties, the prevention plan has | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---------------|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>been developed in accordance with Article 6, Paragraph 2, Subparagraph 3 of the Occupational Safety and Health Act, Article 11 of the Enforcement Rules of the Occupational Safety and Health Act, and Article 324-3 of the Regulations for the Occupational Safety and Health Equipment and Measures. By doing so, we hope to prevent internal and external unlawful infringement brought about by the performing of duties, ensure a safe workplace, and protect the physical and mental health of our employees. The statistics for 2022 showed that there were no incidents related to physical, mental, verbal and sexual harassment.</p> <p>4. [Maternal Health Protection and Management Plan] Pursuant to the regulations on maternal health protection in Articles 30 and 31 of the Occupational Safety and Health Act, it is advisable for business entities to properly draw up and adopt necessary safety and health measures and develop maternal health protection plans for matters related to maternal health protection so as to ensure the physical and mental health of female employees in pregnancy, after childbirth, and during lactation and thereby protect maternal health. In 2022, 1 employee had a face-to-face assessment with a doctor after childbirth and it was confirmed that her job would not cause harm to her maternal health.</p> <p>5. [Health Management Guidelines] To ensure the health of the Company's employees, prevent work-related disorders, and conduct early diagnosis and treatment in case of disorders, the guidelines have been established and company health check-ups have been organized at the end of every year. The health check-up rate equal to the total number of people receiving health check-ups in 2023 (260)/total number of the Company's employees (380) reached 68%.</p> <p>6. Describe the number of fires in the year, the number of casualties, the number as a percentage of all employees, and relevant improvement measures in response to fires: None.</p> <p>An ISO 45001 occupational safety and health management system has been introduced for three years since 2021. The system has been certified by the SGC to optimize its operation.</p> <p>There was 1 occupational accident involving employees in the Company in 2023. The Company had a total of 306 employees and the occupational accident rate</p> | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>was 0.03%.</p> <p>The Occupational Safety and Health Committee holds regular meetings on a quarterly basis to review and improve the prevention measures for occupational accidents to avoid their occurrence. We also draw our employees' attention to occupational accidents through education and training.</p> <p>We offer our employees a comfortable, safe and healthy work environment, such as an employee rest area, reading room, etc. The Company takes out group insurance and organizes health check-ups and safety and health training for all employees every year. Moreover, all the Company's offices carry out industrial safety and fire safety inspections as well as drills every six months, perform environmental cleaning and disinfection on a monthly basis, and clean water towers and water dispensers every three months. A variety of activities is organized by the Welfare Committee to help the employees stay physically and mentally balanced.</p> <p>Specific access management measures: Building security guards are dispatched to monitor the security of the building 24 hours.</p> <p>Pandemic prevention measures: The Company has alcohol-based hand sanitizer available.</p> | |
| (4) Does the company establish an effective plan for development and training of the career abilities of employees? | V | | <p>[Education and Training Management Procedures] In order to foster high-performance talent and management associates that meet the organization's needs for growth, we have set standards for the design, implementation, analysis, tracking, and improvement of education and training courses in the hope of achieving standardization and clarity. These courses include education and training courses for new employees, professional on-the-job training, external training, training on core competencies, etc. With the aim of developing the Company's core competencies, education and training is provided to allow all departments to better pass on their expertise (technology) and train talent.</p> <p>[Rotation Management Guidelines] Intra-departmental and interdepartmental job rotation for employees can not only help the organization become more flexible, preventing organizational rigidity, but also increase the flexibility of manpower utilization. The Company has gradually noticed the importance of employee career management and cultivated a pool of high-performance talent with multiple skills.</p> <p>[Replacement Plan Management Procedures] The purpose of the procedures is to</p> | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>cultivate suitable replacements at all levels in a systematic manner and create a talent pool to help continue all business strategies or plans without interruption and reduce the risk of key staff turnover.</p> <p>We make sure all employees possess the required core competencies and ensure the management has the needed management competencies. We have also clearly defined the behaviors that need to be displayed for each competency and provide competency-based education and training.</p> | |
| (5) Regarding customer health and safety, customer privacy, marketing and labeling in relation to products and services, does the company comply with applicable laws and international standards? Does the company establish policies and complaint procedures for the protection of consumer or customer rights? | V | | <p>[Communication Management Procedures] The procedures aim to implement the management systems, keep the consistency between the information communicated internally and the information on the quality management system, and provide information and responses on the quality management system to execute reliable and effective internal/external communication and stakeholder communication.</p> <p>[Customer Service Management Procedures] We offer timely and effective services to customers and make them satisfied with the products provided by the Company to build a good company and product image.</p> <p>[Information Management Procedures]</p> <ol style="list-style-type: none"> 1. Cybersecurity policy: Relevant systems are regularly reviewed to see if they keep up with changes in the business environment and make timely adjustments if necessary. Regular internal audits are conducted to strengthen the Company's information security management. 2. Confidentiality measures for customers' data: <ol style="list-style-type: none"> a. Data collection method~ We and our subsidiaries collect customers' data in marketing activities and transactions with their consent in accordance with the applicable laws and regulations, also including publicly disclosed information and the legal data disclosed by government agencies. b. Data storage and retention methods~ All customers' data are retained safely in the Company's database. In addition, with respect to access to controlled data, according to the internal management regulations of the Company and our subsidiaries, personnel who are not duly authorized shall not have access to or change customers' data. c. Data security and protection methods~ | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>We and our subsidiaries use security mechanisms to encrypt data during transmission and have installed firewalls to avoid illegal intrusions and prevent customers' data from being accessed illegally. Meanwhile, the customers' passwords are stored in a randomized manner to protect them from being obtained illegally.</p> <p>The Company complies with the RoHS requirements and does not use products made from "conflict minerals."</p> | |
| (6) Does the company establish any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety and health or labor rights. What is the status of its implementation? | Y | | <p>[Supplier Management Procedures] related to the ISO 45001 Occupational Health and Safety Management System</p> <p>Purpose:</p> <ol style="list-style-type: none"> 1. The procedures are used to establish maintenance procedures to ensure compliance with the occupational health and safety requirements in national laws and regulations before purchasing goods and receiving services and to meet all applicable occupational health and safety requirements before use. 2. New suppliers: Purchasing personnel may create a supplier record for suppliers only after confirming their compliance with relevant criteria. The personnel reach out to new suppliers and provide them with a "Basic Supplier Information Form," a "Supplier Survey Form," a "Letter of Commitment to Integrity," a "Declaration for Non-use of Conflict Minerals," an "Occupational Safety and Health Survey Form," and "Supplier/Contractor Social Responsibility Guidelines." Each year, the "Social Responsibility Survey" and "Business Continuity Survey" will be conducted during the supplier evaluation. 3. Supplier evaluation: a. Quality evaluation, b. Construction period evaluation and public safety evaluation, c. Turnover evaluation, d. Service evaluation, e. Others 4. Evaluation results: The purchasing personnel classify/manage suppliers according to the evaluation results. <p>The Company does not make transactions with suppliers with a record of major industrial safety accidents or air pollution violations</p> <ol style="list-style-type: none"> 1. Supplier selection: <ul style="list-style-type: none"> Purchasing units and units with needs shall select suppliers based on their compliance with occupational safety and health regulations as well as required occupational safety and health specifications. Purchasing | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>personnel gather information on suppliers capable of supplying the Company's raw materials, machinery, equipment, and services for preliminary approval by relevant units after assessment. A "Basic Supplier Information Form" is filled out and filed for application. The application is then reviewed in accordance with the procurement regulations. All qualified suppliers are required to sign a "Solomon Group Letter of Commitment to Integrity" and a "Declaration for Non-use of Conflict Minerals," or provide relevant supporting documents.</p> <p>2. Supplier management:</p> <p>A. Periodic evaluation: Supplier evaluation: Suppliers with three or more deliveries made are evaluated semi-annually. Contractor evaluation: Contractors with one or more deliveries made are evaluated semi-annually. For key suppliers, an on-site audit is conducted once every three years.</p> <p>B. Supplier evaluation items: Quality evaluation: Count the deliveries and quality nonconformities during the period to calculate the quality pass rate. Delivery evaluation: Count the deliveries and delayed deliveries during the period to calculate the on-time delivery rate. Transaction rate evaluation: Count the quotations as well as placed and unplaced orders during the period to calculate the transaction rate. Service evaluation: Calculate the service evaluation score based on technical support, warranty and maintenance, education and training, service attitude, and response speed.</p> <p>C. Contractor evaluation items: Quality evaluation: Calculate the quality score based on construction quality and the quality of materials used. Construction period evaluation: Calculate the score based on the ability to control the progress and efficiency. Construction safety evaluation: Calculate the score based on industrial safety and health management capabilities. Service evaluation: Calculate the score based on the acceptance and overall cooperation.</p> | |

| Item promoted | Implementation | | | Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>III. Evaluation results:</p> <p>Purchasing personnel add up the scores of all evaluation items and assign the supplier to the corresponding level according to its total evaluation score.</p> <p>Level A suppliers: The total evaluation score falls between 90 and 100.</p> <p>Level B suppliers: The total evaluation score falls between 80 and 89.</p> <p>Level C suppliers: The total evaluation score falls between 70 and 79.</p> <p>Level D suppliers: The total evaluation score is less than 70. The personnel shall also fill out a “Supplier Discipline Assessment Form” and request the supplier for clarification and improvement.</p> <p>Level E suppliers: The total evaluation score is less than 70 and inquiry is suspended.</p> <p>Level F suppliers: The total evaluation score is less than 70, with permanent suspension.</p> <p>IV. Implementation:</p> <p>The Group conducted supplier education and training for 209 people, totaling 607 hours, in the current year.</p> | |
| 5.Does the company prepare a sustainable development report and other reports that disclose non-financial information of the company based on internationally accepted report preparation standards or guidelines? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency? | V | | <p>We will introduce an ESG sustainability report in 2024 in accordance with the [Sustainable Development Principles] to manage economic, environmental, and social risks and promote progress, thereby achieving the goal of sustainable development.</p> <p>The Company has not yet prepared a sustainability report and will prepare one by the deadline specified by the competent authority.</p> | No major difference |
| 6.Where the company has established its own principles of sustainable development in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” the differences between the operations of the company and such principles must be described: No major difference. | | | | |
| 7.Other important information useful for understanding the status of promotion of sustainable development: None. | | | | |

Note 1: If “Yes” is selected in the Implementation column, please specify the important policies, strategies, and measures adopted and their implementation; if “No” is selected, please explain the differences and the reasons therefor in the “Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such differences” column and specify the relevant policies, strategies, and measures to be adopted in the future.

Note 2: The principle of materiality refers to identifying environmental, social and corporate governance issues that have a significant impact on the Company’s investors and other stakeholders.

Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the disclosure method.

(V)–1 The Company’s climate-related information:

1. Climate-related implementation:

| Item | Implementation |
|--|--|
| 1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management. | In August 2023, the Board of Directors approved the Risk Management Policy and Procedure. The risk management team will operate in accordance with the procedure and will start the investigation, analysis, evaluation and handling of the 2024 risk management assessment in the fourth quarter. The risk management team will communicate and coordinate with its upper unit to formulate risk management action plans for continuous monitoring and improvement. The plans are included in the audit plan for regular review |
| 2. Describe how the identified climate risks and opportunities affect the Company’s business, strategy and finance (short-, medium-, and long-term). | |
| 3. Describe the financial impact of extreme climate events and transition actions. | |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. | |
| 6. If there is a transition plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. | |
| 8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planned schedule, and the progress of each year shall be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, the source and number of the carbon offsets or the number of the RECs shall be described. | |
| 9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately). | |

1-1. The Company’s greenhouse gas inventory and assurance in the most recent two years:

1-1-1. Greenhouse gas inventory information:

Describe the greenhouse gas emissions (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage for the most recent two years.
2022

Solomon Group’s Category 1 emissions: 196.9632 (metric tons CO₂e/year)

Category 2 emissions: 4515.4965 (metric tons CO₂e/year)

Category 3 emissions: 899.7327 (metric tons CO₂e/year)

Category 4 emissions: 187.6243 (metric tons CO₂e/year)

Category 1–4 emissions: 5799.8167 (metric tons CO₂e/year)

Intensity: 1.1047 (metric tons CO₂e/NT\$ million) 5799.8167/5249.928

- Note 1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect energy emissions (Scope 2, i.e. indirect greenhouse gas emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e. emissions generated from corporate activities that are not indirect energy emissions but come from emissions sources owned or controlled by other companies).
- Note 2: The data coverage of direct emissions and indirect energy emissions shall be in accordance with Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies. Information on other indirect emissions may be disclosed voluntarily.
- Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or the ISO 14064-1 issued by the International Organization for Standardization (ISO).
- Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover. However, if the intensity is calculated based on turnover (NT\$ million), at least the data used for the calculation shall be presented.

1-1-2 Greenhouse gas assurance information:

| |
|--|
| Describe the status of assurance in the most recent two years and up to the publication date of the annual report, including the scope of assurance, assurance institution, assurance standard, and assurance opinion. |
| <p>Assured information on the 2022 greenhouse gas inventory:</p> <p>Scope of assurance: Solomon Group includes Solomon Headquarters, Hsinchu Liaison Office, Taichung Liaison Office, Kaohsiung Liaison Office, Headquarters (factory), Nangang Building (warehouse), Shenzhen Office, U.S. Office, Vietnam Office, Singapore Office, Sanmen Headquarters, Moredel Investment Headquarters, Solomon Energy Headquarters, Solomon Data International Headquarters, Solomon Data International Nangang Building, Cornucopia Innovation Headquarters, Cornucopia Innovation Nangang Building, Solomon Goldentek Display Headquarters, Solomon Goldentek Display Kaohsiung (factory), Dong Guan Goldentek (factory), Yumon (Shanghai), Beijing Office, Suzhou Office, and Xiamen Office.</p> <p>Assurance institution: SGS</p> <p>Assurance standard: ISO 14064-1:2018</p> <p>Assurance opinion: For the level of assurance for the verification statement, Category 1 and Category 2 attained a level of reasonable assurance, and Category 3 and Category 4 attained a level of limited assurance.</p> |

- Note 1: Assurance shall be carried out in accordance with the schedule specified in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies. If the Company has not obtained a full greenhouse gas assurance opinion by the publication date of the annual report, "Complete assurance information will be disclosed in the sustainability report" shall be indicated. If the Company does not prepare a sustainability report, "Complete assurance information will be disclosed in the Market Observation Post System" shall be indicated, and the complete assurance information shall be disclosed in the annual report for the following year.
- Note 2: The assurance institution shall comply with the requirements of Taiwan Stock Exchange Corporation and the Taipei Exchange on sustainability report assurance institutions.
- Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the content of the disclosure.

1-2. Greenhouse gas reduction targets, strategies, and concrete action plans:

| |
|---|
| Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, and concrete action plans, and the achievement of the reduction targets. |
|---|

| |
|---|
| 2023 was the first year of Solomon Group's introduction of greenhouse gas inventory (the base year is 2022), and the third-party verification was conducted at the end of 2023. |
|---|

Note 1: The schedule specified in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies shall be followed.

Note 2: The base year is the year that the inventory is completed based on the boundary of the consolidated financial statements. For example, according to Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, companies with capital of more than NT\$10 billion shall complete the inventory of their 2024 consolidated financial statements in 2025, and the base year is 2024. If the companies have completed the inventory of the consolidated financial statements ahead of schedule, the earlier year may be used as the base year, and the data of the base year may be calculated based on the average of a single year or several years.

Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the content of the disclosure.

| | |
|--|---|
| The Company's basic information <input type="checkbox"/> Companies with capital of more than NT\$10 billion, companies in the steel industry or cement industry <input type="checkbox"/> Companies with capital over NT\$5 billion and less than NT\$10 billion <input checked="" type="checkbox"/> Companies with capital of less than NT\$5 billion | According to the Sustainable Development Roadmap of Public Companies, at least the following shall be disclosed <input type="checkbox"/> Parent-only inventory <input type="checkbox"/> Parent-only assurance <input type="checkbox"/> Inventory for subsidiaries in the consolidated financial statements <input type="checkbox"/> Assurance for subsidiaries in the consolidated financial statements |
|--|---|

| Scope 1 (Note 1) | Total emissions (metric tons CO2e) | Intensity (metric tons CO2e/NT\$ million) (Note 2) | Total annual turnover | Assurance institution | Assurance description |
|---------------------------------------|------------------------------------|---|-----------------------|-----------------------|-----------------------|
| SOLOMON | 76.0219 | 0.0244 | 3,119,003,977 | SGS | (Note 3) |
| Solomon Energy | NA | NA | 33,398,458 | | |
| Cornucopia Innovation | 3.9458 | 0.0776 | 50,819,562 | | |
| Solomon Goldentek Display (Kaohsiung) | 21.9639 | 0.0166 | 1,323,988,330 | | |
| Solomon Goldentek Display (Dong Guan) | 79.7149 | 0.0602 | | | |
| Yumon | 13.3183 | 0.0259 | 514,410,884 | | |
| Solomon Data International | 1.9984 | 0.0096 | 208,306,400 | | |
| Solomon Group (Total) | 196.9632 | 0.0375 | 5,249,927,611 | | |
| Scope 2 (Note 1) | Total emissions (metric tons CO2e) | Intensity (metric tons CO2e/NT\$ million) (Note 2) | Turnover | Assurance institution | Assurance description |
| SOLOMON | 500.7296 | 0.1605 | 3,119,003,977 | SGS | (Note 3) |
| Solomon Energy | NA | NA | 33,398,458 | | |
| Cornucopia Innovation | 50.1356 | 0.9865 | 50,819,562 | | |
| Solomon Goldentek Display (Kaohsiung) | 305.6249 | 0.2308 | 1,323,988,330 | | |
| Solomon Goldentek Display (Dong Guan) | 3589.377 | 2.7110 | | | |
| Yumon | 13.1307 | 0.0255 | 514,410,884 | | |
| Solomon Data International | 56.4987 | 0.2712 | 208,306,400 | | |
| Solomon Group (Total) | 4515.4965 | 0.8601 | 5,249,927,611 | | |
| Scope 3 (Note 1) | Total emissions (metric tons CO2e) | Intensity (metric tons CO2e/NT\$ million) (Note 2) | Turnover | Assurance institution | Assurance description |
| SOLOMON | 541.4199 | 0.1736 | 3,119,003,977 | SGS | (Note 3) |
| Solomon Energy | 11.6317 | NA | 33,398,458 | | |
| Cornucopia Innovation | 44.9148 | 0.8838 | 50,819,562 | | |
| Solomon Goldentek | 200.4549 | 0.1514 | 1,323,988,330 | | |

| | | | | | |
|---------------------------------------|------------------------------------|--|---------------|-----------------------|-----------------------|
| Display (Kaohsiung) | | | | | |
| Solomon Goldentek Display (Dong Guan) | 3.1167 | 0.0024 | | | |
| Yumon | 171.59 | 0.3336 | 514,410,884 | | |
| Solomon Data International | 114.229 | 0.5484 | 208,306,400 | | |
| Solomon Group (Total) | 1087.357 | 0.2071 | 5,249,927,611 | | |
| Scope 1–Scope 3 (Note 1) | Total emissions (metric tons CO2e) | Intensity (metric tons CO2e/NT\$ million) (Note 2) | Turnover | Assurance institution | Assurance description |
| SOLOMON | 1118.1714 | 0.3585 | 3,119,003,977 | SGS | (Note 3) |
| Solomon Energy | NA | NA | 33,398,458 | | |
| Cornucopia Innovation | 98.9962 | 1.9480 | 50,819,562 | | |
| Solomon Goldentek Display (Kaohsiung) | 528.0437 | 0.3988 | 1,323,988,330 | | |
| Solomon Goldentek Display (Dong Guan) | 3672.2086 | 2.7736 | | | |
| Yumon | 198.039 | 0.3850 | 514,410,884 | | |
| Solomon Data International | 172.7261 | 0.8292 | 208,306,400 | | |
| Solomon Group (Total) | 5799.8167 | 1.10474 | 5,249,927,611 | | |

Note 1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect energy emissions (Scope 2, i.e. indirect greenhouse gas emissions from imported electricity, heat or steam), and other

indirect emissions (Scope 3, i.e. emissions generated from corporate activities that are not indirect energy emissions but come from emissions sources owned or controlled by other companies).

Note 2: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover. However, if the intensity is calculated based on turnover (NT\$ million), at least the data used for the calculation shall be presented.

Note 3: Assured information on the 2022 greenhouse gas inventory:

Scope of assurance: Solomon Group includes Solomon Headquarters, Hsinchu Liaison Office, Taichung Liaison Office, Kaohsiung Liaison Office, Headquarters (factory), Nangang Building (warehouse), Shenzhen Office, U.S. Office, Vietnam Office, Singapore Office, Sanmen Headquarters, Moredel Investment Headquarters, Solomon Energy Headquarters, Solomon Data International Headquarters, Solomon Data International Nangang Building, Cornucopia Innovation Headquarters, Cornucopia Innovation Nangang Building, Solomon Goldentek Display Headquarters, Solomon Goldentek Display Kaohsiung (factory), Dong Guan Goldentek (factory), Yumon (Shanghai), Beijing Office, Suzhou Office, and Xiamen Office.

Assurance standard: ISO 14064-1:2018

Assurance opinion: For the level of assurance for the verification statement, Scope 1 and Scope 2 attained a level of reasonable assurance, and Scope 3 attained a level of limited assurance.

(6) Status of ethical management, differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences:

| Item assessed | Implementation | | Summary | Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|--|---|
| | Yes | No | | |
| 1. Establishment of ethical management policies and plans | | | | |
| (1) Does the company establish any ethical management policy adopted by the board of directors? Do the regulations and external documents of the company specify the policy and practices of ethical management and the commitments of the board of directors and the senior management to actively implementing the ethical management policy? | V | | The Company operates based on the philosophy of “Uprightness, Integrity, Diligence, Thrift.” The “Ethical Management Principles” have also been established. We always include an integrity clause in the contracts with suppliers and customers. The Board of Directors and the top management actively live up to the commitments in the business strategies. | No major difference. |
| (2) Does the company establish any mechanism for assessment of the risks of unethical behavior to perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of the company? Does the company establish, on the basis of the foregoing, any plan for prevention of unethical behavior, including at least measures for prevention of the behavior under Article 7, Paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”? | V | | The Company has established the “Code of Ethical Conduct,” “Corporate Social Responsibility Principles,” “Ethical Management Principles,” and “Corporate Governance Best Practice Principles.” Furthermore, the Company gives the employees a full understanding of our determination to implement ethical management and relevant policies and preventive programs through education, training and propagation. | |
| (3) Does the company specify and implement the operating procedures, behavioral guidelines, penalties for violations and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis? | V | | The Company communicates the prohibition of business activities involving “unethical conduct” and “disclosing confidential information” to the employees at assemblies (meetings). | |
| 2. Implementation of ethical management | | | | |
| (1) Does the company assess the history of integrity of its business counterparties? Do the contracts between the company and business counterparties include any provisions governing ethical behavior? | V | | We have well-developed corporate governance and risk control mechanisms in place. The Auditing Office audits all departments on a regular or irregular basis, implements a monitoring mechanism, and controls risks. | No major difference. |
| (2) Does the company set up any unit subordinate to the board of directors that is responsible for the promotion of corporate ethical management and | V | | The HR Department, Legal Affairs Department, and Infrastructure Team responsible for promoting the Group’s corporate ethical management | |

| Item assessed | Implementation | | Summary | Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|--|---|
| | Yes | No | | |
| gives a report to the board of directors regarding its ethical management policy and unethical behavior prevention plan as well as their supervision and implementation on a regular basis (at least annually)? | | | conduct audits in accordance with the Company's [Ethical Management Principles] to assess compliance with the requirements of the principles when measures and procedures are performed, and the audit results are reported to the Board of Directors annually. 1.Education, training, and compliance dissemination: 823 participants in total, with a total of 3,006 hours 2.Internal audit. | |
| (3) Does the company establish any policy for prevention of conflicts of interest, provide any appropriate channel for representation, and implement such policy? | V | | The Company has established the Employee Ethical Code of Conduct that clearly stipulates that all employees shall act in the best interest of Solomon Group when performing their duties and avoid engaging in any behavior that may constitute a conflict between their interests and those of Solomon Group. | |
| (4) Does the company establish effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the result of assessment of the risks of unethical behavior? Does the company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit? | V | | We have established effective accounting and internal control systems and the Auditing Office has formulated relevant audit plans based on the result of assessment of the risks of unethical behavior. An audit has also been conducted to assess compliance with the unethical behavior prevention plan in accordance with the foregoing plans. | |
| (5) Does the company organize internal and external training sessions on ethical management on a regular basis? | V | | We include integrity and uprightness as core competencies that our employees should possess and provide relevant education, training, and information during orientation training and irregular internal meetings. In 2023, there were a total of 340 participants, with 858 hours in total. | |
| 3. Operations of the whistleblowing system of the company | | | | |
| (1) Does the company establish specific systems for whistleblowing and rewards? Does the company establish any convenient whistleblowing channel and appoint any personnel responsible for dealing with the persons the targets of whistleblowing? | V | | Procedure for handling unlawful infringement in the workplace: 1. The Company has established a Grievance Committee, which consists of employer and employee representatives. The Grievance Committee shall have one chairperson (HR Department) who shall serve as the meeting chair. If the chairperson is unable to preside over a meeting for | |
| (2) Does the company establish standard operating procedures for | V | | | |

| Item assessed | Implementation | | Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|--|----------------|----|---|
| | Yes | No | |
| investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and the relevant confidentiality measures? | | | <p>any reason, the chairperson may designate another member to act on behalf thereof. The Committee shall have 3–7 members and may engage experts and scholars to be its members if necessary, and the number of female members of the Committee shall not be less than 1/2.</p> <p>2. Reporting and handling: Employees are encouraged to voluntarily report all incidents of attack or intimidation and assist in follow-up. The grievance or reporting process must be objective, fair, and impartial. The rights and privacy of the victim, grievant or whistleblower must be kept in full confidentiality to ensure that they will not be retaliated against.</p> <p>3. Employees who encounter unlawful infringement in the workplace may file a “Report/Grievance Form for Unlawful Infringement in the Workplace” through the grievance channel for handling. The Company shall start the investigation within seven days after receiving or transferring a grievance, and shall complete the investigation within one month. If necessary, the deadline may be extended by one month.</p> <p>4. After receiving a report, the Grievance Committee will handle it according to the Operating Procedure for Unlawful Infringement in the Performance of Duties. The handling of the report shall be recorded in accordance with the format of the “Report and Handling Form for Unlawful Infringement in the Workplace.”</p> <p>5. Internal incidents: In case of organizational unlawful infringement, depending on the nature and severity of the incident, security guards, security personnel, or the police may be requested to intervene if necessary.</p> <p>6. External incidents: A network must be established with the local police</p> |

| Item assessed | Implementation | | Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|---|---|
| | Yes | No | |
| | | Summary | |
| | | <p>and prosecutors to report unlawful infringement.</p> <p>7. Evaluation and improvement of implementation effectiveness: After an unlawful infringement incident in the workplace occurs, each unit, along with the occupational safety and health and human resources management units, shall review the environment and job accommodation procedures. If hazard prevention or control measures are found to be insufficient, the implementation method or priority shall be adjusted in a timely manner to find room for improvement.</p> <p>8. The investigation reports, meeting minutes, training contents, evaluation reports, notices, medical treatment and compensation records related to the unlawful infringement in the Company's workplace shall also be retained to facilitate annual risk assessment and analysis.</p> <p>9. All investigation reports of unlawful infringement in the workplace shall be recorded in writing and kept for subsequent review.</p> <p>The prevention program execution records or documents shall be archived and retained for at least three years, and personal privacy shall be protected.</p> | |
| (3) Does the company adopt measures to protect whistleblowers from improper retaliation as a result of whistleblowing? | V | <p>The Company's guidelines specify that any employee who finds any specific evidence of ethical management violations shall make a report via the email addresses at which the Chairman personally receives emails and require that the identity of the whistleblower shall be kept confidential. If the whistleblowing allows Solomon Group to incur less damage, appropriate rewards may be given.</p> | No major difference. |
| 4. Enhancement of information disclosure Does the company disclose its ethical management principles and the results of their promotion on its website and the Market Observation Post System? | V | <p>The Company's website has been set up and we will www.solomon.com.tw disclose relevant information on the website.</p> | No major difference. |

| Item assessed | Implementation | | Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences |
|---|----------------|----|---|
| | Yes | No | |
| | | | Summary |
| 5. Where the company has established its own principles of ethical management in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies,” the differences between the operations of your company and such principles must be described: No major difference. | | | |
| 6. Other important information useful for understanding the status of ethical management at the company: (e.g., the company's review and revision of its ethical management principles): We state clearly in sales contracts or orders that unethical business behavior is prohibited. | | | |

Note: No matter whether “Yes” or “No” is selected in the Implementation column, it shall be explained in the Summary column.

- (7) Methods of access to the Company's Corporate Governance Best Practice Principles and relevant regulations:

To ensure a robust governance system for the Company, we have established (revised) the following corporate governance regulations:

- Rules of Procedure for Shareholders' Meetings • Guidelines for the Election of Directors • Regulations for Board of Directors' Meetings
- Operating Procedures for Loaning of Funds to Others • Operating Procedures for Endorsements and Guarantees • Procedures for Acquisition or Disposal of Assets
- Service Management Guidelines • Code of Ethical Conduct • Corporate Social Responsibility Principles • Ethical Management Principles • Corporate Governance Best Practice Principles • Personal Information Protection Regulations • Procedures for Management of Material Insider Information • Sustainable Development Principles • Regulations Governing the Financial and Business Activities between Related Parties, • Self-regulations Governing the Disclosure of M&A Information, etc.

The regulations can be found at: www.solomon.com.tw

The Company has set up a company website and uploaded the URL to the Market Observation Post System. We will gradually disclose our corporate governance policies and documents pursuant to the established Corporate Governance Best Practice Principles.

- (8) Other important information useful for understanding the status of corporate governance: None.

(9) Implementation of the internal control system

1. Statement of Internal Control:

SOLOMON Technology Corporation
Statement of Internal Control

Date: March 11, 2024

Based on the results of self-assessment of our internal control system in 2023, we hereby issue the following statement:

1. We acknowledge that our Board of Directors and managers are responsible for the establishment, implementation and maintenance of the internal control system and that we have established such system. The system's purpose is to provide reasonable assurance for achievement of the goals of operational effectiveness and efficiency (including profits, performance and protection of asset security), reliable, timely and transparent reporting in compliance with applicable regulations, and compliance with applicable laws and regulations.
2. The internal control system has its inherent limits. Regardless of how complete its design is, an effective internal control system can only provide reasonable assurance for the achievement of the above-mentioned three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may also change. Nonetheless, our internal control system has a self-monitoring mechanism. Once a deficiency is identified, we will take action to correct it.
3. We determine whether the design and implementation of our internal control system are effective based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter the “Regulations”) for determination of the effectiveness of an internal control system. The criteria adopted by the “Regulations” for determination of an internal control system divide such system into five elements based on the process of management and control: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communication; and 5. supervision. Each of the elements further includes several criteria. For the foregoing criteria, please refer to the requirements of the “Regulations.”
4. We have adopted the above-mentioned criteria for determination of an internal control system to assess the effectiveness of the design and implementation of our internal control system.
5. Based on the results of the foregoing assessment, we consider that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including the design and implementation of the internal control system in relation to the understanding of the level of accomplishment of the goals of operational effectiveness and efficiency, reliable, timely and transparent reporting in compliance with applicable regulations, and compliance with applicable laws and regulations, was effective and able to reasonably ensure the achievement of the above-mentioned goals.
6. This statement will form part of the main information of our annual report and prospectus and will be published. In the event that any of the above published information involves falsification, concealment or other illegality, we will be subject to the legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. We declare that this statement was approved at the Board of Directors' meeting on March 11, 2024. None of the nine directors attending the meeting expressed any objection, and all of them approved the information in this statement.

Chairman (and General Manager):

2. Review reports from CPAs engaged to review the internal control system: None.
- (10) Where penalties imposed in accordance with the law on the company and the internal employees or penalties imposed by the company on the internal employees for violation of the requirements of the internal control system are likely to result in material effects on shareholders' equity or securities price, the penalties, main deficiencies and the status of their improvement shall be described: None.
- (11) Important resolutions adopted at shareholders' meetings and by the Board of Directors:

Resolutions by the Board of Directors:

| Meeting name | Meeting date | Important resolution and subsequent actions | Matters set forth in Article 14-3 of the Securities and Exchange Act |
|------------------------|--------------|--|--|
| 12th term, 4th meeting | 20230316 | <ul style="list-style-type: none"> Operating performance report for February 2023. Approval of the acquisition or disposal of securities in February 2023. Report on the schedule planning for the "Sustainable Development Roadmap of Public Companies" (inventory and verification of greenhouse gas information) for Q1 of 2023. Audit report. Board performance evaluation review report. Review of "employees' remuneration" and "directors' remuneration" for 2022. Review of the financial statements for 2022. Review of the earnings distribution (a cash dividend of NT\$1.5) for 2022 with the ex-dividend date set on July 16, 2023. Review of the establishment and amendment of relevant principles and regulations. Review of the amendment of the Guidelines for the Salary and Compensation of Employees. Review of the amendment of the Management Guidelines for the Preparation of Financial Statements. Review of the authorization for the Company's endorsements/guarantees. Review of the Company's regular assessment of the independence of CPAs. Review of the pre-approval of non-audit services provided by CPAs. Ratification of the appointment of managerial officers. Mr. Lin Sheng-Chang was appointed as Vice President of the Group. Mr. Wu Chuan-Hsing was appointed as the General Manager of the Energy & Power Business Group. Review of the issuance of the "Statement of Internal Control" for 2022. Ratification of an application to a bank for an extension of the financing facility. Review of the convening of the annual general meeting in 2023. <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company's response to independent directors' opinions: None.</p> <p>Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p> | Subparagraphs 1, 3, 5, 7 |

| Meeting name | Meeting date | Important resolution and subsequent actions | Matters set forth in Article 14-3 of the Securities and Exchange Act |
|------------------------|--------------|--|--|
| 12th term, 5th meeting | 20230510 | <ul style="list-style-type: none"> Operating performance report for April 2023. Report on the acquisition or disposal of securities in March–April 2023. Reporting of the 2022 business report. Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q2 of 2023. Audit report. Review of the consolidated financial statements for Q1 of 2023 <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company’s response to independent directors’ opinions: None.</p> <p>Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p> | None |
| 12th term, 6th meeting | 20230810 | <ul style="list-style-type: none"> Operating performance report for July 2023. Report on the acquisition or disposal of securities in May–July 2023. Investment of JPY 22,000,000 (NT\$4,878 thousand) in establishment of the subsidiary Solomon Technology Japan co., Ltd. Capital increase of US\$600,000 (NT\$19,218 thousand) in the subsidiary Solomon Technology (USA) Corp. Report on director and supervisor liability insurance taken out for directors. Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q3 of 2023. Report on the Company’s ability to prepare financial statements. Audit report. Review of the consolidated financial statements for Q2 of 2023 Review of the earnings distribution for the first half of 2023. (No distribution was made) Ratification of the dismissal of a managerial officer. Mr. Lin Sheng-Chang was dismissed as Vice President of the Group on 2023.7.3. Ratification of an application to a bank for an extension of the financing facility. Songshan Branch, Chang Hwa Bank; Taipei Branch, Mega Bank; Far Eastern Int’l Bank Review of the endorsements/guarantees for Solomon Energy Technology. Review of the formulation of the “Risk Management Policy and Procedure.” Review of the formulation of the “Management Procedure for the Preparation of Financial Statements.” <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company’s response to independent directors’ opinions: None.</p> <p>Resolution result: The above matters to be ratified and</p> | Subparagraphs 1, 5 |

| Meeting name | Meeting date | Important resolution and subsequent actions | Matters set forth in Article 14-3 of the Securities and Exchange Act |
|------------------------|--------------|---|--|
| | | discussions were approved by all attending directors. | |
| 12th term, 7th meeting | 20231110 | <ul style="list-style-type: none"> Operating performance report for October 2023. Report on the acquisition or disposal of securities in September–October 2023. Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q4 of 2023. Report on the Company’s ability to prepare financial statements. Audit report. Review of the consolidated financial statements for Q3 of 2023 Review of loaning of funds to the subsidiary Solomon Energy Technology (Singapore) Pte. Ltd. Review of the amendment of the “Organizational Rules of the Sustainable Development Committee.” Review of the appointment of “Sustainable Development Committee Members” for the first term. Three members: Chairman Chen Cheng-Lung, Independent Director Huanag Chung-Yuan, and Independent Director Wong Ching-Chang. Review of the establishment of the “Annual Internal Audit Plan for 2024.” Review of the application to Taishin International Bank for an extension of the financing facility. Review of the endorsements/guarantees for Solomon Energy Technology. <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company’s response to independent directors’ opinions: None.</p> <p>Resolution result: The above matters to be ratified and discussions were approved by all attending directors unanimously or after a revision.</p> | Subparagraphs 1, 5, 9 |
| 12th term, 8th meeting | 20240130 | <ul style="list-style-type: none"> Operating performance report for December 2023. Report on the acquisition or disposal of securities in September 2023–January 2024. Review of participation in the investment in the establishment of “GAP Total Return Fund I Limited Partnership.” <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company’s response to independent directors’ opinions: None.</p> <p>Resolution result: The above matters to be ratified and discussions were approved by all attending directors unanimously or after a revision.</p> | Subparagraph 6 |
| 12th term, 9th meeting | 20240311 | <ul style="list-style-type: none"> Operating performance report for February 2024. Approval of the acquisition or disposal of securities in February 2024. Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q1 of | Subparagraphs 1, 5, 7, 9 |

| Meeting name | Meeting date | Important resolution and subsequent actions | Matters set forth in Article 14-3 of the Securities and Exchange Act |
|--------------|--------------|---|--|
| | | <p>2024.</p> <ul style="list-style-type: none"> Audit report. Board performance evaluation review report for 2023. “2023 Business Report” Review of “employees’ remuneration” and “directors’ remuneration” for 2023. Review of the financial statements for 2023. Review of the earnings distribution (a cash dividend of NT\$1.7) for 2023 with the ex-dividend date set on July 16, 2024. Review of the authorization for the Company’s endorsements/guarantees. Review of the Company’s regular assessment of the independence and AQIs of CPAs. Review of managerial officer appointment: Appointing Mr. Huang Shih-Chang as the Vice President of the Finance Department. Review of the issuance of the “Statement of Internal Control” for 2023. Ratification of an application to a bank for an extension of the financing facility. Review of the convening of the annual general meeting in 2024. <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection.</p> <p>The Company’s response to independent directors’ opinions: None.</p> <p>Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p> | |

Implementation of resolutions at shareholders' meetings: Annual general meeting on June 9, 2023

| Proposal | Resolution | Implementation |
|---|------------|---|
| 2022 Business Report | Reported | |
| Audit Committee’ 2022 Report | Reported | |
| Report on the distribution of remuneration to employees and to directors and supervisors in 2022 | Reported | The distribution was completed |
| Report on the distribution of shareholder bonuses in 2022 | Reported | |
| Ratification of the business report and financial statements for 2022 | Ratified | |
| Ratification of the distribution of earnings in 2022: Distribution of a cash dividend @ NT\$1.5 Total amount: NT\$257,206,578 | Ratified | The ex-dividend date was set on 2023.7.16 The cash dividend was distributed on 2023.7.27 |

(12) Different opinions expressed by directors in records or written statements with regard to important resolutions adopted by the Board of Directors: In 2023 and as of the publication date of the annual report, there were no different opinions from directors or supervisors with regard to important resolutions adopted by the Board of Directors.

(13) Summary of resignation or discharge of personnel related to the Company: None

Note: The said personnel related to the Company refers to the Chairman, General Manager, chief accountant, CFO, chief internal auditor, chief corporate governance officer, and chief R&D officer.

5. Information of Professional Fees for CPAs

Unit: NT\$ thousand

| Name of CPA firm | Name of CPA | CPA audit period | Audit fees | Non-audit fees | Total |
|--------------------------------|---|------------------|------------|----------------|-------|
| Pricewaterhouse Coopers Taiwan | Liang Yi-Chang Wen Ya-Fang | 2023 | 2,960 | 520 | 3,480 |
| Description of non-audit fees | (1) NT\$400 thousand for auditing of profit-seeking enterprise income tax, (2) NT\$50 thousand for reading and consideration of other information, (3) NT\$40 thousand for review of the non-managerial full-time employee salary checklist, (4) NT\$30 thousand for auditing of undistributed earnings for substantive investment, totaling NT\$520 thousand | | | | |

Please clearly specify the services for which the non-audit fees were charged: (E.g., tax audits, assurance or other financial consulting services)

Note: Where the CPAs or the CPA firm were changed in the current year, the Company shall indicate the respective audit period, describe the reason for such change in the Remarks field, and disclose the paid audit and non-audit fees in sequence. The services for which the non-audit fees were paid shall be annotated.

- (1) Audit fees paid in the year when the CPA firm that were less than those paid in the previous year: N/A (None).
- (2) Audit fees that were reduced by 10% or more compared to those in the previous year:
 1. Reduced amount and percentage: N/A
 2. Reason for the reduction: N/A

Note: The said audit fees refer to the fees paid by the Company to the CPAs for the audit, review, and reexamination of financial statements and the review of financial estimates.

6. Information of Change of CPAs: None.

7. Information of Positions That the Chairman, General Manager or Financial/Accounting Manager of the Company Served in at the Firm of the CPAs or Any of Its Associates in the Most Recent Year: None.

8. Transfers of Shares and Changes in Pledged Shares Held by Directors, Supervisors, Managerial Officers, and Major Shareholders

(1) Changes in shares held by directors, managerial officers, and major shareholders:

Unit: shares

| Title (Note 1) | Name | 2023 | | 2024, as of 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 |
| Chairman | Chen Cheng-Lung | 0 | 0 | 0 | 0 |
| Director | Chen Jan-Sun | 0 | 0 | (572,000) | 0 |
| Director | Chen Lu Su-Yue | | (812,099) | (572,000) | 0 |
| Director | Sheng Xing Investment Co., Ltd. | 0 | 0 | 0 | 0 |
| | Representative: Wang Wei-Chung | 0 | 0 | 0 | 0 |
| Director | Moredel Investment Corp. | (38,000) | 0 | (20,000) | 0 |
| | Representative: Kao Sheng-Hui | 0 | 0 | 0 | 0 |
| Independent Director | Wong Ching-Chang | 0 | 0 | 0 | 0 |
| Independent Director | Huang Ming-Yu | 0 | 0 | 0 | 0 |
| Independent Director | Wong Chu-Ching | 0 | 0 | 0 | 0 |
| Independent Director | Huanag Chung-Yuan | 0 | 0 | 0 | 0 |
| General Manager | Chen Cheng-Lung | 0 | | 0 | 0 |
| Business Group General Manager | Wu Chuan-Hsing (resigned on August 31, 2023) | 0 | 0 | - | - |
| Vice President | Tseng Chih-Jen | 0 | 0 | 0 | 0 |
| | Lee Guei-Chung | 0 | 0 | 0 | 0 |
| | Joe Yang | 0 | 0 | 0 | 0 |
| | Nguyen Xuan Loc | 0 | 0 | 0 | 0 |
| | Lin Sheng-Chang (dismissed on 2023.7.31) | 0 | 0 | - | - |
| | Huang Shih-Chang (newly appointed on 2024.3.11) | - | - | 0 | 0 |
| Director | Meng Tai-Li | 0 | 0 | 0 | 0 |
| | Chao Kuo-Chi (retired on 2023.4.30) | 0 | 0 | - | - |
| | George Huang | 0 | 0 | 0 | 0 |
| | Hsieh Ming-Ta (resigned on 2023.12.31) | 0 | 0 | - | - |
| | Andy Chou | 0 | 0 | 0 | 0 |
| | Norton Liu (dismissed on 2023.7.11; re-appointed on 2023.10.3) | 0 | 0 | 0 | 0 |
| | Nick Lin (resigned on 2023.7.31) | 0 | 0 | - | - |
| | Huang Chien-Chi | 0 | 0 | 0 | 0 |
| | Li Chia-Yun | 0 | 0 | 0 | 0 |
| | Chung Yu-Hsiu | 0 | 0 | 0 | 0 |
| | Chen Yu-An | 0 | 0 | 0 | 0 |
| | Hsiao Yu-Tung | 0 | 0 | 0 | 0 |
| | Hsiao Hsien-Chang | 0 | 0 | 0 | 0 |
| | Chen Hsin-Hung | 0 | 0 | 0 | 0 |
| | Huang Chia-Hui | - | - | 0 | 0 |
| | Wang Yung-Feng | - | - | 0 | 0 |
| | Li Tsung-Ming | - | - | 0 | 0 |
| Chief Financial and Accounting Officer | Huang Chien-Chi | 0 | 0 | 0 | 0 |
| Chief Corporate Governance Officer | Chu Shu-E (resigned on 2024.3.1) | 0 | 0 | 0 | 0 |

Note 1: If the counterparty of an equity transfer or equity pledge is a related party, the following tables (II) (III) shall be filled out.

- (2) Information of transfers of shares (relationship between the counterparty and the Company, directors, supervisors, managerial officers, and shareholders with a shareholding of more than 10%):

Unit: shares

| Name | Reason for transfer of shares | Transaction date | Counterparty | Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and shareholders with a shareholding of more than 10% | Number of shares | Transaction price |
|----------------|-------------------------------|------------------|-------------------------|---|------------------|-------------------|
| Chen Lu Su-Yue | Gifting | 2024.03.25 | Chen Po-Cheng | Grandmother-grandson | 72,000 | N/A |
| Chen Lu Su-Yue | Gifting | 2024.03.25 | Na Mei Investment Corp. | None | 500,000 | N/A |
| Chen Jan-Sun | Gifting | 2024.03.25 | Chen Po-Cheng | Grandmother-grandson | 72,000 | N/A |
| Chen Jan-Sun | Gifting | 2024.03.25 | Lu Fu Investment Corp. | None | 200,000 | N/A |
| Chen Jan-Sun | Gifting | 2024.03.25 | Na Mei Investment Corp. | None | 300,000 | N/A |

- (3) Information of pledged shares:

| Name | Reason for changes in pledges | Date of change | Counterparty | Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and shareholders with a shareholding of more than 10% | Number of shares | Shareholding percentage | Pledge percentage | Pledge (redemption) amount |
|------|-------------------------------|----------------|--------------|---|------------------|-------------------------|-------------------|----------------------------|
| N/A | | | | | | | | |

Note 1: Names of the Company's directors, supervisors, managerial officers, and shareholders with a shareholding of more than 10%.

Note 2: Indicate pledge or redemption.

Note 3: If the counterparty of an equity pledge is a related party, this table shall be disclosed.

9. Information of shareholders with top 10 shareholdings and the relationship between them

Number of shares: shares; date: April 9, 2024

| NAME (NOTE 1) | SHAREHOLDING IN OWN NAME | | SHAREHOLDINGS OF SPOUSE AND MINOR CHILDREN | | NOMINEE SHAREHOLDING | | NAMES AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES AS DEFINED BY THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS NO. 6 OR ARE SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE OF CONSANGUINITY. | |
|---|--------------------------|----------------------------|--|----------------------------|----------------------|----------------------------|---|--|
| | Number of shares | Shareholding percent age % | Number of shares | Shareholding percent age % | Number of shares | Shareholding percent age % | Name (Or name) | Relationship |
| Chen Cheng-Lung | 15,733,057 | 9.18 | 1,582,360 | 0.92 | 0 | 0 | Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lien, Chen Chuan-Chuan, | Parents Brother and sister |
| Chen Lu Su-Yue | 13,386,843 | 7.81 | 8,909,377 | 5.20 | 0 | 0 | Chen Jan-Sun, Chen Cheng-Lung, Chen Cheng-Lien, Chen Chuan-Chuan | Spouse Children |
| Xin Li Investment Representative of Xin Li Investment: Chen Chuan-Chuan | 9,235,114 | 5.39 | 0 | 0 | 0 | 0 | None | |
| | 5,732,267 | 3.34 | 0 | 0 | 0 | 0 | Same (Chen Chuan-Chuan) | |
| Chen Jan-Sun | 8,909,377 | 5.20 | 13,386,843 | 7.81 | 0 | 0 | Chen Lu Su-Yue, Chen Cheng-Lung, Chen Cheng-Lien, Chen Chuan-Chuan, | Spouse Children |
| Chen Chuan-Chuan | 5,732,267 | 3.34 | 0 | 0 | 0 | 0 | Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lung, Chen Cheng-Lien, | Parents Brothers |
| Lu Fu Investment Corp. | 4,816,000 | 2.81 | 0 | 0 | 0 | 0 | None | |
| Representative of Lu Fu Investment: Chen Cheng-Lien | 3,010,000 | 1.76 | 460,636 | 0.27 | 0 | 0 | Same (Chen Cheng-Lien) | |
| Chen Cheng-Lien | 3,010,000 | 1.76 | 460,636 | 0.27 | 0 | 0 | Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lung, Chen Chuan-Chuan, | Parents Brother and sister |
| Mo Li Investment Corp. | 2,748,803 | 1.60 | 0 | 0 | 0 | 0 | None | |
| Representative of Mo Li Investment: Chen Chuan-Chuan | 5,732,267 | 3.34 | 0 | 0 | 0 | 0 | Same (Chen Chuan-Chuan) | |
| J.P. Morgan Asset Management Investment | 1,970,884 | 1.15 | 0 | 0 | 0 | 0 | None | |
| Yang Yu-Pin | 1,582,360 | 0.92 | 15,733,057 | 9.18 | 0 | 0 | Chen Cheng-Lung, Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lien, Chen Chuan-Chuan, | Spouses, Parents-in-law, siblings-in-law |

Note: All the top ten shareholders shall be listed. For corporate shareholders, the names of the corporate shareholders and their representatives shall be listed separately.

10. Comprehensive Shareholding Percentages

Number of shares held by the Company, the directors, supervisors and managerial officers of the Company, and companies directly or indirectly controlled by the Company in a single investee company, and the comprehensive shareholding percentage calculated on a consolidated basis.

Date: December 31, 2023

Unit: shares; %

| Investee company (Note) | The Company's investment | | Investments of directors, supervisors, managerial officers and directly or indirectly controlled companies | | Comprehensive investment | |
|---|--------------------------|---------------------------|--|---------------------------|--------------------------|---------------------------|
| | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % |
| Solomon (Cayman) | 14,736,130 | 100.00 | 0 | 0 | 14,736,130 | 100.00 |
| Solomon Smartnet Corp. | 20,000,000 | 100.00 | 0 | 0 | 20,000,000 | 100.00 |
| Solomon Goldentek Display Corp. | 42,871,029 | 70.77 | 11,220,000 | 18.52 | 54,091,029 | 89.29 |
| Moredel Investment Corp. | 28,460,900 | 100.00 | 0 | 0 | 28,460,900 | 100.00 |
| Solomon Data International Corporation | 6,122,676 | 29.60 | 7,932,857 | 38.35 | 14,055,533 | 67.95 |
| Total Profit Holding Limited | 3,088,700 | 100.00 | 0 | 0 | 3,088,700 | 100.00 |
| Cornucopia Innovation Corporation | 6,100,000 | 35.06 | 2,660,000 | 15.29 | 8,760,000 | 50.34 |
| Solomon Science Technology(VN)Company Limited | - | 100.00 | 0 | 0 | - | 100.00 |
| Solomon Robotics(THAI) Ltd. | 2,488,000 | 100.00 | 0 | 0 | 2,488,000 | 100.00 |
| Solomon Technology (USA) Corp. | 24,500 | 100.00 | 0 | 0 | 24,500 | 100.00 |
| Solomon Energy Technology Corporation | 22,000,000 | 100.00 | 0 | 0 | 22,000,000 | 100.00 |
| Sheng Peng Technology Co., Ltd. | 510,000 | 51.00 | 0 | 0 | 510,000 | 51.00 |

Chapter 4. Capital and shares

1. Sources of share capital

(1) Share capital formation process:

Unit: shares/NT\$

| Date | Issue price | Authorized share capital | | Paid-in share capital | | Remarks | | |
|------------|----------------|--------------------------|---------------|-----------------------|---------------|--|---|--|
| | | Number of shares | Amount | Number of shares | Amount | Sources of share capital | Non-cash property used as share payment | Others |
| 1990.05 | 10 | 70,000,000 | 700,000,000 | 25,000,000 | 250,000,000 | Establishment (cash) | None | Public offering approved per Letter (1990)-Tai-Cai-Zheng-(I) No. 02927 |
| 1991.08 | 10 | 70,000,000 | 700,000,000 | 55,000,000 | 550,000,000 | Cash capital increase of NT\$300,000,000 | None | Approved per Letter (1991)-Tai-Cai-Zheng-(I) No. 02467 dated August 29, 1991 |
| 1993.08 | 10 | 70,000,000 | 700,000,000 | 60,500,000 | 605,000,000 | Capitalization of retained earnings of NT\$55,000,000 | None | Approved per Letter (1993)-Tai-Cai-Zheng-(I) No. 30403 dated July 29, 1993 |
| 1994.06 | 10 | 70,000,000 | 700,000,000 | 63,525,000 | 635,250,000 | Capitalization of retained earnings of NT\$30,250,000 | None | Approved per Letter (1994)-Tai-Cai-Zheng-(I) No. 27666 dated June 16, 1994 |
| 1995.08 | 10 | 73,053,750 | 730,537,500 | 73,053,750 | 730,537,500 | Capitalization of retained earnings of NT\$95,287,500 | None | Approved per Letter (1995)-Tai-Cai-Zheng-(I) No. 39116 dated July 3, 1995 |
| 1996.04 | 10 | 140,000,000 | 1,400,000,000 | 91,317,188 | 913,171,880 | Capitalization of retained earnings of NT\$182,634,380 | None | Approved per Letter (1996)-Tai-Cai-Zheng-(I) No. 25327 dated April 23, 1996 |
| 1997.06 | 50 | 180,000,000 | 1,800,000,000 | 160,000,000 | 1,600,000,000 | Cash capital increase of NT\$458,535,150 Capitalization of retained earnings of NT\$228,292,970 | None | Approved per Letter (1997)-Tai-Cai-Zheng-(I) No. 28357 dated April 28, 1997 |
| 1998.07 | 45.17 | 350,000,000 | 3,500,000,000 | 234,511,436 | 2,345,114,360 | Capitalization of retained earnings of NT\$320,000,000 Capital reserve of NT\$160,000,000 Capitalization of employee bonuses of NT\$28,444,440 NT\$236,669,920 of common shares issued upon conversion of SOLOMON's CBs (A) | None | Approved per Letter (1998)-Tai-Cai-Zheng No. 53274 dated June 28, 1998 Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 1998.12 | 45.17 35.48 | 350,000,000 | 3,500,000,000 | 234,784,821 | 2,347,848,210 | NT\$2,733,850 of common shares issued upon conversion of SOLOMON's CBs (B) | None | Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 1999.12 | 35.48 34.88 | 350,000,000 | 3,500,000,000 | 242,963,954 | 2,429,639,540 | NT\$81,791,330 of common shares issued upon conversion of SOLOMON's CBs (C) | None | Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 2000.07 | 34.88 28.44 | 500,000,000 | 5,000,000,000 | 300,489,134 | 3,004,891,340 | Capitalization of retained earnings of NT\$281,838,180 Capital reserve of NT\$242,963,950 Capitalization of employee bonuses of NT\$25,052,280 NT\$25,397,390 of common shares issued upon conversion of SOLOMON's CBs (A) | None | Approved per Letter (2000)-Tai-Cai-Zheng-(I) No. 57693 dated July 05, 2000 Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 2000.12 | 28.44 | 500,000,000 | 5,000,000,000 | 300,496,166 | 3,004,961,660 | NT\$70,320 of common shares issued upon conversion of SOLOMON's CBs (B) | None | Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 2001.08 | 10 | 500,000,000 | 5,000,000,000 | 376,170,820 | 3,761,708,200 | Capitalization of retained earnings of NT\$491,654,070 Capital reserve of NT\$208,580,510 Capitalization of employee bonuses of NT\$56,511,960 | None | Approved per Letter (2001)-Tai-Cai-Zheng-(I) No. 143097 dated July 15, 2001 |
| 2002.91 | 15.90 | 500,000,000 | 5,000,000,000 | 376,183,398 | 3,761,833,980 | NT\$125,780 of common shares issued upon conversion of SOLOMON's CBs (B) | None | Approved per Letter (1997)-Tai-Cai-Zheng (I) No. 88603 dated December 18, 1997 |
| 2007.4.11 | 11.85 | 500,000,000 | 5,000,000,000 | 376,203,398 | 3,762,033,980 | Conversion of employee stock warrants into 20,000 common shares at NT\$11.85 per share | None | Tai-Zheng-Shang-Zi No. 09600077051 dated 2007.4.2 |
| 2007.7.12 | 11.85 | 500,000,000 | 5,000,000,000 | 377,419,898 | 3,774,198,980 | Conversion of employee stock warrants into 1,216,500 common shares at NT\$11.85 per share | None | Tai-Zheng-Shang-Zi No. 0960022480 dated 2007.8.7 |
| 2007.10.1 | 11.85 | 500,000,000 | 5,000,000,000 | 387,393,980 | 3,877,393,980 | Conversion of employee stock warrants into 10,319,500 common shares at NT\$11.85 per share | None | Tai-Zheng-Shang-Zi No. 0960031867 dated 2007.10.21 |
| 2007.12.31 | 11.85 | 500,000,000 | 5,000,000,000 | 388,362,398 | 3,883,623,980 | Conversion of employee stock warrants into 623,000 common shares at NT\$11.85 per share | None | Tai-Zheng-Shang-Zi No. 09700021871 dated 2008.1.22 |

| Date | Issue price | Authorized share capital | | Paid-in share capital | | Remarks | | |
|------------|-------------|--------------------------|---------------|-----------------------|---------------|---|---|--|
| | | Number of shares | Amount | Number of shares | Amount | Sources of share capital | Non-cash property used as share payment | Others |
| 2008.3.26 | 11.85 | 500,000,000 | 5,000,000,000 | 388,924,398 | 3,889,243,980 | Conversion of employee stock warrants into 562,000 common shares at NT\$11.85 per share | None | Tai-Zheng-Shang-Zi No. 09700087381 dated 2008.4.9 |
| 2008.4.2 | 10 | 500,000,000 | 5,000,000,000 | 212,924,938 | 2,129,243,980 | Cash capital reduction of NT\$1,760,000,000 Reduction of 176,000,000 shares Capital reduction rate: 45.25301% | None | Jin-Guan-Zheng-Yi-Zi No. 0970012359 dated 2008.4.2 |
| 2008.8.23 | 10 | 500,000,000 | 5,000,000,000 | 236,394,474 | 2,363,944,740 | Capitalization of retained earnings of NT\$212,924,400 Capitalization of employee bonuses of NT\$21,776,360 | None | Jin-Guan-Zheng-Yi-Zi No. 0970038687 dated 2008.7.31 |
| 2008.12.1 | 10 | 500,000,000 | 5,000,000,000 | 228,837,474 | 2,288,374,740 | Cancellation of treasury stocks of NT\$75,570,000 | None | Jin-Guan-Zheng-San-Zi No. 0970064126 dated 2008.11.21 |
| 2009.4.14 | 10 | 500,000,000 | 5,000,000,000 | 225,854,474 | 2,258,544,740 | Cancellation of treasury stocks of NT\$29,830,000 | None | Jin-Guan-Zheng-San-Zi 0980002890 dated 2009.1.20 Jin-Guan-Zheng-San-Zi 0980012178 dated 2009.3.20 |
| 2009.6.10 | 10 | 500,000,000 | 5,000,000,000 | 180,854,474 | 1,808,544,740 | Cash capital reduction of NT\$450,000,000 Reduction of 45,000,000 shares Capital reduction rate: 19.92433411% | None | Jin-Guan-Zheng-Fa-Zi No. 0980027376 dated 2009.6.10 |
| 2009.12.24 | 10.70 | 500,000,000 | 5,000,000,000 | 188,057,744 | 1,880,577,440 | Conversion of employee stock warrants into 7,203,270 common shares at NT\$10.70 per share | None | Tai-Zheng-Shang-Zi No. 09900009151 dated 2010.1.11 |
| 2013.8.6 | 10 | 500,000,000 | 5,000,000,000 | 182,416,012 | 1,824,160,120 | Cash capital reduction of NT\$56,417,320 Reduction of 5,641,732 shares Capital reduction rate: 3% | None | Jin-Guan-Zheng-Fa-Zi No. 1020029698 dated 2013.8.6 |
| 2014.7.14 | 10 | 500,000,000 | 5,000,000,000 | 171,471,052 | 1,714,710,520 | Cash capital reduction of NT\$109,449,600 Reduction of 10,944,960 shares Capital reduction rate: 6% | None | Jin-Guan-Zheng-Fa-Zi No. 1030025659 dated 2014.7.14 |

(2) Type of shares:

Date: April 9, 2024

| Type of shares | Authorized share capital | | | Remarks |
|----------------|-----------------------------|--------------------|--------------------|---|
| | Outstanding shares (Note 1) | Unissued shares | Total | |
| Common shares | 171,471,052 shares | 328,528,948 shares | 500,000,000 shares | Including 56,000,000 shares for exercising stock warrants and warrants attached to preferred shares or to corporate bonds |

Note 1: Such shares are publicly listed.

(3) Information on the shelf registration system: None.

2. Shareholder Structure

Date: April 9, 2024 (book closure date)

| Shareholder structure Number | Government agency | Corporation | Other juridical persons | Individual | Foreign institutions and foreigners | Total |
|---------------------------------|-------------------|-------------|-------------------------|-------------|-------------------------------------|-------------|
| Number of people (persons) | 0 | 234 | 2 | 38,790 | 74 | 39,100 |
| Number of shares held (shares) | 0 | 21,114,745 | 58,176 | 139,973,249 | 10,324,882 | 171,471,052 |
| Shareholding percentage (%) | 0 | 12.32 | 0.03 | 81.63 | 6.02 | 100 |

3. Distribution of shareholding (a par value of NT\$10 per share)

The Company does not issue preferred shares.

Date: April 11, 2023 (book closure date)

| Shareholding range | Number of shareholders | Number of shares held (shares) | Shareholding percentage (%) |
|----------------------|------------------------|--------------------------------|-----------------------------|
| 1 to 999 | 22,133 | 2,589,026 | 1.51% |
| 1,000 to 5,000 | 14,284 | 26,205,997 | 15.28% |
| 5,001 to 10,000 | 1,477 | 12,136,659 | 7.08% |
| 10,001 to 15,000 | 319 | 4,158,652 | 2.43% |
| 15,001 to 20,000 | 265 | 4,972,015 | 2.90% |
| 20,001 to 30,000 | 199 | 5,219,179 | 3.04% |
| 30,001 to 40,000 | 97 | 3,555,074 | 2.07% |
| 40,001 to 50,000 | 63 | 2,969,599 | 1.73% |
| 50,001 to 100,000 | 146 | 10,462,433 | 6.10% |
| 100,001 to 200,000 | 57 | 8,200,649 | 4.78% |
| 200,001 to 400,000 | 30 | 8,311,883 | 4.85% |
| 400,001 to 600,000 | 7 | 3,406,448 | 1.99% |
| 600,001 to 800,000 | 4 | 2,735,000 | 1.60% |
| 800,001 to 1,000,000 | 4 | 3,565,095 | 2.08% |
| 1,000,001 or more | 15 | 72,983,343 | 42.56% |
| Total | 39,100 | 171,471,052 | 100.00 |

4. List of Major Shareholders

Date: April 9, 2024 (book closure date)

| Shares Name of major shareholder | Number of shares held (shares) | Shareholding percentage (%) |
|---|--------------------------------|-----------------------------|
| Chen Cheng-Lung | 15,733,057 | 9.18 |
| Chen Lu Su-Yue | 13,386,843 | 7.81 |
| Xin Li Investment Corp. | 9,235,114 | 5.39 |
| Chen Jan-Sun | 8,909,377 | 5.20 |
| Chen Chuan-Chuan | 5,732,267 | 3.34 |
| Lu Fu Investment Corp. | 4,816,000 | 2.81 |
| Chen Cheng-Lien | 3,010,000 | 1.76 |
| Mo Li Investment Corp. | 2,748,803 | 1.60 |
| J.P. Morgan Asset Management Investment | 1,970,884 | 1.15 |
| Yang Yu-Pin | 1,582,360 | 0.92 |

Note:

- (1) Refer to shareholders with a shareholding of more than 5% or the top 10 shareholders.
- (2) Calculated based on the number of paid-in shares: 171,471,052

5. Information of the Market Price, Net Value, Earnings and Dividend per Share

| Year | | | 2023 | 2022 | Current year, as of March 31, 2024 |
|--|---|-----------------------|---------|---------|------------------------------------|
| Item | | | | | |
| Market price per share | Highest | | 46.40 | 32.75 | 74.40 |
| | Lowest | | 25.45 | 20.00 | 35.20 |
| | Average | | 34.72 | 25.54 | 45.16 |
| Net value per share | Before distribution | | 30.46 | 28.62 | 29.79 |
| | After distribution | | 28.76 | 27.12 | — |
| Earnings per share | Weighted average number of shares (thousand shares) | | 171,371 | 171,371 | 171,371 |
| | Earnings per share | | 3.11 | 2.67 | 0.21 |
| Dividend per share | Cash dividend | | 1.7 | 1.5 | — |
| | Bonus shares | From earnings | 0 | 0 | — |
| | | From capital reserves | 0 | 0 | — |
| | Accumulated unpaid dividends | | 0 | 0 | — |
| Analysis of return on investment (ROI) | Price-to-earnings ratio | | 11.16 | 9.57 | — |
| | Price-to-dividend ratio | | 20.42 | 17.03 | — |
| | Cash dividend yield % | | 4.90 | 5.87 | — |

Note: The 2023 cash dividend resolved by the Board of Directors.

* If earnings or capital reserves are capitalized or used for share allotment, the market price and cash dividend adjusted retroactively based on the number of shares distributed shall be disclosed.

Note 1: List the highest and lowest market prices of common shares in each year, and calculate the average market price in each year based on the transaction value and trading volume in the current year.

Note 2: Fill this out based on the number of issued shares at the end of the year and the distribution resolved by the Board of Directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustments are required due to bonus shares, the earnings per share before and after the adjustments shall be listed.

Note 4: If the equity securities issuance conditions stipulate that the undistributed dividends of the current year may be accumulated for distribution in a year with earnings, the accumulated unpaid dividends as of the current year shall be disclosed separately.

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

Note 6: Price-to-dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

Note 8: The Net worth per share and Earnings per share columns shall be filled out based on the CPA-audited (reviewed) data for the most recent quarter up to the publication date of the annual report. The other columns shall be filled out based on the data for the current year up to the publication date of the annual report.

6. The Company's Dividend Policy and Its Implementation

(1) Dividend policy (Articles of Incorporation):

Article 27: Dividends and bonuses shall be distributed based on the percentage of shares held by each shareholder. No dividend and bonus shall be distributed if the Company has no earnings.

Article 28: The Company shall subtract any accumulated losses from earnings in the year (i.e., pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors and supervisors). A minimum amount of 1% of the remaining earnings, if any, shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.

The distribution of employees' remuneration in cash or in shares and the distribution of directors and supervisors' remuneration in cash are subject to a resolution adopted with the consent of a majority of all attending directors at a board meeting with more than two-thirds of board members present and shall be subsequently reported at a shareholders' meeting.

The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to receive employees' remuneration paid in shares or cash.

The Company may distribute earnings or offset losses after the end of each half of a fiscal year.

If there are earnings at the half-year end closing of a fiscal year, they shall first be used to pay taxes, offset accumulated losses, and estimate retained remuneration to employees and to directors and supervisors. 10% of the earnings shall also be set aside as legal reserve, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-in capital. Provision for or reversal of special reserves is then required pursuant to laws. The remaining earnings, if any, shall be added to the undistributed earnings carried from the previous fiscal year as the shareholder bonus. The Board of Directors shall draw up a distribution proposal. Distribution of the earnings by issuing new shares is subject to a resolution adopted at a shareholders' meeting; distribution of the earnings in cash is subject to a resolution of the Board of Directors.

Where the Company has earnings at the year-end closing in a fiscal year, 10% thereof shall be set aside as legal reserve as required by laws after they are used to pay taxes and offset accumulated losses, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-in capital. Provision for or reversal of special reserves is then required pursuant to laws. The remaining earnings, if any, shall be added to the undistributed earnings carried from the first half of the fiscal year as accumulated distributable earnings. The Board of Directors shall subsequently draw up a distribution proposal and submit the same to a shareholders' meeting for a resolution on the distribution of bonuses to shareholders.

The Board of Directors is authorized to adopt a resolution to distribute the abovementioned earnings, legal reserve, and capital

reserve in cash at a meeting attended by more than two-thirds of directors with the consent of a majority of all attending directors and the distribution shall be reported at a shareholders' meeting. The distribution of the earnings, legal reserve, and capital reserve by issuing new shares is subject to a resolution adopted at a shareholders' meeting according to the preceding paragraph. Article 29: The industry where the Company operates is at a stage of steady growth in its development cycle. In consideration of the demand for funds in the future and long-term financial planning, the Company not only distributes earnings in accordance with the preceding article, but also ensures that the percentage of cash dividends distributed is not less than 20% of the shareholders' bonuses distributed in the year. However, if the cash dividends are less than NT\$0.5 per share, the bonuses may be distributed in the form of stock dividends.

The Company may determine the most appropriate dividend policy and distribution method based on the Company's actual operations in the current year and in consideration of capital budgeting for the following year.

(2) Dividend policy:

1. If there are earnings in a fiscal year, the planned dividend amount is NT\$0.5~2 per share
2. The dividend is basically distributed in cash.

(3) Dividend distribution proposed at the annual general meeting in 2023:

SOLOMON Technology Corporation
2023 Statement of Earnings Distribution

Unit: NT\$

| Item | Amount |
|--|---------------|
| Opening undistributed earnings | 2,264,345,502 |
| Plus (less): Remeasurement of defined benefit plans | 1,495,094 |
| Plus (less): Net profit after tax in the current year | 532,241,001 |
| Less: 10% set aside as legal reserve | (53,373,610) |
| Plus (Less): Reversed (set aside) as special reserves | (8,959,987) |
| Distributable earnings | 2,735,748,000 |
| Distributable items: | |
| Shareholder bonus (a cash dividend of NT\$1.7 per share) | (291,500,788) |
| Closing undistributed earnings | 2,444,247,212 |

Note: The Ministry of Finance's Tai-Tsai-Shui Letter No. 871941343 dated 1998.04.30 specifies that separate recognition is required for earning distribution. Priority is given to the 2023 earnings for this earning distribution.

Note: The Board of Directors has resolved the 2023 cash dividend to be distributed. The 2023 Statement of Earnings Distribution is yet to be ratified by the annual general meeting in 2024.

7. Effects of Bonus Shares Proposed at the Annual General Meeting on the Business Performance and Earnings per Share of the Company: N/A.

8. Remuneration to Employees, Directors and Supervisors

- (1) The percentage or range of the remuneration to employees, directors and supervisors as specified in the Articles of Incorporation:

Article 28 of the Articles of Incorporation:

The Company shall subtract any accumulated losses from earnings in the year (i.e. pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors and supervisors). If there are any remaining earnings,

a minimum amount of 1% shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors.

The distribution of employees' remuneration in cash or in shares and the distribution of directors and supervisors' remuneration in cash are subject to a resolution adopted with the consent of a majority of all attending directors at a board meeting with more than two-thirds of board members present and shall be subsequently reported at a shareholders' meeting.

The Company's employees, including the employees of the parent of the Company meeting certain specific requirements, are entitled to receive employees' remuneration paid in shares or cash.

- (2) The basis of the estimate of the remuneration to employees, directors and supervisors, the basis of calculation of the number of shares distributed as the remuneration to employees, and the accounting treatment in case of any difference between the actual amount of distribution and the estimate:

1. Basis of estimate:

The Company shall subtract any accumulated losses from earnings in the year (i.e., pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors and supervisors). If there are any remaining earnings, a minimum amount of 1% thereof shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.

2. The basis of the calculation of the number of shares distributed as the remuneration to employees and the accounting treatment in case of any difference between the actual amount of distribution and the estimate: N/A.

- (3) Distribution of remuneration approved by the Board of Directors:

1. The amount of remuneration distributed, in cash or in shares, to employees and to directors and supervisors: (Where there is any difference between the amount and the estimated amount in the year when the expenses are recognized, the difference and the reason and treatment therefor shall be disclosed)

(1) Employee remuneration (cash): NT\$5,851,248 in total (2023)

(2) Employee remuneration (shares): NT\$0 (2023)

(3) Director remuneration: NT\$11,702,496 in total (2023)

(4) Description of the differences between the amounts and the estimated amounts in the year when the expenses are recognized: No difference.

2. The amount of remuneration distributed in shares to employees and its ratio to the sum of the profit after tax in the parent-only financial statements and employee remuneration in the current period:

(1) The amount of remuneration distributed in shares to employees: NT\$0

(2) The ratio of the aforesaid remuneration to the sum of the profit after tax and employee remuneration in the current period: $\text{NT\$0} / (\text{NT\$532,241 thousand} + \text{NT\$5,851 thousand}) = 0 \%$

(4) Actual distribution of remuneration to employees, directors and supervisors in the previous year (including the number of shares, the amount distributed, and the stock price) and differences (if any) between the distributed amounts and the recognized amounts of remuneration to employees, directors and supervisors; such differences and the reason and treatment therefor shall be specified:

1. Employee remuneration (cash): NT\$5,600,786 (2022)
2. Employee remuneration (shares): NT\$0 (2022)
3. Remuneration to directors: NT\$11,201,572 (2022)
4. Description of the differences between the amounts and the estimated amounts in the year when the expenses are recognized: No difference.

9. Repurchase of the Company's Own Shares

No shares of the Company were repurchased in 2023 and as of the publication date of the annual report.

Chapter 5. Issuance of Corporate Bonds

The Company did not issue corporate bonds in 2023 and as of the publication date of the annual report.

Chapter 6. Issuance of Preferred Shares

The Company did not issue preferred shares in 2023 and as of the publication date of the annual report.

Chapter 7. Issuance of Depositary Receipts

The Company did not issue global depositary receipts in 2023 and as of the publication date of the annual report.

Chapter 8. Issuance of Employee Stock Warrants and Restricted Stock Awards for Employees

The Company did not issue employee stock warrants and restricted stock awards for employees in 2023 and as of the publication date of the annual report.

Chapter 9. Issuance of New Shares with Shares Acquired or Assigned from Other Companies

The Company did not issue new shares with shares acquired or assigned from other companies in 2023 and as of the publication date of the annual report.

Chapter 10. Implementation of the Fund Usage Plan

1. Plan Description

Issues or private placements of securities that have not been completed as of the end of the quarter prior to the publication date of the annual report or issues or private placements of securities that were completed in the most recent three years of which the planned benefits have not been shown: None.

2. Implementation

Comparison between the implementation of the aforesaid plans for their purposes and the estimated benefits: None.

Chapter 11.Overview of Operations

1. Information of Business Activities

(1) Scope of business:

1. Information of main business activities and their proportion:

| Industry category | Industry subcategory | Percentage of the Company's revenue related to the industry to the total revenue % |
|---------------------------------------|---------------------------------------|--|
| Electromechanical Business Group | Uninterruptible power systems (UPS) | 48 |
| Intelligence Business Group | Automated products | 24 |
| Optoelectronic manufacturing industry | TN/STN/TFT – LCD parts and components | 20 |
| Electronic channel industry | IC and other channels | 6 |
| Other electronics industries | Other electronics industries | 2 |
| Total | | 100 |

2. Current main products:

(1) SOLOMON:

| Division/sub-division | | Product |
|------------------------------------|----|---|
| Technology Equipment Business Unit | PC | <ol style="list-style-type: none"> 1. Diesel generators, ATS automatic switches, parallel systems from the US Cummins Power Generation 2. Dynamic uninterruptible power systems (UPS) from the German Piller 3. Busways from the German Siemens 4. Turbine generator systems from the Japanese Kawasaki 5. System design, planning, integration, installation, part purchase/sale, and repair and maintenance services for the above equipment |
| | PQ | <ol style="list-style-type: none"> 1. Electromechanical products: <ul style="list-style-type: none"> - High frequency uninterruptible power supply equipment/high frequency SMR uninterruptible power supply equipment/UPS energy storage equipment from Eaton - IDC products from Eaton - DC chargers and low frequency inverters from the German BENNING - - Custom-designed medium voltage and low voltage distribution boards - Power quality testing and improvement 2. After-sales services: <ul style="list-style-type: none"> - Regular maintenance of electromechanical products - Repair/renewal/installation/refurbishment of electromechanical products |

| Division/sub-division | | Product |
|-----------------------|-----------------------------|--|
| | | <p>1. (Hotel/commercial office) system integration: Audio, video, stage lighting, environmental control, IDS, BGM, large LED displays, guest room control, hanging signs, dimming, welcome robots, and other systems. Surveillance, access control, central monitoring, action improvement, charging hub, and parking management systems.</p> <p>2. Mitsubishi generator units.</p> <p>3. Planning of smart buildings and green building systems: System design, planning, installation, part purchase/sale, and repair and maintenance services for the above equipment.</p> |
| | Gas Equipment Business Unit | <p>1. Generators with internal gas combustion engines and their parts and components</p> <ul style="list-style-type: none"> - Jenbacher Gas Engine Generator Sets <p>2. Cooling water tanks/heat exchangers</p> <p>3. De-NOx systems for stationary engines</p> <p>4. Repair and maintenance and regular after-sales service and maintenance of gas generators</p> |
| | Automation Business Unit | <p>1. Full range of ROCKWELL product lines</p> <p>2. Smart IIoT</p> <ul style="list-style-type: none"> - IIoT platform (PTC ThingWorx) - IIoT gateway (SIA IoT Gateway) - IIoT secure remote gateway (Secomea Gateway) <p>3. Augmented reality (AR) solutions</p> <ul style="list-style-type: none"> - AR development kit (PTC Vuforia) - 3D modeling tool (PTC Creo) <p>4. Virtual reality education and training solutions</p> <ul style="list-style-type: none"> - Virtual reality development kit (Emulate 3D) <p>5. Smart manufacturing solutions</p> <ul style="list-style-type: none"> - Shop floor management solutions (PLEX MES, PLEX QMS) - Asset efficiency management platform (PLEX APM) <p>5. HPE edge computing/servers</p> <p>6. OT cybersecurity management solutions</p> <p>7. HPE edge computing/servers</p> <p>8. Industrial Ethernet and communications</p> <p>9. Non-invasive central monitoring systems</p> <p>10. Internet of Machines (IoM) integration consulting services</p> <p>11. OT/IT information integration consulting services</p> |
| | Robot Business Unit | <p>1. Robotic arms</p> <ul style="list-style-type: none"> - Horizontal Four-axis Multi-joint SCARA Robot/Shibaura Machine - Vertical Six-axis Multi-joint Robot /Shibaura Machine & Universal Robots & Kawasaki Robot & MecaDemic <p>2. Force sensing grippers</p> <ul style="list-style-type: none"> - Robotiq (six-axis force sensor/smart gripper) - On Robot (smart gripper/six-axis force sensor) <p>3. End-gripping modules</p> <p>4. Automated guided vehicles (AGVs)</p> <ul style="list-style-type: none"> - Mobile Industrial Robots - Peripheral modules of Mobile Industrial Robots |

| Division/sub-division | Product |
|-------------------------|--|
| Vision Business Unit | <ol style="list-style-type: none"> Self-developed products <ul style="list-style-type: none"> 3D vision - robotic bin picking systems 2D vision - robotic bin picking systems Autonomous robotic bin picking systems 3D structured light scanner/measurement software Vision-guided robots Deep Learning Sale/agency business for the following products: <ul style="list-style-type: none"> AOI machine vision parts Optical lenses 3D vision modules Smart cameras Industrial cameras LED light sources Video capture cards 2D/3D testing software AOI testing system modules Robotic arm positioning systems Vision measurement and testing systems Bar-code and OCR identification systems 3D vision - robotic bin picking systems 2D vision - robotic bin picking systems 3D autonomous robotic bin picking systems AI defect detection system modules Vision-guided robot systems Robotic arm anti-collision systems 3D image stitching systems |
| LCD Business Unit | <ol style="list-style-type: none"> Distribution/agency business for the following products: <ul style="list-style-type: none"> TFT LCD (Cell 、COG 、FOG 、Module) Driver IC Sale of SOLOMON's customized private label LCD modules. |
| Component Business Unit | <ol style="list-style-type: none"> A-D/D-A Converter/PWM/PFC/CC-CV/Combo IC Audio/DC Amplifier Power/LED Driver LDO/Adjustable Regulator Discrete - Switching/Rectifier/Schottky/Zener Diode Bipolar/Digital Transistor LV/HV MOSFET / Super Junction MosFET Photocoupler/Photo Power TRIAC Infrared LED/Phototransistor TVS/ESD/Varistor Connector, Fuse E-Cap MLCC Film Cap Polymer Cap EDLC Inductor AI chip, Module FeRAM DRAM, EEPROM |

(2) Solomon Energy Technology:

| Company name | Product |
|---------------------------|--|
| Solomon Energy Technology | <ol style="list-style-type: none"> 1. SOLOMON diesel generators 2. SOLOMON parallel systems 3. SOLOMON busways and related systems 4. System design, planning, installation, part purchase/sale, and repair and maintenance services for the above equipment |

3. New products to be developed:

(1) SOLOMON:

| Division | Product |
|-----------------------------|--|
| Vision Business Unit | <p>Continuously enhance AI-integrated vision algorithms and focus on smart logistics, smart manufacturing and smart security solutions. The main development directions are listed as follows:</p> <ol style="list-style-type: none"> 1. Accupick <ol style="list-style-type: none"> (1) Enhance existing functions, such as stacking (2) Add functions for text or voice interaction with customers 2. Solmotion Optimize existing functions, such as: the grinding function that can be used for complex parts 3. META-aivi <ol style="list-style-type: none"> (1) Continue to develop and optimize website and app functions (2) Add functions that can quickly identify 3D objects and pose estimation 4. Enable Solvision to quickly remove incorrect annotations 5. Integrate products from ecosystem partners to create an automated inspection system 6. Integrate AI technology into the AOI system to improve the accuracy of defect detection to more than 99% 7. Provide more comprehensive and precise product measurement and testing solutions |
| Robot Business Unit | <ol style="list-style-type: none"> 1. Integrate robotic arms with vision and AI deep learning applications 2. Develop and apply integration modules for AGVs equipped with robotic arms 3. Use AMR in conjunction with vision for wafer cassette picking |
| Automation Business Unit | <ol style="list-style-type: none"> 1. OT production machine/plant asset management solutions 2. OT cybersecurity vulnerability detection, disaster recovery cybersecurity solutions 3. Inverter AI intelligent management platform solutions 4. EMS, Energy Management System 5. Cloud-based solutions for machinery and equipment |
| Gas Equipment Business Unit | <ol style="list-style-type: none"> 1. Explore project opportunities in the industrial biogas market (paper making and chemical engineering) in a systematic and in-depth manner 2. Due to the rapid increase of electricity demand in Taiwan, more efforts will be devoted to developing the market in Taiwan |
| LCD Business Unit | <ol style="list-style-type: none"> 1. Stretched display panel + solution design or system integration |

| Division | Product |
|-------------------------|--|
| Component Business Unit | New brands for the agency business 1. DeepX (South Korea) – AI chips, modules 2. Fujitsu (Japan) – FeRAM 3. Promos (Taiwan) – DRAM 4. Forcemos (Taiwan) – Discrete |

(2) Solomon Energy Technology:

| Company name | Product |
|---------------------------|--|
| Solomon Energy Technology | 1. SOLOMON generators (with Mitsubishi engines) 2. Agency business for Mitsubishi OEM diesel generators |

(2) Overview of industry:

The Company's business units operate in different industries. The industries in which the main business units are engaged are described as follows:

1. Overview of industries related to power quality equipment:

(1) Current status and development of the industries:

Due to the US-China trade war, a large number of Taiwanese companies in China have opted to bring their investments back to Taiwan. In addition, semiconductor wafer manufacturers and the companies in the technology industry have expanded their production on a large-scale basis. All these factors have contributed to a rapid increase in the demand for electricity. Also, the development and application of 5G, AI, electric cars, and other new technologies will certainly increase instead of decrease power consumption. A report of the Ministry of Economic Affairs shows that the domestic power consumption is expected to grow by 2.5% on average annually from 2021 to 2027. For this, the government has accelerated the promotion of energy transformation. However, the progress towards green energy transformation has not kept up with the increasing demand for electricity. With power rationing and power shortage constantly occurring in Taiwan, ensuring backup power has been a main trend for companies in Taiwan. Moreover, developing green industries and low-carbon economies to mitigate environmental degradation caused by climate change has been a mainstream economic and environmental policy for countries around the world. So-called green energy industries refer to industries that are influenced by the development of “renewable energy.” The R&D and installation of hardware and facilities as well as the storage and sale of green energy are parts of the green energy industry chain. Common types of renewable energy include solar power, hydropower, wind power, biomass energy, ocean energy. In view of the fact that renewable energy is intermittent, leading to higher instability and affecting the power supply quality, energy storage systems become essential relay stations.

In view of the government’s energy policy specifically focusing on the replacement of coal-fired power plants with natural gas power plants, which will significantly contribute to global decarbonization. SOLOMON is competing for not only the “natural gas power plant” project planned by TPC in Taiwan, but also the private “natural gas IPP power plant” project as a result of the new wave of private investment.

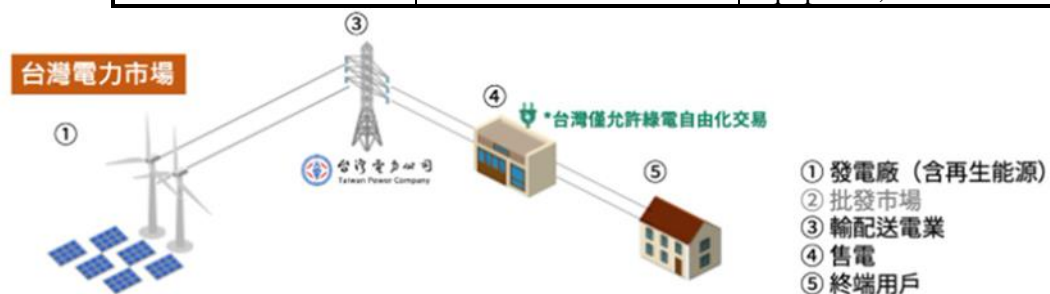
Promoted by greenhouse gas inventory, New energy, green power, and ESG will be the trends in the next five years. Enterprises are gradually realizing that Scope 2 greenhouse gas emissions from “electricity consumption” are a risk management risk that cannot be ignored. The pace of green energy deployment cannot keep up with the electricity demand of enterprises, and the rapid rise of AI intelligence continues to increase the demand for electricity consumption of

enterprises, especially the factories of tech companies. In order to continuously upgrade production technology and equipment and maintain the 24-hour uninterrupted operation of production lines, a stable and high-quality power system is required. Therefore, whether it is the power supply system, the use of hard facilities, power management and energy efficiency, or the efficiency of power consumption, they need to be promoted and refined from multiple aspects, so that the industry can continue to grow steadily.

(2) Relationship among the upstream, midstream and downstream industries:

The Company's customer base covers a wide range of business areas, including high-tech industries, oil refining, petrochemicals, chemicals, natural gas, electricity, transportation, steel, and environmental engineering, and is diversified and not limited to a single area. The services provided by the Company are designed by professional engineering personnel according to the needs of clients. The plant construction requirements of the clients are translated into engineering drawings (including design and shop drawings), and then the projects are completed with the support of contractors according to the engineering drawings. In the process of building a plant, sufficient professionalism is required in the supply of all materials and equipment, as well as construction standards and specifications to ensure that the projects can meet the requirements of the clients and finish within the construction contract period. Therefore, plant construction is an industry with extremely high technical entry barriers.

| Upstream (Raw materials) | Midstream (Product production/technical development) | Downstream (Markets with demand) |
|---|---|--|
| Steel materials, cylinders, pistons, cylinder covers, inlet valves, exhaust valves, piston pins, connecting rods, crankshafts, bearing flywheels, permanent magnets, armature coils, etc. | Diesel generators (Electricity for emergency response) | Technology sector, petrochemical sector, manufacturing sector, public construction projects, hospitals, banks, IDCs, composite buildings, etc. |
| Transformers, cabinets, cables, capacitors, PCB, batteries, etc. | Uninterruptible power systems (UPS) (Electricity protection) | Technology sector, petrochemical sector, manufacturing sector, public construction projects, medical equipment, financial sector, computer equipment, etc. |



(3) Development trends and competition of products:

In the electromechanical industry in China, the Chinese government has supported the investment and development of chip-related industries (14th Five-Year Plan, 2035 Vision), the continuous construction of data centers, and carbon peaking and carbon neutrality policies. As the use of energy storage systems has become widespread, competition in the market has been intense and the market share of OEM brands continues to increase. For the electromechanical industry in Taiwan, although the US-China trade war has brought Taiwanese companies back home, problems such as power rationing and power shortage in Taiwan lead to strong customer demand for electricity for emergency response and electricity protection. There is a variety of generator brands in Taiwan, including CumMINS and Caterpillar in the high-end market, and Kohler, Tatung, Chung-Hsin, TECO, Capital Machinery, etc. in the middle market. To expand our business in the market, we have invested in Solomon Energy Technology in the hope of meeting customers' requirements for OEM brand generators at other market levels.

For sustainability and ESG, in response to government policies, changes in energy structure, and rising power demand due to industrial transformation trends such as digitalization, Industry 4.0, and 5G, it is also critical for enterprises to start thinking of energy storage in addition to striving to improve energy efficiency and replacing old equipment. The Company has partnered with Eaton UPS, the largest UPS supplier of TSMC, whose quality and services are, of course, recognized by the market. Taiwan's 5G system has distributed infrastructure, and SMR is the most important among them. We will not be absent at this critical moment and will actively introduce Eaton's 5G SMR modules to provide efficient and stable power supply for 5G equipment.

2. Overview of industries related to gas generation:

(1) Current status and development of the industries:

A. Policy: China is accelerating the construction of a clean, low-carbon, safe, and high-efficiency new energy system and making great efforts to promote low-carbon transformation. In 2022, the "Action Plan for Carbon Dioxide Peaking Before 2030" was released, which proposes promoting the replacement of fossil fuels such as coal and petroleum with natural gas in more fields and industries, and accelerating the realization of "carbon peaking and carbon neutrality" goals. In 2023, driven by factors such as the drop in international gas prices and economic recovery, China's natural gas consumption resumed growth. China's natural gas consumption during January–October 2023 was 321.1 billion m³, with a year-on-year growth of 12.2 billion m³, or 3.9%. As of the end of 2023, the total installed capacity of natural gas power generation in China was 122.19GW, accounting for 4.4% of the total installed capacity in the country, with a year-on-year increase of 7.6GW. It is estimated that the natural gas power generation utilization hours will be 2466 hours per year in 2023, which is an increase of 37 hours per year. The annual power generation is expected to be 297.8 TWh, accounting for 3.25% of the total electricity consumption of the whole society. According to the "13th Five-Year Plan for Biomass Energy Development," by 2035, the installed biomass combined heat and power capacity will be over 25GW. The annual biomass briquette consumption will be about 50 million tons, and the annual biomass gas consumption will be about 25 billion m³, directly replacing 60 million tons of coal annually. According to statistics, the installed capacity of biomass power generation from January to October 2023 in China reached 44GW, with an

increase of 2.32GW, and the power generation capacity reached 164TWh.

B. Industry: In the past ten years, the installed capacity and power generation of natural gas in China have stably increased at an annual average increase rate of up to 15% and 14%, respectively. The increase rate of the installed capacity of natural gas was 7% higher than that of the total installed capacity of electricity during the same period. The industries expect that the installed capacity of gas-fired generation in China will reach 140GW by 2025 and 240GW by 2035.

Application: Adopting the “following the thermal load” strategy and selling both electricity and steam to develop our combined heat and power business: Supplying heat while supplying electricity. Combined heat and power (CHP for short) is a production method that combines heat supply and power generation in the same power plant. The power plant produces electric energy while using the steam used by steam turbine generators to supply heat to users. CHP has several benefits, such as saving energy, improving the environment, enhancing the quality of heat supply, and increasing the supply of electricity. The thermal efficiency of a coal-fired CHP power generation unit is 15%-40% higher than that of a coal-fired power generation unit of the same installed capacity. A gas turbine CHP plant uses natural gas to generate electricity and then utilizes the residual heat from the waste gas exhausted from a gas generator. A waste heat boiler absorbs heat energy from the waste gas and converts it into high-temperature and high-pressure steam that is used to drive a steam turbine to produce power. In the meantime, heat is supplied to users with the used steam. Such system not only produces heat energy, but also enables generators to run more effectively and economically. A gas-steam combined cycle power plant (CCPP) features good peak load regulation performance, fast activation/deactivation, and other advantages. China’s installed CHP capacity continues to grow. In 2021, China’s installed CHP capacity increased from 281GW in 2015 to 550GW, with an increase of 269GW in six years. It is expected that China’s installed CHP capacity will approach 600GW by 2022. There is a large amount of room for development of the CHP energy-saving business in China. As the energy market continues to change, flexible solutions for commercial CHP systems are favored by many end users. In addition, the accelerated construction of modern power grids requires higher and higher grid flexibility, which will continue promoting the development of the CHP industry. The CHP industry is a public infrastructure industry. The amount of on-grid power is determined based on the “following the thermal load” (FTL) principle and the annual on-grid power plan depends on the heat supply. Also, as heat loss occurs while heat is being transported, it is not economic to transport heat long distance. Heat supply services are distributed regionally and have not formed a large nationwide heat supply system. In response to this situation, local governments and cities carry out CHP projects based on the principles of “integrated planning, step-by-step implementation, FTL, and rightsizing”. The projects must aim at heat supply and meet the requirements for environmental improvement, energy saving, and higher heat quality, leading to a limited number and size of CHP projects within a certain geographic scope. Gas turbine CHP plants adopt the FTL principle to determine the best operation plan based on heat load demand and focus on meeting the heat load demand in the area where they are located as their main goal. When developing power dispatch curves, power dispatch centers give full consideration to the heat load curve and energy-saving factors. Electricity indicators and plant utilization hours are not used to limit the external heat supply of CHP plants. Hence, CHP services are provided for public utilities in large or medium-sized cities and industrial parks.

(2) Relationship among the upstream, midstream and downstream industries:

- A. In 2022, China's natural gas consumption experienced negative growth due to factors such as slowing economic growth and high gas prices. According to statistics previously released by the National Development and Reform Commission, the apparent national natural gas consumption in 2022 was 366.3 billion m³, down by 1.7% year-on-year, and its proportion in total energy consumption fell by 0.4 percentage points, impacting the gas consumption for industrial and power generation use the most. This was the first time in history that the gas consumption for power generation experienced negative growth. With the guidance and support of macro policies, natural gas consumption grew rapidly in 2023. It is expected that China's natural gas consumption in 2023 will be 444.057 billion m³, up by 77.8 billion m³, with a year-on-year increase of 21.23%. China's dependence on foreign natural gas is on the decline. China's dependence on foreign natural gas is on the decline. Since 2019, the relationship between supply and demand for domestic natural gas has eased. This is mainly due to the slowdown of China's industrial economic growth and the gradual shift from coal to natural gas, which is a result of the gradual stabilization of China's dependence on foreign natural gas. From 2016 to 2020, China's dependence on foreign natural gas was 34%, 39%, 45.3%, 43.4%, and 45.1%, respectively. According to data from the National Bureau of Statistics of China, China's dependence on foreign natural gas was 40.5% in 2022, with a year-on-year decrease of 5.5 percentage points.
- B. From the perspective of resource supply, the increase in imported gas will be greater than that in domestically produced gas in 2023, and the dependence on foreign gas will increase.
- C. For biogas power generation, the cumulative installed capacity of biogas power generation in China in 2022 was 1.22GW, a year-on-year increase of 11%; the cumulative power generation was 3.9TWh, a year-on-year increase of 5%. The provinces with more newly installed capacity are Guangdong, Shandong, Anhui, Jiangxi, and Shanghai, and the provinces with more power generation are Guangdong, Shandong, Hunan, Sichuan, and Zhejiang. Biomass energy has basically been commercialized and utilized on a large scale.
- D. In 2022, China's newly installed renewable energy capacity was 152GW, of which biomass power generation was up by 3.34GW; the installed renewable energy capacity reached 1213GW, accounting for 47.3% of the total installed power generation capacity in the country, an increase of 2.5% from 2021, of which biomass power generation was 41GW.
- a. There is a large amount of room for development of the CHP energy-saving business in China. As the energy market continues to change, flexible solutions for commercial CHP systems are favored by many end users. In addition, the accelerated construction of modern power grids requires higher and higher grid flexibility, which will continue promoting the development of the CHP industry. Local governments and cities are carrying out CHP projects based on the principles of "integrated planning, step-by-step implementation, FTL, and rightsizing". The projects must aim at heat supply and meet the requirements for environmental improvement, energy saving, and higher heat quality, leading to a limited number and size of CHP projects within a certain geographic scope.

(3) Development trends and competition of products:

| Gas-fired Generation vs. Coal-fired Power Plants | |
|--|---|
| Emissions | The CO ₂ emissions from gas-fired generation are over 50% less than those from coal-fired power plants. Its NO _x emissions are about 10% of those from coal-fired power plants. Gas-fired generation releases nearly zero sulfur dioxide and smoke/dust emissions, demonstrating its advantages in terms of environmental protection. |
| Land use | In most cases, the floor space required for building a gas-fired power plant is only 54% of that for a coal-fired power plant. Building gas-fired power plants is thus doable in load centers in cities with power shortage problems, enabling on-site power supply. |
| Operation | Gas-fired power plants have the advantages of flexible operation and fast activation/deactivation, making them the best option for grid peak load regulation. |

Data source: GE Power, Guosheng Securities Institute

- A. We have developed our business and gotten a foothold in developed regions with abundant customer resources and early CHP deployment, giving us high exclusivity.
 - B. A high heat load capacity for heat users nearby is required for CHP project sites. According to national regulations, no multiple CHP projects may be planned within a certain heat supply radius. Our first-mover advantage in CHP projects can also create the advantage of exclusivity for enterprises.
 - C. The Company has more than 10 years of experience in CHP investment and operation. Having a foothold in developed regions, our CHP projects are concentrated in Shanghai, Beijing, Jiangsu, Zhejiang, Shandong, and other national and provincial development areas. There have been strong demands for electricity and heat in developed regions.
 - D. A high heat load capacity for heat users nearby is required for CHP project sites. According to national regulations, no multiple CHP projects may be planned within a certain heat supply radius. As a first-mover advantage, CHP projects can create the advantage of regional exclusivity for enterprises.
 - E. Carbon peaking and carbon neutrality policies have led to the expansion of the clean energy market, fast growth of the size of the organic waste treatment market, demands from users for replacing outdated domestically manufactured equipment with imported equipment, and the expansion of the supply and service scope of biogas projects, all of which are important factors that help increase the Company's operating revenue.
3. Overview of industries related to intelligent equipment applications:
- (1) Current status and development of the industries:
With the slowdown of the COVID-19 pandemic and the reopening of national borders, the industrial supply chain and logistics distribution have gradually returned to normal. The evolution of technology has resulted in new economic activities. Meanwhile, with the government's promotion of digital transformation, net zero emissions, and private 5G networks, the manufacturing industry has had to face more regulations and requirements, which has also brought about the new trend of multi-dimensional automated system integration services. Hence, the Company will focus on the development of AIoT platforms, machine learning algorithms, 3D AI vision used to help humanity, etc.

- (2) Relationship among the upstream, midstream and downstream industries:
SOLOMON is an agent of Rockwell Automation, USA, and is also a partner of Parametric Technology (PTC). Vertical integration with the industrial expertise of American-based Rockwell Automation into the AI vision and PTC augmented reality solutions developed by the Company can significantly reduce operating costs caused by human error in the manufacturing industry, while at the same time contributing to environmental protection. With the support of 5G private networks, the Company can quickly develop applications required for the manufacturing industry. Through cloud computing services, 3D scenarios can be identified quickly to save operating time.

Our products are sold to enterprises in various manufacturing industries, including semiconductor and electronics, steel, transportation and logistics, tire, petrochemical and mining, consumer goods, food processing, pulp and paper, public construction, and water treatment industries. In respect to external relations, we focus on building a safe B2B network to stabilize the supply chain.

- (3) Development trends and competition of products:

In response to carbon reduction and carbon tax issues, many enterprises are actively using digital technology to change their business models, processes, products, and service processes. The software and services used include ERP, CRM, MES, QMS, data analysis tools, cloud services, collaborative operations, and other systems. SOLOMON provides the Rockwell Automation FactoryTalk DataMosaix solution as a vertically integrated application platform to solve system connection and cloud application issues.

For hardware solutions, the Company not only offers multi-faceted IoT networking solutions for production equipment, but also provides OT/IT cybersecurity solutions that have been implemented in large semiconductor factories. Furthermore, we have tailored an energy consumption management system for data centers.

The data analysis tools provided by the Company are selected from the raw data of production machines and verified by different algorithms on FactoryTalk DataMosaix. Then, various existing dashboards are used to present the results in different aspects. The results can not only be provided to decision-makers as a reference, but also as recommendations.

Asset Risk Predictor (ARP): It uses AI sensor data, machine recipes, and operational environments to predict asset health so that users can find and eliminate failures before they occur. This powerful tool can learn the signs of equipment failure in just 7 days and predict failure days in advance.

4. Overview of vision-related industries:

- (1) Current status and development of the industries:

In recent years, with the rapid development of artificial intelligence, machine learning, and computing power, the machine vision industry has shown significant growth and application expansion. Advances in deep learning and computer vision algorithms have greatly improved the recognition capability and precision of machine vision systems, enabling them to handle more complex image recognition and classification tasks.

Machine vision is widely used in manufacturing, automotive, medical, retail, security monitoring and other fields. It is not only used for quality inspection, object recognition and classification, but is also increasingly used in innovative fields such as navigation, surgery assistance, and customer interaction.

The machine vision market continues to grow, and it is expected to maintain a

stable compound annual growth rate in the next few years. With the advancement of technology and the expansion of application fields, the demand for machine vision systems continues to rise.

The machine vision industry is in a stage of rapid development, and continuous technological innovation and application expansion have brought unprecedented development opportunities to the industry. In the future, as the technology further matures and the market is further explored, machine vision will play a more critical role in smart manufacturing, automation, digital health and other fields.

(2) Relationship among the upstream, midstream and downstream industries:

Midstream (machine vision system integration): Enterprises that integrate the upstream-provided hardware components and software technologies into a complete machine vision system. This includes the design and manufacture of machine vision equipment such as cameras and image processing equipment, as well as the provision of related software solutions and services. Midstream companies need to have an in-depth understanding of downstream application needs in order to provide customized products and solutions that meet the needs of specific industries.

Downstream (applications and end markets): Machine vision systems are used in various end industries, including but not limited to manufacturing, automotive, medical, security monitoring, agriculture, retail, and other fields. These industries use machine vision technology for automated inspection, quality control, navigation and positioning, etc., in order to improve production efficiency, reduce costs, and enhance product quality and user experience.

(3) Development trends and competition of products:

With the rapid development of open source software, the threshold for software development has been greatly lowered. Meanwhile, the popularization of AI has increased the market demand for AI products and services. Machine vision enables machines to “see” and understand the world around them like human eyes. This is of great significance for making products smarter and improving user experience. In recent years, machine vision combined with deep learning technology has made its application more extensive. The 2023 report of Export Market Research also pointed out that the machine vision market will grow from about US\$1.088 billion in 2023 to nearly US\$2.151 billion in 2032, with a compound annual growth rate of 7.90%.

We are about to hit a 10-year milestone in our development of AI 3D vision. Our advanced 3D machine vision and deep learning software platforms designed ahead of the industry have won numerous awards, such as the Gold Award in the 2019 Vision System Design Award and the 2023 Taiwan Excellence Award. Automation requirements nowadays are becoming more and more complex. SOLOMON’s extensive manufacturing and testing expertise enables the Company to stay ahead of the competition in AI and 3D vision applications, including vision-guided robots, vision inspection, and depalletizing. We also provide frontline operators with the latest AI-driven AR solutions. With the most advanced artificial intelligence machine vision solutions, SOLOMON is committed to improving customers’ productivity and profitability to create a win-win situation.

5. Overview of industries related to robotic intelligence:

(1) Current status and development of the industries:

Robot technology has made great progress in recent years. Robots can accept human command, run pre-written programs, or act according to the principles set by artificial intelligence technology, and can self-evolve through learning. Their mission is to assist or replace human tasks, such as production, construction, service, or other dangerous tasks. In response to the impact of the pandemic and labor shortages, Taiwan's robot market needs to continuously develop robotic automation processes and artificial intelligence technology and accelerate the introduction of unmanned and remote operation technologies into the manufacturing industry. To meet such demand, it is necessary to continue to develop robotic automation processes and artificial intelligence technology. Improving efficiency is the key to promoting the manufacturing industry that emphasizes production efficiency and yield.

(2) Relationship among the upstream, midstream and downstream industries:

Robots have become an important resource in the field of industrial automated production and daily life services. Upstream refers to the technology transfer of academic research results for corporate R&D. In the midstream sector, companies develop solutions for production and manufacturing through technology innovation results. Downstream refers to actual applications in major industrial markets and living environments

(3) Development trends and competition of products:

- A. Affordable light-duty robots and the application of software are one of the reasons for differentiation between industrial robot manufacturers. Finding ways of better integrating software and hardware is a key essential to sharpening the competitive edge in the market.
- B. There are requirements for more flexible customized design.
- C. The rapid changes in the social environment such as global declining birth rates and population aging have made the development of relevant robotic technologies more mature. Service robots have risen in line with the trend. Various countries are optimistic that their future production value will surpass that of industrial robots.

6. Overview of the optoelectronic industry:

(1) Current status and development of the industries:

In 2023, panel makers will continue their load reduction strategy that started in 2022 and adopt prudent capacity control to effectively balance the supply and demand for medium- and large-sized panels. In addition, the shipment of display panels dropped since global consumer electronics experienced a sharp slump in 2023. In such global economic environment and with a supply chain adjustment, the price of display panels has fluctuated and products have been replaced rapidly.

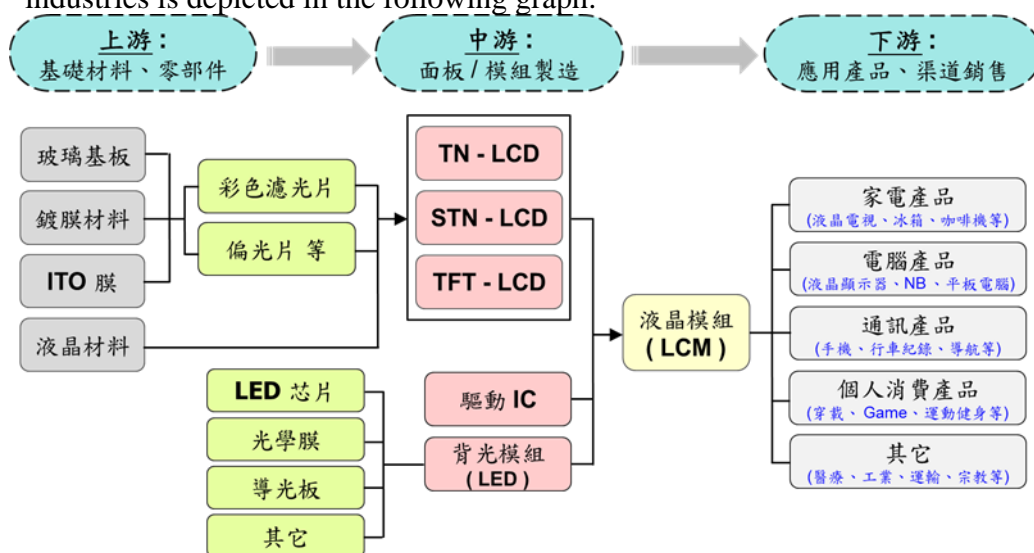
As 2024 approaches, there are still some uncertainties in the overall economy. Although the overall environment is gradually improving, it is not yet recovering strongly. If the interest rate hike is stopped and the inflation rate falls, there is a possibility of an interest rate cut in the second half of the year. In addition, the market has been gradually adapted to the impact of the Russo-Ukrainian War. However, the Red Sea crisis triggered by the Israel–Hamas War has caused transportation problems, such as: prolonged transportation time, crowding of shipping space, and rising transportation costs, which need to be paid close attention to.

In 2024, the commercial display and NB markets, which have less room for performance, are expected to show signs of recovery. The demand for high-end panels, such as gaming panels, is expected to continue the steady growth of the past few years. We can have a positive outlook on the shipment volume of panels in 2024.

From the perspective of changes in supply and demand, the industry generally believes that the demand for panels in 2024 will grow by about 5%-10%. In contrast, the growth of supply capacity is only about 1%-3%. The supply-and-demand structure may be improved. It is expected that the price volatility of display panels will be mild in 2024. According to Digitimes, the overall production value of LCD will rebound by 12% to US\$104 billion in 2024 (partly due to the recovery of panel prices), and positive growth is also expected for the next two years (2025-2026). Although such forecast may not be accurate, it reflects that the market's thoughts about the future of the industry are gradually becoming more positive.

(2) Relationship among the upstream, midstream and downstream industries:

The relationship among the upstream, midstream and downstream LCD panel industries is depicted in the following graph:



| <u>Upstream:</u> Basic materials, parts, and components | | <u>Midstream:</u> Manufacturing of panels/modules | | <u>Downstream:</u> Applications, channel sales |
|--|--------------------|--|-------------------------------|--|
| Glass substrates | | | | |
| Coating materials | Color filters | | | |
| ITO films | Polarizers, etc. | | | Household appliances (LCD TVs, refrigerators, coffeemakers, etc.) |
| Liquid crystal materials | | | | Computer products (LCDs, notebooks, tablets) |
| | LED chips | | Liquid crystal modules (LCMs) | Communication products (Mobile phones, dash cams, GPS, etc.) |
| | Optical films | Driver ICs | | Consumer products (Wearable devices, gaming, sports and fitness devices, etc) |
| | Light guide plates | Backlight modules (LEDs) | | Others (Products used in medical, industrial, transportation sectors and religion) |
| | Others | | | |

7. Overview of industries related to electronic components:

(1) Current status and development of the industries:

In 2023, the overall semiconductor market showed a decline. The memory product market was impacted the most with an annual decline of 35%. AI-related industries, cloud processing chips, and power semiconductors for electric vehicles, such as SiC and IGBT were one of the few areas experiencing growth. Among the world's top 20 semiconductor companies, only 5 can achieve positive revenue growth in 2023Y, namely Nvidia, Broadcom, Infineon, ST, and NXP. Nvidia's revenue comes from GPUs and DPUs; Broadcom's revenue comes from network communication equipment and customized chips; and the revenue of Infineon, ST, and NXP comes from automotive semiconductor components.

Looking forward to 2024, the global semiconductor market is expected to grow by double-digit percentages of 10–15%.

(2) Relationship among the upstream, midstream and downstream industries:

As the end market continues to destock, it is expected to recover to its level in Q4 2024Y. This will take time, and the main reason is that the downstream stock needs to be reduced and the upstream production capacity needs to be adjusted due to insufficiency.

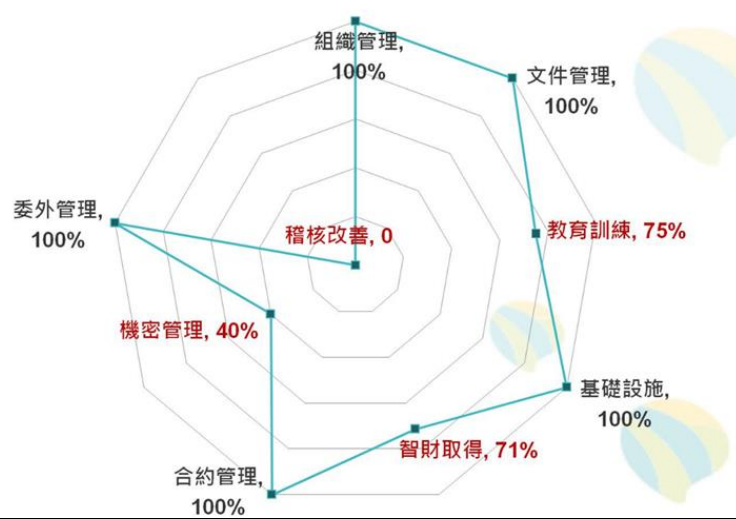
In terms of market demand, the four major application markets that are expected to grow significantly are smart phones, servers, automotive, and PCs. The automotive market specifically refers to the field of electric vehicles.

(3) Development trends and competition of products:

Semiconductors related to AI and high-performance computing are most noteworthy. For example, Nvidia's server GPUs are market-leading and active products that bring considerable gross profit and revenue. Various countries have also started to develop high-performance computing and low-power customized edge processors, such as Taiwan and South Korea. Generally speaking, they are still in the stage of definition and exploration, and mass shipments will take place in Q2 2025Y.

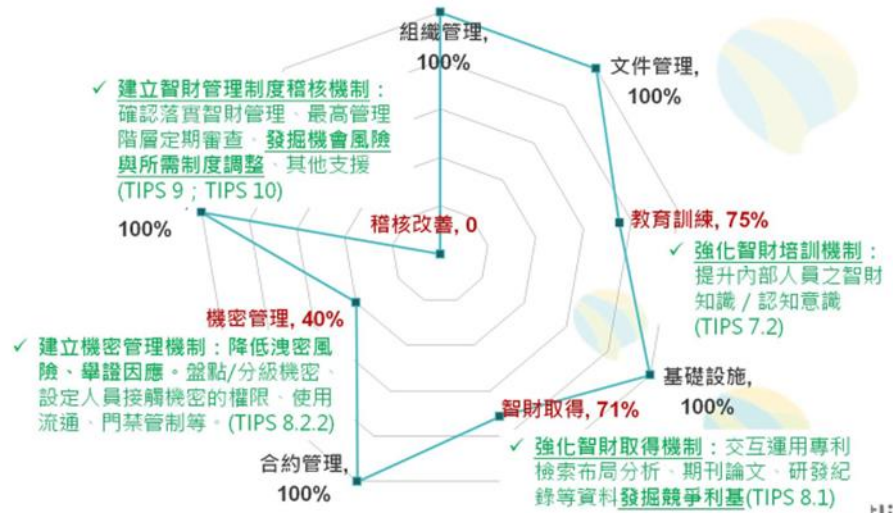
The memory industry is expected to resume growth in 2024–2025Y. Due to the decline in PC and smart phone shipments in the past two years, memory manufacturers have gradually switched to high-bandwidth memory (HBM) for high-end AI servers, whose prices are much higher than the general DRAM price. In the future, general DRAM and HBM may be stably supplied.

8. The Company's intellectual property management plan
 (1) The Company's intellectual property management self-assessment plan:



| | | |
|----------------------------|--------------------------------------|------------------------|
| Contractor management | Organizational management | Document management |
| Confidentiality management | Audit improvement | Education and training |
| Contract management | Acquisition of intellectual property | Infrastructure |

(2) The Company's assessment results:



| | | |
|---|--|---|
| | Organizational management | |
| <p><u>Creating an audit mechanism for the intellectual property management system:</u></p> <p>to ensure the implementation of intellectual property management and regular top management evaluation, identify opportunities/risks and required system adjustments, and provide other support. (TIPS 9, TIPS 10)</p> | | Document management |
| Confidentiality management | Audit improvement | Education and training |
| <p><u>Building a confidentiality management mechanism:</u></p> <p>to reduce the risk of leakage of confidential information and provide evidential responses. The Company conducts confidential information inventory/classification, restricts personnel's access to confidential information, and adopts information flow and access control. (TIPS 8.2.2)</p> | Acquisition of intellectual property | <p><u>Enhancing the intellectual property mechanism:</u></p> <p>to improve the knowledge of internal employees or raise their awareness on intellectual property. (TIPS 7.2)</p> |
| Contract management | <p><u>Strengthening the intellectual property acquisition mechanism:</u></p> <p>to find competitive niches by alternatively utilizing patent search and portfolio analysis tools, journal articles, R&D records, and other data. (TIPS 8.1)</p> | Infrastructure |

(3) Intellectual property management plan: Introduction of TIPS

- 降低研發成果侵權風險
- 提升研發成果流通運用

基於 ISO 9001架構，降低導入成本。

- 智財管理 (TIPS) 架構共計10單元 (since 2007) :



| | | |
|---|---|--|
| Reducing the risk of R&D results being used without authorization Facilitating the circulation and use of R&D results The introduction cost is reduced by using the ISO 9001 framework There have been 10 units within the intellectual property management (TIPS) framework (since 2007): | | |
| 5. Responsibilities of the management 6. System planning 7. Support | 8. Acquisition, protection, maintenance, and utilization of intellectual property | TIPS Intellectual Property Management R&D cycle for internal control |
| 10. Improvement 10.2 Corrective measures 10.3 Continuous improvement | 9. Performance evaluation 9.1 Supervision, evaluation, and analysis 9.2 Internal audit 9.3 Management review | Planning for compliance with intellectual property requirements in the internal control standards for listed companies |

(3) Overview of technology, research and development:

1. R&D expense:

Unit: NT\$ thousand

| Year | 2023 | Q1 2024 |
|-------------|---------|---------|
| R&D expense | 126,436 | 32,491 |

Note: These figures are derived from the consolidated financial statements.

2. Successfully developed technologies or products:

| Period | 2023 | 2024, as of the publication date of the annual report |
|---------------------------------|--|--|
| Successfully developed products | <ol style="list-style-type: none"> AccuPick: It can suck packages placed randomly on the conveyor belt and arrange them in a specific way AccuPick automated packaging system AccuPick: It can monitor multiple equipment units remotely and enable manual operation in case of central system shutdowns Solvision: It can perform identification in embedded systems and the cloud Solmotion: Arm path teaching is completed with a handheld pen | <ol style="list-style-type: none"> Functions for text or voice interaction with customers were added to Accupick META-aivi's website and app functions were optimized Products from ecosystem partners were integrated to create an automated inspection system |

(4) Long-term and short-term business development plans:

| Business unit | Long-term business development plan | Short-term business development plan |
|------------------------------------|--|---|
| Technology Equipment Business Unit | <ol style="list-style-type: none"> 1. Position the Company as a power quality system service provider and focus on all activities related to power quality except those that Taipower is engaged in. 2. Grasp the business opportunities from the Chinese government's pursuit of independence in the chip industry through plant construction and branch out into the diesel generator industry and relevant repair and maintenance services. 3. Keep up with the pace of 5G and data center deployment and expansion in China. 4. Grow the Company's design and project talent pools and improve integrity in the project closure phase. 5. Cultivate repair and maintenance personnel and develop and expand the Company's aftermarket business. | <ol style="list-style-type: none"> 1. Shift from fuel to power quality: Product layout and organization structuring for biogas power generation systems, UPS, and energy storage systems. 2. Distribute the Company's offices in Taipei, Hsinchu, Taichung, and Kaohsiung. 3. Target markets in Eastern and Northern China. 4. Build talent pipelines in data center and 5G markets on a continuous basis. 5. Further expand the Company's business in the repair and maintenance market. 6. Place short-term focus on projects and investments (for plant construction) in Taiwan to make prominent achievements in application markets, thereby boosting the Company's market share. 7. Strengthen the integrity of business in Northern, Central and Southern Taiwan and grasp the development trends of the six municipalities in Taiwan and the government's policies for encouraging domestic investments to serve companies with needs. |
| Gas Equipment Business Unit | <ol style="list-style-type: none"> 1. Retain long-term repeat customers in the natural gas market, such as gas companies and power construction companies. 2. Work with professional organic waste treatment groups/suppliers to expand the Company's business in the biogas market. 3. Expand the business with a long-term profit-seeking mindset. Strive for a win-win situation for the Company and customers through long-term after-sales services. 4. Offer flexible long-term options that meet customers' requirements (e.g., adopting quarterly or annual payment). 5. Ask manufacturers to control channels of parts and adhere to the principle of local service provision. 6. Create a reasonable scientific spare parts mechanism to guarantee a competitive edge in the aftermarket. 7. Plan to offer integrated power generation and operation services and target customers to avoid price wars. | <ol style="list-style-type: none"> 1. Prioritize upstream investors with control over natural gas resources for natural gas projects. 2. Exploit coalbed methane and syngas markets and other markets. 3. Develop and optimize tool and parts inventory management systems. 4. Keep more components and spare parts for models with higher sales in stock for emergency response and to increase customer satisfaction. 5. Establish technical and project file databases. 6. Improve the coverage of key customers for biogas projects and provide special offers to the customers in the foremarket and aftermarket. |

| Business unit | Long-term business development plan | Short-term business development plan |
|--------------------------|---|--|
| Automation Business Unit | <ol style="list-style-type: none"> 1. Obtain MERLION certification from ROCKWELL. 2. Develop 5G and AIoT applications and focus on serving 5G private network customers. 3. Cooperate with legal entities and industry associations to develop 5G applications required by the industry on the basis of 3D vision. 4. Develop AR and AI applications for wearable devices in order for the manufacturing industry to save costs generated from human errors. 5. Continue the development of new AIoT application solutions for processes and factory systems to assist customers in reducing the time for developing intelligent machines and equipment, and meet their needs and requirements for digital transformation. | <ol style="list-style-type: none"> 1. Promote the new products released by ROCKWELL every year 2. Select a specific industry and actively train personnel on the know-how of products/markets/applications 3. Add new partners in specific industries 4. Integrate AI vision products to develop production line quality inspection solutions and increase market share. 5. Combine AI vision and AR to promote the inheritance of experience and the implementation of standard operating procedures and for application in inspection tasks. 6. Focus on existing goals such as facility maintenance and management, cybersecurity, and the enhancement of energy management solutions. 7. Form alliances with 5G carriers to be dedicated to developing application solutions for smart manufacturing and smart logistics. 8. Integrate internal resources horizontally and combine the strengths of each business unit to develop new applications that meet their needs in order to expand market share. 9. Focus on existing goals such as facility maintenance and management, and energy management solutions in addition to applying AR in passing on the experience of senior staff and implementing standard operating procedures. |
| Vision Business Unit | <ol style="list-style-type: none"> 1. Keep penetrating different industries and application fields and add more partners to the strategical alliance. 2. Continuously hire R&D talent and develop high-efficiency machine vision systems that optimize production to maintain a leading position in the market. 3. Set up branches in key global markets, provide local technical support, and achieve market deployment. | <ol style="list-style-type: none"> 1. Work with more brands around the world as an agent and set up more offices worldwide through exhibitions and other marketing channels. 2. Forge complementary alliances with relevant software and hardware companies 3. 4. Develop new differentiated 2D products, expand the application market, and increase the sales of 3D products with the aim of lowering the bar for customers to adopt these products and influence them to purchase advanced products afterwards. |
| Robot Business Unit | <ol style="list-style-type: none"> 1. Work with SIs in developing automation solutions and automated integration 2. Forge technical partnerships with end customers to jointly develop new process applications and future development solutions. | <ol style="list-style-type: none"> 1. Penetrate into target markets and retain existing customers 2. Promote duplicating applications and expand service scope 3. Create added value with product portfolios |

| Business unit | Long-term business development plan | Short-term business development plan |
|-------------------------|--|---|
| | 3. Cooperate with manufacturers to jointly solve customer needs and adopt new product solutions. 4. Ensure collaboration and integration of internal units. | 4. Target application markets (1) Warehousing and handling (2) Automated handling of raw materials in traditional industries (3) Collaborative handling in midstream and downstream semiconductor industries (4) Automated assembly of electronic parts and components (5) Automated inspection of automotive parts and components |
| Component Business Unit | Enter markets related to AI issues 1. IP CAM 2. IPC 3. ADAS 4. Smart Appliances | 1. Improve business skills and increase the number of actions 2. Organize regular internal training and case sharing 3. Systematically track various project sources 4. Cement the relationship with manufacturers and customers to maximize trilateral cooperation 5. Increase revenue, orders, and gross profit margin, 6. collect receivables, and reduce inventory |
| LCD Business Unit | 1. Existing brand for agency business (HannStar Display): Focus on the commencement of production of big selling sizes. 2. Develop new brands for agency or distribution (strive to become the agent of BOE in Taiwan). | 1. Work closely with Solomon Goldentek Display, a subsidiary of the Group, to provide customers with customized services, creating synergies and achieving win-win results. 2. Focus on two important application markets: mobile health and stretched display. 3. Implement project follow-ups at the source and strengthen service development capabilities. |

2. Overview of Markets and Production/Sales

(1) Industry-specific performance indicators:

The performance indicators specific to the industry where the Company operates generally are financial structure and solvency. The financial structure of a company can be determined by its “debt asset ratio” and “long-term funds to fixed assets.” The “solvency” of a company can be used to measure its operational risk level. The higher the ratio, the better its liquidity position, and the lower its operational risk level. The following table shows the Company’s performance measured based on the two indicators:

| Item/Year | | 2023 | 2022 |
|---------------------|-------------------------------------|---------|----------|
| Financial structure | Debt to asset ratio (%) | 36.76 | 36.95 |
| | Long-term funds to fixed assets (%) | 1369.87 | 1243.13 |
| Solvency | Current ratio (%) | 180.87 | 177.77 |
| | Quick ratio (%) | 105.41 | 118.59 |
| | Times interest earned (%) | 3908.22 | 3,973.36 |

We will make persistent improvements in the hope of putting up a better performance this year.

(2) Market analysis:

1. Technology Equipment Business Unit:

(1) Generators and UPS:

| Main product | Generators | | Dynamic UPS | | Static UPS |
|--|--|---|---|--|---|
| Sales region | Taiwan | China | Taiwan | China | Taiwan, China |
| Market share | N/A | N/A | N/A | N/A | N/A |
| Future market growth and supply and demand | Growth | Growth | Growth | Growth | Growth |
| Competitive niches | 1. Agent of the world's No.1 brand 2. SOLOMON has operated in the market for decades, with a good reputation from customers 3. The Company owns a well-organized professional service team 4. We collect comprehensive market information to fully grasp the business opportunities in the market | 1. The Company acts as an agent of the world's No.1 brand 2. We have extensive experience and a good corporate reputation 3. The Company owns a well-organized professional service team 4. We have actively set up more offices | 1. The Company acts as an agent of the world's top 3 brands 2. SOLOMON has operated in the market for years, with a good reputation from customers 3. The Company owns a well-organized professional service team 4. We collect comprehensive market information to fully grasp the business opportunities in the market | 1. The Company acts as an agent of the world's top 3 brands 2. We have extensive experience and a good corporate reputation 3. The Company owns a well-organized professional service team | 1. The Company acts as an agent of the world's top 3 brands 2. SOLOMON has developed business activities and after-sales services with the help of Eaton's existing organization |
| Advantages for development prospects | The government's energy transformation and 5G development as well as the demand for green energy increase business opportunities in the market | China's chip independence as well as 5G and data center investment and construction increase business opportunities in the market | The government's energy transformation and 5G development as well as the demand for green energy increase business opportunities in the market | China's chip independence as well as 5G and data center investment and construction increase business opportunities in the market | 5G and data center investment and construction increase business opportunities in the market |
| Disadvantages for development prospects | The products have a higher price, making them less competitive to reach customers who use prices as the main consideration when making purchase decisions | | | | |
| Countermeasures | 1. Highlighting product features and differentiation and asking for reasonable cost reductions from suppliers to increase market share 2. Cementing customer relationships in order to increase competitiveness with excellent products and services | | | | |

(2) Busways:

| | |
|--|---|
| Main product | Busways |
| Sales region | Taiwan |
| Market share | N/A |
| Future market growth and supply and demand | The products are associated with large plant construction investments in the industry; economic revival will increase corporate investments |
| Competitive niches | 1. We offer customers a comprehensive series of busways, ranging from medium voltage busways to low voltage busways and from metal-enclosed busways to cast resin busways 2. The Company owns a well-organized professional service team |
| Advantages for development prospects | 1. By using appropriate strategies, the demand for the products can be stimulated, thereby scaling up the market 2. Products made in China are allowed to be imported |
| Disadvantages for development prospects | There are many alternatives |
| Countermeasures | 1. Developing and integrating other products for tie-in sales 2. Developing Taiwanese companies and markets in China 3. Working with more competitive companies |

(3) Aftermarket:

| | |
|--|---|
| Main product | Maintenance/inspection and repair/renewal/installation/refurbishment |
| Sales region | Taiwan, China |
| Market share | NA |
| Future market growth and supply and demand | Continuous growth |
| Competitive niches | 1. SOLOMON has strong relationships with industrial park/plant customers and possesses system integration capabilities well recognized by customers. 2. The Company offers customers using our products for 15 years or more system upgrading/improvement options in response to the risk of power shortage in Taiwan. 3. We promote new products/services to existing customers and expand our services. |
| Advantages for development prospects | 1. Taiwan is facing a higher risk of power rationing. 2. Old power systems have reached the end of their useful life and it is not easy to get spare parts for maintenance or the spare parts may not be stable enough. 3. As industrial park customers have adopted lean staffing in plants, there is room for developing monitoring products. |
| Disadvantages for development prospects | 1. Customers tend to compare the prices of the Company's products and services with those from their other service providers due to their homogeneity. 2. As power system improvement/upgrading projects involve production line stoppages and other factors, it is difficult to determine the implementation time. |
| Countermeasures | 1. Strengthening customer relationships and assisting customers in improvement planning to gain a competitive edge in niche markets. 2. Further training our technical service teams on finishing power system improvement/optimization during annual service days to avoid production line stoppages that result in failure to implement projects. |

2. Gas Equipment Business Unit:

| | |
|--|---|
| Main product | Jenbacher Gas Engines |
| Sales region | Eastern China (Beijing, Tianjin, Shanghai, Shandong, Jiangsu, Anhui, Zhejiang) |
| Market share | 70% (Based on Capacity) |
| Future market growth and supply and demand | 5~8% growth |
| Competitive niches | <ol style="list-style-type: none"> 1. The Company acts as the agent of companies in the Eastern China region which is the center of markets in China. Big cities in the region have developed relevant policies and environmental requirements and the local governments have relatively ample budgets. 2. China has developed national environmental subsidy policies and included the bio-natural gas industry in addition to the natural gas market in the strategic system for critical energy development. The projects in the biogas market have a high profitability and a short life cycle. 3. China has improved its energy structure and increased the percentage of gas-fired power generation. Distributed power stations have been greatly promoted and developed in the areas where we run our agency business. 4. Jenbacher occupies a world-leading position in terms of gas internal combustion engine technology in the industry with good product quality and reputation. 5. We have completed several key national projects, such as China National Petroleum Corporation's data centers, Shanghai Disneyland, Nanjing Lukou International Airport, National Expo Exhibition Complex, etc. Thanks to the increasing number of projects that we have implemented in recent years and our stable after-sales services, the Company has entered a stable development stage. 6. Our after-sales team is OEM-trained, which is a powerful weapon in the aftermarket and can facilitate word-of-mouth before sales. |

| | |
|---|---|
| Advantages for development prospects | <ol style="list-style-type: none"> 1. China has heavily promoted distributed natural gas, encouraged the development of natural gas load-following power plants, and advanced natural gas cogeneration systematically to progressively turn natural gas into one of the main energy sources in China's modern clean energy system. 2. The floor space required for a gas-fired power plant is a half of that for a coal-fired power plant of same scale. The water consumption of a gas-fired power plant is less than one-third of that of a coal-fired power plant. The overall emission performance of gas-fired power plants is also significantly better than that of coal-fired power plants retrofitted in accordance with the ultra-low emission policy. Therefore, in the process of pursuing high-quality economic transformation, the advantages of developing gas-fired power have been increasingly highlighted in developed regions in Eastern China, where land resources are becoming sparse and environmental protection regulations and water use restrictions are getting stricter, making the development of gas-fired power more and more urgent. 3. Gas-fired power generation (including cogeneration and distributed energy) features high energy efficiency, low emissions, small floor area, low water consumption, and fast activation/deactivation. These advantages make it extremely suitable for power and heat (cooling) load centers and allow it to replace distributed coal fired boilers and small-sized coal-fired power plants for heat supply. Gas-fired power generation thus plays a key and significant role in improving environmental quality. 4. Gas-fired power plants can be quickly activated/deactivated, have good load adaptability, and can be operated flexibly, making them a perfect load-following power plant option that can help enhance grid safety. Gas-fired power plants' performance in terms of security is outstanding for grids with an increasing proportion of variable energy sources. 5. China has developed gas-fired power projects systematically in critical regions such as the Greater Bay Area, Yangtze River Delta, and BTH region. Lifting the policy that prohibits cogeneration development, building a good environment for gas-fired power development, and promoting nationwide clean energy to achieve high-quality development are what the "14th Five-Year Plan" intends to accomplish for the gas-fired power industry. 6. The central government continues providing financial support to the biomass power generation industry, which meets the public's expectations and dispels the pessimistic views, worries and wait-and-see attitude of the industry and financial institutions. As long as the electricity subsidy for new projects can be fully distributed in a timely manner on a yearly basis according to the principle of budgeting based on revenue, the biomass power generation industry will develop stably in a future period of time. |
| Disadvantages for development prospects | <ol style="list-style-type: none"> 1. The economic growth rate slows down, leading to a weakening of power demand in the whole society 2. The electricity price is adjusted downward 3. The fuel price fluctuates 4. Project production time |
| Countermeasures | <ol style="list-style-type: none"> 1. Putting extra focus on exploiting non-natural gas markets: such as environmental protection companies, environmental health companies, water service providers, drainage companies, municipal service providers, the coalbed methane market in Western China, and the market for renewal of old equipment 2. Exploiting the coalbed methane market 3. Developing new products (main control cabinets, desulfurization systems) 4. Adopting a new business model (investment-finance-leasing) |

3. Automation Business Unit:

(1) All of Rockwell Automation's product lines & the peripheral brand Encompass

| | |
|---|--|
| Main product | All of Rockwell Automation's product lines & the peripheral brand Encompass |
| Sales region | Taiwan |
| Market share | About 8% |
| Future supply and demand and growth in the market | <ol style="list-style-type: none"> 1. In line with the trend of digital transformation, we will focus on AI-based control systems to meet market expectations. 2. 5G private networks along with mobile base stations provide a stable wireless option for the flexible deployment of production lines in the manufacturing industry, accelerating the promotion of smart manufacturing and digital transformation. 3. As the government promotes net zero emissions and ESG, the manufacturing industry requires more energy management mechanisms and the installation of various monitoring devices, and the demand for the integration of automation software and hardware will be doubled. 4. The emergence of enterprise Internet of Things (IoT) and machine learning trends has driven a significant increase in the relevant investment costs of semiconductor and petrochemical companies. 5. The biotechnology and food industries need to comply with FDA and GMP regulations. In addition to introducing an MES to facilitate production traceability, material tracking, and process control, the Company also actively collects and monitors production data generated during the manufacturing process to ensure product quality. |
| Competitive niches | <ol style="list-style-type: none"> 1. Rockwell Automation (RA) is the world's largest industrial automation company. Its brand Allen-Bradley® is renowned all over the world for its innovation and excellence. 2. RA is the No.1 brand that offers the manufacturing industry in the United States comprehensive automated production solutions and has over 60% market share in the US. It specializes in three major fields, namely the variable-frequency drive field, system control field, and information service field. 3. The Company has worked with Encompass, a Western brand whose products are sold along with RA products and also a world-renowned automation equipment manufacturer, in offering integrated solutions to expand our business and sharpen our edge. 4. A diversified product portfolio can increase competitiveness and capture more markets. 5. We have formed an alliance with Taiwan Fixed Network, Microsoft, HPE, and PTC to provide the best integrated AIoT solutions. The Company offers on-premises and cloud AIoT solutions, both of which have high acceptance among customers. |

| | |
|---|--|
| Advantages for development prospects | <ol style="list-style-type: none"> 1. A maintenance center will be set up and will be certified by ROCKWELL as a SERVICE PROVIDER. We will be able to service AB Products that have developed in Taiwan for more than 45 years. 2. The Company's cooperation with Taiwan Fixed Network, Microsoft, HPE, and PTC allows us to focus on 5G AIoT private network applications and offer comprehensive solutions. 3. RA has comprehensive IIoT solutions and extensive relevant experience. 4. RA has worked with CISCO to offer a full range of industrial Ethernet solutions to assist industrial companies in enhancing manufacturing and information efficiency and saving investment costs. 5. RA is a world-leading mechanical safety product supplier that can meet international safety standards. 6. With the aim of achieving integrated marketing, SOLOMON works with brands as their agent to provide customers with a one-stop shopping and service experience, thereby sharpening the competitive advantages of our products and services. 7. In response to manufacturing issues in the US, the Company's equipment has been inspected by UL's experts and quickly acquired UL certification to obtain more business opportunities. 8. In Taiwan, IIoT and machine learning are currently in a budding stage which is the best time to expand the Company's business in the market. |
| Disadvantages for development prospects | <ol style="list-style-type: none"> 1. Personnel transformation is required. 2. High-end products require a longer introduction period and may be cannibalized by low-price products. 3. Heavy industry has a lot of faith in DCS in manufacturing processes. Thus, it is not easy for PLC to compete with DCS. 4. The subscription economy has not been widely recognized by small and medium enterprises. 5. There is no widespread market sentiment towards AIoT. |
| Countermeasures | <ol style="list-style-type: none"> 1. Optimized use of resources: Cloud Academy/RAU and other programs from manufacturers are used to improve personnel quality. 2. Active action: Cooperating with companies, governments, and academic institutions, such as the Institute for Information Industry or CPC, through PTC & SIA's smart manufacturing technology programs to look for more business opportunities in PCB and electric vehicle industries. 3. Differentiation: Teaming up with SIs to develop new applications and tackle challenges in using SI for Python development through PTC's machine learning algorithms and edge computing. 4. Reinforcement: Finding strategic partners in the industry to expand market coverage. |

(2) PTC AIoT & AR and relevant peripheral brands

| | |
|---|--|
| Main product | PTC AIoT & AR and relevant peripheral brands |
| Sales region | Taiwan |
| Market share | About 10% |
| Future supply and demand and growth in the market | <ol style="list-style-type: none"> 1. 5G private networks' unique features, including millimeter waves and low latency, enable companies in the manufacturing industry to run HMLV production and offer options in a flexible way, thereby accelerating the promotion of intelligent transformation. 2. In the post-pandemic era, the global staff, material and container shortage has already resulted in the emergence of a new type of business model. To be able to quickly adjust their operational strategies, the companies in the manufacturing industry certainly will pay more attention to issues such as AI, the operational familiarity of personnel, their implementation of operating procedures, etc. 3. The use of AIoT and machine learning has matured in the manufacturing industry, which encourages semiconductor, panel, and petrochemical manufacturers to substantially increase their relevant investment costs. |
| Competitive niches | <ol style="list-style-type: none"> 1. PTC is a world-renowned IoT platform and AR solution provider. Its brands such as ThingWorx and Vuforia are known for innovation and lead the industry. 2. PTC has been rated as one of the world's top 3 leading brands by Gartner and Forrester for its AIoT & AR technology for consecutive years. Its 3D painting product Creo holds a high market share worldwide. 3. The Company has introduced products that can be sold along with IoT gateway products so that business systems such as MES, ERP, APS, etc. can be integrated in a top-down manner with M2M technology in order to create a real-time war room system. 4. We have formed an alliance with Taiwan Fixed Network, Microsoft, HPE, and PTC to provide the best integrated AIoT solutions. The Company offers on-premises and cloud AIoT solutions, both of which have high acceptance among customers. |
| Advantages for development prospects | <ol style="list-style-type: none"> 1. The Company's cooperation with Taiwan Fixed Network, Microsoft, HPE, and PTC allows us to focus on 5G AIoT private network applications and offer comprehensive solutions. 2. PTC has comprehensive IIoT and AR solutions as well as extensive relevant experience. 3. In Taiwan, AIoT and machine learning are currently in a budding stage which is the best time to expand the Company's business in the market. |
| Disadvantages for development prospects | <ol style="list-style-type: none"> 1. As AIoT requires complete vertical integration application assessment and a longer introduction period, we may need to compete with streamlined and single application solutions. 2. More time is needed for small and medium enterprises to embrace the subscription economy when it comes to their capital goods expenditure. 3. The market is still holding a wait-and-see attitude towards AIoT & AR. |
| Countermeasures | <ol style="list-style-type: none"> 1. Active action: Looking for more business opportunities in automotive and industrial machinery industries by utilizing PTC & SIA's smart manufacturing technology programs through quasi-government consulting units. 2. Differentiation: Passing down the experience of employees with experience in Vuforia AR and adopting AI vision applications to allow new employees in the manufacturing industry to get up to speed faster, implement standard operating procedures, and offer M2M-integrated applications that provide assistance for personnel during tasks, thereby improving OEE, quality, and production capacity. 3. Reinforcement: Forming strategic partnerships with 5G operators to expand market coverage. |

(3) Aftermarket

| | |
|---|--|
| Main product | <ol style="list-style-type: none"> 1. Customized processing services 2. Supplementary modern service-based solutions for new packaged application portfolios 3. Refurbishment of old products and upgrading of solutions 4. Maintenance services for RA's products |
| Sales region | Taiwan |
| Market share | N/A |
| Future supply and demand and growth in the market | If we can be certified by ROCKWELL as a SERVICE PROVIDER, we will be able to service AB Products that have developed in Taiwan for more than 45 years. |
| Competitive niches | <ol style="list-style-type: none"> 1. We have built strong relationships with semiconductor manufacturer customers in industrial parks. Our maintenance services/trial runs/customized frequency |

| | |
|---|---|
| | <p>converters equipped with the predictive failure detection function are highly recognized by the customers.</p> <p>2. In response to the aging of the systems and equipment of Taiwanese customers and the risk of the discontinuation of old equipment, the Company offers customers using our products for 15 years or more system refurbishment/upgrading and improvement options.</p> <p>3. We promote new products/services to existing customers and expand our services.</p> <p>4. Thanks to our one-year effort in the development of ceramic fans, we expect to differentiate ourselves from other competitors.</p> |
| Advantages for development prospects | <p>1. We can enhance the machine/equipment utilization and system stability of customers and transform their machines/equipment and systems into new modern products and system applications that can be integrated with IoT, thereby exploiting new markets, new technologies, and new applications.</p> <p>2. Old systems have reached the end of their useful life and it is not easy to get spare parts for maintenance or the spare parts may not be stable enough.</p> <p>3. Industrial park customers have adopted lean staffing in plants, which can facilitate the development of asset management and network-security monitoring applications.</p> |
| Disadvantages for development prospects | <p>1. Customers tend to compare the prices of the Company's products and services with those from their other service providers due to their homogeneity.</p> <p>2. As the projects related to the refurbishment of old products and the upgrading of solutions involve production line stoppages and other factors, it is difficult to determine the implementation time.</p> |
| Countermeasures | <p>1. Strengthening customer relationships and assisting customers in improvement planning to gain a competitive edge in niche markets.</p> <p>2. Introducing supplementary modern service-based solutions for new packaged application portfolios to differentiate the Company from the existing competitors and avoid price wars.</p> <p>3. Implementing projects in planned stages (if possible) and strengthening the technical service teams' implementation of "accountability" practices.</p> |

4. Vision Business Unit:

| Main product | Solvision | AccuPick | Solmotion | Meta-AIVI |
|--|--|---|--|---|
| Sales region | Worldwide | Worldwide | Worldwide | Worldwide |
| Market share | N/A | N/A | N/A | N/A |
| Future market growth and supply and demand | <p>The machine vision market will grow from about US\$1.088 billion in 2023 to nearly US\$2.151 billion in 2032, with a compound annual growth rate of 7.90%. In addition, the market size is estimated to reach US\$1.288 billion in 2024 and US\$1.921 billion by 2029.</p> <p>The Asia Pacific region is expected to hold a significant market share as industrial automation in China, Japan, India, South Korea, and other countries has driven the growth of the market. The North American market dominates the machine vision market thanks to its early adoption of manufacturing automation and a large number of suppliers in the region.</p> | | | <p>The product is a new application in the market with very few products for similar applications, and there are almost no competitors. It is widely used in many industries, not limited to manufacturing. In addition, it is easy to integrate with partners' products to develop new products and applications.</p> |
| Competitive niches | <p>1. Our self-developed software is customizable and scalable.</p> <p>2. The product has an intuitive user interface and is easy to operate. It helps visual system integrators and equipment manufacturers to easily use the latest AI visual inspection technology to solve the challenges encountered by customers.</p> <p>3. It can identify and position irregular defects or features,</p> | <p>1. Our self-developed software is customizable and scalable.</p> <p>2. AccuPick 3D has been successfully integrated with 20 major world-renowned robot brands and more brands are being added to the list of brands that it supports on a continuous basis. Furthermore, AccuPick can also be connected to and used with the products of major PLC brands, such as Rockwell Automation, Siemens, Mitsubishi, Omron, etc.</p> <p>3. AccuPick 3D has won</p> | <p>1. By identifying the position of objects through visual comparison, our robotic arms are able to solve the problem of needing fixtures/jigs to fix workpieces in a timely and effective manner.</p> <p>2. Solmotion can even accurately locate high-complexity objects at changing positions and determine their directions and paths to guide robots in completing tasks.</p> <p>3. Solmotion can be packaged with AccuPick products as</p> | <p>1. This product has been developed in response to the trend of labor shortages. It can help corporate customers shorten the time required for rookie training and assist customers in producing products smoothly.</p> <p>2. This product can be used by QC personnel in the manufacturing industry to optimize their product testing capabilities.</p> <p>3. Developed based on the Company's core technology and equipped with the</p> |

| | | | | |
|---|--|--|---|--|
| | <p>and easily solve the visual problems that are difficult to identify with traditional optics. SolVision can also recognize the defects that are unidentifiable by traditional AOI software and effectively improve the defect recognition rate.</p> <p>4. It can greatly shorten AOI optical hardware evaluation and design, as well as algorithm development time and costs.</p> | <p>multiple awards and received world-class certification for its quality.</p> <p>4. In automated bin picking solutions, the robot path planning module that AccuPick is equipped with (optional) is able to quickly identify the optimal path required for picking to avoid collision and can be used with the 20 global robot brands that AccuPick 3D supports.</p> <p>5. AccuPick series products can enable precise and quick optical image scanning and processing.</p> | <p>smart manufacturing solutions.</p> <p>4. With an easy-to-operate interface, the users only need to mark objects for the machine to learn the object parts on its own and conveniently edit the robot path or placement direction, without programming or coding.</p> | <p>advantage of an excellent user interface with existing products, the product can be quickly introduced for different applications in various industries to actively expand the market.</p> <p>4. Brands are established in response to new application markets.</p> |
| Advantages for development prospects | <p>1. The world is facing increasing labor costs and workers have a low willingness to do highly manual or dangerous tasks, speeding up manufacturers' schedule to introduce smart manufacturing. This is especially so for foreign large companies. The massive demand for automation is an opportunity that must be grasped.</p> <p>2. After the rise of AI, machine vision has been used more widely, and speed, precision, and ease of use are the main keys.</p> <p>3. AI-based deep learning enables robotic arms to have more functions and be used in more applications in the field of automation. In the fields of non-automation and human-machine collaboration, it can enable human operators to ensure the quality of operations and improve efficiency.</p> | | | |
| Disadvantages for development prospects | The growing demand for machine vision has made domestic and foreign manufacturers enter the machine vision field, increasing competitors. | | | |
| Countermeasures | <p>1. Integrating with the products of suitable ecosystem partners, continuing to develop new products, entering more new application industries and markets, and opening up new channels through new partners.</p> <p>2. Finding successful introduction projects and reaching out to customers in the same industry.</p> <p>3. Entering into an alliance with robot brands and manufacturers to reinforce marketing strategies and increase the market penetration rate. Entering into an alliance with robot brands and manufacturers to reinforce marketing strategies and increase the market penetration rate.</p> | | | |

5. Robot Business Unit:

| | | |
|--|---|--|
| Main product | Robotic arms | Autonomous mobile robots (AMRs) |
| Sales region | Taiwan | Taiwan |
| Market share | N/A | N/A |
| Future market growth and supply and demand | There is higher dependence on cooperative robots. Workers in the manufacturing industry are used to work with people. However, there is currently a major trend towards the use of cooperative robots (cobots/AMRs) that work with humans in the manufacturing industry and other business environments. Cooperative robots are safe and easy to set up and can move between areas in work premises or factories. Traditional industrial robotic arms and fixed-rail robots are expected to be gradually replaced in the following ten years. | |
| Competitive niches | <ol style="list-style-type: none"> 1. We act as the agent of multiple well-known robotic arm brands of different natures worldwide to offer products ranging from cooperative and industrial robotic arms to high-precision micro-robotic arms and provide customers with more diverse application options to meet their different needs. 2. The Company owns a well-organized professional service team and has customer education and training courses. | <ol style="list-style-type: none"> 1. Our products are competitive with similar products in terms of price. 2. SOLOMON is so far the largest agent in Taiwan. 3. We have accumulated rich application experience as a product agency and also have a well-organized professional service team. 4. The Company possesses the capability of peripheral system and equipment integration. |
| Advantages for development prospects | Smart manufacturing is the next challenge that industrial robots will face. How to strengthen software/hardware integration and human-robot collaboration will be a future development focus. For the manufacturing industry, the goal of the next stage will also be to integrate human-robot collaboration with AGVs and achieve intelligent automation and flexibility as well as efficient production and manufacturing. | |
| Disadvantages for development prospects | <ol style="list-style-type: none"> 1. There are more and more robotic arm brands every year, leading to intense competition among homogeneous products and more options for customers. 2. As robotic arms or AGVs are asset equipment in nature, they have a long customer assessment and testing period. Their sales and introduction can thus be easily affected. 3. Most customers need comprehensive solutions. The point of contact with individual suppliers has to provide sales solutions, if appropriate. | |
| Countermeasures | <ol style="list-style-type: none"> 1. Improving customers' overall satisfaction with the Company and boosting their willingness to buy our products through collaborative experimentation and analysis and by providing the customers with planning options. 2. Presenting manufacturers' and the Company's successful projects to customers to enhance their confidence in investment and introduction. | |

6. LCD Business Unit:

| | | |
|--|--|---|
| Brand | HannStar Display, CSOT, Innolux, BOE, ILITEK, | SOLOMON's own brands |
| Sales region | Greater China | Taiwan, Europe, the United States, Japan, Southeast Asia |
| Main product | TFT LCD (Cell, FOG, MDL), driver ICs | 1. Customized liquid crystal modules 2. Solution design and system support |
| Future market growth and supply and demand | <p>1. Supply and demand:</p> <p>(1) Driven by large-scale sports events and the wave of one-in-four year replacement, the demand in the panel market is expected to recover in 2024.</p> <p>(2) For driver ICs, from the perspective of short-term operations, although panel prices have rebounded, the main reason for this is that panel makers have reduced production to curb excessive supply. As the first quarter enters the off-season for the industry again, it is expected that in the first half of the year, panel makers will maintain their capacity control strategy, which will make driver ICs face the risk of price reduction again.</p> <p>2. Future growth:</p> <p>The growth momentum of AI, smart cabins, and transparent displays can be expected. Except for TVs, NB, and tablets, consumer products such as monitors and mobile phones lack growth momentum.</p> | <p>1. Supply and demand:</p> <p>As there are many uncertainties in the current global situation, including geopolitics and inflation concerns, the demand for LCD modules is unclear.</p> <p>2. Future growth:</p> <p>(1) For medical and industrial control applications, OEM products are no longer the only option. Inquiries about assembled products are gradually increasing.</p> <p>(2) There are conversion opportunities for digital displays. The demand for outdoor application products, such as billboards, traffic signs, and relevant products for department stores, is expected.</p> |
| Competitive niches | <p>1. We focus on offering products with competitive sizes, establish product lines as our strengths, and avoid competition with peers.</p> <p>2. The Company offers more flexible and faster warehousing and logistics services than the industry peers.</p> | <p>1. The Company's private-label modules not only are competitive in prices, but also can quickly provide specifications and samples that meet customer needs.</p> <p>2. The difficulty of customizing products has increased, raising the threshold of competition.</p> |
| Advantages for development prospects | <p>1. We continuously work with new panel brands to serve as their agent to make our product line more comprehensive.</p> <p>2. Our new sales team members have many years of practical experience, sales skills, and customer resources. We look forward to the growth of the department's performance.</p> | <p>1. With powerful resources from upstream suppliers and good partnerships built with downstream foundries over the years, which can ensure complementary resources and common interests, SOLOMON is able to satisfy customers in every way.</p> <p>2. The resources of the module plant of the subsidiary "Solomon Goldentek Display" is utilized to</p> |

| | | |
|---|--|---|
| | | create a win-win situation. |
| Disadvantages for development prospects | <p>1. Some of the medium and large customers are gradually becoming the direct customers of manufacturers, and we can only rely on orders from small and medium customers.</p> <p>2. As LCD panels and ICs are greatly affected by the economic cycle, there is a risk of price decline when the prices fluctuate. The risk must be properly controlled so that losses can be avoided.</p> | <p>1. All panel manufacturers and assemblers have focused on niche markets such as automobiles, industrial control, and medical services, and price competition for orders will only intensify.</p> <p>2. Pure trading of LCD panels is no longer sufficient for future development due to the low bar.</p> <p>3. We currently have no professional technical support to effectively meet the demand for customized products.</p> |
| Countermeasures | <p>1. We will actively seek more orders from small and medium customers, concentrate their needs, and build a strong line of products for our agency business.</p> <p>2. The Company will pay attention to the economic cycle, avoid landmines, and reduce risks.</p> | <p>1. Clearly targeting markets for development: Focus on the mobile health and stretched display panel markets.</p> <p>2. We will introduce professional and technical talent, provide solutions and system support services, and solve customers' pain points, in order to improve our core competitiveness and customer stickiness.</p> |

7. Component Business Unit:

| | |
|--|--|
| Main product | Active, passive and protection elements |
| Sales region | Taiwan |
| Market share | N/A |
| Future market growth and supply and demand | <p>There are uncertainties about whether traditional mainstream products will grow steadily or recover in 2024Y. The reason is that the market supply and demand are unclear, leading to limited growth momentum. Mainstream products – applications such as mobile phones, notebooks, desktops, servers, etc.</p> <p>In the next 3 to 5 years from 2024Y, the market will shift to AI and smart applications. The Company can plan for agency partnerships with new brands and promotions in new markets. Preparations in advance can open up a new growth path.</p> <p>On the other hand, driven by the trend of digitization and intelligence, the development of wireless terminal devices will shift from traditional products to applications.</p> |
| Competitive niches | The department has a diversified agency line and can respond to the global environment, such as the multi-party relationship between the United States, China, and Taiwan. |
| Advantages for development prospects | <p>1. The products of each department of SOLOMON are suitable for a wide range of applications and can be cross sold.</p> <p>2. With a large number of customers, the Company can cultivate in industries with future growth potential.</p> |
| Disadvantages for development prospects | As electronics agents have been merged in recent years, if we do not actively promote more brands, there will be a risk of being replaced. |
| Countermeasures | We will maintain good interactions with manufacturers and customers, actively promote new projects, and keep track of all project sources. |

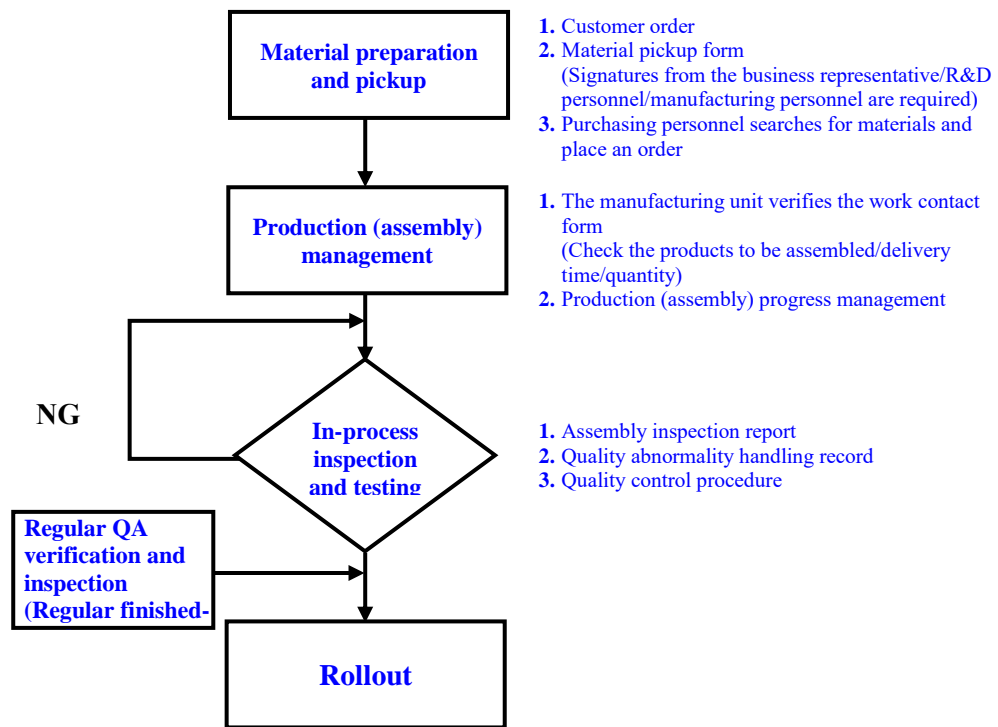
(3) Important applications and manufacturing processes of main products:

| Business unit | Main product | Important application | Production and manufacturing process |
|-----------------------------|---|---|--|
| Technology Business Unit | Diesel generators | Used as an emergency power supply in the semiconductor industry, panel industry, electronic technology industry, commercial buildings, hospitals, conference centers, and other types of plants or buildings. | (1) Agency business, no manufacturing process involved (2) Own brand products, shipped after being assembled from engines, alternators, and controllers ordered by Solomon Energy Technology from ES in Singapore |
| | UPS | | |
| | Busways | Used as a power transmission/distribution material in public construction projects and industrial buildings. | |
| Gas Equipment Business Unit | Jenbacher Gas Engines | Gas-fired distributed energy supply (cogeneration, combined cooling, heating and power (CCHP)), biogas power generation (organic industrial wastewater, domestic sewage), landfill gas power generation, special gas power generation (associated petroleum gas, coalbed methane, furnace gas from steelmaking processes). | Agency business, no manufacturing process involved |
| Automation Business Unit | Rockwell Automation | RA is a company with global well-known leading brands that offer comprehensive automated production solutions in the manufacturing industry. Its products are widely used in advanced electronic information technology, food and beverage, plastics, automotive, tire, biopharmaceutical, sewage treatment, power plant, printing, and petroleum and gas industries. | Agency business, no manufacturing process involved |
| | PTC | IIoT platforms, AR, machine learning, communication integration. | Agency business, no manufacturing process involved |
| | HPE | Servers used for IIoT platforms and industrial data centers (IDCs). | Agency business, no manufacturing process involved |
| | CKD | Automated assembly and handling and automated flow control equipment in semiconductor and FPD industries. | Agency business, no manufacturing process involved |
| | MTE | Products used to improve power quality, e.g., in the semiconductor industry and for commercial buildings and tunnel air conditioning systems. | Agency business, no manufacturing process involved |
| | Secomea | Remote monitoring equipment in line with Germany's Industry 4.0 and compliant with NIST SP 800-115 & ISECOM OSSTMM network security standards. | Agency business, no manufacturing process involved |
| Robot Business Unit | Universal Robots Shibaura Machine Kawasaki MecaDemic | Robots are greatly helpful when it comes to saving on manpower, replacing workers in dangerous work environments, and even improving repetitive processing capability. They can help bridge the gap between manual assembly/production lines and automated production lines. Industrial robots are used in assembly, processing, welding, cutting, pressurization, the handling of goods, testing, etc. and are most used in automotive, automotive part/component, electronics, chemical engineering, rubber, and plastics industries. | Agency business, no manufacturing process involved |
| | MiR | AMRs can be easily controlled by connecting them to smart phones and tablets. Furthermore, they are able to autonomously ride elevators through wireless remote control and are used for material handling in production lines and flexible workstation transfer and in the warehousing and logistics industry. | |

| Business unit | Main product | Important application | Production and manufacturing process |
|-------------------------|--|---|--|
| | OnRobot Robotiq | Standard robot peripherals and accessories can accelerate the sale and integration of robots. After the peripherals and accessories are installed on robots, the robots can be set up quickly and used for grabbing, sucking, screwing, and grinding. | |
| Vision Business Unit | <ol style="list-style-type: none"> 3D vision - robotic bin picking systems AI defect detection system modules Widely used AR+AI vision systems Robot-guided VGR modules | <ol style="list-style-type: none"> Used for the automation of production lines and the replacement of workers in feeding in the automotive part industry, electronics industry, rubber and plastics industry, food industry, pharmaceutical and biotech industries, textile industry, metal processing industry, foundry industry, daily necessities, and logistics and warehousing industry. Used for the automation of production lines, such as checking uppers and fabric surfaces, identifying circuit board defects, comparing and classifying samples (e.g., agricultural products), and quickly categorizing objects (e.g., dining utensils, medical devices, etc.). Used for human-machine collaboration and integrating multiple devices (mobile devices, IP cameras, body cameras, and AR glasses), with a wide range of industrial applications. Used to grind/burnish/drill automotive parts/components and apply glue to soles. | The business unit's manufacturing and production process is shown in the table |
| Component Business Unit | <div>Film capacitors</div> <div>High-voltage and high-capacity MLCCs</div> <div>LED</div> <div>ADIC- 1. PWM/PFC/CC-CV/ Combo IC 2. Ballast Controller.</div> <div>DCIC- 1. Buck/Boost Converter 2. LED Driver. 3. CMOS/Bipolar</div> <div>LDO. Discrete- 1. SBD/Rectifier Diode. 2. HighVoltage Transistor 3. LV/HV MOSFET 4. SmallSignal Transistor 5. TVS/ESD</div> <div>TVS overvoltage protection elements (diodes & fuses)</div> <div>Computer connectors</div> <div>LAN transformers</div> | <div>Mainly used in motherboard audio circuits, high-end sound cards, servers, high-wattage drivers, and power supplies.</div> <div>IPC, network communication products, and other industries</div> <div>TFT-LCD backlight and light fixtures</div> <div>*SMPS 、 LIPS 、 Charger 、 Adaptor 、 Ballast 、 LED Lighting</div> <div>*TV 、 Panel 、 STB 、 NET WORKING 、 PC 、 DSC 、 PHONE 、 PAD 、 Audio 、 HD BOX</div> <div>*ALL</div> <div>Used in network communication, laptops, tablets, consumer electronics, and other application markets.</div> <div>Used in connection applications for computers and industrial, medical and consumer electronics.</div> <div>Mainly used in the RJ-45 connector ports of network communication and computer products.</div> | Agency business, no manufacturing process involved |

| Business unit | Main product | Important application | Production and manufacturing process |
|-------------------|------------------------------|--|--|
| LCD Business Unit | Large-sized TFT LCD modules | Mainly used in game machines, LCD TVs, LCD monitors, notebooks, ATMs, outdoor advertising signs, gaming products. | Agency business, no manufacturing process involved |
| | Medium-sized TFT LCD modules | Mainly used in medical care, tablets, automobiles, industrial control, white goods, robots, and POS terminals. | |
| | Small-sized TFT LCD modules | Mainly used in AR/VR, toys, game consoles, mobile phones, handheld devices, wearable devices, GPS, dash cams, smart home appliances, security products, etc. | |
| | Driver IC | All TFT LCD modules must be used in conjunction with driver ICs. TVs, notebooks, tablets, and mobile phones require the largest amount of TFT LCD modules. | |

Table. Vision Business Unit's Manufacturing and Production Process



(4) Supply of primary raw materials:

| Business unit | Supply of primary raw materials |
|------------------------------------|---|
| Technology Equipment Business Unit | N/A (non-manufacturing industries) |
| Gas Equipment Business Unit | |
| Automation Business Unit | |
| Robot Business Unit | |
| Component Business Unit | |
| LCD Business Unit | |
| Vision Business Unit | There are over 20 suppliers offering main parts and components. The hardware product portfolio consists of cameras, lenses, projectors, transmission lines, power supply units, hardware locks, assembly parts (including custom cases), and custom industrial computers. The delivery time for standard items is about 1.5 months while the delivery time for custom items takes three months at the most. |

(5) List of suppliers and customers accounting for no less than 10% of the total purchases and sales of the Company in any of the most recent two years:

1. Information of major suppliers in the most recent two years (consolidated information):

Unit: NT\$ thousand

| 2022 | | | | | 2023 | | | | Q1 2024 (Note 2) | | | |
|------|--------------|-----------|----------------------------------|------------------------------|--------------|-----------|----------------------------------|------------------------------|------------------|---------|--|------------------------------|
| Item | Name | Amount | Share of annual net purchase [%] | Relationship with the issuer | Name | Amount | Share of annual net purchase [%] | Relationship with the issuer | Name | Amount | Share of net purchase as of the previous quarter in the current year [%] | Relationship with the issuer |
| 1 | Supplier R | 1,929,433 | 47.77 | None | Supplier R | 1,073,762 | 36.55 | None | Supplier R | 62,260 | 19.77 | None |
| 2 | Supplier C | 507,104 | 12.55 | None | Supplier C | 525,069 | 17.87 | None | Supplier C | 22,135 | 7.03 | None |
| 3 | Supplier G | 217,146 | 5.38 | None | Supplier G | 269,957 | 9.19 | None | Supplier G | 9,376 | 2.98 | None |
| 4 | Supplier L-H | 89,066 | 2.20 | None | Supplier L-H | 50,434 | 1.72 | None | Supplier L-H | 6,466 | 2.05 | None |
| 5 | Supplier S | 154,362 | 3.82 | None | Supplier S | 134,368 | 4.57 | None | Supplier S | 65,615 | 20.83 | None |
| 6 | Supplier M | - | - | - | Supplier M | 78,125 | 2.66 | None | Supplier M | 34,168 | 10.85 | None |
| | Others | 1,142,142 | 28.28 | None | Others | 806,249 | 27.44 | None | Others | 114,954 | 36.49 | None |
| | Net purchase | 4,039,253 | 100 | | Net purchase | 2,937,964 | 100 | | Net purchase | 314,974 | 100 | |

Note 1: List the names of suppliers accounting for more than 10% of the total purchases in the most recent two years, and the amount and proportion of their purchases. However, as the contract stipulates that the name of the supplier or the counterparty of the transaction who is an individual and a non-related party shall not be disclosed, a code may be used instead.

Note 2: As of the publication date of the annual report, if a company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange had the most recent financial information audited or reviewed by a CPA, the information shall also be disclosed.

2. Information of major customers in the most recent two years (consolidated information):

Unit: NT\$ thousand

| 2022 | | | | | 2023 | | | | Q1 2024 (Note 2) | | | |
|------|------------|-----------|-------------------------------|------------------------------|------------|-----------|-------------------------------|------------------------------|------------------|---------|---|------------------------------|
| Item | Name | Amount | Share of annual net sales [%] | Relationship with the issuer | Name | Amount | Share of annual net sales [%] | Relationship with the issuer | Name | Amount | Share of net sales as of the previous quarter in the current year [%] | Relationship with the issuer |
| 1 | Customer X | 0 | 0 | None | Customer X | 244,169 | 5.79 | None | Customer X | - | - | - |
| 2 | Customer Y | 630,441 | 12.01 | None | Customer Y | 241,623 | 5.73 | None | Customer Y | 25,805 | 3.27 | None |
| 3 | Customer T | 85,152 | 1.62 | None | Customer T | 219,776 | 5.21 | None | Customer T | 4,223 | 0.54 | None |
| 4 | Customer L | 306,869 | 5.85 | None | Customer L | 183,013 | 4.34 | None | Customer L | - | - | - |
| 5 | Customer C | - | - | - | Customer C | 37,181 | 0.88 | None | Customer C | 131,588 | 16.69 | None |
| | Others | 4,227,466 | 80.52 | None | Others | 3,294,135 | 78.05 | None | Others | 626,608 | 79.50 | None |
| | Net sales | 5,249,928 | 100.00 | | Net sales | 4,219,903 | 100.00 | | Net sales | | 100 | |

Note 1: List the names of customers accounting for more than 10% of the total sales in the most recent two years, and the amount and proportion of the sales thereto. However, as the contract stipulates that the name of the customer or the counterparty of the transaction who is an individual and a non-related party shall not be disclosed, a code may be used instead.

Note 2: As of the publication date of the annual report, if a company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange had the most recent financial information audited or reviewed by a CPA, the information shall also be disclosed.

(6) Production volumes and values in the most recent two years (consolidated information):
Manufacturing industry

Unit: KPCS/NT\$ thousand

| Year Production volume and value | 2023 | | | 2022 | | |
|--|------------------------|----------------------|------------------|------------------------|----------------------|---------------------|
| Main product (or company name) | Production capacity | Production volume | Production value | Production capacity | Production volume | Production value |
| SOLOMON (medical materials) | 6,300 | 3,362 | 45,126 | 6,300 | 3,596 | 39,528 |
| Solomon Data International (LCMs) | 415 | 238 | 36,435 | 415 | 350 | 53,677 |
| Solomon Goldentek Display (LCDs + LCMs) | 61,500 | 13,879 | 632,345 | 61,500 | 18,048 | 991,684 |
| Total | 68,215 | 17,479 | 713,906 | 68,215 | 21,994 | 1,084,889 |

Note:

1. Production capacity refers to the quantity of units that the Company can produce under normal operation with existing production equipment after considering necessary shutdowns, holidays, and other factors.

2. For products that are replaceable, the production capacity may be calculated in an aggregated manner, and an explanation shall be given in a note.

(7) Sales volumes and values in the most recent two years (consolidated information):

Unit: thousand pcs/NT\$ thousand

| Year Sales volume and value | 2023 | | | | 2022 | | | |
|-----------------------------------|----------------|-----------|--------|-----------|----------------|-----------|--------|-----------|
| | Domestic sales | | Export | | Domestic sales | | Export | |
| Company | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| SOLOMON | 17,669 | 1,781,321 | 13,373 | 525,941 | 26,555 | 2,427,890 | 18,273 | 275,553 |
| Solomon Data International | 92 | 214,902 | 95 | 44,140 | 77 | 150,248 | 135 | 58,059 |
| Solomon Goldentek Display | 3,880 | 154,664 | 5,803 | 664,062 | 3,611 | 157,840 | 10,944 | 1,177,306 |
| Yumon (Shanghai) | 0 | 0 | 69 | 772,811 | 0 | 0 | 12 | 952,584 |
| Solomon (Shenzhen) | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3,080 |
| Solomon (USA) | 0 | 0 | 0.003 | 725 | 0 | 0 | 0.013 | 11,445 |
| Solomon (Vietnam) | 0 | 0 | 0.001 | 177 | 0 | 0 | 0.003 | 1,744 |
| Solomon Energy | 0.051 | 61,161 | 0 | 0 | 0.03 | 34,177 | 0 | 0 |
| Total | 21,641 | 2,212,048 | 19,340 | 2,007,856 | 30,243 | 2,770,156 | 29,367 | 2,479,772 |

3. Employees in Service (Consolidated Information)

| Year | | December 31, 2023 | December 31, 2022 | March 31, 2024 |
|---|-------------------------------|-------------------|-------------------|----------------|
| Number of employees | Administration departments | 640 | 645 | 630 |
| | Sales departments | 158 | 184 | 157 |
| | Total | 798 | 829 | 787 |
| Average age | | 44.24 | 43.67 | 44.59 |
| Average length of service (years) | | 9.90 | 10.18 | 10.63 |
| Distribution of educational level % | Ph.D. | 0.88 | 0.84 | 1.02 |
| | Master's | 12.16 | 11.10 | 12.82 |
| | Bachelor's | 32.08 | 29.92 | 31.77 |
| | College | 18.55 | 19.18 | 19.19 |
| | High school or lower | 36.34 | 38.96 | 35.20 |

Note: According to IFRS regulations, the number of employees includes the number of directors, but there is no need to double-count the number of executive directors

4. Information of Environmental Protection Expenses

- (1) Losses incurred due to polluting the environment (including any relevant compensation and environmental protection inspection result not compliant with laws and regulations, in which case the date of punishment, punishment notice number, legal provisions violated, and the content of the legal provisions shall be specified) in the most recent year and as of the publication date of the annual report; the estimated amount of such losses that may occur currently or in the future and measures in response shall be disclosed: None.
- (2) Future measures in response: All our own produced products use RoHS-compliant parts and components. We also ask our agency brands to provide RoHS-compliant products at customers' requests. Compliance with the RoHS Directive is a fundamental requirement for products to be sold in the industry. It neither causes an extra financial burden to the Company nor affects the Company's business.

5. Labor-Management Relations

- (1) Employee welfare measures, continuous education, training and retirement systems and their implementation, agreements between employees and the employer, and measures for the protection of employee rights:

1. Recruitment:

The Company recruits and selects employees through open selection procedures while adhering to meritocratic principles and the philosophy of putting the right people in the right places. We strongly believe that "only with the right people can problems be solved." Excellent professionals are the key to leading companies towards good performance and values. Hiring and retaining excellent talent is one of the Company's HR strategy goals.

2. Employee development:

The Company provides a work environment enabling continuous learning and development to allow employees to contribute their strengths and be equipped for their jobs. We offer internal or external core/management competency and professional training courses that are planned systematically to employees in different positions as well as on-the-job training and a mentor system to new hires to onboard them quickly. Through education and training courses, the employees are able to continuously accomplish the tasks and goals that are assigned by the organization to them, thereby constantly sharpening the Company's core competitive edge.

An extract from the "Employee Education and Training Regulations" is as follows:

- (1) Vision: Fostering high-performance talent to create value and promote the fast growth of the organization.
- (2) Mission: Training talent needed currently or in the future in a systematic manner through integration of the Company's internal and external resources.
- (3) Scope: Applicable to all the Company's employees.
- (4) Responsibility:
 - a. Education and Training Center: Responsible for the establishment of training policies and systems, the formulation of annual plans, the setting and management of budgets, the planning, implementation, and assessment of courses, the management and use of education and training resources, the cultivation and management of internal instructors, the co-organization of professional skill tests, and other education and training matters.
 - b. Units requiring talent: Responsible for reporting their training requirements, conducting on-the-job training (OJT), and actively training excellent successors for the units for the purpose of organizational development. The Company has developed the [Rotation Management Guidelines] and [Replacement Plan Management Procedures] for the key management to make systematic training and succession plans.

- (5) Education and training system - divided into three parts by nature:
 - a. Off-the-job training (OFF JT): refers to the education and training taking participants out of their jobs temporarily.
 - b. On-the-job training (O.J.T): refers to the job instructions given by the head or designated mentor to employees in the workplace.
 - c. Self-development (S.D.): refers to the company-encouraged courses or activities planned in a way that meets the development needs of both the Company and employees.
- (6) Education and training programs - classified into three types by the way in which they are implemented:
 - a. Internal training: Education and training planned and organized by the Company.
 - b. External training: Education and training courses organized by external training organizations, to which employees may apply for participation in order to use external training resources effectively and make up for deficiencies in internal training.
 - c. Outsourced training: Education and training courses whose planning and implementation are outsourced to external training organizations in order to use external training resources effectively and make up for deficiencies in internal training.

3. Employee training courses:

(1) External training:

| Item | Course title | Number of trainees from the Group | Main-hours for trainees from the Group |
|------|---|-----------------------------------|--|
| 1 | 2015 Quality Management System Internal Auditor Training | 1 | 7 |
| 2 | 2018 Risk Management System and Practice Course | 1 | 7 |
| 3 | A Case Study on ESG Reporting Compliance Audits | 1 | 6 |
| 4 | Practical Seminar on the Use of Excel Functions | 2 | 12 |
| 5 | ISO 18436-2 CAT-I International Vibration Analyst Training | 1 | 32 |
| 6 | ISO 22301 Business Continuity Plan | 1 | 14 |
| 7 | Power BI and Data Analysis (course series) | 3 | 15 |
| 8 | Visual Testing (VT) and Non-destructive Testing Personnel Training | 1 | 40 |
| 9 | Labor Safety and Health Education and Training Course Series | 47 | 613 |
| 10 | Public Construction Quality Management Training Program | 2 | 100 |
| 11 | Fire Risk Quantification and Safety Assessment Course (Elementary) | 1 | 3.5 |
| 12 | Generative AI Impact Workshop | 5 | 57.5 |
| 13 | Analysis of Policies for Improvement of Companies' Ability to Prepare Financial Statements and Internal Audit and Control Practices | 1 | 6 |
| 14 | Practical Training Program for the Supervision and On-site Inspection of Explosion-Proof Electrical Construction | 4 | 64 |
| 15 | Fire safety – Refresher Training for Fire Safety Managers | 1 | 8 |
| 16 | Analysis of Financial Statements and Cash Flow Statements | 1 | 3 |
| 17 | Webinar on a New Pattern of Renewable Energy with the Impact of the Net Zero Trend | 1 | 3.5 |
| 18 | Enhancement of Corporate Sustainable Value and Improvement of the Risk Management System | 2 | 12 |
| 19 | Continuing Education Workshop for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | 4 | 48 |
| 20 | Generator Installation and Maintenance Engineer Training Program | 1 | 56 |
| 21 | Cost System Design Analysis and Cost Analysis | 4 | 28 |
| 22 | Discussion on the Latest Regulations on Cybersecurity and Audit Practices | 3 | 18 |
| 23 | Building a Smart Factory with Digital Twins | 1 | 15 |
| 24 | New Training Course for Electricity Trading Platform Professionals | 1 | 18 |
| 25 | Fraud Auditing Practices – A Case Study of Procurement | 2 | 12 |
| 26 | Decarbonization Strategies and Solutions for South Korean Companies | 1 | 7.5 |
| | Total | 93 | 1,206.0 |

(2) Internal training:

| Item | Course title | Number of trainees from the Group | Main-hours for trainees from the Group |
|------|---|-----------------------------------|--|
| 1 | 2024 AOP Launch (Purpose/Mission/Vision) | 53 | 106 |
| 2 | Application of Knowledge on Chat Files | 18 | 36 |
| 3 | Business Opportunities Related to the E in ESG | 41 | 82 |
| 4 | ISO 31000 Provisions and the Organization of Relevant Education and Training | 34 | 204 |
| 5 | PG2 Case Study | 4 | 4 |
| 6 | Power BI Teaching Sharing | 9 | 13.5 |
| 7 | TBU Power System Education and Training | 74 | 212 |
| 8 | VBU Product Education and Training (AI Vision/Accupick/Meta, etc.) | 37 | 243 |
| 9 | Mitsubishi Heavy Industries (MHI)'s Education and Training | 15 | 328 |
| 10 | Cost Explanation Education and Training (Sessions 1 to 3) | 101 | 101 |
| 11 | Quality Management Education and Training | 23 | 34.5 |
| 12 | Meeting with the Honorary Chairperson – Book Club Education and Training Series | 347 | 751 |
| 13 | Occupational Safety and Health Education and Training | 209 | 607 |
| | Total | 965 | 2,722.0 |

4. Competent authority-designated certificates received by personnel responsible for the transparency of financial information:

| Name | Company | Title | Certificate description | Organizer | Continuing education hours |
|------------------|---------|----------------------------|--|---|----------------------------|
| Huang Chien-Chi | SOLOMON | Chief Accountant | Continuing Education Workshop for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | Accounting Research and Development Foundation | 12 |
| Huang Jen-Fu | SOLOMON | Chief Accountant Deputy | Continuing Education Workshop for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | Accounting Research and Development Foundation | 12 |
| Lin Pao-Tsun | SOLOMON | Chief Auditor | Discussion on the Latest Regulations on Cybersecurity and Audit Practices | Securities & Futures Institute | 6 |
| Lin Pao-Tsun | SOLOMON | Chief Auditor | Enhancement of Corporate Sustainable Value and Improvement of the Risk Management System | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Chen Chiao-Hsueh | SOLOMON | Deputy Auditor | A Case Study on ESG Reporting Compliance Audits | Securities & Futures Institute | 6 |
| Chen Chiao-Hsueh | SOLOMON | Deputy Auditor | Discussion on the Latest Regulations on Cybersecurity and Audit Practices | Securities & Futures Institute | 6 |
| Chu Shu-E | SOLOMON | Chief Corporate Governance | 2023 Insider Trading Prevention Conference | Securities and Futures Institute | 3 |

| Name | Company | Title | Certificate description | Organizer | Continuing education hours |
|-----------------|----------------------------|------------------------------------|--|---|----------------------------|
| | | Officer | | | |
| Chu Shu-E | SOLOMON | Chief Corporate Governance Officer | New Economy in the ESG Capital Market | Taiwan Corporate Governance Association | 3 |
| Chu Shu-E | SOLOMON | Chief Corporate Governance Officer | New-generation Enterprise Threat Management and Prevention: Reconstructing Cybersecurity from the Perspective of Digital Forensics | Taiwan Corporate Governance Association | 3 |
| Chu Shu-E | SOLOMON | Chief Corporate Governance Officer | Issues Related to Carbon Reduction and Their IFRS Accounting Treatment | Taiwan Institute of Directors | 3 |
| Chou Ming-Chang | Solomon Goldentek Display | Chief Auditor | Digital Transformation and Technology Application for Internal Audits | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Chou Ming-Chang | Solomon Goldentek Display | Chief Auditor | How Do Auditors Detect Fraud in Financial Statements | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Wu Feng-Mei | Solomon Goldentek Display | Deputy Auditor | Law Analysis and Audit Tips for Boards of Directors and Functional Committees (Audit and Compensation) | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Wu Feng-Mei | Solomon Goldentek Display | Deputy Auditor | How to Adjust the Internal Control System in Response to New ESG Requirements | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Chen Ssu-Mei | Solomon Data International | Chief Accountant | Continuing Education Workshop for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | Accounting Research and Development Foundation | 12 |
| Yeh Li-Yu | Solomon Data International | Chief Accountant Deputy | Continuing Education Workshop for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | Accounting Research and Development Foundation | 12 |
| Chueh Hsiu-Ping | Solomon Data International | Chief Auditor | Discussion on the Latest Regulations on Cybersecurity and Audit Practices | Securities & Futures Institute | 6 |
| Chueh Hsiu-Ping | Solomon Data International | Chief Auditor | Enhancement of Corporate Sustainable Value and Improvement of the Risk Management System | The Institute of Internal Auditors-Chinese Taiwan | 6 |
| Chen Wen-Feng | Solomon Data International | Deputy Auditor | Fraud Auditing Practices – A Case Study of Procurement | Securities & Futures Institute | 6 |
| Chen Wen-Feng | Solomon Data International | Deputy Auditor | A Discussion on the Methods of Improving Compliance Auditing Based on Sanction Cases | Securities & Futures Institute | 6 |
| Chen Hsueh-Ping | Solomon Data International | Chief Corporate Governance Officer | Seminar on Board Performance Evaluation Practices | Taiwan Corporate Governance Association | 3 |
| Chen Hsueh-Ping | Solomon Data International | Chief Corporate Governance Officer | Conference on Compliance with the Regulations Governing the Equity of | Taipei Exchange | 3 |

| Name | Company | Title | Certificate description | Organizer | Continuing education hours |
|-----------------|----------------------------|------------------------------------|--|---|----------------------------|
| | | | Insiders in Listed Companies | | |
| Chen Hsueh-Ping | Solomon Data International | Chief Corporate Governance Officer | New Economy in the ESG Capital Market | Taiwan Corporate Governance Association | 3 |
| Chen Hsueh-Ping | Solomon Data International | Chief Corporate Governance Officer | New-generation Enterprise Threat Management and Prevention: Reconstructing Cybersecurity from the Perspective of Digital Forensics | Taiwan Corporate Governance Association | 3 |

5. Employee benefits:

(1) Description of the defined pension contribution plan:

Under the defined contribution plan, pension contributions that shall be made are recognized as pension cost in the current period on an accrual basis. Pre-paid contributions are recognized as assets to the extent that a cash refund or reduction in future payments is available.

(2) Description of the defined benefit plan:

- a. Under the defined benefit plan, net obligations are calculated based on the discounted future benefits earned by employees for services rendered during the current period or in the past and stated at the present value of the defined benefit obligations on the balance sheet date less the fair value of plan assets. The defined benefit obligations are calculated by an actuary using the projected unit credit method every year. The discount rate is the yield rate of government bonds on the balance sheet date.
- b. Remeasurements arising from the defined benefit plan are recognized as other comprehensive income and recorded in retained earnings in the period of their incurrence.
- c. Expenses related to the service cost in the previous period are immediately recognized as profit or loss.

(3) Implementation of the defined benefit plan:

The Company has established a defined benefit pension plan in accordance with the "Labor Standards Act." The plan is applicable to the length of service of all full-time employees calculated before the "Labor Pension Act" was implemented on July 1, 2005, and the length of service of employees who choose to stay in the pension scheme under the Labor Standards Act calculated after the implementation of the "Labor Pension Act." The pension paid to employees who meet the criteria for retirement is calculated based on their length of service and their average salary for the 6 months prior to their retirement. Employees whose length of service is no more than 15 years (inclusive) will receive two base points for each year of service and employees whose length of service is more than 15 years will receive one base point for each additional year of service. The maximum number of accumulated base points is 45. The Company makes a pension contribution of 2% of the total salary on a monthly basis and deposits it into a special account with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each fiscal year, if the balance of the labor pension fund account referred to in the preceding paragraph is insufficient to pay the pension calculated above to employees expected to meet the criteria for retirement in the following fiscal year, the Company will make and deposit full contributions into the account by the end of March of the next fiscal year.

The Company's defined retirement benefit plan fund assets are entrusted by the Bank of Taiwan through contracted management according to the proportion and amount for contracted management items set forth in the annual investment/utilization plan of the fund and within the scope as defined in Article 6 of the Regulations for Management, Utilization and Supervision of the National Pension Insurance Fund (i.e., being deposited in domestic or foreign financial institutions, invested in domestic/foreign listed, OTC, or privately offered equity securities and in domestic/foreign real estate-related securitized products, etc.) The relevant utilization is supervised by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the minimum earnings approved to be distributed every year shall not be less than the attainable earnings calculated based on the 2-year time deposit interest rates offered by local banks. Any deficit shall be made up for with the money from the national treasury upon the approval of the competent authority. As the Company has no right to participate in the utilization and management of the fund, the classification of the fair value of plan assets cannot be disclosed in accordance with Paragraph 142 of IAS 19. Please refer to the labor pension fund utilization report for each year published by the government for the fair value of all assets constituting the fund on December 31, 2023 and 2022.

(4) Implementation of the defined contribution plan:

Since July 1, 2005, the Company has had its defined contribution plan in place in accordance with the "Labor Pension Act." The plan is applicable to employees who are of Taiwanese nationality. The Company makes and deposits a labor pension distribution of 6% of the salary of the employees who choose to opt in to the labor pension scheme under the "Labor Pension Act" into their personal accounts with the Bureau of Labor Insurance every month. The pension is paid monthly or at once to the employees based on the amount of money in their personal pension accounts and the accumulated gains.

The pension costs recognized by the Group in accordance with the aforesaid pension plan in 2023 and 2022 were NT\$40,082 (thousand) and NT\$40,321 (thousand), respectively.

The pension costs recognized by the Group in accordance with the aforesaid pension plan in 2022 and 2021 were NT\$13,149 (thousand) and NT\$12,761 (thousand), respectively.

A: The contribution percentage and contribution status under new and old systems:

- (a) New system: Since July 1, 2005, for employees who choose to opt in to the labor pension scheme under the "Labor Pension Act": a monthly pension contribution of no less than 6% of the employees' monthly salaries is made and deposited to their personal pension accounts set up by the Bureau of Labor Insurance. This allows the employees' pensions to accrue wherever they work without being affected by job changes or the closure or close-down of business entities. Such pension accounts are owned by the employees.
- (b) Old system: A monthly pension contribution of 2% of employees' monthly salaries is made and deposited to the dedicated account. If the amount of pension contributions in the account reaches the total present value of pensions required for all employees to apply for payment of their pensions after they meet the criteria for retirement, the making of such contribution may be suspended upon approval by the local competent authority.

- B: Procedure and qualifications for employees to apply for payment of their pensions:

Application Procedure

- (a) An application for retirement must be filed one month before the retirement.
- (b) When applying for retirement, employees should complete a retirement application and a list of tasks that they are responsible for and submit the same to the Company for approval.
- (c) After approving the employees' pension applications, the Company gives a notice to the Labor Pension Fund Supervisory Committee to review such applications.

Qualifications for Application

- (a) Employees who meet any of the following conditions may apply for retirement:
 - Serving the Company for over 15 years and at the age of 55 or more.
 - Serving the Company for over 25 years.
 - Serving the Company for over 10 years and at the age of 60 or more.
 - (b) Employees who do not meet any of the following conditions may not be forced into retirement:
 - At the age of 65 or more.
 - Mentally incapacitated or physically disabled to be competent in their jobs.
 - (c) Employees who meet the criteria for retirement should apply for retirement in accordance with the "Labor Standards Act."
 - (d) For employees transferred within the Group, their length of service and pensions may be calculated on a consolidated basis.
 - (e) Employees who die during their employment are considered retired.
 - (f) Employees who need long-term recovery from illness during their employment are allowed to apply for project retirement.
- C: Operations of the Pension Management Committee:
The Supervisory Committee holds meetings pursuant to laws and may convene special meetings, if necessary.
- (5) Employee bonuses and remuneration to directors and supervisors:
Employee bonuses and remuneration to directors and supervisors are recognized as expense and liabilities when they are subject to legal or constructive obligations and their amounts can be estimated reasonably. Any difference between the amounts of the bonuses and remuneration actually distributed as resolved at the shareholders' meeting and the estimated amounts is treated as an accounting estimate change. In addition, the Group calculates the number of shares to be provided as share bonuses based on the fair value per share on the day prior to the resolution date of the shareholders' meeting in the financial statement year, with ex-right and ex-dividend effects taken into account.
 - (6) Employee benefit system:
According to the regulations of the Employee Welfare Committee, a monthly contribution of 5‰ of employees' salaries should be made as annual operating funds that are used to provide employee benefits and organize the committee's activities.
 - (7) Other company benefits:
 - A. Basic benefits: The Company enrolls in labor insurance, health insurance, and pension systems and takes out group insurance for all employees to

- protect their labor rights.
 - B. Festival cash gifts: We give cash gifts for Labor Day, Dragon Boat Festival, and Moon Festival, ranging from NT\$500 to NT\$1,000 per festival.
 - C. Employee Welfare Committee: The Company organizes domestic trips on an irregular basis, holds merchant promotions, and provides subsidies for marriage, funerals, hospitalization, and maternity as well as solatium for injury/illness hospitalization and other welfare subsidies.
 - D. Leisure activities and vacations: As the Group is a contracted member of Uni-Resort Mawudu, the employees may enjoy the resort rooms and meals at member prices.
 - E. Health check-ups: SOLOMON offers a safe and healthy work environment to employees in compliance with the applicable labor laws and regulations and organizes annual health check-ups for regular tracking.
 - F. Club activities: Employees may apply for forming clubs or participating in a variety of club activities to promote exchange and interaction between the employees.
 - G. Childcare and after-school care: The Group contracts with Hess International Educational Group to provide after-school programs for kindergarten and elementary school children at all branches across Taiwan.
 - H. Offers for salary transfer accounts: 10 free inter-bank withdrawals or transfers per month.
6. Labor-management agreements:
- The Company's labor-management agreements are concluded when employees start working in the Company in accordance with the Labor Standards Act and according to the personnel management regulations. In response to the amendment of related labor laws and regulations, **the minimum monthly salary in 2023 was NT\$26,400, and the minimum hourly wage was increased to NT\$176. In 2024, the minimum monthly salary is NT\$27,470, and the minimum hourly wage is increased to NT\$183.** The labor insurance premium rate for 2024 is 12% (i.e. the labor insurance premium rate for general accidents is **11%** and the employment insurance premium rate is **1%**). We will adjust the corresponding system in accordance with laws and regulations for compliance.
- An extract from the "Code of Service for Employees" is as follows:
- (1) Employees shall separate personal matters from work, respect individual personality mutually, treat each other with sincerity, and collaborate to attain the business goals of the Company.
 - (2) Employees shall comply with all the Company's regulations and observe the reasonable instructions of managerial officers at all levels without skimping on the job. The managerial officers at all levels shall give instructions to the employees in a polite manner.
 - (3) Employees may not disclose their salaries on purpose or ask others about their salaries.
 - (4) Without written consent from the Company, employees may not run businesses privately or concurrently hold positions in other companies.
 - (5) Without written consent from the Company, employees may not disclose, communicate, hand over, or transfer the Company's confidential information known or obtained by them to others or externally publish or announce such information. They shall also comply with the "Document Confidentiality Regulations" to secure confidential documents.

- (6) Employees shall do their jobs in a thorough manner without avoiding responsibility or procrastinating and they may not handle personal matters during their work time.
 - (7) Without written consent from the Company, employees may not run or be engaged in a business that is the same as or similar to that of the Company for themselves or any third party.
 - (8) Employees may not read any documents that are irrelevant to their jobs and print and disclose publicly any data or written materials without the consent of the Company.
 - (9) Employees may not be greedy and lazy or extravagant and debauched, gamble, use drugs, abuse alcohol, cause trouble, violate national laws and regulations, or commit other dishonorable acts.
 - (10) All the Company's employees shall observe all the regulations and systems/guidelines and announcements of the Company and plants.
 - (11) Employees shall take good care of public property without abusing, destroying, or embezzling it. They shall have full responsibility for the public property that they administer or receive for use.
 - (12) Employees shall obey the Company's transfer or deployment arrangements. Employees who go on business trips or are dispatched or transferred shall follow the schedule without causing errors or delays.
 - (13) Employees shall wear employee ID cards during their work time, or they will accept relevant punishments without objections.
 - (14) The Company may reward employees for obtaining patents on inventions related to production, manufacturing, and R&D technologies and the ownership of the patents belongs to the Company.
 - (15) Employees are obligated to obey reasonable orders given by their managers within the scope of supervision. However, where they have any opinion on such orders, a report may be made at any time.
7. Participation in and effectiveness of corporate activities and social responsibility promotion:

| Item | Activity | Description of participation | Implementation performance |
|------|---|------------------------------|----------------------------|
| 1 | Tamkang University Industry-Academia Collaboration Program for Cultivation of R&D Elites | Corporate donation | NT\$210,000 |
| 2 | Sponsoring the Development Center for Spinal Cord Injuries for rehabilitation and training expenses | Corporate donation | NT\$7,500 |
| 3 | National Taiwan University Cancer Center | Corporate donation | NT\$2,860,000 |
| 4 | Genesis Social Welfare Foundation | Corporate donation | Donation of invoices |
| 5. | Cih Yue Charity Foundation | Corporate donation | NT\$100,000 |

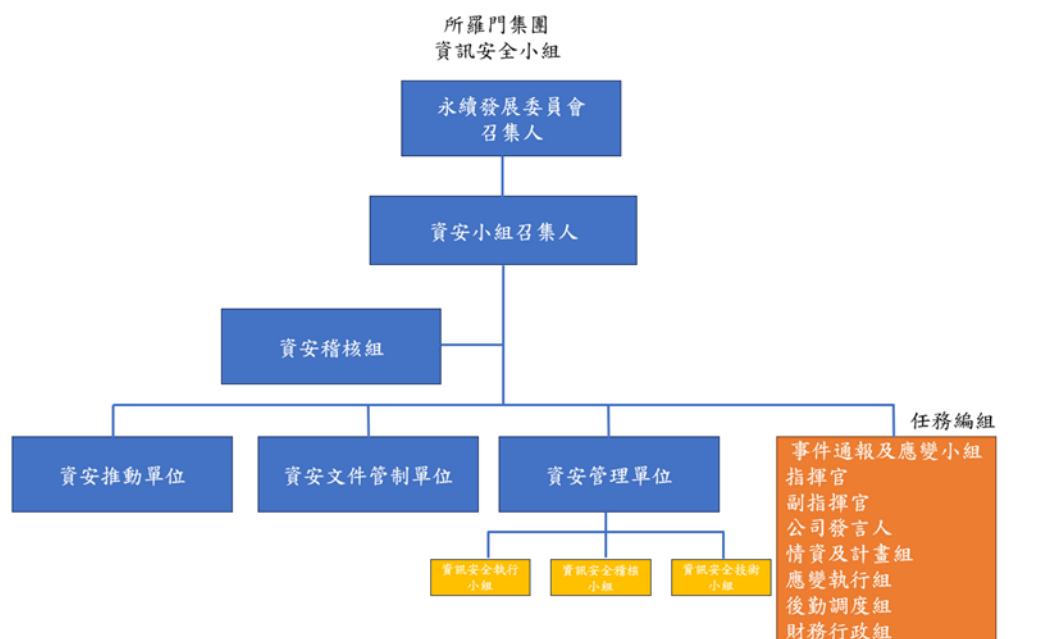
- (2) Losses incurred due to labor-management disputes (including any labor inspection result not compliant with the Labor Standards Act, in which case the date of punishment, punishment notice number, legal provisions violated, the content of the legal provisions, and punishment content shall be specified), the estimated amount of such losses that may occur in the future and measures in response:

The Company had no labor-management disputes in the most recent year and as of the publication date of the annual report, and thus no losses were incurred. Our personnel management regulations are implemented in compliance with the Labor Standards Act and we do our best to make sure the related conditions are better than what the Labor Standards Act requires. Therefore, the possibility of losses resulting from labor-management disputes in the future is very remote.

6. Cybersecurity Management

(1) Cybersecurity Management Framework:

- The Company complies with the requirements of the competent authority, the Financial Supervisory Commission, on information security management mechanisms. TWSE/TPEX listed companies are classified into three levels, and the Company is a Level 2 listed company. We have established a dedicated information security unit with an information security supervisor and personnel responsible for information security affairs, information security system planning, and the monitoring and execution of information security management operations in accordance with Level 2 requirements to ensure continuous optimization and mitigate possible cybersecurity risks.
- Organizational operating model: A Cybersecurity Team is established for the Sustainable Development Committee. The team is responsible for developing and disseminating cybersecurity policies and information security operating procedures. All internal departments have a responsibility to promote cybersecurity. The cybersecurity management unit is responsible for establishing procedures, organizing personnel education and training, and introducing and implementing cybersecurity policies. As the unit supervising cybersecurity governance, the Auditing Office is responsible for overseeing the implementation of internal cybersecurity measures and conducting cybersecurity risk audits. If any deficiency is found, the office requires the audited units to submit specific relevant improvement plans and tracks the improvement progress regularly in order to reduce internal cybersecurity risks. Every year, the audit results are regularly reported to the Board of Directors.



(2) Cybersecurity policy:

Purpose: Promote the information management system, establish a safe and reliable information operating environment, ensure data, system, equipment and network security, strengthen information security management, ensure the confidentiality, integrity and availability of information assets, and raise the information security awareness of relevant personnel, in order to provide an environment conducive to the continuous operation of the Company's information services, comply with relevant laws and regulations, avoid internal and external deliberate or accidental threats, and improve service quality, achieving the goal of sustainable operations.

Scope:

1. All employees, partners or units of the Company shall comply with this policy.
2. Cybersecurity management covers control measures for four aspects to prevent any possible risks and damages caused to the Company by improper use, leakage, tampering, and damage of information as a result of human negligence, deliberate acts or natural disasters. The control measures are described by the aspects as follows:
 - 2.1 Organizational control measures.
 - 2.2 Personnel control measures.
 - 2.3 Physical control measures.
 - 2.4 Technical management.

(3) Specific management plans:

As technology advances, the Company continues to install and upgrade information security management systems, implements relevant management measures in a non-stop manner to prevent external cybersecurity threats, and establishes an operating code of conduct for internal personnel in order to improve the security of the Company's overall information environment and reduce internal personnel information security risks.

| Category | Description | Relevant measure |
|-----------------------|---|---|
| Permission management | Personnel account and permission management and management measures for system operations | Management and approval of personnel accounts and permissions |
| | | Regular inventory of personnel accounts and permissions |
| Access control | Control measures for personnel's access to internal/external systems and data transmission channels | Internal/external access control measures |
| | | Control measures for data leakage channels |

| Category | Description | Relevant measure |
|---------------------|---|---|
| External threats | Potential vulnerabilities and viruses on internal systems and protection measures | Regular host/computer updates |
| | | Virus protection and malware detection |
| System availability | System availability status and handling measures in case of service interruptions | Monitoring of the system/network availability status |
| | | Measures in response to service interruptions |
| | | Data backup and redundancy and on-premises/off-site redundancy mechanisms |
| | | Regular disaster recovery drills |

(IV) Resources invested in cybersecurity management:

1. Information security education and training are organized to upgrade the information security knowledge and professional skills of all employees. Information security education and training courses are provided for new employees when they onboard, thereby improving the information security awareness of the Company's employees. We also provide related professional skill training for full-time personnel.
2. The Company implements business continuity management procedures, formulates a business continuity plan (BCP), and conducts business continuity exercises every year to ensure continuous operations of the Company's business. This allows us to respond at critical moments and improve our information services.
3. For participation in collaborative cyber defense mechanisms, in order to strengthen our active defense strategy, we have joined the TWCERT/CC Information Security Alliance, through which we can obtain intelligence on information security and cyber hacking from time to time, share threat intelligence, gain industry experience, give internal cybersecurity alerts in a timely manner, review internal equipment and system updates, and enhance the width and strength of the Company's overall cybersecurity defense.
4. The Company plans to introduce the ISO 27001 information security management system and to obtain third-party certification in the following year, and will strengthen information security and protection (e.g. through an e-mail security filtering mechanism and SOC cybersecurity monitoring services).

7. Important Contracts

(1) SOLOMON Technology Corporation

| No. | Nature of contract | Contracting party | Start and expiry dates of contract | Main subject | Restrictions |
|-----|--|---------------------------------------|--|--|--|
| 1 | Agency | PROTEK DEVICES L.P. | 2004.05.03-(without an expiration date) | Serve as an agent of the company's electrostatic protection devices and other products | Non-exclusive agent in Taiwan |
| 2 | Distribution (the Company is the supplier) | Yujin Mechatronics Corp. | 2017.04.06- | Distribution of the Company's related products | Non-exclusive distributor in South Korea |
| 3 | Distribution (the Company is the supplier) | JRC CO., LTD. | 2021.01.01-2024.12.31 | Distribution of the Company's related products | Non-exclusive distributor in Japan |
| 4 | Distribution (the Company is the supplier) | OUTSOURCING TECHNOLOGY INC. | 2023.10.01-2024.09.30 | Distribution of the Company's related products | Non-exclusive distributor in Japan |
| 5 | Distribution | Piller Power Systems GmbH | 2005.11.13-2008.11.14 Automatically extended for one year when expired | Distribution of the company's dynamic uninterruptible power systems and related products | Non-exclusive distributor in Taiwan |
| 6 | Distribution | EPLAN Software &Service GmbH & Co. KG | 2012.05.01-2012.12.31 Automatically extended for one year when expired | Distribution of the company's related products | There are clauses prohibiting the sale of competitive products |
| 7 | Distribution | Siemens Ltd. | 2013.10.01- | Distribution of the company's related products | There are annual performance targets and incentive bonuses |
| 8 | Distribution | ROBOTIQ, Inc. | 2015.09.29-2018.09.28 Automatically extended for three years when expired | Distribution of the company's related products | The distribution territory is Taiwan |

| No. | Nature of contract | Contracting party | Start and expiry dates of contract | Main subject | Restrictions |
|-----|--------------------|----------------------------------|---|--|---|
| 9 | Distribution | LMI TECHNOLOGIES LTD. | 2016.09.12-2016.12.31 Automatically extended for one year when expired | Distribution of the company's related products | The distribution territory is Taiwan |
| 10 | Distribution | HannStar Display Corp. | 2017.01.01-2017.12.31 Automatically extended for one year when expired | Distribution of the company's related products | Sales regions include Taiwan, Hong Kong, China, and Southeast Asia |
| 11 | Distribution | MTE Power Quality Solutions Pte. | 2017.01.01-2017.12.31 Automatically extended for one year when expired | Distribution of the company's related products | The distribution territory is Taiwan |
| 12 | Distribution | On Robot ApS | 2017.04.12- | Distribution of the company's related products | Manufacturer may add or delete the products distributed upon a written notice |
| 13 | Distribution | OptoForceKit, | 2017.06.05-2017.12.31 Automatically extended for one year when expired | Distribution of the company's related products | Non-exclusive distributor in Taiwan |
| 14 | Distribution | TOSHIBA TELI CORPORATION | 2019.04.22-2020.04.21 Automatically renewed when expired | Distribution of the company's related products | The distribution territory is Taiwan |
| 15 | Distribution | Mitsubishi Electric Corporation | 2020.01.20-2020.12.31 Automatically extended for one year when expired, with a maximum of five years | Distribution of the company's air-conditioning equipment | The distribution territory is Taiwan |
| 16 | Distribution | Trifork Smart Device ApS | 2020.12.18- | Distribution of the company's related products | The distribution territory is Taiwan |

| No. | Nature of contract | Contracting party | Start and expiry dates of contract | Main subject | Restrictions |
|-----|--------------------|---|--|---|--|
| 17 | Distribution | MECADEMIC Inc. | 2021.01.01-2021.12.31 Automatically extended for one year when expired | Distribution of the company's related products | Non-exclusive distributor in Taiwan |
| 18 | Distribution | Secomea | 2021.01.01- | Distribution of the company's related products | The distribution territory is Taiwan |
| 19 | Distribution | ROCKWELL AUTOMATION TAIWAN CO., LTD. | 2022.10.01-2023.09.30 | Distribution of the company's related products | Distributor in Taiwan |
| 20 | Distribution | GE JENBACHER GMBH & CO OG | 2021.08.01-2024.07.31 | Distribution of the company's related products | The distribution territory is Taiwan and some provinces in China |
| 21 | Distribution | Eaton Phoenixtec MMPL Co., Ltd. | 2022.01.01-2022.12.31 Automatically extended for one year when expired. Only one extension is permitted | Distribution of the company's related products | Non-exclusive distributor |
| 22 | Distribution | Eaton Phoenixtec MMPL Co., Ltd. | 2023.01.01-2023.12.31 | Maintenance service distributor | The distribution territory is Taiwan |
| 23 | Agent | Kawasaki Heavy Industries Ltd., Taipei Branch (Japan) | 2021.11.01-2022.10.31 Automatically extended for one year when expired | Sale of the company's general industrial robotic arms | Including customer after-sales services |
| 24 | Annual procurement | Taiwan Cummins Sales & Service Co., Ltd | 2024.01.25-2025.01.24 | Procurement of diesel engines from the company Generator units | According to the company's global policy |

(II) Yumon International Trade Shanghai Limited Corporation

| No. | Nature of contract | Contracting party | Start and expiry dates of contract | Main subject | Restrictions |
|-----|--------------------|--|------------------------------------|---|---|
| 1 | Distributor | Cummins (China) Investment Company Limited | 2024.01.01-2024.12.31 | Distribution of the company's Generator units and services | Engineering, procurement, and construction of projects overseas and in the high-tech manufacturing industry in Shanghai, Suzhou, and East China |
| 2 | Distributor | Cummins (China) Investment Company Limited | 2024.01.01-2024.12.31 | Distribution of the company's Generator units and services | EPC of projects in Beijing –and– overseas |
| 4 | Distribution | GE JENBACHER GMBH & CO OG | 2021.08.01-2024.07.31 | Distribution of the company's related products | The distribution territory is some provinces in China |

(2) **Solomon Goldentek Display Corp.**

| No. | Nature of contract | Contracting party | Start and expiry dates of contract | Main subject | Restrictions |
|-----|-------------------------------|-----------------------------|---|-------------------------------|--------------|
| 1 | Non-exclusive agency contract | INABA DENKI SANGYO CO., LTD | 2011/12/22 – The contract will become invalid once one party proposes to terminate it. | Non-exclusive agency contract | None |
| 2 | Sales contract | ACTE AS NORWAY | 2014/4/19 – indefinite (The contract will become invalid once its termination is proposed one month ahead) | Sales contract | None |
| 3 | Transaction agreement | Sci Can | 2015/08/06 – Transaction termination date | Transaction agreement | None |
| 4 | Supplier agreement | SCICAN | 2018/10/01 – Transaction termination date | Supplier agreement | None |
| 5 | Purchase contract | Futaba | 2022/11/30-2024/11/30 | Purchase contract | None |
| 6 | Consulting agreement | Hideomi Doi | 2022/09/01 – indefinite (The contract will become invalid once its termination is proposed one month ahead) | Consulting agreement | None |
| 7 | Confidentiality agreement | Ritdisplay Corporation | 2023/01/12-2025/01/12 | Confidentiality agreement | None |
| 8 | Commission agreement | ASTA TECHNOLOGIES | 2021/04/22-2026/12/31 | Commission agreement | None |

Chapter 12. Financial Overview

1. Condensed Balance Sheet and Income Statement for the Most Recent Five Years

(1) IFRS:

Condensed Consolidated Balance Sheet

Unit: NT\$ thousand

| Item \ Year | | Financial information for the most recent five years | | | | | Financial information for the current year as of March 31, 2024 |
|---|---------------------|--|------------|------------|------------|------------|---|
| | | 2019.12.31 | 2020.12.31 | 2021.12.31 | 2022.12.31 | 2023.12.31 | |
| Current assets | | 4,497,836 | 4,348,745 | 4,973,624 | 5,387,727 | 5,446,358 | 5,842,946 |
| Property, plant and equipment | | 525,867 | 505,680 | 440,103 | 436,016 | 433,387 | 434,019 |
| Intangible assets | | 3,009 | 2,357 | 1,200 | 2,920 | 1,483 | 1,148 |
| Other assets | | 1,267,392 | 1,625,655 | 2,471,055 | 2,624,300 | 3,066,864 | 3,032,589 |
| Total assets | | 6,294,104 | 6,482,437 | 7,885,982 | 8,450,963 | 8,948,092 | 9,310,702 |
| Current liabilities | Before distribution | 1,202,183 | 1,548,301 | 2,866,587 | 3,030,729 | 3,011,244 | 3,461,976 |
| | After distribution | 1,339,360 | 1,634,037 | 3,020,911 | 3,287,936 | 3,302,745 | - |
| Non-current liabilities | | 98,188 | 64,982 | 44,095 | 91,677 | 278,444 | 294,916 |
| Total liabilities | Before distribution | 1,300,371 | 1,613,283 | 2,910,682 | 3,122,406 | 3,289,688 | 3,756,892 |
| | After distribution | 1,437,548 | 1,699,019 | 3,065,006 | 3,379,613 | 3,581,189 | - |
| Equity attributable to owners of the parent company | | 4,574,185 | 4,465,163 | 4,569,919 | 4,908,710 | 5,223,290 | 5,108,358 |
| Share capital | | 1,714,711 | 1,714,711 | 1,714,711 | 1,714,711 | 1,714,711 | 1,714,711 |
| Capital reserves | | 208,545 | 212,085 | 215,138 | 215,138 | 262,149 | 392,243 |
| Retained earnings | Before distribution | 2,793,876 | 2,677,878 | 2,793,372 | 3,101,223 | 3,377,752 | 3,122,206 |
| | After distribution | 2,656,699 | 2,592,142 | 2,639,048 | 2,844,016 | 3,086,251 | - |
| Other equity | | (136,905) | (133,469) | (147,260) | (116,320) | (125,280) | (114,760) |
| Treasury stocks | | (6,042) | (6,042) | (6,042) | (6,042) | (6,042) | (6,042) |
| Non-controlling interests | | 419,548 | 403,991 | 405,381 | 419,847 | 435,114 | 445,452 |
| Total equity | Before distribution | 4,993,733 | 4,869,154 | 4,975,300 | 5,328,557 | 5,658,404 | 5,553,810 |
| | After distribution | 4,856,556 | 4,783,418 | 4,820,976 | 5,071,350 | 5,366,903 | - |

Note 1: The 2023 cash dividend of NT\$1.7 per share was approved by the Board of Directors.

Note 2: As of the publication date of the annual report, if a company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange had the most recent financial information audited or reviewed by a CPA, the information shall also be disclosed: The information as of March 31, 2024 has been reviewed by CPAs.

Note 3: For the above-mentioned figures after distribution, please fill out the columns according to the resolution of the shareholders' meeting of the following year.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand

| Item \ Year | Financial information for the most recent five years | | | | | Financial information for the current year as of March 31, 2024 |
|---|--|-----------|-----------|-----------|-----------|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Operating income | 3,737,064 | 3,527,149 | 3,899,210 | 5,249,928 | 4,219,903 | 788,224 |
| Gross operating profit | 767,964 | 746,144 | 793,962 | 1,083,514 | 968,719 | 174,306 |
| Operating profit and loss | 33,439 | 46,938 | 49,291 | 264,528 | 143,145 | (23,412) |
| Non-operating income and expenses | 404,049 | 37,007 | 209,390 | 391,309 | 495,379 | 92,952 |
| Pre-tax profit | 437,488 | 83,945 | 258,681 | 655,837 | 638,524 | 69,540 |
| Net profit from continuing operations in the current period | 360,892 | 30,390 | 216,364 | 475,943 | 557,787 | 39,298 |
| Loss of discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) in the current period | 360,892 | 30,390 | 216,364 | 475,943 | 557,787 | 39,298 |
| Other comprehensive income in the current period (after tax, net) | (62,883) | (5,554) | (27,627) | 26,738 | (27,616) | (2,719) |
| Total comprehensive income in the current period | 298,009 | 24,836 | 188,737 | 502,681 | 530,171 | 36,579 |
| Net profit attributable to owners of the parent company | 318,447 | 20,318 | 198,514 | 458,232 | 532,241 | 35,955 |
| Net profit attributable to non-controlling interests | 42,445 | 10,072 | 17,850 | 17,711 | 25,546 | 3,343 |
| Total comprehensive income attributable to owners of the parent company | 283,100 | 24,615 | 187,439 | 493,115 | 524,776 | 46,475 |
| Total comprehensive income attributable to non-controlling interests | 14,909 | 221 | 1,298 | 9,566 | 5,395 | (9,896) |
| Earnings per share | 1.86 | 0.12 | 1.16 | 2.67 | 3.11 | 0.21 |

Note: As of the publication date of the annual report, if a company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange had the most recent financial information audited or reviewed by a CPA, the information shall also be disclosed: The information for the current year (as of March 31, 2024) has been reviewed by CPAs.

Condensed Parent-only Balance Sheet

Unit: NT\$ thousand

| Item \ Year | | Financial information for the most recent five years | | | | |
|---|---------------------|--|------------|------------|------------|------------|
| | | 2019.12.31 | 2020.12.31 | 2021.12.31 | 2022.12.31 | 2023.12.31 |
| Current assets | | 1,300,521 | 1,476,946 | 1,829,600 | 1,946,632 | 2,565,245 |
| Property, plant and equipment | | 483,141 | 468,755 | 416,811 | 410,736 | 400,228 |
| Intangible assets | | 2,627 | 1,952 | 1,150 | 2,920 | 1,482 |
| Other assets | | 3,168,074 | 3,348,979 | 4,181,151 | 4,402,418 | 4,652,931 |
| Total assets | | 4,954,363 | 5,296,632 | 6,428,712 | 6,762,706 | 7,619,886 |
| Current liabilities | Before distribution | 350,480 | 809,451 | 1,837,522 | 1,764,598 | 2,356,299 |
| | After distribution | 487,657 | 895,187 | 1,991,846 | 2,021,805 | 2,647,800 |
| Non-current liabilities | | 29,698 | 22,018 | 21,271 | 89,398 | 40,297 |
| Total liabilities | Before distribution | 380,178 | 831,469 | 1,858,793 | 1,853,996 | 2,396,596 |
| | After distribution | 517,355 | 917,205 | 2,013,117 | 2,111,203 | 2,688,097 |
| Equity attributable to owners of the parent company | | 4,574,185 | 4,465,163 | 4,569,919 | 4,908,710 | 5,223,290 |
| Share capital | | 1,714,711 | 1,714,711 | 1,714,711 | 1,714,711 | 1,714,711 |
| Capital reserves | | 208,545 | 212,085 | 215,138 | 215,138 | 262,149 |
| Retained earnings | Before distribution | 2,793,876 | 2,677,878 | 2,793,372 | 3,101,223 | 3,377,752 |
| | After distribution | 2,656,699 | 2,592,142 | 2,639,048 | 2,844,016 | 3,086,251 |
| Other equity | | (136,905) | (133,469) | (147,260) | (116,320) | (125,280) |
| Treasury stocks | | (6,042) | (6,042) | (6,042) | (6,042) | (6,042) |
| Non-controlling interests | | 0 | 0 | 0 | 0 | - |
| Total equity | Before distribution | 4,574,185 | 4,465,163 | 4,569,919 | 4,908,710 | 5,223,290 |
| | After distribution | 4,437,008 | 4,379,427 | 4,415,595 | 4,651,503 | 4,931,789 |

Note: The 2023 cash dividend of NT\$1.7 per share was approved by the Board of Directors.

Condensed Parent-only Statement of Comprehensive Income

Unit: NT\$ thousand

| <div> <div>Year</div> <div>Item</div> </div> | Financial information for the most recent five years | | | | |
|---|--|-----------|-----------|-----------|-----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating income | 1,976,563 | 1,869,734 | 2,280,169 | 3,157,169 | 2,555,512 |
| Gross operating profit | 333,029 | 344,459 | 425,854 | 546,707 | 543,546 |
| Operating profit and loss | (66,736) | (52,722) | 14,180 | 98,955 | 80,296 |
| Non-operating income and expenses | 381,439 | 86,791 | 198,588 | 444,321 | 487,275 |
| Pre-tax profit | 314,703 | 34,069 | 212,768 | 543,276 | 567,571 |
| Net profit from continuing operations in the current period | 318,447 | 20,318 | 198,514 | 458,232 | 532,241 |
| Loss of discontinued operations | 0 | 0 | 0 | 0 | - |
| Net profit (loss) in the current period | 318,447 | 20,318 | 198,514 | 458,232 | 532,241 |
| Other comprehensive income in the current period (after tax, net) | (35,347) | 4,297 | 11,075 | 34,883 | (7,465) |
| Total comprehensive income in the current period | 283,100 | 24,615 | 187,439 | 493,115 | 524,776 |
| Net profit attributable to owners of the parent company | 318,447 | 20,318 | 198,514 | 458,232 | 532,241 |
| Net profit attributable to non-controlling interests | 0 | 0 | 0 | 0 | - |
| Total comprehensive income attributable to owners of the parent company | 283,100 | 24,615 | 187,439 | 493,115 | 524,776 |
| Total comprehensive income attributable to non-controlling interests | 0 | 0 | 0 | 0 | - |
| Earnings per share | 1.86 | 0.12 | 1.16 | 2.67 | 3.11 |

- (2) Important matters affecting the comparability of the aforesaid financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impact of these matters on the current financial statements: None.

(3) Names of CPAs and their audit opinions:

| Audit year | Name of CPA firm | Name of CPA | Audit opinion |
|------------|----------------------------------|-------------------------------------|--|
| 2019 | PricewaterhouseCoopers Taiwan | Liang Yi-Chang/ Hsiao Chin-Mu | Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties |
| 2020 | | Liang Yi-Chang/ Chen Hsien-Cheng | Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties |
| 2021 | | Liang Yi-Chang/ Chen Hsien-Cheng | Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties |
| 2022 | | Liang Yi-Chang/ Chen Hsien-Cheng | Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties |
| 2023 | | Liang Yi-Chang/ Wen Ya-Fang | Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties |
| 2024 Q1 | | Liang Yi-Chang/ Wen Ya-Fang | Unqualified conclusion review report |

2. Financial Analysis for the Most Recent Five Years

(1) IFRS

Consolidated Financial Analysis

| Item analyzed \ Year | | Financial Analysis for the Most Recent Five Years | | | | | Current year, as of March 31, 2024 |
|-----------------------|--|---|----------|---------|----------|---------|------------------------------------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Financial structure % | Liabilities to assets ratio | 20.66 | 24.89 | 36.91 | 36.95 | 36.76 | 40.35 |
| | Long-term funds to property, plant and equipment ratio | 968.29 | 975.74 | 1140.50 | 1,243.13 | 1369.87 | 1347.57 |
| Solvency % | Current ratio | 374.14 | 280.87 | 173.50 | 177.77 | 180.87 | 168.77 |
| | Quick ratio | 302.50 | 207.24 | 114.20 | 118.59 | 105.41 | 103.73 |
| | Times interest earned | 16,919.99 | 4,173.02 | 2560.35 | 3,973.36 | 3908.22 | 14.32 |
| Operating performance | Receivables turnover (times) | 4.56 | 4.75 | 5.11 | 6.27 | 4.49 | 3.34 |
| | Average receivable days | 80.10 | 76.90 | 71.42 | 58.21 | 81.29 | 109.28 |
| | Inventory turnover (times) | 3.79 | 3.60 | 3.02 | 3.17 | 1.94 | 1.29 |
| | Payables turnover (times) | 8.15 | 5.76 | 6.05 | 8.00 | 4.58 | 2.78 |
| | Average sales days | 96.38 | 101.47 | 120.86 | 115.14 | 188.14 | 282.95 |
| | Property, plant and equipment turnover (times) | 6.96 | 6.84 | 8.25 | 11.98 | 9.71 | 7.27 |
| | Total assets turnover (times) | 0.60 | 0.55 | 0.54 | 0.64 | 0.49 | 0.35 |
| Profitability | Return on assets (%) | 5.86 | 0.50 | 3.13 | 5.99 | 6.57 | 1.90 |
| | Return on equity (%) | 7.39 | 0.62 | 4.40 | 9.24 | 10.15 | 2.80 |
| | Pre-tax income to paid-in capital (%) | 25.51 | 4.90 | 15.09 | 38.25 | 37.24 | 16.22 |
| | Net income margin (%) | 9.66 | 0.86 | 5.55 | 9.07 | 13.22 | 4.99 |
| | Earnings per share (NT\$) | 1.86 | 0.12 | 1.16 | 2.67 | 3.11 | 0.84 |
| Cash flow | Cash flow ratio (%) | 70.24 | 1.10 | (9.83) | 35.49 | (3.49) | 11.01 |
| | Cash flow adequacy ratio (%) | 155.07 | 109.62 | 42.60 | 95.05 | 64.01 | 84.82 |
| | Cash reinvestment ratio (%) | 10.77 | (2.11) | (6.34) | 14.65 | (5.49) | 5.01 |
| Leverage | Operating leverage | 2.76 | 2.47 | 2.47 | 1.25 | 1.40 | 0.4 |
| | Financial leverage | 1.08 | 1.05 | 1.27 | 1.07 | 1.13 | 0.82 |

Note: As of the publication date of the annual report, if a company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange had the most recent financial information audited or reviewed by a CPA, the information shall also be analyzed. The information for Q1 2024 was reviewed by CPAs.

Please describe the reasons for changes in the financial ratios in the most recent two years: (Not required in case the increase or decrease is less than 20%)

1. The increase in accounts receivable turnover and the decrease in average collection days were mainly due to the decrease in sales and the increase in accounts receivable at the end of the period
2. For inventory turnover and average sales days, it was mainly due to the decrease in the cost of sales and the increase in inventory at the end of the period
3. The decrease in total asset turnover was mainly due to the decrease in net sales
4. The increase in net income margin was mainly due to the increase in the income before tax in the current period and the decrease in net sales
5. The cash flow ratio and cash reinvestment ratio were negative mainly due to the net cash outflow from operating activities in the current period
6. The decrease in the cash flow adequacy ratio was mainly due to the decrease in the net cash flow from operating activities and the increase in inventory

Parent-only Financial Analysis

| <div style="display: flex; align-items: center;"> <div style="flex: 1; border-bottom: 1px solid black; border-right: 1px solid black; padding: 5px;">Item analyzed</div> <div style="flex: 0.2; text-align: center; padding: 5px;">Year</div> </div> | | Financial Analysis for the Most Recent Five Years | | | | |
|--|--|---|--------|---------|----------|---------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure % | Liabilities to assets ratio | 7.67 | 15.70 | 28.91 | 27.42 | 31.45 |
| | Long-term funds to property, plant and equipment ratio | 952.91 | 957.26 | 1101.50 | 1,216.87 | 1315.15 |
| Solvency % | Current ratio | 371.07 | 182.46 | 99.57 | 110.32 | 108.87 |
| | Quick ratio | 234.50 | 106.83 | 50.20 | 57.45 | 45.84 |
| | Times interest earned | 196.71 | 27.21 | 22.80 | 34.86 | 36.14 |
| Operating performance | Receivables turnover (times) | 7.58 | 6.91 | 7.16 | 11.51 | 5.56 |
| | Average receivable days | 48.16 | 52.8 | 50.99 | 31.70 | 65.67 |
| | Inventory turnover (times) | 3.54 | 3.46 | 3.09 | 3.30 | 1.79 |
| | Payables turnover (times) | 8.44 | 7.22 | 8.59 | 12.26 | 5.51 |
| | Average sales days | 103.02 | 105.41 | 117.99 | 110.56 | 203.76 |
| | Property, plant and equipment turnover (times) | 4.09 | 3.93 | 5.15 | 7.63 | 6.30 |
| | Total assets turnover (times) | 0.39 | 0.36 | 0.39 | 0.48 | 0.36 |
| Profitability | Return on assets (%) | 6.27 | 0.42 | 3.52 | 7.14 | 7.58 |
| | Return on equity (%) | 7.06 | 0.45 | 4.39 | 9.67 | 10.51 |
| | Pre-tax income to paid-in capital (%) | 18.35 | 1.99 | 12.41 | 31.68 | 33.10 |
| | Net income margin (%) | 16.11 | 1.09 | 8.71 | 14.51 | 20.83 |
| | Earnings per share (NT\$) | 1.86 | 0.12 | 1.16 | 2.67 | 3.11 |
| Cash flow | Cash flow ratio (%) | 48.90 | (8.25) | (3.56) | 31.51 | 0.30 |
| | Cash flow adequacy ratio (%) | 49.45 | 27.95 | (0.38) | 29.80 | 31.85 |
| | Cash reinvestment ratio (%) | (0.30) | (3.61) | (2.59) | 6.41 | (3.82) |
| Leverage | Operating leverage | 0.73 | 0.61 | 2.62 | 1.22 | 1.25 |
| | Financial leverage | 0.98 | 0.98 | 3.21 | 1.19 | 1.25 |

Please describe the reasons for changes in the financial ratios in the most recent two years: (Not required in case the increase or decrease is less than 20%)

1. The decrease in the quick ratio was mainly due to the increase in the current liabilities in the current period
2. The decrease in accounts receivable turnover and the increase in average collection days were mainly due to the decrease in sales and the increase in accounts receivable at the end of the period
3. The decrease in inventory turnover and the increase in average sales days were mainly due to the decrease in the cost of sales and the increase in inventory at the end of the period
4. The decrease in accounts payable turnover resulted mainly from the increase in the payables in the current period over the previous period
5. The decrease in total asset turnover was mainly due to the decrease in net sales
6. The increase in net income margin was mainly due to the increase in the income after tax in the current period.
7. The decrease in the cash flow ratio was mainly due to the decrease in the net cash inflow from operating activities
- 8.

3. Audit Committee' Audit Report for the 2023 Financial Statements

SOLOMON Technology Corporation
Audit Committee' 2023 Audit Report

CPA Liang Yi-Chang and CPA Wen Ya-Fang of PricewaterhouseCoopers Taiwan have audited the 2023 parent-only and consolidated financial statements prepared by the Board of Directors. The Audit Committee has also audited the financial statements along with the 2023 business report and earnings distribution proposal and found no misstatements. The report is hereby issued in accordance with Article 219 of the Company Act and the Securities and Exchange Act.

Respectfully yours,

SOLOMON's 2024 Annual General Meeting

Convener of the Audit Committee: Huang
Ming-Yu

March 11, 2024

4. Effects of Financial Difficulties Incurred by the Company and Associates on the Financial Position of the Company: None

5. 2023 Consolidated Financial Statements

Independent Auditors' Report

(2024) Letter Cai-Shen-Bao-Zi No. 23002314

To SOLOMON Technology Corporation:

Audit Opinions

We audited the consolidated balance sheets of SOLOMON Technology Corporation and its subsidiaries (hereinafter referred to as "Solomon Group") as of December 31, 2023 and 2022, and their consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2023 and 2022 and the notes to the consolidated financial statements (including the summary of material accounting policies).

In our opinion, based on our audit results and other independent auditors' reports (Please refer to Other Matters paragraphs), with respect to all material aspects, the foregoing consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation pronouncements endorsed and issued into effect by the Financial Supervisory Commission, and thus provided a fair presentation of the consolidated financial positions of Solomon Group on December 31, 2023 and 2022 and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinions

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under such standards are further described in the paragraph of Responsibilities of CPAs for the Audit of the Consolidated Financial Statements. As CPAs who are subject to independence requirements, we have, in accordance with the Standards of Professional Ethics for Certified Public Accountants of the Republic of China, remained independent from Solomon Group and fulfilled all other responsibilities under the requirements. According to our audit results and other independent auditors' reports, we believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Solomon Group for 2023. Such matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinions on these matters.

The key audit matters for Solomon Group's consolidated financial statements for 2023 are described as follows:

Impairment Assessment of Accounts Receivable

Matter description

Please refer to Notes 4 (9) and 4 (10) to the consolidated financial statements for the accounting policies for accounts receivable. Please refer to Note 5 (2) to the consolidated financial statements for the uncertainty of accounting estimates and assumptions for impairment on accounts receivable. Please refer to Note 6 (4) to the consolidated financial statements for the description of the accounts receivable account. Solomon Group's accounts receivable and loss allowance as of December 31, 2023, were NT\$974,212 thousand and NT\$16,730 thousand, respectively.

Solomon Group's assessment of impairment on accounts receivable is affected by many factors,

such as customers' financial position, internal credit ratings, and historical transaction records, which may affect the credit quality of customers, and the expected credit losses are assessed based on the assessment results. Considering that the aforementioned assessment often involves the subjective judgment of the management and the influence of Solomon Group's accounts receivable and its valuation amount on the financial statements is material, we deem the impairment assessment of accounts receivable to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for the impairment assessment of accounts receivable are listed as follows:

1. Understanding the credit risk management procedures of Solomon Group, including the management of customer credit limits and the assessment of expected credit losses; reviewing and testing the correctness of each aging interval; and recalculating the expected credit losses.
2. Understanding the reason for failure to collect material accounts receivable after the normal loan period expired or reviewing the subsequent collection of the accounts receivable to assess the recoverability of accounts receivable.

Valuation of Inventory

Matter description

Please refer to Note 4 (13) to the consolidated financial statements for the accounting policies for inventory valuation. Please refer to Note 5 (2) to the consolidated financial statements for the uncertainty of accounting estimates and assumptions for inventory valuation. Please refer to Note 6 (5) to the consolidated financial statements for the description of the inventory account. Solomon Group's inventory and allowance for devaluation losses as of December 31, 2023, were NT\$1,979,834 thousand and NT\$87,196 thousand, respectively.

Solomon Group is mainly engaged in the manufacturing and sale of generators, semiconductors, electronic parts and LCDs. Solomon Group's inventory is measured at the lower of the cost or net realizable value. Due to the short life cycle of electronic products and fierce market competition, there is a higher risk of inventory devaluation and obsolescence. For inventory whose age exceeds a certain period of time, the net realizable value is extrapolated based on the level of destocking. Considering that the amount of inventory is material with plenty of items and the net realizable value used for the valuation of obsolete inventory often involves the subjective judgment of the management, we deem inventory valuation to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for inventory valuation are listed as follows:

1. Assessing Solomon Group's accounting assumption policies for inventory devaluation losses and reviewing the consistency of the financial statements for the periods presented according to our understanding of its business and the industry that it is in.
2. Reviewing Solomon Group's annual inventory plan and participating in its annual inventory to assess the effectiveness of the management's separation and control of obsolete inventory.
3. Verifying the appropriateness of the logic of the inventory aging reporting system used by the management for valuation to make sure the information in the financial statements was consistent with Solomon Group's policies.
4. Verifying the amount that Solomon Group used to determine if its inventory was obsolete and the net realizable value of its inventory, and recalculating the inventory devaluation losses to assess the reasonableness of the devaluation losses.

Other Matters – Reference to the Audits of Other CPAs

The financial statements of some subsidiaries of Solomon Group included in its consolidated financial statements and of its investee companies accounted for using the equity method were audited by other CPAs instead of us. Therefore, our opinions expressed on the foregoing consolidated financial statements with respect to the amounts in the financial statements of such companies were

based on the CPAs' reports. The subsidiaries' total assets on December 31, 2023 and 2022, were NT\$572,425 thousand and NT\$500,333 thousand, respectively, accounting for 6.4% and 5.9% of the total consolidated assets. Their operating income for the periods from January 1 to December 31, 2023 and 2022, was NT\$142,413 thousand and NT\$109,174 thousand, respectively, accounting for 3.4% and 2.1% of the consolidated net operating income. The balance of investments in the investee companies accounted for using the equity method on December 31, 2023 and 2022, amounted to NT\$74,517 thousand and NT\$64,872 thousand, respectively, accounting for 0.8% and 0.8% of the total consolidated assets. Their comprehensive (loss) profit for the periods from January 1 to December 31, 2023 and 2022, amounted to NT\$10,112 thousand and NT\$4,265 thousand, respectively, accounting for 1.9% and 0.9% of the total consolidated comprehensive income.

Other Matters – Parent-only Financial Statements

SOLOMON Technology Corporation prepared its parent-only financial statements for 2023 and 2022. For the parent-only financial statements, we have issued an audit report with an unqualified opinion and Other Matters paragraphs for reference.

Responsibilities of the Management and Governance Unit for the Consolidated Financial Statements

The management was responsible for preparing the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation pronouncements endorsed and issued into effect by the Financial Supervisory Commission and maintaining necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatements due to fraud or error.

In preparing the consolidated financial statements, the management was also responsible for evaluating Solomon Group's going concern ability, disclosure of relevant matters and use of the going concern basis of accounting, unless the management intended to liquidate or cease the operation of Solomon Group, or there were no actual feasible solutions other than liquidation or cessation of operation.

The governance unit (including the Audit Committee) of Solomon Group was responsible for supervising the financial reporting process.

Responsibilities of CPAs for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated financial statements was to obtain reasonable assurance about whether or not the consolidated financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there was no guarantee that any material misstatement contained in the consolidated financial statements could be discovered during the audit conducted in accordance with the auditing standards in the Republic of China. A misstatement may be due to fraud or error. A misstatement was deemed material if the individual or aggregate amount misstated was reasonably expected to affect the economic decisions made by the users of the consolidated financial statements.

We relied on our professional judgment and maintained our professional skepticism during the audit conducted pursuant to the auditing standards in the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of misstatements in the consolidated financial statements due to fraud or error; designing and implementing appropriate measures in response to the assessed risk; and acquiring sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from

fraud is higher than that resulting from error.

2. Acquiring necessary understanding of the internal control related to the audit to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express opinions regarding the effectiveness of the internal control of Solomon Group.
3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Drawing a conclusion about the appropriateness of the management's use of the going concern basis of accounting and whether there was material uncertainty in an event or circumstance which might cast a significant doubt about the ability of Solomon Group to remain as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or revise our audit opinions when any such disclosure was inappropriate. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where Solomon Group is no longer able to remain as a going concern.
5. Assessing the overall presentation, structure and contents of the consolidated financial statements (including relevant notes) and whether or not the consolidated financial statements provided a fair presentation of the relevant transactions and events.
6. Acquiring sufficient and appropriate audit evidence of the financial information of Solomon Group's investee companies to provide opinions regarding the consolidated financial statements. We are responsible for guidance, supervision and implementation in relation to Solomon Group's audit cases and for the formation of audit opinions for Solomon Group.

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

We also provided a declaration to the governance unit stating that as CPAs who are subject to independence requirements, we have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China. We also communicated with the governance unit regarding all relationships and other matters (including relevant safeguard measures) which were deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the consolidated financial statements of Solomon Group for 2023 were determined by us from the matters regarding which we communicated with the governance unit. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

PricewaterhouseCoopers Taiwan

Liang Yi-Chang

CPA

Wen Ya-Fang

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1070303009

Jin-Guan-Zheng-Shen-Zi No. 1100350706

March 11, 2024

SOLOMON Technology Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

| Assets | | Note | December 31, 2023 | | December 31, 2022 | | | |
|--------------------|--|-------------------|-------------------|-----------|-------------------|----|-----------|-----|
| | | | Amount | % | Amount | % | | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6 (1) | \$ | 1,255,387 | 14 | \$ | 2,450,357 | 29 |
| 1110 | Financial assets measured at fair value through profit or loss – current | 6 (2) | | 368,120 | 4 | | 237,933 | 3 |
| 1136 | Financial assets measured at amortized cost – current | 6 (3) | | 526,931 | 6 | | 35,610 | 1 |
| 1150 | Net notes receivable | 6 (4) | | 45,582 | 1 | | 93,369 | 1 |
| 1170 | Net accounts receivable | 6 (4) | | 957,482 | 11 | | 752,778 | 9 |
| 1200 | Other receivables | | | 20,658 | - | | 23,422 | - |
| 1220 | Income tax assets in the current period | | | 130 | - | | 235 | - |
| 130X | Inventory | 6 (5) | | 1,892,638 | 21 | | 1,272,774 | 15 |
| 1410 | Prepayments | 6 (6) | | 379,430 | 4 | | 520,941 | 6 |
| 1470 | Other current assets | 8 | | - | - | | 308 | - |
| 11XX | Total current assets | | | 5,446,358 | 61 | | 5,387,727 | 64 |
| Non-current assets | | | | | | | | |
| 1510 | Financial assets measured at fair value through profit or loss – non-current | 6 (2) | | 307,309 | 3 | | 93,523 | 1 |
| 1535 | Financial assets measured at amortized cost – non-current | 6 (3) and 8 | | 1,389,834 | 15 | | 1,381,950 | 16 |
| 1550 | Investments accounted for using the equity method | 6 (7) | | 74,517 | 1 | | 64,872 | 1 |
| 1600 | Property, plant and equipment | 6 (8) and 8 | | 433,387 | 5 | | 436,016 | 5 |
| 1755 | Right-of-use assets | 6 (9) | | 211,134 | 2 | | 31,709 | - |
| 1760 | Net investment property | 6 (11) and 8 | | 871,320 | 10 | | 882,428 | 11 |
| 1780 | Intangible assets | | | 1,483 | - | | 2,920 | - |
| 1840 | Deferred income tax assets | 6 (27) | | 66,668 | 1 | | 14,046 | - |
| 1900 | Other non-current assets | 6 (12) (16) and 8 | | 146,082 | 2 | | 155,772 | 2 |
| 15XX | Total non-current assets | | | 3,501,734 | 39 | | 3,063,236 | 36 |
| 1XXX | Total assets | | \$ | 8,948,092 | 100 | \$ | 8,450,963 | 100 |

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

| Liabilities and equity | | Note | December 31, 2023 | | December 31, 2022 | |
|--|--|--------|---------------------|------------|---------------------|------------|
| | | | Amount | % | Amount | % |
| Current liabilities | | | | | | |
| 2100 | Short-term loans | 6 (13) | \$ 673,000 | 8 | \$ 994,000 | 12 |
| 2130 | Contractual liabilities – current | 6 (20) | 1,131,473 | 13 | 1,150,020 | 14 |
| 2150 | Notes payable | | 10,054 | - | 11,185 | - |
| 2170 | Accounts payable | | 885,710 | 10 | 512,754 | 6 |
| 2200 | Other payables | 6 (14) | 193,111 | 2 | 204,031 | 2 |
| 2230 | Income tax liabilities in the current period | | 71,538 | 1 | 74,870 | 1 |
| 2250 | Liability provisions – current | 6 (15) | 1,749 | - | 3,592 | - |
| 2280 | Lease liabilities – current | 6 (9) | 23,593 | - | 28,688 | - |
| 2300 | Other current liabilities | | 21,016 | - | 51,589 | 1 |
| 21XX | Total current liabilities | | <u>3,011,244</u> | <u>34</u> | <u>3,030,729</u> | <u>36</u> |
| Non-current liabilities | | | | | | |
| 2570 | Deferred income tax liabilities | 6 (27) | 82,127 | 1 | 80,976 | 1 |
| 2580 | Lease liabilities – non-current | 6 (9) | 187,960 | 2 | 2,758 | - |
| 2600 | Other non-current liabilities | | 8,357 | - | 7,943 | - |
| 25XX | Total non-current liabilities | | <u>278,444</u> | <u>3</u> | <u>91,677</u> | <u>1</u> |
| 2XXX | Total liabilities | | <u>3,289,688</u> | <u>37</u> | <u>3,122,406</u> | <u>37</u> |
| Share capital | | 6 (17) | | | | |
| 3110 | Common share capital | | 1,714,711 | 19 | 1,714,711 | 20 |
| Capital reserves | | 6 (18) | | | | |
| 3200 | Capital reserves | | 262,149 | 3 | 215,138 | 2 |
| Retained earnings | | 6 (19) | | | | |
| 3310 | Legal reserves | | 463,352 | 5 | 417,135 | 5 |
| 3320 | Special reserves | | 116,320 | 1 | 147,260 | 2 |
| 3350 | Undistributed earnings | | 2,798,080 | 31 | 2,536,828 | 30 |
| Other equity | | | | | | |
| 3400 | Other equity | | (125,280) | (1) | (116,320) | (1) |
| 3500 | Treasury stocks | 6 (17) | (6,042) | - | (6,042) | - |
| 31XX | Total equity attributable to owners of the parent company | | <u>5,223,290</u> | <u>58</u> | <u>4,908,710</u> | <u>58</u> |
| 36XX | Non-controlling interests | | <u>435,114</u> | <u>5</u> | <u>419,847</u> | <u>5</u> |
| 3XXX | Total equity | | <u>5,658,404</u> | <u>63</u> | <u>5,328,557</u> | <u>63</u> |
| Material contingent liabilities and unrecognized contractual commitments | | 9 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 8,948,092</u> | <u>100</u> | <u>\$ 8,450,963</u> | <u>100</u> |

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand
(Earnings per share in NT\$)

| | Item | Note | 2023 | | 2022 | |
|------|--|-------------|--------------|-------|--------------|-------|
| | | | Amount | % | Amount | % |
| 4000 | Operating income | 6 (20) | \$ 4,219,903 | 100 | \$ 5,249,928 | 100 |
| 5000 | Operating costs | 6 (5) | (3,251,184) | (77) | (4,166,414) | (79) |
| 5950 | Net gross operating profit | | 968,719 | 23 | 1,083,514 | 21 |
| | Operating expenses | 6 (25) (26) | | | | |
| 6100 | Marketing expenses | | (341,541) | (8) | (343,415) | (7) |
| 6200 | Management expense | | (355,537) | (9) | (360,311) | (7) |
| 6300 | R&D expense | | (126,436) | (3) | (114,261) | (2) |
| 6450 | Expected credit impairment loss | 12 (2) | (2,060) | - | (999) | - |
| 6000 | Total operating expenses | | (825,574) | (20) | (818,986) | (16) |
| 6900 | Operating profit | | 143,145 | 3 | 264,528 | 5 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6 (21) | 155,228 | 4 | 133,435 | 2 |
| 7010 | Other income | 6 (22) | 123,395 | 3 | 98,157 | 2 |
| 7020 | Other gains and losses | 6 (23) | 223,411 | 5 | 172,384 | 3 |
| 7050 | Financial costs | 6 (24) | (16,767) | - | (16,932) | - |
| 7060 | Share of profits/losses of associates and joint ventures under the equity method | 6 (7) | 10,112 | - | 4,265 | - |
| 7000 | Total non-operating income and expenses | | 495,379 | 12 | 391,309 | 7 |
| 7900 | Pre-tax profit | | 638,524 | 15 | 655,837 | 12 |
| 7950 | Income tax expense | 6 (27) | (80,737) | (2) | (179,894) | (3) |
| 8200 | Net profit in the current period | | \$ 557,787 | 13 | \$ 475,943 | 9 |

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand
(Earnings per share in NT\$)

| | Item | Note | 2023 | | 2022 | |
|------|---|--------|--------------------|----|-------------------|----|
| | | | Amount | % | Amount | % |
| | Other comprehensive income (net) | | | | | |
| 8311 | Remeasurement of defined benefit plan | 6 (16) | \$ 1,871 | - | \$ 6,760 | - |
| 8349 | Income tax related to items not reclassified | 6 (27) | (368) | - | (1,177) | - |
| 8310 | Total amount of items not reclassified as profit or loss | | <u>1,503</u> | - | <u>5,583</u> | - |
| | Items likely to be subsequently reclassified as profit or loss | | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign operations | | (29,119) | - | 21,155 | 1 |
| 8360 | Total items likely to be subsequently reclassified as profit and loss | | (29,119) | - | 21,155 | 1 |
| 8300 | Other comprehensive income (net) | | <u>(\$ 27,616)</u> | - | <u>\$ 26,738</u> | 1 |
| 8500 | Total comprehensive income in the current period | | <u>\$ 530,171</u> | 13 | <u>\$ 502,681</u> | 10 |
| | Net profit attributable to: | | | | | |
| 8610 | Owners of the parent company | | <u>\$ 532,241</u> | 12 | <u>\$ 458,232</u> | 9 |
| 8620 | Non-controlling interests | | <u>\$ 25,546</u> | 1 | <u>\$ 17,711</u> | - |
| | Total comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent company | | <u>\$ 524,776</u> | 13 | <u>\$ 493,115</u> | 10 |
| 8720 | Non-controlling interests | | <u>\$ 5,395</u> | - | <u>\$ 9,566</u> | - |
| | Basic earnings per share | 6 (28) | | | | |
| 9750 | Basic earnings per share | | <u>\$ 3.11</u> | | <u>\$ 2.67</u> | |
| | Diluted earnings per share | 6 (28) | | | | |
| 9850 | Diluted earnings per share | | <u>\$ 3.10</u> | | <u>\$ 2.67</u> | |

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| Equity attributable to owners of the parent company | | | | | | | | | | |
|--|----------------------|------------------|----------------|------------------|------------------------|---|-----------------|--------------|---------------------------|--------------|
| Note | Common share capital | Capital reserves | Legal reserves | Special reserves | Undistributed earnings | Retained earnings | | Total | Non-controlling interests | Total equity |
| | | | | | | Exchange differences on translation of financial statements of foreign operations | Treasury stocks | | | |
| <u>2022</u> | | | | | | | | | | |
| Balance on January 1, 2022 | \$ 1,714,711 | \$ 215,138 | \$ 397,012 | \$ 133,468 | \$ 2,262,892 | (\$ 147,260) | (\$ 6,042) | \$ 4,569,919 | \$ 405,381 | \$ 4,975,300 |
| Net profit in the current period | - | - | - | - | 458,232 | - | - | 458,232 | 17,711 | 475,943 |
| Other comprehensive income in the current period | - | - | - | - | 3,943 | 30,940 | - | 34,883 | (8,145) | 26,738 |
| Total comprehensive income in the current period | - | - | - | - | 462,175 | 30,940 | - | 493,115 | 9,566 | 502,681 |
| Allocation and distribution of earnings: | 六(十九) | | | | | | | | | |
| Set aside as legal reserve | - | - | 20,123 | - | (20,123) | - | - | - | - | - |
| Set aside as special reserve | - | - | - | 13,792 | (13,792) | - | - | - | - | - |
| Cash dividends | - | - | - | - | (154,324) | - | - | (154,324) | - | (154,324) |
| Non-controlling interests | - | - | - | - | - | - | - | - | 4,900 | 4,900 |
| Balance on December 31, 2022 | \$ 1,714,711 | \$ 215,138 | \$ 417,135 | \$ 147,260 | \$ 2,536,828 | (\$ 116,320) | (\$ 6,042) | \$ 4,908,710 | \$ 419,847 | \$ 5,328,557 |
| <u>2023</u> | | | | | | | | | | |
| Balance on January 1, 2023 | \$ 1,714,711 | \$ 215,138 | \$ 417,135 | \$ 147,260 | \$ 2,536,828 | (\$ 116,320) | (\$ 6,042) | \$ 4,908,710 | \$ 419,847 | \$ 5,328,557 |
| Net profit in the current period | - | - | - | - | 532,241 | - | - | 532,241 | 25,546 | 557,787 |
| Other comprehensive income in the current period | - | - | - | - | 1,495 | (8,960) | - | (7,465) | (20,151) | (27,616) |
| Total comprehensive income in the current period | - | - | - | - | 533,736 | (8,960) | - | 524,776 | 5,395 | 530,171 |
| Allocation and distribution of earnings: | 六(十九) | | | | | | | | | |
| Set aside as legal reserve | - | - | 46,217 | - | (46,217) | - | - | - | - | - |
| Reversed as special reserve | - | - | - | (30,940) | 30,940 | - | - | - | - | - |
| Cash dividends | - | - | - | - | (257,207) | - | - | (257,207) | - | (257,207) |
| Difference between the consideration and carrying amount of subsidiaries acquired or disposed of | 六(十八) | - | 47,011 | - | - | - | - | 47,011 | 9,872 | 56,883 |
| Balance on December 31, 2023 | \$ 1,714,711 | \$ 262,149 | \$ 463,352 | \$ 116,320 | \$ 2,798,080 | (\$ 125,280) | (\$ 6,042) | \$ 5,223,290 | \$ 435,114 | \$ 5,658,404 |

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| | Note | January 1 to December 31, 2023 | January 1 to December 31, 2022 |
|---|----------------|-----------------------------------|-----------------------------------|
| <u>Cash flows from operating activities</u> | | | |
| Pre-tax profit in the current period | | \$ 638,524 | \$ 655,837 |
| Adjustment items | | | |
| Profits and expenses having no effect on cash flows | | | |
| Depreciation expense (including investment property and right-of-use assets) | 6 (8) (9) (11) | 68,863 | 78,378 |
| Amortization expense | 6 (25) | 2,846 | 3,397 |
| Expected credit impairment gain | 12 (2) | 2,060 | 999 |
| Net gain (loss) from financial assets and liabilities measured at fair value through profit or loss | 6 (2) (23) | (256,563) | 112,420 |
| Interest expense | 6 (24) | 16,767 | 16,932 |
| Interest income | 6 (21) | (155,228) | (133,435) |
| Dividend income | 6 (22) | (15,656) | (19,553) |
| Share of profits of associates and joint ventures under the equity method | 6 (7) | (10,112) | (4,265) |
| Loss from disposal of property, plant and equipment | 6 (23) | - | 2,427 |
| Gain from disposal of investments accounted for using the equity method | 6 (23) | - | (1,256) |
| Gain from lease modification | 6 (23) | (1,839) | - |
| Changes in assets/liabilities related to operating activities | | | |
| Net changes in assets related to operating activities | | | |
| Financial assets measured at fair value through profit or loss | | (87,410) | (15,007) |
| Net notes receivable | | 47,787 | (33,816) |
| Accounts receivable | | (206,764) | (13,454) |
| Other receivables | | 2,879 | (9,284) |
| Inventory | | (621,002) | (91,578) |
| Prepayments | | 141,511 | (2,203) |
| Net changes in liabilities related to operating activities | | | |
| Contractual liabilities | | (18,547) | 427,867 |
| Notes payable | | (1,131) | 10,429 |
| Accounts payable | | 372,956 | (4,639) |
| Other payables | | (10,763) | (10,540) |
| Liability provisions – current | | (1,843) | 1,969 |
| Other current liabilities | | (30,573) | 16,142 |
| Cash (outflow) inflow from operations | | (123,238) | 987,767 |
| Interest received | | 155,647 | 129,144 |
| Interest paid | | (16,924) | (16,738) |
| Dividends received | | 15,122 | 19,553 |
| Income tax paid | | (135,800) | (44,155) |
| Net cash (outflow) inflow from operating activities | | (105,193) | 1,075,571 |

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| | Note | January 1 to December 31, 2023 | January 1 to December 31, 2022 |
|---|--------|-----------------------------------|-----------------------------------|
| <u>Cash flows from investing activities</u> | | | |
| Increase in financial assets measured at amortized cost | | (\$ 534,815) | (\$ 171,960) |
| Decrease in financial assets measured at amortized cost | | 35,610 | 729,204 |
| Proceeds from disposal of investments accounted for using the equity method | | - | 15,962 |
| Cost of acquisition of investments accounted for using the equity method | 6 (7) | - | (48,652) |
| Distribution of earnings from investments accounted for using the equity method | 6 (7) | 467 | - |
| Cost of acquisition of property, plant, and equipment | 6 (8) | (18,905) | (27,352) |
| Acquisition of financial assets measured at fair value through profit or loss | 9 | (7,500) | - |
| Proceeds from disposal of property, plant and equipment | | - | 32 |
| Acquisition of subsidiaries (after deduction of cash acquired) | | - | 14,995 |
| Cost of acquisition of intangible assets | | (570) | (3,440) |
| Increase in other non-current assets | | - | 4,437 |
| Decrease in other non-current assets | | (14,650) | (29,545) |
| Net cash (outflow) inflow from investing activities | | (540,363) | 483,681 |
| <u>Cash flows from financing activities</u> | | | |
| Repayment of short-term loans | 6 (30) | (1,598,439) | (1,444,825) |
| Borrowing of short-term loans | 6 (30) | 1,277,439 | 1,131,561 |
| Repayment of principal of lease liabilities | 6 (30) | (34,575) | (34,798) |
| Distribution of cash dividends | 6 (19) | (257,207) | (154,324) |
| Disposal of equity in subsidiaries (without loss of control) | 6 (30) | 56,883 | - |
| Increase in deposits received | 6 (30) | 414 | 531 |
| Net cash outflow from financing activities | | (555,485) | (501,855) |
| Effect of exchange rate | | 6,071 | 13,570 |
| Increase (decrease) in cash and cash equivalents in the current period | | (1,194,970) | 1,070,967 |
| Opening balance of cash and cash equivalents | | 2,450,357 | 1,379,390 |
| Closing balance of cash and cash equivalents | | <u>\$ 1,255,387</u> | <u>\$ 2,450,357</u> |

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2023 and 2022

Unit: NT\$ Thousand
(Unless otherwise specified)

1. Company history

- (1) SOLOMON Technology Corporation (hereinafter referred to as the “Company”) was established in the Republic of China and commenced operation in May 1990. The Company was merged with its 100%-owned subsidiaries Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. during 2007 and 2006. After the merger, the Company survived and Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. were dissolved. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are mainly engaged in the sale, manufacturing, agency, and import of generators, semiconductors, electronic parts, and LCDs.
- (2) The Company’s stock was listed on Taiwan Stock Exchange Corporation in December 1996.

2. Approval date and procedures of the financial statements

The consolidated financial statements were approved for publication by the Board of Directors on March 11, 2024.

3. Application of new and amended standards and interpretations

- (1) Effect of adopting the newly promulgated or revised IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed and issued into effect by the FSC and applicable in 2023 are listed in the following table:

| <u>New, revised or amended standards and interpretations</u> | <u>Effective date per IASB</u> |
|--|--------------------------------|
| Amendments to IAS 1, “Disclosure of Accounting Policies” | January 1, 2023 |
| Amendments to IAS 8, “Definition of Accounting Estimates” | January 1, 2023 |
| Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction” | January 1, 2023 |
| Amendments to IAS 12, “International Tax Reform—Pillar Two Model Rules” | May 23, 2023 |

As evaluated by the Group, the above standards and interpretations have no significant impact on the financial position and performance of the Group.

(2) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC and applicable in 2024 are listed in the following table:

| New, revised or amended standards and interpretations | Effective date per IASB |
|--|-------------------------|
| Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback" | January 1, 2024 |
| Amendments to IAS 1, "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1, "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements" | January 1, 2024 |

As evaluated by the Group, the above standards and interpretations have no significant impact on the financial position and performance of the Group.

(3) Effect of the IFRSs issued by the IASB but not yet endorsed by the FSC

The newly promulgated or revised standards and interpretations of the IFRSs issued by the IASB but not yet endorsed by the FSC are listed in the following table:

| New, revised or amended standards and interpretations | Effective date per IASB |
|---|--------------------------|
| Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information" | January 1, 2023 |
| Amendments to IAS 21, "Lack of Exchangeability" | January 1, 2025 |

As evaluated by the Group, the above standards and interpretations have no significant impact on the financial position and performance of the Group.

4. Summary of material accounting policies

The main accounting policies used for preparing the consolidated financial statements are described as follows. Unless otherwise specified, such policies are consistently applicable to all reporting periods.

(1) Statement of compliance

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation pronouncements endorsed and issued into effect by the FSC (IFRSs).

(2) Basis of preparation

A. The consolidated financial statements were prepared on the basis of historical cost, except for the key items listed below:

- (A) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss, measured at fair value.
- (B) Defined benefit assets recognized at the net amount calculated as pension fund assets less the present value of defined benefit obligations.

B. Preparing financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, interpretations and pronouncements of interpretation endorsed and issued into effect by the FSC (hereinafter collectively referred to as IFRSs) requires the use of some important accounting estimates. During the adoption of the Group's accounting policies, the management needs to rely on their judgment when it comes to items that require demanding judgments, are highly complex or involve material assumptions and estimates in consolidated financial statements. For details, please refer to the description in Note 5.

(3) Basis of consolidation

A. Principle for preparation of the consolidated financial statements

- (A) The Group includes all its subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. An entity is controlled by the Group when the Group is exposed and has rights to variable returns from its involvement in the entity and has the ability to affect the returns with its power over the entity. The subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.
- (B) Transactions, balances and unrealized gains or losses between companies within the Group have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries to keep them consistent with those of the Group.
- (C) All components of gains or losses and other comprehensive income as well as total comprehensive income are attributable to the owners of the parent company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- (D) Changes in the Group's shareholding in the subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, namely transactions with the owners. The difference between the adjusted amount of non-controlling interests and the fair value of considerations paid or received is directly recognized as equity.

- (E) When the Group loses control over a subsidiary, the fair value of the remaining investment in the former subsidiary is remeasured and used as the fair value of the initially recognized financial assets or the cost of the initially recognized investments in associates or joint ventures. The difference between the fair value and the carrying amount is recognized as profit or loss in the current period. The accounting treatment of all amounts related to the subsidiary and previously recognized as other comprehensive income is on the same basis as that for the Group's direct disposal of the relevant assets or liabilities. In other words, profits or losses previously recognized as other comprehensive income are reclassified as profit or loss when the relevant assets or liabilities are disposed of. Thus, the profits or losses are reclassified from equity to profit or loss when the Group loses control over the subsidiary.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor company | Name of subsidiary | Nature of business | Shareholding percentage | | Description |
|--------------------------|--|--|-------------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| The Company | Moredel Investment Corp. (Moredel Investment) | Professional investment | 100.00 | 100.00 | |
| The Company | Solomon Goldentek Display Corp. (Solomon Goldentek Display) | Manufacturing and sale of LCDs | 70.77 | 70.77 | Note 1 |
| The Company | Solomon Cayman International Corporation (Solomon Cayman) | Holding company | 100.00 | 100.00 | |
| The Company | Solomon Smartnet Corp. (Solomon Smartnet) | Manufacturing and sale of IC cards | 100.00 | 100.00 | |
| The Company | Solomon Wireless Technology Corp. (Solomon Wireless Technology) | Manufacturing and sale of communication products | 96.41 | 96.41 | Note 1 |
| The Company | Total Profit Holdings Ltd. (Total Profit) | Holding company | 100.00 | 100.00 | |
| The Company | Solomon Data International Corporation (Solomon Data International) | Manufacturing and sale of LCD panels | 29.60 | 30.45 | Note 1 |
| The Company | GD Investment Corp. (GD Investment) | Professional investment | - | 100.00 | Note 2 |
| The Company | Cornucopia Innovation Corporation (Cornucopia Innovation) | Manufacturing of electronic parts and components | 35.06 | 35.06 | Notes 1, 4 |
| The Company | Solomon Science Technology (VN) Company Limited (Solomon Science) | Supply and sale of intelligence technology | 100.00 | 100.00 | |
| The Company | Solomon Robotics (THAI) Ltd. (Solomon Robotics) | Supply and sale of intelligence technology | 100.00 | 100.00 | |
| The Company | Solomon Technology (USA) Corporation (Solomon USA) | Supply and sale of intelligence technology | 100.00 | 100.00 | |
| The Company | Solomon Technology Japan Co.,Ltd Ltd. | Supply and sale of intelligence technology | 100.00 | - | Note 3 |
| The Company | Solomon Energy Technology Corporation (Solomon Energy) | Self-usage renewable energy generation equipment | 100.00 | 100.00 | Note 4 |
| The Company | Sheng-Peng Technology Corp. (Sheng-Peng Technology) | Import and export of electrical power-related products | 51.00 | 51.00 | |
| Moredel Investment | Solomon Data International Corporation (Solomon Data International) | Manufacturing and sale of LCD panels | 18.04 | 18.87 | Note 1 |
| Moredel Investment | Solomon Goldentek Display Corp. (Solomon Goldentek Display) | Manufacturing and sale of LCDs | 9.26 | 9.26 | Note 1 |
| Solomon Cayman | Yumon International Trade Shanghai Limited Corporation (Yumon International) | International trade | 100.00 | 100.00 | |
| Solomon Cayman | Goldentek Display System (B.V.I.) Co.,Ltd.(Goldentek (B.V.I.)) | Sale of LCDs and modules | 0.39 | 0.39 | Note 1 |

| Name of investor company | Name of subsidiary | Nature of business | Shareholding percentage | | Description |
|----------------------------|--|--|-------------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Solomon Smartnet | Solomon Data International Corporation (Solomon Data International) | Manufacturing and sale of LCD panels | 20.30 | 21.11 | Note 1 |
| Solomon Smartnet | Solomon Goldentek Display Corp. (Solomon Goldentek Display) | Manufacturing and sale of LCDs | 9.26 | 9.26 | Note 1 |
| Total Profit | Solomon Trading (Shenzhen) Ltd. (Solomon Shenzhen) | International trade | 100.00 | 100.00 | |
| Solomon Energy | Solomon Energy Technology (Singapore) Pte.Ltd (Solomon Energy (Singapore)) | Self-usage renewable energy generation equipment | 100.00 | 100.00 | Note 4 |
| Solomon Goldentek Display | Goldentek Display System (B.V.I.)Co.,Ltd.(Goldentek (B.V.I.)) | Sale of LCDs and modules | 99.61 | 99.61 | Note 1 |
| Solomon Goldentek Display | Futek Trading Co.,Ltd.(Futek Trading) | Entrepot trade | 100.00 | 100.00 | |
| Solomon Goldentek Display | Cornucopia Innovation Corporation (Cornucopia Innovation) | Manufacturing of electronic parts and components | 2.07 | 2.07 | Notes 1, 4 |
| Solomon Goldentek Display | Solomon Goldentek Display (Hong Kong) Corp. (Hong Kong Goldentek) | Entrepot trade | 100.00 | 100.00 | |
| Goldentek (B.V.I.) | Solomon Goldentek Display (Dong Guan) Ltd. (Dong Guan Goldentek) | Production and sale of LCDs and modules | 100.00 | 100.00 | |
| Solomon Data International | Cornucopia Innovation Corporation (Cornucopia Innovation) | Manufacturing of electronic parts and components | 13.22 | 13.22 | Notes 1, 4 |

Note 1: The Company, directly or indirectly, collectively holds a majority of voting rights in the company.

Note 2: The subsidiary was liquidated and wound up in December 2022.

Note 3: The subsidiary was incorporated in June 2023.

Note 4: The financial statements of the subsidiary were audited by other independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Different adjustments and treatments for subsidiaries during the accounting period: None.

E. Significant restrictions: None.

F. Subsidiaries with material non-controlling interests to the Group:

The Group's total non-controlling interests on December 31, 2023 and 2022, were \$435,114 and \$419,847, respectively. The following is information on non-controlling interests and subsidiaries that are of materiality to the Group:

| Name of subsidiary | Principal place of business | Non-controlling interests | | | |
|---------------------------|-----------------------------|---------------------------|-------------------------|-------------------|-------------------------|
| | | December 31, 2023 | | December 31, 2022 | |
| | | Amount | Shareholding percentage | Amount | Shareholding percentage |
| Solomon Goldentek Display | Taiwan | \$ 246,189 | 10.71% | \$ 251,556 | 10.71% |

Summary of subsidiaries' financial information:

Consolidated Balance Sheet

| | Solomon Goldentek Display | |
|-------------------------|---------------------------|---------------------|
| | December 31, 2023 | December 31, 2022 |
| Current assets | \$ 1,654,535 | \$ 1,805,501 |
| Non-current assets | 625,255 | 371,154 |
| Current liabilities | (248,128) | (335,663) |
| Non-current liabilities | (240,017) | (2,030) |
| Total net assets | <u>\$ 1,791,645</u> | <u>\$ 1,838,962</u> |

Consolidated Statement of Comprehensive Income

| | Solomon Goldentek Display | |
|--|---------------------------|---------------------|
| | 2023 | 2022 |
| Income | <u>\$ 818,725</u> | <u>\$ 1,335,778</u> |
| Pre-tax profit | 113,684 | 332,149 |
| Income tax expense | (34,319) | (94,483) |
| Net profit from continuing operations in the current period | 79,365 | 237,666 |
| Other comprehensive (loss) profit (after tax, net) | (5,521) | 24,680 |
| Total comprehensive income in the current period | <u>\$ 73,844</u> | <u>\$ 262,346</u> |
| Total comprehensive income attributable to non-controlling interests | <u>\$ 7,964</u> | <u>\$ 25,429</u> |
| Dividends paid to non-controlling interests | <u>\$ 12,979</u> | <u>\$ 11,449</u> |

Consolidated Statement of Cash Flows

| | Solomon Goldentek Display | |
|--|---------------------------|---------------------|
| | 2023 | 2022 |
| Net cash (outflow) inflow from operating activities | (\$ 223,298) | \$ 464,426 |
| Net cash (outflow) inflow from investing activities | (319,187) | 446,047 |
| Net cash outflow from financing activities | (145,363) | (133,302) |
| Effect of changes in exchange rate on cash and cash equivalents | (1,573) | 33,305 |
| Increase (decrease) in cash and cash equivalents in the current period | (689,421) | 810,476 |
| Opening balance of cash and cash equivalents | 1,273,114 | 462,638 |
| Closing balance of cash and cash equivalents | <u>\$ 583,693</u> | <u>\$ 1,273,114</u> |

(4) Foreign currency translation

All items in the financial statements of each entity in the Group are measured based on the currency of the primary economic environment where the entity operates (i.e. functional currency). The consolidated financial statements use the Company's functional currency, "NT dollars," as the presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currencies in foreign currency transactions are translated into the functional currency based on the spot exchange rate on the transaction or measurement date. The translation difference generated by the translation is recognized as profit or loss in the current period.
- (B) Valuation adjustments are made to the balance of monetary foreign currency assets and liabilities based on the spot exchange rate on the balance sheet date. The translation difference generated by the adjustments is recognized as profit or loss in the current period.
- (C) If the balance of non-monetary foreign currency assets and liabilities is measured at fair value through profit or loss, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as profit or loss in the current period. If the balance is measured at fair value through other comprehensive income, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as other comprehensive income in the current period. If the balance is not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
- (D) All exchange differences are recognized as "other gains and losses" in the income statement based on the nature of transaction.

B. Translation of foreign operations

- (A) The business results and financial position of all the Group's entities and associates whose functional currency and presentation currency are different are translated into the presentation currency using the following methods:
 - a. Assets and liabilities presented in each balance sheet are translated at the closing rate on the balance sheet date;
 - b. Profits and losses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
 - c. All exchange differences generated from translation are recognized as other comprehensive income.
- (B) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized as other comprehensive income is re-attributed proportionally to the non-controlling interests of the foreign operation. However, when the Group retains partial interest in the former foreign subsidiary after losing control over it, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Criteria for classification of current and non-current assets and liabilities

A. Assets that match any of the following conditions shall be classified as current assets:

- (A) The asset is expected to be realized or is intended to be sold or depleted over normal business cycles.
- (B) The asset is held primarily for the purpose of trading.
- (C) The asset is expected to be realized within 12 months after the balance sheet date.
- (D) Cash or cash equivalents, excluding those that are restricted for being used for exchange or settlement of liabilities at least within 12 months after the balance sheet date.

The Group classifies all assets that do not match the above conditions as non-current.

B. Liabilities that match any of the following conditions shall be classified as current liabilities:

- (A) The liability is expected to be settled over normal business cycles.
- (B) The liability is held primarily for the purpose of trading.
- (C) The liability is expected to be due to be settled within 12 months after the balance sheet date.
- (D) The due date of the liability cannot be unconditionally extended for at least 12 months after the balance sheet date. The terms of the liability that may, at the option of the counterparty, result in settlement of the liability by issuance of equity instruments do not affect the classification of the liability.

The Group classifies all liabilities that do not match the above conditions as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term investments with high liquidity that can be converted into specified amounts of cash at any time with little risk of value changes. Time deposits and bonds under repurchase agreements that fit into the aforesaid definition and are held for the purpose of meeting short-term operating cash commitments are classified as cash equivalents.

(7) Financial assets measured at fair value through profit or loss

- A. Financial assets measured at fair value through profit or loss refer to financial assets not measured at amortized cost or at fair value through other comprehensive income.
- B. The Group uses settlement date accounting for financial assets measured at fair value through profit or loss in accordance with the trading practice.
- C. The Group measures the financial assets at fair value at initial recognition and relevant transaction costs are recognized as profit or loss. The financial assets are subsequently measured at fair value and any gains or losses arising therefrom are recognized as profit or loss.
- D. When the right to receive dividends is established, the Group recognizes the dividend income as profit or loss, provided that the economic benefits related to the dividends are likely to flow in and the amount of the dividends can be measured reliably.

(8) Financial assets measured at amortized cost

- A. Financial assets measured at amortized cost refer to financial assets that meet all the following conditions:
 - (A) The financial asset is held under an operating model with the purpose of receiving contractual cash flows.
 - (B) The contractual terms of the financial asset generate cash flows on a specific date that are solely payments of principal and interest.
- B. The Group uses transaction date accounting for financial assets measured at amortized cost in accordance with the trading practice.
- C. The Group measures the financial assets at fair value plus transaction costs at initial recognition and subsequently recognizes interest income using the effective interest method over the circulation period according to the amortization procedure as well as impairment losses. Derecognition gains or losses are then recognized as profit or loss.

(9) Accounts and notes receivable

- A. Accounts and notes receivable refer to accounts and notes with the right to unconditionally receive the consideration for which goods or services are exchanged pursuant to contractual agreements.
- B. They are short-term accounts and notes receivable without payment of interest. As the discount of the accounts and notes receivable does not have significant effect, the Group measures them at the initial invoice amount.

(10) Impairment of financial assets

On each balance sheet, the Group measures the loss allowance for financial assets measured at amortized cost and accounts receivable containing significant financing components, whose credit risk is not significantly increased after initial recognition, at the amount of the 12-month expected credit losses in consideration of all reasonable and supportable information (including forward-looking information). If their credit risk is significantly increased after initial recognition, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime. For accounts receivable that do not contain significant financing components, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime.

(11) Derecognition of financial assets

When the Group's contractual rights to receive the cash flows from financial assets become invalid, the financial assets will be derecognized.

(12) Lessor's lease transactions – operating leases

The lease income from operating leases less any incentive given to the lessee is amortized under the straight-line method over the lease term and recognized as profit or loss in the current period.

(13) Inventory

Inventory is measured at the lower of cost or net realizable value, and its cost is determined using the moving average approach. The cost of finished goods and work in process includes the cost of raw materials and direct labor, other direct costs and production-related expenses (amortized based on normal production capacity) and excludes borrowing costs. The item-by-item method is adopted to determine the lower of cost or net realizable value. Net realizable value means the estimated selling price in the ordinary course of business less the estimated cost required for completion and the estimated cost necessary to make the sale.

(14) Investments accounted for using the equity method – associates

- A. Associates refer to entities that the Group has significant influence and no control over, in which case, generally speaking, the Group directly or indirectly holds 20% or more of the voting rights in the entities. The Group adopts the equity method for its investments in associates and recognizes them at cost when acquiring them.
- B. The Group recognizes its share of profits or losses after the acquisition of associates as profit or loss in the current period and recognizes its share of other comprehensive income after the acquisition as other comprehensive income. If the Group's share of losses in any associate is equal to or exceeds its interest in the associate (including any other unsecured accounts receivable), the Group does not recognize further losses, unless the Group has incurred legal or constructive obligations to or made payments on behalf of the associate.
- C. When there are changes in the equity of an associate that are not associated with profits or losses and other comprehensive income and do not affect the Group's shareholding percentage in the associate, the Group recognizes all equity changes as "capital reserves" in proportion to its shareholding.

- D. Unrealized gains and losses generated from transactions between the Group and its associates have been derecognized based on the percentage of its interest in the associates. Unless there is any evidence indicating that the assets transferred in the transactions have impaired, the unrealized losses are derecognized, too. Necessary adjustments have been made to the accounting policies of the associates to keep them consistent with those of the Group.
- E. If the Group loses significant influence over an associate when disposing of it, the accounting treatment of all amounts related to the associate previously recognized as other comprehensive income is on the same basis as that for the Group's direct disposal of the relevant assets or liabilities. In other words, profits or losses previously recognized as other comprehensive income are reclassified as profit or loss when the relevant assets or liabilities are disposed of. Thus, the profits or losses are reclassified from equity to profit or loss when the Group loses significant influence over the associate. If the Group still has significant influence over the associate, the amount previously recognized as other comprehensive income is transferred out proportionally based on the above method.

(15) Property, plant and equipment

- A. Property, plant and equipment are accounted for at the acquisition cost.
- B. Subsequent costs are included in the carrying amount of the asset or recognized as an individual asset only when future economic benefits associated with the item are likely to flow in the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other maintenance expenses are recognized as profit or loss in the current period at the time of their occurrence.
- C. The property, plant and equipment are subsequently measured under the cost model. Except for land that is not depreciated, all property, plant and equipment are depreciated using the straight-line method over the estimated useful life. If the property, plant and equipment comprise any significant components, they are depreciated individually.
- D. The Group reviews the residual value, useful life and depreciation method of all assets at the end of each fiscal year. If the expected residual value and useful life are different from the previous estimates or there has been a significant change in the pattern in which the future economic benefits of the asset are expected to be consumed, such change shall be treated in accordance with the requirements on changes in accounting estimates in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" on the date of its occurrence.

The useful life of different types of assets is as follows:

| | |
|------------------------|------------|
| Premises and buildings | 3-55 years |
| Machines/equipment | 2-7 years |
| Office equipment | 3-6 years |
| Other equipment | 3-15 years |

(16) Lessee's lease transactions – right-of-use assets and lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date on which they become available for use by the Group. For short-term leases or leases of low-value underlying assets, the lease payments are recognized as expense using the straight-line method over the lease term.
- B. As for lease liabilities, the unpaid lease payments are recognized at present value discounted at the incremental loan interest rate of the Group on the lease commencement date. Lease payments include fixed payments, less any receivable lease incentives.
- C. The lease liabilities are subsequently measured at amortized cost using the interest method and interest expenses are amortized over the lease term. If changes in the lease term or lease payments do not result from contract revisions, the lease liabilities are re-assessed and a re-measurement is made to adjust right-of-use assets.
- D. The right-of-use assets are recognized at cost (including the initially measured amount of the lease liabilities and any initial direct cost incurred) on the lease commencement date.
- E. The right-of-use assets are subsequently measured under the cost model and are depreciated when the useful life of the right-of-use assets or the lease term expires, whichever is earlier. When reassessing the lease liabilities, any remeasurement of the lease liabilities is adjusted for the right-of-use assets.
- F. For lease modifications that are changes in the lease scope, the lessee reduces the carrying amount of the right-of-use assets to reflect the partial or whole termination of the lease and recognizes the difference between the carrying amount and the remeasured amount of the lease liabilities as profit or loss.

(17) Investment property

Investment property is recognized at acquisition cost and subsequently measured under the cost model. Except for land, the investment property is depreciated using the straight-line method over an estimated useful life of 3-55 years.

(18) Intangible assets

Computer software is recognized at acquisition cost and amortized using the straight-line method over an estimated useful life of 1-3 years.

(19) Impairment of non-financial assets

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount falls below the carrying value, an impairment loss is recognized. The recoverable amount is the higher of the fair value of an asset less the disposal cost and the value in use. When an asset impairment recognized in prior years may no longer exist or has decreased, the impairment loss is reversed, provided that the carrying amount of the asset increased after reversal of the impairment loss does not exceed the carrying amount of the asset less amortization or depreciation expense without recognition of the impairment loss.

(20) Loans

Loans refer to short-term borrowings from banks. At initial recognition, the Group measures the loans at fair value less transaction costs and subsequently uses the effective interest method to recognize interest expenses at the difference between the proceeds net of transaction costs and the redemption value as profit or loss over the circulation period according to the amortization procedure.

(21) Accounts and notes payable

A. Accounts and notes payable refer to debts incurred due to the purchase of raw materials, goods, or services on credit terms and notes payable arising from operating and non-operating activities.

B. They are short-term accounts and notes payable without payment of interest. As the discount of the accounts and notes payable does not have significant effect, the Group measures them at the initial invoice amount.

(22) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in contracts are fulfilled, canceled, or expired.

(23) Liability provisions

Liability provisions (including warranties and maintenance) mean that a present or constructive obligation is incurred due to past events, which is likely to result in the need to have economic benefits flow in to settle the obligation, and the obligation shall be recognized when its amount can be estimated reliably. The liability provisions are measured at the best estimated present value of expenses required for settling the obligation on the balance sheet date. The discount rate before tax that reflects the market's current assessment of the time value of money and liability-specific risk is used. The discounted amortization amount is recognized as interest expenses. Future operating losses shall not be recognized as liability provisions.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at an undiscounted amount expected to be paid and recognized as expense when the related services are provided.

B. Pension

(A) Defined contribution plan

Under the defined contribution plan, pension contributions that shall be made are recognized as pension cost in the current period on an accrual basis. Pre-paid contributions are recognized as assets to the extent that a cash refund or reduction in future payments is available.

(B) Defined benefit plan

a. Under the defined benefit plan, net obligations are calculated based on the discounted future benefits earned by employees for services rendered during the current period or in the past and stated at the present value of the defined benefit obligations on the balance sheet date less the fair value of plan assets. The net defined benefit obligations are calculated by an actuary using the projected unit credit method every year. The discount rate is the yield rate of government bonds that have the same currency and period under the defined benefit plan on the balance

sheet date.

- b. Remeasurements arising from the defined benefit plan are recognized as other comprehensive income and recorded in retained earnings in the period of their incurrence.
- c. Expenses related to past service costs are immediately recognized as profit or loss.

C. Remuneration to employees and to directors

Remuneration to employees and to directors is recognized as expense and liabilities when it is subject to legal or constructive obligations and its amount can be estimated reasonably. Any difference between the amount of remuneration actually distributed to employees and to directors as resolved at the shareholders' meeting and the estimated amount is treated as an accounting estimate change. If employees' remuneration is distributed in shares, the closing price on the day before the date of the Board's resolution is used as a basis for calculating the number of shares to be distributed.

(25) Income tax

- A. Income tax expense includes current and deferred income taxes. Income taxes related to the items recognized as other comprehensive income or directly recognized as equity are recognized as comprehensive income or directly recognized as equity, respectively. The other income taxes are recognized as profit or loss.
- B. The Group calculates the current income tax based on the tax rates and laws of countries where the Group operates or generates taxable income that have been enacted or substantively enacted by the balance sheet date. The management regularly assesses the reporting of income taxes in accordance with applicable income tax laws and regulations and estimates income tax liabilities based on tax payments expected to be made to the taxation authority, if applicable. The income tax imposed on undistributed earnings according to the Income Tax Act is recognized as income tax on undistributed earnings based on the actual distribution of earnings only after the earning distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
- C. Deferred income taxes are recognized at temporary difference between the carrying amounts of assets and liabilities on the consolidated balance sheet and their tax bases using the balance sheet approach. Temporary differences resulting from investments in subsidiaries and associates are not recognized if the Group are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applicable when the relevant deferred income tax assets are realized or deferred income tax liabilities are settled are adopted for the deferred income taxes.
- D. Deferred income tax assets are recognized when it is probable that temporary differences will be available for offsetting future taxable income. Unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
- E. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities recognized and an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously, the current income tax assets may be offset against the current income tax liabilities. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities and when deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different

taxable entities that intend to settle on a net basis or realize the assets and settle the liabilities simultaneously, the deferred income tax assets and liabilities may be offset against each other.

(26) Share capital

- A. Common shares are classified as equity. The incremental cost directly attributable to the issue of new shares or stock options is recognized as a debit item of the proceeds in equity, net of income taxes.
- B. When repurchasing issued shares, the Company recognizes the considerations paid, including any directly attributable incremental cost, at the net amount after tax as a debit item of shareholders' equity. When reissuing the repurchased shares, the difference between the received considerations less any directly attributable incremental cost and income tax effects and the carrying value is recognized as an adjustment to shareholders' equity. In addition, since January 1, 2002, the Company's shares held by its subsidiaries have been treated as treasury stocks.

(27) Distribution of dividends

Cash dividends distributed to the Company's shareholders are recognized in the financial statements when a resolution to distribute the dividends is adopted at a board meeting. Stock dividends are recognized as stock dividends to be distributed after a resolution at a shareholders' meeting and are transferred to common shares on the share issuance date.

(28) Recognition of income

A. Sale of goods

- (A) Sales income is recognized when control over products is transferred to a customer. The customer has discretion regarding the sales channels and prices of the products and the Group has no unfulfilled performance obligations that may affect the customer's acceptance of the products. At the time the products are delivered to the designated location, the risk of the products being out of date and lost is already transferred to the customer. When the customer accepts the products pursuant to the sales contract or there is objective evidence demonstrating that all acceptance criteria have been met, the goods is deemed delivered.
- (B) The Group offers a standard warranty for the products sold and is obligated to make refunds for product defects. The warranty is recognized as a liability provision at the time the products are sold.
- (C) Accounts receivable are recognized when goods are delivered to a customer as the Group has had unconditional rights to contract proceeds since that time and may collect consideration from the customer after that time.

B. Costs of obtaining contracts with customers

Although it is expectable that the Group's incremental costs incurred for obtaining contracts with customers can be recovered, the costs are recognized as expense at the time of their incurrence since the relevant contract terms are shorter than one year.

(29) Government subsidies

Government subsidies shall be recognized when it is reasonable to ensure that the business will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies in nature are used to offset the expenses incurred by the Group, they are recognized as profit or loss on a systematic basis in the period during which the relevant expenses are incurred.

(30) Operating segments

Information on the Group's operating segments is reported using the same method as that for internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating segments and evaluating their performance. The Board of Directors is identified as the chief operating decision maker of the Group.

5. Main sources of uncertainty of material accounting judgments, estimates and assumptions

When the Group prepared the consolidated financial statements, the management used their judgment to determine which accounting policies were to be adopted and made accounting estimates and assumptions based on reasonable expectations of future events and according to the situation on the balance sheet date. There might be differences between the material accounting estimates and assumptions and the actual results. Hence, historical experience and other factors would be taken into account to make continuous assessments and adjustments. Such estimates and assumptions led to a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following fiscal year. The following is the description of the uncertainty of material accounting judgments, estimates and assumptions:

(1) Important judgments for accounting policies adopted:

None.

(2) Important accounting estimates and assumptions

A. Valuation of accounts receivable

In the process of assessing impairment on accounts receivable, the Group must use judgments and estimates to determine the future recoverability of accounts receivable. The future recoverability is subject to a number of factors that may affect customers' ability to pay, such as their financial position, internal credit ratings within the Group, and historical transaction records. When there is doubt about the recoverability of accounts receivable, the Group shall assess the possibility of recovery and make appropriate allowances for the accounts receivable separately. The impairment assessment is based on the reasonable expectation of future events according to the situation on the balance sheet date. However, the actual result may differ from the estimate, which may result in a significant change. Please refer to Note 6 (4) for the description of the estimated impairment on accounts receivable.

B. Valuation of inventory

Inventory shall be evaluated on the basis of the lower of cost or net realizable value. Hence, the Group must use judgments and estimates to determine the net realizable value of the inventory on the balance sheet date. As technology advances rapidly, the Group assesses the amount of inventory with normal wear and tear and obsolescence and without market sales value on the balance sheet date and writes down the cost of the inventory to the net realizable value. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore, significant changes may occur. Please refer to Note 6 (5) for the description of inventory valuation.

6. Description of major accounts

(1) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|---------------------|---------------------|
| Cash: | | |
| Cash on hand and working capital | \$ 1,181 | \$ 798 |
| Check deposits and demand deposits | 742,527 | 915,413 |
| Cash equivalents: | | |
| Time deposits | 433,744 | 1,466,239 |
| Bonds under repurchase agreements | 77,935 | 67,907 |
| | <u>\$ 1,255,387</u> | <u>\$ 2,450,357</u> |

A. The Group deals with financial institutions with good credit ratings and has dealings with multiple financial institutions to spread credit risk. Thus, the possibility of defaults is expected to be extremely low.

B. The time deposits provided by the Group as customs import security have been transferred to "financial assets at amortized cost - non-current" or "other non-current assets." Please refer to Notes 6 (3), 6 (12), and 8 for details.

C. The Group did not pledge the cash and cash equivalents as collateral.

(2) Financial assets and liabilities measured at fair value through profit or loss

| <u>Assets</u> | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Current items: | | |
| Financial assets measured at fair value through profit or loss on a mandatory basis | | |
| Listed/OTC stocks | \$ 147,245 | \$ 209,937 |
| Domestic and foreign funds | 275,000 | 110,000 |
| | 422,245 | 319,937 |
| Valuation adjustments | (54,125) | (82,004) |
| | <u>\$ 368,120</u> | <u>\$ 237,933</u> |

Non-current items:

Financial assets measured at fair value through profit or loss on a mandatory basis

| | | | | |
|---------------------------|----|----------------|----|------------------|
| Listed/OTC stocks | \$ | 197,034 | \$ | 198,344 |
| Emerging stocks | | 7,207 | | - |
| Non-listed/non-OTC stocks | | 84,072 | | 93,629 |
| Limited partnership | | <u>22,500</u> | | <u>15,000</u> |
| | | 310,813 | | 306,973 |
| Valuation adjustments | (| <u>3,504</u>) | (| <u>213,450</u>) |
| | \$ | <u>307,309</u> | \$ | <u>93,523</u> |

A. Details on financial assets and liabilities measured at fair value through profit or loss recognized as profit or loss are as follows:

| | | 2023 | | 2022 |
|---|----|----------------|-----|------------------|
| Financial assets measured at fair value through profit or loss on a mandatory basis | | | | |
| - Equity instruments | \$ | 251,013 | (\$ | 90,818) |
| - Beneficiary certificates | | 7,215 | (| 31,964) |
| - Limited partnership | (| 1,665) | | - |
| - Foreign exchange transaction contracts | | - | | 10,362 |
| | \$ | <u>256,563</u> | (\$ | <u>112,420</u>) |

B. In 2023, the Group did not engage in forward exchange transactions. The foreign exchange transaction contracts that the Group entered into in 2022 were for the forward purchase of foreign currencies. Although this aimed to avoid exchange rate risk, hedge accounting was not applicable. As of December 31, 2022, the Group did not have any unexpired contracts.

C. The Group did not pledge the financial assets measured at fair value through profit or loss.

(3) Financial assets measured at amortized cost

| | December 31, 2023 | December 31, 2022 |
|---|---------------------|---------------------|
| Current items: | | |
| Time deposits with maturities over three months | \$ <u>526,931</u> | \$ <u>35,610</u> |
| Non-current items: | | |
| Time deposits with maturities over one year | \$ 8,109 | \$ - |
| Common corporate bonds | <u>1,381,725</u> | <u>1,381,950</u> |
| | <u>\$ 1,389,834</u> | <u>\$ 1,381,950</u> |

A. Details on financial assets measured at amortized cost recognized as profit or loss are as follows:

| | 2023 | 2022 |
|-----------------|-------------------|-------------------|
| Interest income | \$ <u>114,537</u> | \$ <u>111,001</u> |

B. Please refer to Note 8 for the Group's pledging of financial assets measured at amortized cost as collateral.

C. Without considering other credit enhancements, the carrying value can best represent the maximum amount of the Group's financial assets measured at amortized cost exposed to credit risk as of December 31, 2023 and 2022.

D. The Group invests in certificates of deposit with financial institutions with good credit ratings. Thus, the possibility of defaults is expected to be extremely low.

E. The common corporate bonds that the Group has invested in have provided stable interest payments, and the counterparty credit risk has not increased significantly.

(4) Notes and accounts receivable

| | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
| Notes receivable | \$ <u>45,582</u> | \$ <u>93,369</u> |
| Accounts receivable | \$ <u>974,212</u> | \$ <u>767,678</u> |
| Less: Loss allowance | (<u>16,730</u>) | (<u>14,900</u>) |
| | \$ <u>957,482</u> | \$ <u>752,778</u> |

A. The Group's notes receivable were not overdue. Please refer to the description in Note 12 (2) for the aging analysis of accounts receivable based on the number of days overdue.

B. The balances of the accounts and notes receivable on December 31, 2023 and 2022, were derived from customer contracts. The amount of total receivables from customer contracts on January 1, 2022, was \$813,901, and the loss allowance was \$14,025.

C. The Group did not pledge the notes and accounts receivable as collateral.

D. Without considering other credit enhancements, the amount that can best represent the maximum amount of the Group's accounts receivable and notes receivable exposed to credit risk as of December 31, 2023 and 2022 was \$1,003,064 and \$846,147, respectively.

E. Please refer to Note 12 (2) for information on the credit risk of the accounts and notes receivable.

(5) Inventory

| December 31, 2023 | | | |
|--------------------|---------------------|-----------------------------------|---------------------|
| | Cost | Allowance for devaluation loss | Carrying amount |
| Raw materials | \$ 95,152 | (\$ 56,513) | \$ 38,639 |
| Work in process | 28,666 | (531) | 28,135 |
| Finished goods | 46,878 | (6,806) | 40,072 |
| Inventory of goods | <u>1,809,138</u> | <u>(23,346)</u> | <u>1,785,792</u> |
| | <u>\$ 1,979,834</u> | <u>(\$ 87,196)</u> | <u>\$ 1,892,638</u> |
| | | | |
| December 31, 2022 | | | |
| | Cost | Allowance for devaluation loss | Carrying amount |
| Raw materials | \$ 148,336 | (\$ 63,299) | \$ 85,037 |
| Work in process | 103,685 | (6,143) | 97,542 |
| Finished goods | 4,445 | (1,957) | 2,488 |
| Inventory of goods | <u>1,110,422</u> | <u>(22,715)</u> | <u>1,087,707</u> |
| | <u>\$ 1,366,888</u> | <u>(\$ 94,114)</u> | <u>\$ 1,272,774</u> |

The inventory costs recognized by the Group as expenses and losses in the current period:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Cost of sold inventory | \$ 3,257,730 | \$ 4,159,327 |
| Inventory overage | (1) | (6) |
| Loss from inventory devaluation (Gain from price recovery) | <u>(6,545)</u> | <u>7,093</u> |
| | <u>\$ 3,251,184</u> | <u>\$ 4,166,414</u> |

The Group sold the products for which devaluation losses were recognized in 2023, resulting in a recovery of the net realizable value of inventory, which was recognized as a decrease in the cost of sales.

(6) Prepayments

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Prepayment for purchase | \$ 315,100 | \$ 427,536 |
| Overpaid tax for offsetting future tax payable | 43,789 | 19,594 |
| Others | <u>20,541</u> | <u>73,811</u> |
| | <u>\$ 379,430</u> | <u>\$ 520,941</u> |

(7) Investments accounted for using the equity method

| | 2023 | 2022 |
|---|-------------------|-------------------|
| January 1 | \$ 64,872 | \$ 14,781 |
| Increase in investments accounted for using the equity method | - | 48,652 |
| Reclassification | - | 11,880 |
| Disposal of investments accounted for using the equity method | - | (14,706) |
| Share of gains or losses from investments accounted for using the equity method | 10,112 | 4,265 |
| Distribution of earnings from investments accounted for using the equity method | (467) | - |
| December 31 | <u>\$ 74,517</u> | <u>\$ 64,872</u> |
| | December 31, 2023 | December 31, 2022 |
| AggrEnergy Inc. | \$ 36,423 | \$ 28,896 |
| Ju Xin Energy Inc. | 38,094 | 35,976 |
| | <u>\$ 74,517</u> | <u>\$ 64,872</u> |

A. Associate

(A) The basic information of the Group's associates is shown below:

| Company name | Principal place of business | Shareholding percentage | | Nature of relationship | Measurement method |
|--------------------|-----------------------------|-------------------------|-------------------|----------------------------|--------------------|
| | | December 31, 2023 | December 31, 2022 | | |
| AggrEnergy Inc. | Taiwan | 18.21% | 18.21% | With significant influence | Equity method |
| Ju Xin Energy Inc. | Taiwan | 5.00% | 5.00% | With significant influence | Equity method |

(B) A summary of the financial information of the Group's associates is shown below:

Balance Sheet

| | December 31, 2023 | |
|--|-------------------|--------------------|
| | AggrEnergy Inc. | Ju Xin Energy Inc. |
| Current assets | \$ 234,653 | \$ 221 |
| Non-current assets | 109,843 | 753,166 |
| Current liabilities | (161,404) | (918) |
| Non-current liabilities | (34,333) | - |
| Total net assets | <u>\$ 148,759</u> | <u>\$ 752,469</u> |
| Share in the net assets of the associate | \$ 27,089 | \$ 38,092 |
| Goodwill | 9,334 | 2 |
| Carrying value of the associate | <u>\$ 36,423</u> | <u>\$ 38,094</u> |

| | December 31, 2022 | |
|--|-------------------|--------------------|
| | AggrEnergy Inc. | Ju Xin Energy Inc. |
| Current assets | \$ 59,466 | \$ 2 |
| Non-current assets | 98,681 | 720,005 |
| Current liabilities | (42,981) | (528) |
| Total net assets | <u>\$ 115,166</u> | <u>\$ 719,479</u> |
| Share in the net assets of the associate | \$ 19,562 | \$ 35,974 |
| Goodwill | 9,334 | 2 |
| Carrying value of the associate | <u>\$ 28,896</u> | <u>\$ 35,976</u> |

Statement of Comprehensive Income

| | AggrEnergy Inc. | |
|--|-------------------|------------------|
| | 2023 | 2022 |
| Income | <u>\$ 212,421</u> | <u>\$ 83,076</u> |
| Net profit in the current period | <u>\$ 58,466</u> | <u>\$ 23,963</u> |
| Total comprehensive income in the current period | <u>\$ 58,466</u> | <u>\$ 23,963</u> |

| | Ju Xin Energy Inc. | |
|--|--------------------|------------------|
| | 2023 | 2022 |
| Income | <u>\$ -</u> | <u>\$ 11,707</u> |
| Net profit (loss) in the current period | <u>\$ 31,429</u> | <u>(\$ 521)</u> |
| Total comprehensive income in the current period | <u>\$ 31,429</u> | <u>(\$ 521)</u> |

- B. The Group recognized \$10,112 and \$4,265, respectively, as share of investment gains (losses) with respect to investments accounted for using the equity method in 2023 and 2022, which were calculated based on the financial statements of investee companies for the same periods audited by other CPAs.
- C. The Group participated in the cash capital increase of AggrEnergy Inc. and Ju Xin Energy Inc. in the first quarter of 2022, amounting to \$12,652 and \$36,000, with 11,502 thousand shares and 3,600 thousand shares in total, respectively. Considering that the Company's shareholding in AggrEnergy Inc. was close to 20% and the Company will provide energy industry management services in the future, it was determined that the capital increase had a material impact on AggrEnergy Inc. The company was thus reclassified from financial assets measured at fair value through profit or loss to investments accounted for using the equity method, totaling \$11,880.
- D. Due to the Group's participation in the aforementioned cash capital increase, the Group served as one of the directors of Ju Xin Energy Inc., which was determined to have a material impact on the company.
- E. The Group sold all its equity in NANO Technology Co., Ltd. in January 2022, resulting in the Group losing its significant influence over the company.

(8) Property, plant and equipment

| | 2023 | | | | | | |
|--------------------------|-------------------|------------------------|--------------------|------------------|------------------|--|-------------------|
| | Land | Premises and buildings | Machines/equipment | Office equipment | Others | Unfinished construction and equipment pending for inspection | Total |
| January 1 | | | | | | | |
| Cost | \$ 261,233 | \$ 201,152 | \$ 506,594 | \$ 43,324 | \$ 44,839 | \$ - | \$ 1,057,142 |
| Accumulated depreciation | - | (79,652) | (463,993) | (39,477) | (38,004) | - | (621,126) |
| | <u>\$ 261,233</u> | <u>\$ 121,500</u> | <u>\$ 42,601</u> | <u>\$ 3,847</u> | <u>\$ 6,835</u> | <u>\$ -</u> | <u>\$ 436,016</u> |
| January 1 | \$ 261,233 | \$ 121,500 | \$ 42,601 | \$ 3,847 | \$ 6,835 | \$ - | \$ 436,016 |
| Addition | - | - | 7,688 | 1,034 | 968 | 9,215 | 18,905 |
| Reclassification | - | - | 1,936 | 329 | 6,461 | (7,588) | 1,138 |
| Depreciation expense | - | (3,575) | (13,643) | (1,595) | (2,676) | - | (21,489) |
| Net exchange differences | - | - | (1,020) | (30) | (108) | (25) | (1,183) |
| December 31 | <u>\$ 261,233</u> | <u>\$ 117,925</u> | <u>\$ 37,562</u> | <u>\$ 3,585</u> | <u>\$ 11,480</u> | <u>\$ 1,602</u> | <u>\$ 433,387</u> |
| December 31 | | | | | | | |
| Cost | \$ 261,233 | \$ 201,152 | \$ 508,116 | \$ 44,311 | \$ 52,086 | \$ 1,602 | \$ 1,068,500 |
| Accumulated depreciation | - | (83,227) | (470,554) | (40,726) | (40,606) | - | (635,113) |
| | <u>\$ 261,233</u> | <u>\$ 117,925</u> | <u>\$ 37,562</u> | <u>\$ 3,585</u> | <u>\$ 11,480</u> | <u>\$ 1,602</u> | <u>\$ 433,387</u> |

2022

| | Land | Premises and buildings | Machines/eq uipment | Office equipment | Others | Unfinished construction and equipment pending for inspection | Total |
|---|-------------------|---------------------------|------------------------|---------------------|------------------|---|-------------------|
| January 1 | | | | | | | |
| Cost | \$ 261,233 | \$ 201,152 | \$ 477,737 | \$ 43,786 | \$ 44,082 | \$ 1,057 | \$ 1,029,047 |
| Accumulated depreciation | - | (75,937) | (440,752) | (39,807) | (32,448) | - | (588,944) |
| | <u>\$ 261,233</u> | <u>\$ 125,215</u> | <u>\$ 36,985</u> | <u>\$ 3,979</u> | <u>\$ 11,634</u> | <u>\$ 1,057</u> | <u>\$ 440,103</u> |
| January 1 | \$ 261,233 | \$ 125,215 | \$ 36,985 | \$ 3,979 | \$ 11,634 | \$ 1,057 | \$ 440,103 |
| Addition | - | - | 23,273 | 1,974 | 1,373 | 732 | 27,352 |
| Disposal | - | - | (2,991) | (2,873) | (678) | - | (6,542) |
| Disposal - accumulated depreciation | - | - | 575 | 2,873 | 635 | - | 4,083 |
| Reclassification | - | - | 1,988 | - | - | (1,810) | 178 |
| Depreciation expense | - | (3,715) | (17,575) | (2,144) | (6,143) | - | (29,577) |
| Net exchange differences | - | - | 346 | 38 | 14 | 21 | 419 |
| December 31 | <u>\$ 261,233</u> | <u>\$ 121,500</u> | <u>\$ 42,601</u> | <u>\$ 3,847</u> | <u>\$ 6,835</u> | <u>\$ -</u> | <u>\$ 436,016</u> |
| December 31 | | | | | | | |
| Cost | \$ 261,233 | \$ 201,152 | \$ 506,594 | \$ 43,324 | \$ 44,839 | \$ - | \$ 1,057,142 |
| Accumulated depreciation | - | (79,652) | (463,993) | (39,477) | (38,004) | - | (621,126) |
| | <u>\$ 261,233</u> | <u>\$ 121,500</u> | <u>\$ 42,601</u> | <u>\$ 3,847</u> | <u>\$ 6,835</u> | <u>\$ -</u> | <u>\$ 436,016</u> |

A. Please refer to the description in Note 8 for information on the Group's provision of the property, plant and equipment as collateral.

B. There was no interest capitalization on the property, plant and equipment.

(9) Lease transactions – lessee

A. The Group's leased assets include buildings and company vehicles and the leases often have a term of 2 to 10 years. The leases are individually negotiated and contain a variety of terms and conditions. The leased assets shall not be used as collateral for loans and are subject to no other limitations.

B. Some of the dormitories and business vehicles leased by the Group are leased for no more than 12 months, and some of the low-value assets leased are photocopiers.

C. Changes in the Group's right-of-use assets in 2023 and 2022 are as follows:

| | 2023 | | |
|-----------------------------|-------------------|---|-------------------|
| | Premises | Transportation equipment (company vehicles) | Total |
| January 1 | \$ 28,868 | \$ 2,841 | \$ 31,709 |
| Addition | 210,571 | 5,375 | 215,946 |
| Depreciation expense | (33,255) | (3,011) | (36,266) |
| Net exchange differences | (255) | - | (255) |
| December 31 | <u>\$ 205,929</u> | <u>\$ 5,205</u> | <u>\$ 211,134</u> |

| | 2022 | | |
|-----------------------------|------------------|---|------------------|
| | Premises | Transportation equipment (company vehicles) | Total |
| January 1 | \$ 52,422 | \$ 4,598 | \$ 57,020 |
| Addition | 8,027 | 1,104 | 9,131 |
| Depreciation expense | (34,733) | (2,861) | (37,594) |
| Net exchange differences | 3,152 | - | 3,152 |
| December 31 | <u>\$ 28,868</u> | <u>\$ 2,841</u> | <u>\$ 31,709</u> |

D. Information on the profit or loss items related to leases is as follows:

| | 2023 | 2022 |
|---|-----------------|------------------|
| <u>Items that affect profit or loss in the current period</u> | | |
| Interest expense on lease liabilities | <u>\$ 1,032</u> | <u>\$ 457</u> |
| Short-term lease expense | <u>\$ 8,945</u> | <u>\$ 10,784</u> |
| Low-value asset lease expense | <u>\$ 2,814</u> | <u>\$ 2,365</u> |

E. The total cash outflow for leases of the Group in 2023 and 2022 was \$47,366 and \$48,404, respectively.

F. The Group adopted "COVID-19-related Rent Concessions" as a practical expedient and recognized the gain or loss of \$1,839 from lease payment changes arising from rent reductions as other gains and losses in 2023.

(10) Lease transactions – lessor

A. The Group's assets leased out include land and buildings and the leases often have a term of 1 to 10 years. The leases are individually negotiated and contain a variety of terms and conditions. To secure the use of the assets leased out, the lessee is often prohibited from using the leased assets as collateral for loans or from providing them for use by others using any other methods.

B. The Group recognized \$49,085 and \$42,918 as rental income pursuant to operating leases in 2023 and 2022, respectively. There were no variable lease payments included.

C. The Group's rent received in advance as of December 31, 2023 and 2022, was \$12,096 and \$8,528, respectively, and stated as other current liabilities.

D. A maturity analysis of lease payments under the Group's operating leases is as follows:

| | December 31, 2023 | December 31, 2022 |
|------|-------------------|-------------------|
| 2023 | \$ - | \$ 33,476 |
| 2024 | 43,829 | 21,065 |
| 2025 | 29,009 | 5,544 |
| 2026 | 12,522 | - |
| | <u>\$ 85,360</u> | <u>\$ 60,085</u> |

(11) Investment property

| 2023 | | | |
|---|-------------------|------------------------|-------------------|
| | Land | Premises and buildings | Total |
| January 1 | | | |
| Cost | \$ 584,517 | \$ 593,765 | \$ 1,178,282 |
| Accumulated depreciation and impairment | (17,590) | (278,264) | (295,854) |
| | <u>\$ 566,927</u> | <u>\$ 315,501</u> | <u>\$ 882,428</u> |
| January 1 | \$ 566,927 | \$ 315,501 | \$ 882,428 |
| Depreciation expense | - | (11,108) | (11,108) |
| December 31 | <u>\$ 566,927</u> | <u>\$ 304,393</u> | <u>\$ 871,320</u> |
| December 31 | | | |
| Cost | \$ 584,517 | \$ 593,765 | \$ 1,178,282 |
| Accumulated depreciation and impairment | (17,590) | (289,372) | (306,962) |
| | <u>\$ 566,927</u> | <u>\$ 304,393</u> | <u>\$ 871,320</u> |
| 2022 | | | |
| | Land | Premises and buildings | Total |
| January 1 | | | |
| Cost | \$ 584,517 | \$ 593,765 | \$ 1,178,282 |
| Accumulated depreciation and impairment | (17,590) | (267,057) | (284,647) |
| | <u>\$ 566,927</u> | <u>\$ 326,708</u> | <u>\$ 893,635</u> |
| January 1 | \$ 566,927 | \$ 326,708 | \$ 893,635 |
| Depreciation expense | - | (11,207) | (11,207) |
| December 31 | <u>\$ 566,927</u> | <u>\$ 315,501</u> | <u>\$ 882,428</u> |
| December 31 | | | |
| Cost | \$ 584,517 | \$ 593,765 | \$ 1,178,282 |
| Accumulated depreciation and impairment | (17,590) | (278,264) | (295,854) |
| | <u>\$ 566,927</u> | <u>\$ 315,501</u> | <u>\$ 882,428</u> |

A. Rental income and direct operating expenses on investment property:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| Rental income on investment property | \$ <u>49,085</u> | \$ <u>42,918</u> |
| Direct operating expenses incurred from investment property generating rental income in the current period | \$ <u>16,145</u> | \$ <u>11,764</u> |
| Direct operating expenses incurred from investment property not generating rental income in the current period | \$ <u>1,741</u> | \$ <u>5,906</u> |

B. The fair value of the investment property held by the Group on December 31, 2023 and 2022, was \$1,726,704 and \$1,640,115, respectively, according to the valuation results provided by the independent valuation experts. The fair values were valued using the income approach and comparative approach and calculated with a certain weight taken into account, and are level 3 fair values. The key assumptions under the income approach are shown below:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Income capitalization rate | 1.79%~3.92% | 1.55%~4.35% |

C. Please refer to the description in Note 8 for information on the Group's provision of the investment property as collateral.

(12) Other non-current assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------|--------------------------|--------------------------|
| Receivables on demand | \$ 200,633 | \$ 200,644 |
| Less: Loss allowance | (200,633) | (200,644) |
| Prepayments for investments | 7,500 | - |
| Deposits paid | 77,076 | 64,758 |
| Net defined benefit assets | 45,161 | 43,661 |
| Restricted assets – time deposits | - | 31,001 |
| Others | 16,345 | 16,352 |
| | <u>\$ 146,082</u> | <u>\$ 155,772</u> |

Please refer to the description in Note 8 for information on the Group's provision of time deposits as collateral.

(13) Short-term loans

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------|--------------------------|--------------------------|
| Bank loans | | |
| Secured loans | \$ 608,000 | \$ 914,000 |
| Credit loans | 65,000 | 80,000 |
| | <u>\$ 673,000</u> | <u>\$ 994,000</u> |
| Range of interest rates | 1.75%~2.33% | 1.36%~2.15% |

For the collateral for the Group's short-term loans, please refer to Note 8.

(14) Other payables

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Salaries and bonuses payable | \$ 87,762 | \$ 110,540 |
| Employee remuneration payable | 6,155 | 6,659 |
| Remuneration to directors and supervisors payable | 12,325 | 11,570 |
| Service expense payable | 4,209 | 8,410 |
| Freight payable | 1,889 | 3,383 |
| Others | 80,771 | 63,469 |
| | <u>\$ 193,111</u> | <u>\$ 204,031</u> |

(15) Liability provisions – current

| | 2023 | 2022 |
|--|--------------------|--------------------|
| | Warranty provision | Warranty provision |
| Balance on January 1 | \$ 3,592 | \$ 1,623 |
| Added liability provisions in the current period | 570 | 2,548 |
| Liability provisions used in the current period | (550) | (574) |
| Unused amount reversed in the current period | (1,863) | (5) |
| Balance on December 31 | \$ 1,749 | \$ 3,592 |

The Group's warranty liability provisions are mainly associated with the sale of LCD products and are estimated based on the historical warranty data of the products. The Group expects that the liability provisions will be used in the following year.

(16) Net defined benefit assets

A. Defined benefit plan

- (A) The Company and its domestic subsidiaries have established defined benefit pension plans in accordance with the "Labor Standards Act." The plans are applicable to the length of service of all full-time employees calculated before the "Labor Pension Act" was implemented on July 1, 2005, and the length of service of employees who choose to stay in the pension scheme under the Labor Standards Act calculated after the implementation of the "Labor Pension Act." The pension paid to employees who meet the criteria for retirement is calculated based on their length of service and their average salary for the 6 months prior to their retirement. Employees whose length of service is no more than 15 years (inclusive) will receive two base points for each year of service and employees whose length of service is more than 15 years will receive one base point for each additional year of service. The maximum number of accumulated base points is 45. The Company and its domestic subsidiaries make a pension contribution of 2% of the total salary on a monthly basis and deposits it into a special account with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each fiscal year, if the balance of the labor pension fund account referred to in the preceding paragraph is insufficient to pay the pension calculated above to employees expected to meet the criteria for retirement in the following fiscal year, the Company and its domestic subsidiaries will make a full, one-off contribution by the end of March of the next fiscal year.
- (B) The Company and subsidiary Solomon Goldentek Display Corp. applied to the Department of Labor, Taipei City Government for approval of a suspension of pension contribution from January 2022 to July 2024.

(C) The amounts recognized in the balance sheet are as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 53,304 | \$ 60,440 |
| Fair value of plan assets | (98,465) | (104,101) |
| | <u>(\$ 45,161)</u> | <u>(\$ 43,661)</u> |
| Net defined benefit assets (stated as "other non-current assets") | <u>\$ 45,161</u> | <u>\$ 43,661</u> |

(D) Changes in net defined benefit assets are as follows:

| | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit assets</u> |
|---|---|--------------------------------------|---------------------------------------|
| <u>2023</u> | | | |
| Balance on January 1 | \$ 60,440 | (\$ 104,101) | (\$ 43,661) |
| Service costs in the current period | 1,003 | - | 1,003 |
| Interest expense (income) | <u>786</u> | <u>(1,353)</u> | <u>(567)</u> |
| | <u>62,229</u> | <u>(105,454)</u> | <u>(43,225)</u> |
| Remeasurement: | | | |
| Return on plan assets (excluding any amount included in interest income or expense) | - | (462) | (462) |
| Effect of changes in financial assumptions | 443 | - | 443 |
| Experience adjustments | <u>(1,806)</u> | <u>(46)</u> | <u>(1,852)</u> |
| | <u>(1,363)</u> | <u>(508)</u> | <u>(1,871)</u> |
| Pension contributions made | - | (65) | (65) |
| Pension paid | <u>(7,562)</u> | <u>7,562</u> | <u>-</u> |
| Balance on December 31 | <u>\$ 53,304</u> | <u>(\$ 98,465)</u> | <u>(\$ 45,161)</u> |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
|--|--|------------------------------|-------------------------------|
| <u>2022</u> | | | |
| Balance on January 1 | \$ 65,261 | (\$ 101,900) | (\$ 36,639) |
| Service costs in the current period | 152 | - | 152 |
| Interest expense (income) | <u>456</u> | <u>(713)</u> | <u>(257)</u> |
| | <u>65,869</u> | <u>(102,613)</u> | <u>(36,744)</u> |
| Remeasurement: | | | |
| Return on plan assets (excluding any amount included in interest income or expense) | - | (7,522) | (7,522) |
| Effect of changes in financial assumptions | (3,336) | - | (3,336) |
| Experience adjustments | <u>4,891</u> | <u>(793)</u> | <u>4,098</u> |
| | <u>1,555</u> | <u>(8,315)</u> | <u>(6,760)</u> |
| Pension contributions made | - | (157) | (157) |
| Pension paid | <u>(6,984)</u> | <u>6,984</u> | <u>-</u> |
| Balance on December 31 | <u>\$ 60,440</u> | <u>(\$ 104,101)</u> | <u>(\$ 43,661)</u> |

- (E) The Company's defined retirement benefit plan fund assets are entrusted by the Bank of Taiwan through contracted management according to the proportion and amount for contracted management items set forth in the annual investment/utilization plan of the fund and within the scope as defined in Article 6 of the Regulations for Management, Utilization and Supervision of the National Pension Insurance Fund (i.e. being deposited in domestic or foreign financial institutions, invested in domestic/foreign listed, OTC, or privately offered equity securities and in domestic/foreign real estate-related securitized products, etc.) The relevant utilization is supervised by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the minimum earnings approved to be distributed every year shall not be less than the attainable earnings calculated based on the 2-year time deposit interest rates offered by local banks. Any deficit shall be made up for with the money from the national treasury upon the approval of the competent authority. As the Company has no right to participate in the utilization and management of the fund, the classification of the fair value of plan assets cannot be disclosed in accordance with Paragraph 142 of IAS 19. Please refer to the labor pension fund utilization report for each year published by the government for the fair value of all assets constituting the fund on December 31, 2023 and 2022.

- (F) A summary of pension-related actuarial assumptions is shown below:

| | 2023 | 2022 |
|-----------------------------|--------------------|--------------------|
| Discount rate | <u>1.20%</u> | <u>1.30%</u> |
| Future salary increase rate | <u>2.00%~3.00%</u> | <u>2.50%~3.00%</u> |

The assumption of future mortality rates is made based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of defined benefit obligations that has been affected due to changes in the main adopted actuarial assumptions is analyzed as follows:

| | Discount rate | | Future salary increase rate | |
|--|----------------------|----------------------|-----------------------------|----------------------|
| | Increase by 0.25% | Decrease by 0.25% | Increase by 0.25% | Decrease by 0.25% |
| December 31, 2023 | | | | |
| Effect on the present value of defined benefit obligations | (\$ 1,094) | \$ 1,134 | \$ 983 | (\$ 954) |
| December 31, 2022 | | | | |
| Effect on the present value of defined benefit obligations | (\$ 1,306) | \$ 1,354 | \$ 1,181 | (\$ 1,148) |

The above sensitivity analysis was conducted to analyze the effect of changes in a single assumption, with all other assumptions remaining unchanged. Changes in many assumptions could be correlated with each other in practice. The sensitivity analysis used the same method as that for calculating the net pension liabilities in the balance sheet.

The method and assumptions used for the sensitivity analysis in the current period are the same as those in the previous period.

- (G) The Group expects to pay a defined benefit plan contribution of \$63 in 2024.
- (H) As of December 31, 2023, the weighted average lifetime of the defined benefit plan was 8~11 years. A maturity analysis of pension payments is as follows:

| | |
|------------------|------------------|
| Less than 1 year | \$ 3,522 |
| 2-5 years | 19,433 |
| Over 5 years | <u>16,855</u> |
| | <u>\$ 39,810</u> |

B. Defined contribution plan

- (A) Since July 1, 2005, the Company and its subsidiaries have their defined contribution plans in place in accordance with the “Labor Pension Act.” The plans are applicable to employees who are of Taiwanese nationality. The Company and its domestic subsidiaries make and deposit a labor pension distribution of 6% of the salary of the employees who choose to opt in to the labor pension scheme under the “Labor Pension Act” into their personal accounts with the Bureau of Labor Insurance every month. The pension is paid monthly or at once to the employees based on the amount of money in their personal pension accounts and the accumulated gains.
- (B) The Group’s subsidiaries in China make an endowment insurance contribution of a certain percentage of the total salary of the local employees on a monthly basis under the endowment insurance system as required by the Government of the People’s Republic of China. The pension of every employee is managed and arranged by the government. The Group is only obligated to make a monthly contribution and has no further obligation.
- (C) The pension cost recognized by the Group in accordance with the aforesaid pension plan in 2023 and 2022 was \$40,082 and \$40,321, respectively.

(17) Common share capital

- A. As of both December 31, 2023 and 2022, the Company’s authorized capital was \$5,000,000 (including employee stock warrants of \$560,000 and shares of convertible corporate bonds amounting to \$500,000), with 171,371 thousand outstanding shares (excluding treasury stocks) at a par value of NT\$10 per share. Payment for the issued shares of the Company has been received.

B. Treasury stocks

- (A) The Company’s consolidated subsidiary Moredel Investment Corp. held a total of 100 thousand shares in the Company to ensure financial operations before the Company Act was amended on November 12, 2001. The carrying value of the Company’s treasury stocks on both December 31, 2023 and 2022, was \$6,042.
- (B) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged or be entitled to any shareholder rights.

(18) Capital reserves

- A. Pursuant to the Company Act, the capital reserve generated from the income derived from the issuance of new shares at a premium and from the endowments received may not only be used to offset losses, but also be distributed to shareholders in new shares or cash in proportion to the shares initially held thereby if the Company has no accumulated losses. According to the relevant provisions in the Securities and Exchange Act, the total proportion of the above capital reserve used for capitalization is limited to 10% of the paid-in capital every year. The Company shall not use the capital reserve to offset capital losses, unless the surplus reserve is insufficient to offset such losses.

B. Details on and changes in the Company's capital reserve are shown below:

| | 2023 | | | | | |
|---|----------------------------|--|---|---------------------|-------------------|-------------------|
| | Trading of treasury stocks | Changes in ownership interests in subsidiaries | Difference between the consideration and the carrying value of subsidiaries acquired or disposed of | Consolidated excess | Others | Total |
| January 1 | \$ 32,683 | \$ 142,666 | \$ - | \$ 9,473 | \$ 30,316 | \$ 215,138 |
| Changes in interests in subsidiaries recognized according to shareholding | - | - | 30,705 | - | - | 30,705 |
| Difference between the consideration and the carrying value of subsidiaries disposed of | - | - | 16,306 | - | - | 16,306 |
| December 31 | <u>\$ 32,683</u> | <u>\$ 142,666</u> | <u>\$ 47,011</u> | <u>\$ 9,473</u> | <u>\$ 30,316</u> | <u>\$ 262,149</u> |
| | 2022 | | | | | |
| | Trading of treasury stocks | Changes in ownership interests in subsidiaries | Consolidated excess | Others | Total | |
| January 1 | \$ 32,683 | \$ 142,666 | \$ 9,473 | \$ 30,316 | \$ 215,138 | |
| Changes in the current period | - | - | - | - | - | |
| December 31 | <u>\$ 32,683</u> | <u>\$ 142,666</u> | <u>\$ 9,473</u> | <u>\$ 30,316</u> | <u>\$ 215,138</u> | |

(19) Retained earnings

A. According to the Articles of Incorporation, where the Company has earnings at the year-end closing in a fiscal year, 10% thereof shall be set aside as legal reserves as required by laws after they are used to pay taxes and offset accumulated losses. Provision for special reserves is then required pursuant to the Securities and Exchange Act and related administrative rules. The remaining earnings, if any, shall be added to the undistributed earnings carried from prior years as distributable earnings. The Board of Directors shall subsequently draw up a distribution proposal and submit the same to a shareholders' meeting for a resolution on the distribution of the earnings. The Board of Directors is authorized to adopt a resolution to distribute the abovementioned earnings, legal reserve, and capital reserve in cash at a meeting attended by more than two-thirds of directors with the consent of a majority of all attending directors and the distribution shall be reported at a shareholders' meeting. The distribution of the earnings, legal reserve, and capital reserve by issuing new shares is subject to a resolution adopted at a shareholders' meeting according to the preceding paragraph.

- B. The legal reserve shall not be used unless it is used to offset the Company's losses and distributed to shareholders in new shares or cash in proportion to the shares initially held thereby. The legal reserve shall not be distributed in new shares or cash unless the portion distributed exceeds 25% of the paid-in capital.
- C. The Company may distribute earnings only after recognizing special reserves based on the debit balance of equity items on the balance sheet in the current year as required by laws. When the debit balance of the equity items is reversed subsequently, the reversed amount may be included as distributable earnings.
- D. The Company's 2022 and 2021 earning distribution proposals approved at the shareholders' meeting held on June 9, 2023, and June 8, 2022, respectively, are stated as follows:

| | 2022 | | 2021 | |
|---|-----------|---------------------------|-----------|---------------------------|
| | Amount | Dividend per share (NT\$) | Amount | Dividend per share (NT\$) |
| Set aside as legal reserve | \$ 46,217 | | \$ 20,123 | |
| (Reversed) Set aside as special reserve | (30,940) | | 13,792 | |
| Cash dividends | 257,207 | \$ 1.50 | 154,324 | \$ 0.90 |

- E. The Board of Directors resolved on August 10, 2023, not to distribute earnings in the first half of 2023.
- F. The 2023 earning distribution proposal presented by the Board of Directors on March 11, 2024, is as follows:

| | 2023 | |
|------------------------------|-----------|---------------------------|
| | Amount | Dividend per share (NT\$) |
| Set aside as legal reserve | \$ 53,374 | |
| Set aside as special reserve | 8,960 | |
| Cash dividends | 291,501 | \$ 1.70 |

The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting as of the date of the audit report.

For the earnings distribution approved by the Board of Directors and resolved at the shareholders' meeting, please visit the Market Observation Post System.

(20) Operating income

A. Sub-items of income from contracts with customers

The Group's income from goods and services transferred at a specific timing is disaggregated by product segment. Please refer to XIV (II) for relevant information.

| | 2023 | 2022 |
|--------------------------------------|--------------|--------------|
| Income from contracts with customers | \$ 4,219,903 | \$ 5,249,928 |

B. Contractual liabilities

The Group's recognized contractual liabilities related to the income from contracts with customers are as follows:

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|----------------------------------|----------------------|----------------------|-------------------|
| Electromechanical Business Group | \$ 962,477 | \$ 960,365 | \$ 639,816 |
| Others | 168,996 | 189,655 | 82,337 |
| | <u>\$ 1,131,472</u> | <u>\$ 1,150,020</u> | <u>\$ 722,153</u> |

(A) Material changes in contractual liabilities

The changes in the Group's contractual liabilities in 2022 were due to changes made by sales customers in response to demand changes in the industry or due to the timing of fulfilling obligations under individual contracts.

(B) The opening balance of the Group's contractual liabilities recognized as income in 2023 and 2022 was \$545,282 and \$588,044, respectively.

(21) Interest income

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Interest income from financial assets measured at amortized cost | \$ 114,537 | \$ 111,001 |
| Bank deposit interest | 37,499 | 22,434 |
| | <u>\$ 155,228</u> | <u>\$ 133,435</u> |

(22) Other income

| | 2023 | 2022 |
|---------------------------|-------------------|------------------|
| Rental income | \$ 49,085 | \$ 42,918 |
| Government subsidy income | 42,899 | 15,443 |
| Dividend income | 15,656 | 19,553 |
| Others | 15,755 | 20,243 |
| | <u>\$ 123,395</u> | <u>\$ 98,157</u> |

(23) Other gains and losses

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Gain (loss) from financial assets and liabilities measured at fair value through profit or loss | \$ 256,563 | (\$ 112,420) |
| Net gain from foreign currency exchange | (13,076) | 327,428 |
| Depreciation expense of investment property | (11,108) | (11,207) |
| Gain from lease modification | 1,839 | - |
| Loss from disposal of property, plant and equipment | - | (2,427) |
| Gain from disposal of investments | - | 806 |
| Others | (10,807) | (29,796) |
| | <u>\$ 223,411</u> | <u>\$ 172,384</u> |

(24) Financial costs

| | 2023 | 2022 |
|------------------|------------------|------------------|
| Interest expense | | |
| – Bank loans | \$ 15,735 | \$ 16,475 |
| – Leases | 1,032 | 457 |
| | <u>\$ 16,767</u> | <u>\$ 16,932</u> |

(25) Additional information on the nature of expense

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Employee benefit expenses | 695,796 | 711,704 |
| Depreciation expense of property, plant and equipment (including right-of-use assets) | 57,755 | 67,171 |
| Service expense | 47,442 | 84,643 |
| Operating rent | 11,759 | 13,149 |
| Transportation expense | 8,564 | 15,478 |
| Amortization expense | 2,846 | 3,397 |
| | <u>\$ 824,162</u> | <u>\$ 895,542</u> |

(26) Employee benefit expenses

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Salary expense | \$ 563,099 | \$ 584,919 |
| Labor and health insurance expenses | 41,600 | 39,691 |
| Pension expense | 40,518 | 40,216 |
| Remuneration to directors | 17,234 | 15,527 |
| Other employment expenses | 33,345 | 31,351 |
| | <u>\$ 695,796</u> | <u>\$ 711,704</u> |

A. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors.

B. In 2023 and 2022, the Company's estimated amount of remuneration to employees was \$5,851 and \$5,600, respectively, and the estimated amount of remuneration to directors was \$11,702 and \$11,202, respectively. The above amounts were stated as remuneration expense. The remuneration to employees and to directors in 2023 was estimated as 1% and 2%, respectively, of the earnings in the year. The amount actually distributed as resolved by the Board of Directors was \$5,851 and \$11,702, respectively. The remuneration to employees was distributed in cash.

There is consistency between the amounts of remuneration to employees and to directors for 2022 resolved by the Board of Directors and the amounts recognized in the financial statements for 2022.

Please visit the Market Observation Post System for information on the remuneration to employees and to directors resolved by the Board of Directors.

(27) Income tax

A. Income tax expense:

(A) The income tax expenses comprise the following:

| | 2023 | 2022 |
|--|------------------|-------------------|
| Income tax in the current period: | | |
| Income tax incurred from income in the current period | \$ 88,366 | \$ 83,374 |
| Income tax levied on undistributed earnings | 14,977 | 2,147 |
| Underestimation of income tax in prior years | 7,738 | 2,813 |
| Income tax on overseas earnings | <u>21,495</u> | <u>-</u> |
| Total income tax in the current period | 132,576 | 88,334 |
| Deferred income tax: | | |
| Initial generation and reversal of temporary differences | (51,839) | 91,560 |
| Income tax expense | <u>\$ 80,737</u> | <u>\$ 179,894</u> |

(B) Income tax expenses related to other comprehensive income:

| | 2023 | 2022 |
|--|---------------|-----------------|
| Remeasurement of defined benefit obligations | <u>\$ 368</u> | <u>\$ 1,177</u> |

B. The relationship between the income tax expenses and the accounting profit is as follows:

| | 2023 | 2022 |
|--|------------------|-------------------|
| Income tax on pre-tax profit calculated at the statutory tax rate | \$ 154,708 | \$ 220,590 |
| Income tax effect of adjustment items as per law | (6,635) | 9,061 |
| Non-taxable income losses under the tax act | (2,543) | (645) |
| Investment gain with respect to unrecognized deferred income tax liabilities | (63,566) | (45,229) |
| Temporary difference with respect to unrecognized deferred income tax assets (liabilities) | 466 | (3,546) |
| Changes in the realizability assessment of deferred income tax assets | (4,228) | (5,297) |
| Changes in the realizability assessment of deferred income tax liabilities | (42,252) | - |
| Underestimation of income tax in prior years | 7,738 | 2,813 |
| Income tax levied on undistributed earnings | 14,977 | 2,147 |
| Income tax on repatriation of overseas earnings | 21,495 | - |
| Others | 577 | - |
| Income tax expense | <u>\$ 80,737</u> | <u>\$ 179,894</u> |

C. The amount of the deferred income tax assets or liabilities resulting from temporary differences is shown below:

| | 2023 | | | |
|--|--------------------|------------------------------------|---|--------------------|
| | January 1 | Recognized as profit or loss | Recognized as other comprehensive income | December 31 |
| Deferred income tax assets: | | | | |
| Loss allowance in excess of limit | \$ 4,134 | \$ 46 | \$ - | \$ 4,180 |
| Unrealized inventory devaluation loss | 5,567 | (176) | - | 5,391 |
| Unrealized exchange loss | - | 81 | - | 81 |
| Book-tax difference from lease liabilities | - | 49,802 | - | 49,802 |
| Others | 4,345 | 2,869 | - | 7,214 |
| | <u>\$ 14,046</u> | <u>\$ 52,622</u> | <u>\$ -</u> | <u>\$ 66,668</u> |
| - Deferred income tax liabilities: | | | | |
| Unrealized exchange gain | (\$ 17,742) | \$ 2,870 | \$ - | (\$ 14,872) |
| Book-tax difference from net defined benefit assets | (14,040) | 1,440 | (368) | (12,968) |
| Gain from overseas investments accounted for using the equity method | - | (1,702) | - | (1,702) |
| Time lag between installation income and cost | (47,865) | 47,865 | - | - |
| Book-tax difference from right-of-use assets | - | (49,692) | - | (49,692) |
| Others | (1,329) | (1,564) | - | (2,893) |
| | <u>(\$ 80,976)</u> | <u>(\$ 783)</u> | <u>(\$ 368)</u> | <u>(\$ 82,127)</u> |

| 2022 | | | | |
|--|--------------------|------------------------------------|---|--------------------|
| | January 1 | Recognized as profit or loss | Recognized as other comprehensive income | December 31 |
| Deferred income tax assets: | | | | |
| Loss allowance in excess of limit | \$ 4,077 | \$ 57 | \$ - | \$ 4,134 |
| Unrealized inventory devaluation loss | 3,621 | 1,946 | - | 5,567 |
| Unrealized exchange loss | 24,749 | (24,749) | - | - |
| Time lag between installation income and cost | 3,474 | (3,474) | - | - |
| Others | 4,055 | 290 | - | 4,345 |
| | <u>\$ 39,976</u> | <u>(\$ 25,930)</u> | <u>\$ -</u> | <u>\$ 14,046</u> |
| - Deferred income tax liabilities: | | | | |
| Unrealized exchange gain | \$ - | (\$ 17,742) | \$ - | (\$ 17,742) |
| Book-tax difference from net defined benefit assets | (12,863) | (4) | (1,177) | (14,044) |
| Time lag between installation income and cost | - | (47,865) | - | (47,865) |
| Others | (1,305) | (20) | - | (1,325) |
| | <u>(\$ 14,168)</u> | <u>(\$ 65,631)</u> | <u>(\$ 1,177)</u> | <u>(\$ 80,976)</u> |

D. The expiry dates of the Group's unused taxable losses and the amount of unrecognized deferred income tax assets are as follows:

| December 31, 2023 | | | | |
|-----------------------|--|---------------------------------------|---|-----------------------|
| Year of occurrence | Reported amount/appro ved amount | Amount of unused taxable losses | Amount of unrecognized deferred income tax assets | Year of expiration |
| 2014 | 254,057 | 204,147 | 204,147 | 2024 |
| 2018 | 124 | 124 | 124 | 2028 |
| 2019 | 151,688 | 151,688 | 151,688 | 2029 |
| 2020 | 452 | 452 | 452 | 2030 |

December 31, 2022

| Year of occurrence | Reported amount/appro ved amount | Amount of unused taxable losses | Amount of unrecognized deferred income tax assets | Year of expiration |
|-----------------------|--|---------------------------------------|---|-----------------------|
| 2014 | 254,057 | 225,442 | 225,442 | 2024 |
| 2018 | 124 | 124 | 124 | 2028 |
| 2019 | 151,688 | 151,688 | 151,688 | 2029 |
| 2020 | 65,761 | 452 | 452 | 2030 |

E. Deductible temporary differences not recognized as deferred income tax assets:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Deductible temporary difference | <u>\$ 221,203</u> | <u>\$ 217,507</u> |

F. The Group did not recognize deferred income tax liabilities with respect to taxable temporary differences related to investments in several subsidiaries. The amount of temporary differences with respect to unrecognized deferred income tax liabilities as of December 31, 2023 and 2022, was (\$85,280) and \$73,526.

G. Approval of the Group's profit-seeking enterprise income tax returns by the tax authority:

| | Year of approval of income tax return |
|--|--|
| The Company | 2021 |
| Solomon Goldentek Display Corp. | 2021 |
| Solomon Data International Corporation | 2022 |

(28) Earnings per share

| 2023 | | | |
|---|---------------------|---|---------------------------------|
| | Amount after tax | Weighted average outstanding shares (thousand shares) | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Net profit attributable to the common shareholders of the parent company in the current period | \$ 532,241 | 171,371 | \$ 3.11 |
| <u>Diluted earnings per share</u> | | | |
| Effect of dilutive potential common shares - remuneration to employees | | 185 | |
| Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares | \$ 532,241 | 171,556 | \$ 3.10 |
| 2022 | | | |
| | Amount after tax | Weighted average outstanding shares (thousand shares) | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Net profit attributable to the common shareholders of the parent company in the current period | \$ 458,232 | 171,371 | \$ 2.67 |
| <u>Diluted earnings per share</u> | | | |
| Effect of dilutive potential common shares - remuneration to employees | | 215 | |
| Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares | \$ 458,232 | 171,586 | \$ 2.67 |

(29) Transactions with non-controlling interests - Acquisition of interests in subsidiaries

A. Acquisition of interests in subsidiaries

The Group acquired 51% of the issued shares of Sheng-Peng Technology Corp. with \$5,100 in cash in March 2022. The carrying amount of the non-controlling interests of the subsidiary on the acquisition date was \$4,900. The transaction increased the non-controlling interests by \$4,900.

B. Disposal of interests in subsidiaries (not resulting in loss of control)

- (A) The Group sold 2.49% of its equity in its subsidiary, Solomon Data International, for a consideration of \$56,883 in the fourth quarter of 2023. The carrying amount of the non-controlling interests of Solomon Data International on the sale date was \$76,874. The transaction increased the non-controlling interests by \$9,872 and the equity attributable to owners of the parent company by \$47,011.
- (B) The effect of changes in the interests in Solomon Data International in 2023 on the equity attributable to owners of the Company is as follows:

| | 2023 |
|---|-----------|
| Cash | \$ 56,883 |
| Increase in the carrying amount of non-controlling interests | (9,872) |
| Capital reserve - difference between the consideration and the carrying value of subsidiaries acquired or disposed of | \$ 47,011 |

(30) Changes in liabilities from financing activities

| | 2023 | | | Total liabilities from financing activities |
|---|------------------|----------------------|-------------------|---|
| | Short-term loans | Deposits received | Lease liabilities | |
| January 1 | \$ 994,000 | \$ 7,943 | \$ 31,446 | \$ 1,033,389 |
| Changes in cash flows from financing activities | (321,000) | 414 | (34,575) | (355,161) |
| Interest expenses paid (Note) | - | - | (1,032) | (1,032) |
| Effect of exchange rate changes | - | - | 40 | 40 |
| Other non-cash changes | - | - | 215,674 | 215,674 |
| December 31 | \$ 673,000 | \$ 8,357 | \$ 211,553 | \$ 892,910 |

Note: Recognized as cash flows from operating activities

| | 2022 | | | Total liabilities from financing activities |
|---|---------------------|----------------------|----------------------|---|
| | Short-term loans | Deposits received | Lease liabilities | |
| January 1 | \$ 1,307,264 | \$ 7,412 | \$ 57,745 | \$ 1,372,421 |
| Changes in cash flows from financing activities | (313,264) | 531 | (34,798) | (347,531) |
| Interest expenses paid (Note) | - | - | (457) | (457) |
| Effect of exchange rate changes | - | - | 841 | 841 |
| Other non-cash changes | - | - | 8,115 | 8,115 |
| December 31 | \$ 994,000 | \$ 7,943 | \$ 31,446 | \$ 1,033,389 |

Note: Recognized as cash flows from operating activities

7. Related party transactions

(1) Names of related parties and their relationship with the Group

| <u>Names of related parties</u> | <u>Relationship with the Group</u> |
|--|--|
| All directors, the General Manager, and key management | The Group's key management and governance bodies |

(2) Significant transactions with the related parties

All the Group's related party transaction counterparties are entities included in the consolidated financial statements. The related transactions have been written off.

(3) Information on remuneration to key management

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Salaries and other short-term employee benefits | \$ 83,971 | \$ 77,809 |
| Post-employment benefits | 897 | 654 |
| | <u>\$ 84,868</u> | <u>\$ 78,463</u> |

8. Pledged assets

| <u>Details on assets</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>Purpose of collateral</u> |
|---|--------------------------|--------------------------|---|
| Investment property | \$ 866,126 | \$ 855,019 | Collateral for short-term loans |
| Property, plant and equipment | 360,121 | 385,818 | Collateral for short-term loans |
| Deposits paid (stated as "other non-current assets") | 77,076 | 64,758 | Collateral for short-term loans |
| Financial assets measured at amortized cost – non-current | 8,109 | - | Collateral for short-term loans from financial institutions and customs import security |
| Restricted time deposits (stated as "other non-current assets") | - | 31,001 | Collateral for short-term loans from financial institutions and customs import security |
| Pledged demand deposits and reserve accounts (stated as "other current assets") | - | 308 | Collateral for short-term loans from financial institutions and customs bonds |
| | <u>\$ 1,311,432</u> | <u>\$ 1,336,904</u> | |

9. Material contingent liabilities and unrecognized contractual commitments

A. As of December 31, 2023, the Group's letter of credit issued but not yet used was \$107,507.

B. As of December 31, 2023, the Group's promissory notes issued as security for the performance of sales contracts amounted to \$82,216.

C. The Group committed a total capital contribution of \$45,000 under a limited partnership

investment contract signed. As of December 31, 2023, the Group has invested \$30,000, of which \$7,500 was stated as other non-current assets since the record date of the capital increase was set in January 2024 and the registration of changes has not been completed. Please refer to 6 (12) for details.

10. Material losses from disasters

None.

11. Material subsequent events

Please refer to Note 6 (19) for the Company's 2023 earning distribution proposal.

12. Others

(1) Capital management

The Group's capital management aims to ensure that the Group can operate as a going concern, maintain the best capital structure to reduce the cost of funds, and offer returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts.

(2) Financial instruments

A. Types of financial instruments

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets measured at fair value through profit or loss | | |
| Financial assets measured at fair value through profit or loss | \$ 675,429 | \$ 331,456 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | 1,255,387 | 2,450,357 |
| Financial assets measured at amortized cost | 1,916,765 | 1,417,560 |
| Notes receivable | 45,582 | 93,369 |
| Accounts receivable | 957,482 | 752,778 |
| Other receivables | 20,658 | 23,422 |
| Deposits paid (stated as "other non-current assets") | 77,076 | 64,758 |
| Restricted assets (stated as "other non-current assets") | - | 31,001 |
| | <u>\$ 4,272,950</u> | <u>\$ 4,833,245</u> |

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at amortized cost | | |
| Short-term loans | \$ 673,000 | \$ 994,000 |
| Notes payable | 10,054 | 11,185 |
| Accounts payable | 885,710 | 512,754 |
| Other payables | 193,111 | 204,031 |
| Deposits received (stated as “other non-current liabilities”) | 8,357 | 7,943 |
| | <u>\$ 1,770,232</u> | <u>\$ 1,729,913</u> |
| Lease liabilities | <u>\$ 211,553</u> | <u>\$ 31,446</u> |

B. Risk management policy

- (A) The Group’s day-to-day operations are affected by multiple financial risks, including market risk (exchange rate risk and price risk), credit risk, and liquidity risk.
- (B) The Finance Department implements risk management in accordance with the policy approved by the Board of Directors. The Group’s Finance Department is responsible for identifying, assessing, and avoiding financial risks by closing cooperating with the Group’s operating units.

C. Nature and level of material financial risks

- (A) Market risk

Exchange rate risk

- a. The Group operates transnationally and thus incurs exchange rate risk generated from transactions using functional currencies different from those of the Company and its subsidiaries, which mainly are the US dollar and Chinese yuan. The relevant exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- b. As the business activities that the Group is engaged in involve several functional currencies (the functional currencies of the Group and some of its subsidiaries are the NT dollar and the other subsidiaries’ functional currencies are the US dollar and Chinese yuan), there is effect from exchange rate volatility on the Group. Information on foreign currency assets and liabilities with significant exchange rate volatility effect is shown below:

| December 31, 2023 | | | |
|--|--|-------------------|--------------------------|
| | Foreign currency (thousand dollars) | Exchange rate | Carrying amount (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 83,762 | 30.71 | \$ 2,571,902 |
| EUR : NTD | 966 | 33.98 | 32,825 |
| HKD : NTD | 13,330 | 3.93 | 52,374 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 1,043 | 30.71 | \$ 32,028 |
| EUR : NTD | 260 | 33.98 | 8,835 |
| HKD : NTD | 1,012 | 3.93 | 3,976 |
| SGD : NTD | 148 | 23.29 | 3,442 |
| December 31, 2022 | | | |
| | Foreign currency (thousand dollars) | Exchan ge rate | Carrying amount (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 99,326 | 30.71 | \$ 3,050,303 |
| EUR : NTD | 1,395 | 32.72 | 45,644 |
| HKD : NTD | 13,476 | 3.94 | 53,068 |
| USD : CNY | 3,606 | 6.97 | 25,123 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 2,375 | 30.71 | \$ 72,936 |
| EUR : NTD | 70 | 32.72 | 2,290 |
| HKD : NTD | 710 | 3.94 | 2,796 |

- c. As exchange rate volatility has a significant effect, all exchange gains (losses) (both realized and unrealized) recognized with respect to the monetary items of the Group in 2023 and 2022 were (\$13,076) and \$327,428, respectively.
- d. The sensitivity analysis of the Group's exchange rate risk focused on the effect of the appreciation or depreciation of relevant foreign currencies with respect to the main foreign currency monetary items on the financial reporting date on the Group's profit or loss. When there was a 1% appreciation or depreciation of the NT dollar against the aforesaid foreign currencies, the profit or loss increased or decreased by \$26,088 and \$30,961 in 2023 and 2022, respectively, provided that all other factors remained the same.

Price risk

- a. The Group's equity instruments exposed to price risk are financial assets measured at fair value through profit or loss. To manage the price risk from investments in equity instruments, the Group diversifies its portfolio based on the limit set by it.
- b. The Group mainly invests in equity instruments issued by domestic companies and open-end funds. The price of such equity instruments is affected due to the uncertainty of their future value. When the price of the equity instruments rose or dropped by 1% and all other factors remained the same, the net profit after tax increased or decreased by \$6,516 and \$3,144 in 2023 and 2022, respectively, due to the gain or loss from equity instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risks

- a. The Group's interest rate risk mainly comes from short-term loans for purchasing materials issued at floating interest rates, exposing the Group to cash flow interest rate risk. As of December 31, 2023 and 2022, the Group's loans issued at floating interest rates were mainly denominated in NTD and EUR.
- b. When the loan interest rate rose or dropped by 1% and all other factors remained the same, the profit after tax increased or decreased by \$5,384 and \$7,952 in 2023 and 2022, respectively.

(B) Credit risk

- a. The Group's credit risk is the risk of failure of a customer or a counterparty trading financial instruments with the Group to fulfill the contractual obligations, leading to the Group's financial loss. The risk is mainly generated from accounts receivable that cannot be collected from the counterparty according to the payment terms and from contractual cash flows classified as investments in debt instruments measured at amortized cost.
- b. According to the Group's explicitly defined internal loan policy, all operating entities of the Group must conduct management and credit risk analysis for every new customer before setting payment terms and proposing delivery terms and conditions. The customers' credit quality is assessed by taking into consideration their financial position, past experiences and other factors for internal risk control.
- c. When a contract payment is more than 90 or 180 days (depending on individual operating entities) overdue according to the agreed payment terms, a default is considered to have occurred.

- d. When a contract payment is more than 90 days overdue according to the agreed payment terms, the credit risk of financial assets is considered to have significantly increased after initial recognition.
- e. The credit impairment indicators used by the Group to identify investments in debt instruments are shown below:
 - (a) The issuer incurs significant financial difficulties or there is a significantly increased possibility that it will enter into bankruptcy or other financial reorganization;
 - (b) The issuer incurs financial difficulties resulting in the disappearance of the active market of the financial asset;
 - (c) The issuer defaults on or fails to pay the interest or principal;
 - (d) There are changes adverse to national and regional economic situations that are associated with the default of the issuer.
- f. The Group adopts the simplified approach to estimate expected credit losses for accounts receivable from customers by the characteristics of the customers based on a provision matrix.
- g. The Group takes into consideration the study reports of Taiwan Institute of Economic Research for future prospects when adjusting the loss rate derived from information during specific historical and current periods to estimate the loss allowance for accounts receivable. The provision matrix on December 31, 2023 and 2022, respectively, is as follows:

| | Not overdue | 30 days overdue | 31-90 days overdue | 91-180 days overdue | More than 181 days overdue | Total |
|--------------------------|-------------|-----------------|--------------------|---------------------|----------------------------|------------|
| <u>December 31, 2023</u> | | | | | | |
| Expected loss rate | 0.02%-2.92% | 6.23%-85.57% | 24.76%-100% | 66.61%-100% | 100% | |
| Total carrying value | \$ 950,306 | \$ 11,021 | \$ 3,031 | \$ 657 | \$ 8,110 | \$ 974,212 |
| Loss allowance | \$ 2,909 | \$ 2,324 | \$ 1,643 | \$ 3,485 | \$ 6,369 | \$ 16,730 |

| | Not overdue | 30 days overdue | 31-90 days overdue | 91-180 days overdue | More than 181 days overdue | Total |
|--------------------------|-------------|-----------------|--------------------|---------------------|----------------------------|------------|
| <u>December 31, 2022</u> | | | | | | |
| Expected loss rate | 0.03%-3.78% | 3.30%-86.10% | 5.72%-100% | 64.24%-100% | 100% | |
| Total carrying value | \$ 705,545 | \$ 30,674 | \$ 22,675 | \$ 1,843 | \$ 6,941 | \$ 767,678 |
| Loss allowance | \$ 1,799 | \$ 2,251 | \$ 3,466 | \$ 443 | \$ 6,941 | \$ 14,900 |

- h. The table about changes in the loss allowance for accounts receivable, for which the Group adopted the simplified approach, is as follows:

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| January 1 | \$ 14,900 | \$ 14,025 |
| Impairment losses set aside | 2,060 | 999 |
| Effect of exchange rate | (188) | 563 |
| Transferred to receivables on demand | (42) | (687) |
| December 31 | <u>\$ 16,730</u> | <u>\$ 14,900</u> |

(C) Liquidity risk

- a. Cash flow forecasting is carried out individually by each operating entity of the Group and the results are summarized by the Group's Finance Department. The Group's Finance Department monitors the forecasting of the Group's needs for current funds to ensure there are sufficient funds to meet the operating needs and maintains adequate unused committed lending facilities to prevent the Group from violating relevant lending limits or terms. Consideration is given to the Group's debt financing plans, compliance with debt terms, and achievement of internal target balance sheet financial ratios when making such forecasts.
- b. The Group groups non-derivative financial liabilities and derivative financial liabilities settled at net amount or total amount by relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The undiscounted contractual cash flows of financial liabilities measured at fair value through profit or loss, notes payable, and other payables are equivalent to their carrying values and will fall due within one year. The undiscounted contractual cash flows of the other financial liabilities are shown in detail below.

Non-derivative financial liabilities:

| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|--------------------------|---------------|--------------|--------------|--------------|
| <u>December 31, 2023</u> | | | | |
| Short-term loans | \$ 673,679 | \$ - | \$ - | \$ - |
| Lease liabilities | 32,045 | 50,888 | 74,607 | 102,857 |

Non-derivative financial liabilities:

| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|--------------------------|---------------|--------------|--------------|--------------|
| <u>December 31, 2022</u> | | | | |
| Short-term loans | \$ 994,872 | \$ - | \$ - | \$ - |
| Lease liabilities | 28,122 | 3,179 | 228 | - |

(3) Fair value information

A. The levels of the valuation technique adopted to measure the fair value of financial instruments and non-financial instruments are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities accessible to an entity on the measurement date (unadjusted). Active markets are ones where asset or liability transactions take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis. All the fair values of the Group's investments in listed/OTC stocks fall under Level 1.

Level 2: Level 2 inputs are inputs other than the quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. The Group's investments in bond instruments without active market fall under Level 2.

Level 3: Level 3 inputs are inputs that are unobservable to the asset or liability.

B. Please refer to the description in Note 6 (11) for information on the fair value of investment property measured at cost.

C. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, deposits paid for other non-current assets, notes and accounts payable, other payables, and deposits received are reasonable approximations of their fair values.

D. The Group classifies the financial and non-financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of the fair values. The relevant information is shown below:

(A) The following is information on the Group's classification based on the nature of the assets and liabilities:

| <u>December 31, 2023</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-------------------|----------------|------------------|-------------------|
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Equity securities | \$ 601,448 | \$ - | \$ 53,146 | \$ 654,594 |
| Limited partnership | - | - | 20,835 | 20,835 |
| | <u>\$ 601,448</u> | <u>\$ -</u> | <u>\$ 73,981</u> | <u>\$ 675,429</u> |
| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Equity securities | \$ 239,964 | \$ - | \$ 76,492 | \$ 316,456 |
| Limited partnership | - | - | 15,000 | 15,000 |
| | <u>\$ 239,964</u> | <u>\$ -</u> | <u>\$ 91,492</u> | <u>\$ 331,456</u> |

(B) The methods and assumptions used by the Group to measure the fair value are as follows:

- a. The quoted market price used by the Group as fair value inputs (i.e. Level 1 inputs) is listed based on the characteristics of the instruments in the following:

| | Listed (OTC) stocks | Open-end funds |
|---------------------|---------------------|----------------|
| Quoted market price | Closing price | Net value |

- b. The fair value of all financial instruments, except for the aforementioned financial instruments in the active market, is acquired using the valuation technique or with reference to the quotation of the counterparty. When the valuation technique is used for acquisition of the fair value, the current fair value of other financial instruments with substantially similar conditions and characteristics, the cash flow discounting method, and other valuation techniques may be used as a reference, including the market information application model acquirable on the consolidated balance sheet date (e.g. TPEx yield curve and Reuters average interest rate quote of commercial paper).
- c. The valuation model is created based on the estimated approximation and the valuation technique may not be able to reflect all factors associated with the Group's financial and non-financial instruments. Therefore, estimates made using the valuation model are adjusted properly based on additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policy and relevant control procedures, the management believes that valuation adjustments are appropriate and necessary for fair presentation of the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully assessed and adjusted based on the current market situation appropriately.

E. There was no transfer between Level 1 and Level 2 in 2023 and 2022.

F. Movements in Level 3 equity instruments in 2023 and 2022 are listed in the following table:

| | 2023 | 2022 |
|---|------------------|------------------|
| January 1 | \$ 91,492 | \$ 89,391 |
| Profits recognized as profit or loss | 4,139 | 2,055 |
| Purchase in the current period | 7,500 | 20,000 |
| Sale in the current period | (2,963) | (14,495) |
| Share capital returned from capital reduction | - | (6,476) |
| Transferred out from Level 3 | (29,832) | - |
| Effect of exchange rate | 3,645 | 1,017 |
| December 31 | <u>\$ 73,981</u> | <u>\$ 91,492</u> |

G. There was no transfer-in to Level 3 in 2023 and 2022. The only equity investment instrument was listed for trading as an emerging stock in May 2023. As there was sufficient observable market information available, the Group transferred the fair value adopted from Level 3 to Level 1 at the end of the month when the event occurred.

H. The Group's Finance Department is responsible for verifying the independent fair value of financial instruments in the process of valuation of Level 3 fair values to make valuation results close to the market situation based on information from independent sources and make sure that the information sources are independent, reliable and consistent with other resources

and reflect executable prices. The Group also regularly adjusts the valuation model, conducts retrospective testing, updates inputs and data required for the valuation model, and makes any other necessary fair value adjustment to ensure reasonable valuation results.

- I. The quantitative significant unobservable inputs of the valuation model used for Level 3 fair value measurements are analyzed and described as follows:

| | Fair value on December 31, 2023 | Valuation technique | Significant unobservable inputs | Range (weighted average) | Relationship between the input and the fair value |
|------------------------------------|---------------------------------------|------------------------------|---|--------------------------------|--|
| Non-derivative equity instruments: | | | | | |
| Non-listed/non-OTC stocks | \$ 53,146 | Comparable company method | PE multiplier, PB multiplier, discount for lack of marketability | 25% | The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. |
| Non-listed/non-OTC stocks | - | Net asset value method | N/A | N/A | N/A |
| Limited partnership | 20,835 | Net asset value method | N/A | N/A | N/A |
| | Fair value on December 31, 2022 | Valuation technique | Significant unobservable inputs | Range (weighted average) | Relationship between the input and the fair value |
| Non-derivative equity instruments: | | | | | |
| Non-listed/non-OTC stocks | \$ 76,492 | Comparable company method | PE multiplier, PB multiplier, discount for lack of marketability. | 25% | The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. |
| Limited partnership | 15,000 | Net asset value method | N/A | N/A | N/A |

13. Note disclosures

(1) Information of material transactions

- A. Loaning of funds to others: Please refer to Table 1.
- B. Making of endorsements/guarantees for others: Please refer to Table 2.
- C. Securities held at end of period (excluding those controlled by investee subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Aggregate purchases or sales of the same securities amounting to NT\$300 million or more than 20% of the paid-in capital: Please refer to Table 4.
- E. Acquisition of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
- F. Disposal of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
- G. Purchases and sales with related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 5.
- H. Accounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 6.
- I. Transactions of derivatives: Please refer to Note 6 (2).
- J. Business relationship and important transactions between the parent company and subsidiaries and between the subsidiaries, and the amounts of such transactions: Please refer to Table 7.

(2) Information of investee companies

Information related to investee companies (excluding those in Mainland China), their place of registration, etc.: Please refer to Table 8.

(3) Information of investments in Mainland China

- A. Basic information: Please refer to Table 9.
- B. Material matters occurring directly or indirectly through businesses in a third area and investee companies in Mainland China: Please refer to the description in Tables 4, 5, 6.

(4) Information of major shareholders

Please refer to Table 10.

(The End)

14. Operating segment information

(1) General information

A. The management of the Group had identified the reportable segments according to the reporting package that the operating decision maker uses to formulate policies.

B. The operating decision maker of the Group operates and manages the business by product business groups.

(2) Measurement of segment information

The Group's operating decision maker evaluates the performance of the operating segments based on the profit or loss of the segments. Segment profit or loss means the profit earned or the loss incurred by each segment and is used as a basis for the chief operating decision maker to allocate resources to the segments and evaluate their performance.

(3) Information on segment profits or losses, assets and liabilities

Information on reportable segments provided to the chief operating decision maker is as follows:

| 2023 | Electromechanical Business Group | Intelligent Business Group | Optoelectronic manufacturing industry | Electronic channel industry | Others | Adjustment and write-off | Consolidated |
|---|----------------------------------|----------------------------|---------------------------------------|-----------------------------|---------------------|--------------------------|---------------------|
| External income | \$ 2,036,516 | \$ 1,012,457 | \$ 838,585 | \$ 240,592 | \$ 91,753 | \$ - | \$ 4,219,903 |
| Internal segment income | 325,410 | 1,232 | 27,539 | - | - | (354,181) | - |
| Segment income | <u>\$ 2,361,822</u> | <u>\$ 1,013,689</u> | <u>\$ 866,124</u> | <u>\$ 240,592</u> | <u>\$ 91,857</u> | <u>(\$ 354,181)</u> | <u>\$ 4,219,903</u> |
| After-tax segment profit (loss) | <u>\$ 157,718</u> | <u>(\$ 28,836)</u> | <u>\$ 83,796</u> | <u>\$ 1,893</u> | <u>\$ 699,140</u> | <u>(\$ 355,924)</u> | <u>\$ 557,787</u> |
| Depreciation and amortization | <u>\$ 12,425</u> | <u>\$ 15,474</u> | <u>\$ 32,677</u> | <u>\$ 1,118</u> | <u>\$ 18,254</u> | <u>(\$ 8,239)</u> | <u>\$ 71,709</u> |
| Gain from investments accounted for using the equity method | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,112</u> | <u>\$ -</u> | <u>\$ 10,112</u> |
| Segment assets | <u>\$ 2,670,632</u> | <u>\$ 1,400,830</u> | <u>\$ 2,641,112</u> | <u>\$ 1,149,229</u> | <u>\$ 4,713,068</u> | <u>(\$ 3,626,779)</u> | <u>\$ 8,948,092</u> |

| 2022 | Electromechanical Business Group | Intelligent Business Group | Optoelectronic manufacturing industry | Electronic channel industry | Others | Adjustment and write-off | Consolidated |
|---|----------------------------------|----------------------------|---------------------------------------|-----------------------------|---------------------|--------------------------|---------------------|
| External income | \$ 1,795,648 | \$ 1,683,439 | \$ 1,317,624 | \$ 344,042 | \$ 109,175 | \$ - | \$ 5,249,928 |
| Internal segment income | 437,689 | 6,630 | 84,300 | - | 2,684 | (531,303) | - |
| Segment income | <u>\$ 2,233,337</u> | <u>\$ 1,690,069</u> | <u>\$ 1,401,924</u> | <u>\$ 344,042</u> | <u>\$ 111,859</u> | <u>(\$ 531,303)</u> | <u>\$ 5,249,928</u> |
| After-tax segment profit (loss) | <u>\$ 75,657</u> | <u>\$ 64,306</u> | <u>\$ 262,283</u> | <u>\$ 6,931</u> | <u>\$ 306,514</u> | <u>(\$ 239,748)</u> | <u>\$ 475,943</u> |
| Depreciation and amortization | <u>\$ 14,820</u> | <u>\$ 17,404</u> | <u>\$ 34,927</u> | <u>\$ 572</u> | <u>\$ 20,486</u> | <u>(\$ 6,434)</u> | <u>\$ 81,775</u> |
| Gain from investments accounted for using the equity method | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,265</u> | <u>\$ -</u> | <u>\$ 4,265</u> |
| Segment assets | <u>\$ 2,616,571</u> | <u>\$ 1,221,890</u> | <u>\$ 2,603,562</u> | <u>\$ 1,000,352</u> | <u>\$ 3,902,506</u> | <u>(\$ 2,893,918)</u> | <u>\$ 8,450,963</u> |

(4) Information on the reconciliations of segment profit or loss

- A. The external income reported to the chief operating decision maker used the same measurement approach as that for the income presented in the income statement.
- B. The performance of the reportable operating segments was evaluated based on their after-tax profit or loss. The total profit or loss was consistent with the after-tax profit or loss from continuing operations. Thus, there was no need for reconciliation.
- C. The total asset amount provided to the chief operating decision maker was measured using the same approach as that for the assets presented in the financial statements. Please refer to the description in Note 14 (3) for information on the reconciliation and write-off of reportable segment assets in the current period.

(5) Information by product and service

The Group is mainly engaged in the sale, manufacture, agency, and import of generators, semiconductors, electronic parts and LCDs. Details on the balance of income are shown below:

| | 2023 | 2022 |
|---------------------------|---------------------|---------------------|
| Income from sale of goods | \$ 4,212,832 | \$ 5,239,651 |
| Maintenance income | 7,071 | 10,277 |
| | <u>\$ 4,219,903</u> | <u>\$ 5,249,928</u> |

(6) Information by region

The following is information on the Group's income from external customers and non-current assets, listed by the region where the customers and assets are located:

| | 2023 | | 2022 | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Income | Non-current assets | Income | Non-current assets |
| Taiwan | \$ 2,287,781 | \$ 1,517,357 | \$ 2,921,039 | \$ 1,318,819 |
| Mainland China and Hong Kong | 1,093,384 | 6,083 | 1,323,871 | 32,121 |
| Others | 838,738 | 1,591 | 1,005,018 | 2,133 |
| | <u>\$ 4,219,903</u> | <u>\$ 1,525,031</u> | <u>\$ 5,249,928</u> | <u>\$ 1,353,073</u> |

Note: Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and long-term deferred expenses.

(7) Information of important customers

The Group had no customers accounting for 10% or more of operating income in 2023 and 2022.

SOLOMON Technology Corporation and Subsidiaries
Loaning Funds to Others
January 1 to December 31, 2023

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 1) | Lending company | Borrowing company | Current account | Related party | Maximu m amount in the current period | Closing balance | Actual drawdow n amount | Range of interest rates | Nature of loaning of funds (Note 4) | Business transactio n amount | Reasons for the need of short- term financing | Allowanc e set aside for bad debts | Collateral | | Limit on loans to individual borrowers (Note 2) | Limit on total loans (Note 3) | Remarks |
|-----------------|------------------------------|--|--------------------------|------------------|--|--------------------|-------------------------------|-------------------------------|--|------------------------------------|--|---|------------|-------|--|-------------------------------------|---------|
| | | | | | | | | | | | | | Name | Value | | | |
| 1 | Moredel Investment | Solomon Energy | Other receivabl es | Y | \$ 39,000 | \$ 39,000 | \$ 39,000 | 2% | 2 | \$ - | Working capital | \$ - | - | - | \$ 228,237 | \$ 456,475 | |
| 2 | Solomon Smartnet | Solomon Energy Technology (Singapore) PTE.LTD | Other receivabl es | Y | 4,956 | 4,956 | 4,956 | 4% | 2 | - | Working capital | - | - | - | 112,688 | 225,376 | |
| 3 | SOLOMON | Solomon Energy Technology (Singapore) PTE.LTD | Other receivabl es | Y | 33,225 | 33,225 | 4,153 | 4% | 2 | - | Working capital | - | - | - | 2,089,315 | 4,178,631 | |
| 4 | Solomon Goldentek Display | SOLOMON | Other receivabl es | Y | 500,000 | 500,000 | 364,480 | 1.75% | 2 | - | Working capital | - | - | - | 716,658 | 1,433,316 | |

Note 1: Number column description:

(1) "0" is reserved for the issuer.

(2) Each investee company is numbered in sequential order starting from 1.

Note 2: According to the Group's lending procedure, the amount of loans to a single enterprise with short-term financing needs is limited to 40% of the lending company's net worth (for Dong Guan Goldentek, the amount of total loans is limited to 80% of its net worth). The amount of loans to companies having business dealings with the lending company is limited to the higher of the amount of purchases and sales between both parties.

Note 3: According to the Group's lending procedure, the amount of total loans given is limited to 80% of the net worth of the lending company.

Note: The nature of loaning of funds is described as follows:

(1) Business relationships: 1.

(2) Needs for short-term financing: 2.

SOLOMON Technology Corporation and Subsidiaries
Endorsements/Guarantees for Others
January 1 to December 31, 2023

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 1) | Endorser/guarantor | Endorsee/guarantee Company name | Relationship (Note 2) | Limit on endorsements/ guarantees to a single enterprise (Note 3) | Maximum endorsement/ guarantee balance in the current period | Closing endorsement/guarantee balance | Actual drawdown amount | Endorsement/ guarantee amount secured with property | Cumulative endorsement/ guarantee amount as a percentage of the net worth in the most recent financial statements | Maximum limit on endorsements/ guarantees (Note 3) | Endorsements/ guarantees made by the parent company for subsidiaries | Endorsements/ guarantees made by subsidiaries for the parent company | Endorsements/ guarantees made for the operations in Mainland China | Remarks |
|-----------------|--------------------|------------------------------------|--------------------------|---|---|---|------------------------------|--|---|--|--|---|--|---------|
| 0 | SOLOMON | Solomon Energy | 2 | \$ 1,045,194 | \$ 245,000 | \$ 245,000 | \$ 56,779 | \$ - | 4.69 | \$ 2,611,645 | Y | N | N | |

Note 1: Number column description:

(1) "0" is reserved for the issuer.

(2) Each investee company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and the endorsee/guarantee is classified under the following six categories. It is only necessary to mark the type:

(1) Companies with business relationships.

(2) Subsidiaries in which the Company holds more than 50% of the common stock equity.

(3) Investee companies in which the parent company and its subsidiaries hold more than 50% of the common stock equity, calculated on a consolidated basis.

(4) The parent company, directly or indirectly through a subsidiary, holding more than 50% of the common stock equity of the Company.

(5) Companies in the same industry that are required to provide mutual guarantee pursuant to contracts for undertaking engineering projects.

(6) Companies receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

Note 3: According to the Company's endorsement/guarantee procedure, the amount of the Company's total endorsements/guarantees is limited to 50% of the net worth of the Company and the amount of endorsements/guarantees provided for the same company shall not exceed 20% of the guarantor's net worth.

SOLOMON Technology Corporation and Subsidiaries
Securities Held at End of Period (Excluding Those Controlled by Investee Subsidiaries, Associates and Joint Ventures)
December 31, 2023

Table 3

Unit: NT\$ Thousand
(Unless otherwise specified)

| Holding company | Type and name of securities | Relationship with the securities issuer | Account | End of period | | | | Remarks |
|----------------------------|---|---|--|------------------|-----------------|-------------------------|------------|---------|
| | | | | Number of shares | Carrying amount | Shareholding percentage | Fair value | |
| SOLOMON | Hua Nan Phoenix Money Market Fund | None | Financial assets measured at fair value through profit or loss – current | 1,795,064 | \$ 30,000 | - | \$ 30,000 | Note |
| | Evergreen | " | Financial assets measured at fair value through profit or loss – current | 84,000 | 12,054 | - | 12,054 | " |
| | Unimicon | " | Financial assets measured at fair value through profit or loss – current | 128,000 | 22,528 | 0.01% | 22,528 | " |
| | i-baas | " | Financial assets measured at fair value through profit or loss – non-current | 50,745 | 1,630 | 0.20% | 1,630 | " |
| | CHENFENG Optronics | " | Financial assets measured at fair value through profit or loss – non-current | 1,500,000 | 15,648 | 1.49% | 15,648 | " |
| | Taiwan Truewin Technology | " | Financial assets measured at fair value through profit or loss – non-current | 261,269 | 11,041 | 0.49% | 11,041 | " |
| | Liwatt X | " | Financial assets measured at fair value through profit or loss – non-current | 500,000 | 3,441 | 7.14% | 3,441 | " |
| | Sogotec Enterprise | " | Financial assets measured at fair value through profit or loss – non-current | 852 | - | - | - | " |
| | TAIWAN-CA | " | Financial assets measured at fair value through profit or loss – non-current | 29,847 | - | 0.12% | - | " |
| | Tai-Ling Biotech | " | Financial assets measured at fair value through profit or loss – non-current | 321,538 | - | 0.90% | - | " |
| Moredel Investment | SOLOMON | Parent company of the Company | Financial assets measured at fair value through profit or loss – current | 100,432 | 3,927 | 0.06% | 3,927 | " |
| | Hwa Fong Rubber Ind. | None | Financial assets measured at fair value through profit or loss – current | 1,361,556 | 20,014 | 0.49% | 20,014 | " |
| | Integrated Solutions | " | Financial assets measured at fair value through profit or loss – non-current | 1,452,659 | 231,698 | 3.83% | 231,698 | " |
| | Airbag Packing | " | Financial assets measured at fair value through profit or loss – non-current | 200,000 | 3,099 | 0.80% | 3,099 | " |
| | Keystone Tech | " | Financial assets measured at fair value through profit or loss – non-current | 200,000 | - | 2.22% | - | " |
| | Gintung Energy | " | Financial assets measured at fair value through profit or loss – non-current | 57,141 | - | 0.15% | - | " |
| Solomon Cayman | Capital Investment Development Corp | " | Financial assets measured at fair value through profit or loss – non-current | 330,000 | 15,129 | 0.89% | 15,129 | " |
| | Polar Tech. | " | Financial assets measured at fair value through profit or loss – non-current | 190,000 | - | 18.21% | - | " |
| | UNKNOWN HOLDINGS INC. | " | Financial assets measured at fair value through profit or loss – non-current | 150,000 | - | 5.22% | - | " |
| Solomon Data International | Hua Nan Phoenix Money Market Fund | " | Financial assets measured at fair value through profit or loss – current | 2,719,296 | 45,479 | - | 45,479 | " |
| | CENZ Automation | " | Financial assets measured at fair value through profit or loss – non-current | 80,000 | - | 1.27% | - | " |
| | Taiwan Truewin Technology | " | Financial assets measured at fair value through profit or loss – non-current | 130,634 | 4,788 | 0.26% | 4,788 | " |
| | Cerulean Asset Management Venture Capital Limited Partnership | " | Financial assets measured at fair value through profit or loss – non-current | - | 5,816 | - | 5,816 | " |
| | Meng-Lue Venture Capital Limited Partnership | " | Financial assets measured at fair value through profit or loss – non-current | - | 1,574 | - | 1,574 | " |
| Solomon Goldentek Display | Hua Nan Phoenix Money Market Fund | " | Financial assets measured at fair value through profit or loss – current | 11,155,929 | 185,000 | - | 185,000 | " |
| | Unimicon | " | Financial assets measured at fair value through profit or loss – current | 90,000 | 15,840 | 0.01% | 15,840 | " |

| | | | | | | | | |
|--------------------------|---|---|--|---------|--------|-------|--------|---|
| Cornucopia Innovation | CENZ Automation | " | Financial assets measured at fair value through profit or loss – non-current | 250,000 | - | 3.73% | - | " |
| | Meng-Lue Venture Capital Limited Partnership | " | Financial assets measured at fair value through profit or loss – non-current | - | 3,148 | - | 3,148 | " |
| | Cerulean Asset Management Venture Capital Limited Partnership | " | Financial assets measured at fair value through profit or loss – non-current | - | 8,724 | - | 8,724 | " |
| | Hua Nan Phoenix Money Market Fund | " | Financial assets measured at fair value through profit or loss – current | 904,306 | 15,124 | - | 15,124 | " |
| | Weltrend | " | Financial assets measured at fair value through profit or loss – current | 300,000 | 22,081 | 0.17% | 22,081 | " |
| | Meng-Lue Venture Capital Limited Partnership | " | Financial assets measured at fair value through profit or loss – non-current | - | 1,573 | - | 1,573 | " |

SOLOMON Technology Corporation and Subsidiaries
Aggregate Purchases or Sales of the Same Securities Amounting to NT\$300 Million or More than 20% of the Paid-in Capital
January 1 to December 31, 2023

Table 4

| Unit: NT\$ Thousand (Unless otherwise specified) | | | | | | | | | | | | | | |
|---|--------------------------------|---|-------------------------|------------------|---------------------------|------------|---------------------------|------------|---------------------------|------------------|------------|--------------------------|---------------------------|-----------|
| Purchasing/ selling company | Type and name of securities | Account | Counterparty | Relationshi p | Beginning of period | | Purchasing | | Selling | | | | End of period | |
| | | | | | Number of shares/units | Amount | Number of shares/units | Amount | Number of shares/units | Selling price | Book cost | Disposal gain or loss | Number of shares/units | Amount |
| SOLOMON | Hua Nan Phoenix Money | Financial assets measured at fair | HUA NAN | None | 6,669,817 | \$ 110,000 | 6,924,565 | \$ 115,000 | 11,799,318 | \$ 195,919 | \$ 195,000 | \$ 919 | 1,795,064 | \$ 30,000 |
| N | Market Fund | value through profit or loss – current | COMMERCIAL BANK LTD. | | | | | | | | | | | |
| Solomon | " | " | " | " | - | - | 3,625,728 | 60,000 | 906,432 | 15,096 | 15,000 | 96 | 2,719,296 | 45,479 |
| Data | | | | | | | | | | | | | | |
| Internationa | | | | | | | | | | | | | | |
| l | | | | | | | | | | | | | | |
| Solomon | " | " | " | " | - | - | 34,817,623 | 577,000 | 23,661,694 | 394,243 | 392,000 | 2,243 | 11,155,929 | 185,000 |
| Goldentek | | | | | | | | | | | | | | |
| Display | | | | | | | | | | | | | | |
| Solomon | " | " | " | " | | | 742,431 | 12,300 | 985,478 | 16,409 | 16,300 | 109 | | |
| Smartnet | | | | | 243,047 | 4,000 | | | | | | | - | - |
| Cornucopia | " | " | " | " | - | - | 904,306 | 15,000 | - | - | - | - | 904,306 | 15,124 |
| Innovation | | | | | | | | | | | | | | |

Unit: NT\$ Thousand
(Unless otherwise specified)

SOLOMON Technology Corporation and Subsidiaries
Purchases and Sales with Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2023

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

| Purchasing (selling) company | Name of counterparty | Relationship | Transaction | | | | Differences of transaction terms from those of regular transactions and reasons for such differences | | Notes/accounts receivable (payable) | | Remarks |
|---------------------------------|------------------------------|-----------------------|-----------------|------------|---|-------------|---|-------------|-------------------------------------|---|---------|
| | | | Purchase (sale) | Amount | Percentage in total purchases (sales) | Loan period | Unit price | Loan period | Balance | Percentage in total accounts/notes receivable (payable) | |
| SOLOMON | Yumon International | Parent- subsidiary | (Sale) | (315,832) | (12) | Note 1 | Agreed by both parties | Note 2 | \$ - | - | |
| Yumon International | SOLOMON | Parent- subsidiary | Purchase | 315,832 | 31 | Note 1 | Agreed by both parties | Note 2 | - | - | |
| Solomon Goldentek Display | Dong Guan Goldentek | Parent- subsidiary | Purchase | 419,804 | 77 | Note 3 | Note 3 | Note 3 | (110,657) | (89) | |
| Solomon Goldentek Display | Dong Guan Goldentek | Parent- subsidiary | Note 4 | (125,122) | - | Note 4 | Note 4 | Note 4 | | | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent- subsidiary | (Sale) | (419,804) | (87) | Note 3 | Note 3 | Note 3 | 110,657 | 85 | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent- subsidiary | Note 4 | 125,122 | - | Note 4 | Note 4 | Note 4 | | | |

Note 1: The payment was collected after being offset against the accounts receivable based on the funding status of Yumon International.

Note 2: The loan period for regular customers ranges from 90 to 120 days.

Note 3: The unit price was negotiated by both parties. The payment was made based on the funding status after being offset against the payment receivable for entrusted procurement. The payment term for regular suppliers ranges from about 60 to 90 days.

Note 4: It was an entrusted procurement transaction. The payment was collected after being offset against the accounts payable based on the funding status on a monthly basis.

SOLOMON Technology Corporation and Subsidiaries
Accounts Receivable from Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
December 31, 2023

Table 6

| Unit: NT\$ Thousand (Unless otherwise specified) | | | | | | | | |
|---|---------------------------|-----------------------|---|----------|---|-------------------|--|--------------------------------------|
| Company from which payments accounted for are receivable | Name of counterparty | Relationship | Balance of payments receivable from the related party | Turnover | Overdue payments receivable from the related party | | Subsequently recovered amount of payments receivable from the related party (Note) | Allowance set aside for bad debts |
| | | | | | Amount | Treatment | | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent- subsidiary | \$ 110,657 | 3.31 | \$ - | Active collection | \$ - | - |

Note: The information is as of February 29, 2024

SOLOMON Technology Corporation and Subsidiaries
Business Relationship and Important Transactions between the Parent Company and Subsidiaries and between the Subsidiaries, and the Amounts of Such Transactions
January 1 to December 31, 2023

Table 7

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 5) | Name of transacting party | Counterparty | Relationship with transacting party (Note 6) | Transaction | | | As a percentage of total consolidated operating income or assets (Note 7) |
|--------------|---------------------------|---------------------------|--|-------------------|------------|-------------------|---|
| | | | | Account | Amount | Transaction terms | |
| 0 | SOLOMON | Yumon International | 1 | Sale | \$ 315,832 | Note 1 | 7% |
| 0 | SOLOMON | Solomon Goldentek Display | 1 | Other payables | 300,000 | Note 2 | 4% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Purchase | 419,804 | Note 3 | 10% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Accounts payable | 110,657 | Note 3 | 1% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Other receivables | 125,122 | Note 4 | 2% |

Note 1: After the payments receivable and payable were offset against each other, the payments were collected based on the funding status. The payment term for regular customers ranges from about 90-120 days.

Note 2: Loaning of funds. Please refer to Table 1.

Note 3: The payment term was 90-180 days after the payments receivable and payable were offset against each other.

Note 4: The receivables were the procurement payments made by the parent company on behalf of the subsidiary.

Note 5: The business transactions between the parent company and its subsidiaries shall be indicated in the "No." column. This column shall be completed as follows:

- (1) 0 is reserved for the parent company.
- (2) Each subsidiary is numbered in sequential order starting from 1.

Note 6: The relationship with the transacting party is classified into the following three categories. It is only necessary to mark the type (It is not necessary to disclose the same transaction between the parent company and its subsidiaries or between the subsidiaries repeatedly. For example, if the parent company has disclosed a transaction with one of its subsidiaries, it is not required for the subsidiary to disclose the transaction again. If a subsidiary has disclosed a transaction with another subsidiary, it is not required for the latter to disclose the transaction again):

- (1) Parent to subsidiary.
- (2) Subsidiary to parent.
- (3) Subsidiary to subsidiary.

Note 7: For asset or liability accounts, the transaction amount's percentage of total consolidated operating income or assets shall be calculated as the closing balance as a share of the total assets; for profit or loss accounts, the percentage shall be calculated as the accumulated amount as a share of the total consolidated operating income.

Note 8: Transactions over \$9,000 shall be disclosed.

SOLOMON Technology Corporation and Subsidiaries
Information Related to Investee Companies (Excluding Those in Mainland China), Their Place of Registration, etc.
January 1 to December 31, 2023

Table 8

Unit: NT\$ Thousand
(Unless otherwise specified)

| Name of investor company | Name of investee company | Place of registration | Principal business | Initial investment amount | | Holding percentage at end of period | | | Gain or loss of investee company in the current period | Investment gain or loss recognized in the current period | Remarks |
|---------------------------------|---|------------------------|---|---------------------------|----------------------|-------------------------------------|------------|-----------------|--|--|---------|
| | | | | End of current period | End of previous year | Number of shares | Percentage | Carrying amount | | | |
| SOLOMON | Solomon Cayman | Cayman Islands | Holding company | \$ 264,367 | \$ 264,367 | 7,232,836 | 100.00 | \$ 216,506 | \$ 18,671 | \$ 18,671 | 1 |
| SOLOMON | Solomon Smartnet | Taiwan | IC CARD | 200,000 | 200,000 | 20,000,000 | 100.00 | 263,050 | 30,144 | 14,547 | 1 |
| SOLOMON | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 1,359,694 | 1,359,694 | 42,871,029 | 70.77 | 1,218,957 | 79,418 | 56,202 | 1 |
| SOLOMON | Moredel Investment | Taiwan | Professional investment | 457,384 | 457,384 | 28,460,900 | 100.00 | 555,092 | 244,615 | 243,309 | 1 |
| SOLOMON | Solomon Wireless Technology | Taiwan | Communication products | 599,665 | 599,665 | 96,407 | 96.41 | 16 | - | - | 1 |
| SOLOMON | Solomon Data International | Taiwan | Manufacturing of LCD panels | 38,813 | 58,339 | 6,298,676 | 29.60 | 137,130 | 26,870 | 8,139 | 1 |
| SOLOMON | Total Profit | Samoa | Holding company | 13,859 | 13,859 | 3,088,700 | 100.00 | 3,862 | (2,531) | (2,531) | 1 |
| SOLOMON | GD Investment | Taiwan | Installation and sale of generators | - | 434 | - | - | - | (39) | (39) | 1 |
| SOLOMON | Cornucopia Innovation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 65,000 | 65,000 | 6,100,000 | 35.06 | 44,085 | 11,558 | 4,052 | 1 |
| SOLOMON | Solomon Science Technology(VN) | Vietnam | Supply and sale of intelligence technology | 27,200 | 27,200 | - | 100.00 | 6,195 | (4,647) | (4,647) | 1 |
| SOLOMON | Solomon Robotics(THAI) Ltd. | Thailand | Supply and sale of intelligence technology | 8,209 | 8,209 | 2,488,000 | 100.00 | 5,238 | (529) | (529) | 1 |
| SOLOMON | Solomon Technology (USA) | United States | Supply and sale of intelligence technology | 73,268 | 54,074 | 24,500 | 100.00 | 13,534 | (17,047) | (17,047) | 1 |
| SOLOMON | Solomon Technology (Japan) Ltd. | Japan | Supply and sale of intelligence technology | 4,844 | - | 22,000 | 100 | 4,778 | - | - | 1 |
| SOLOMON | Solomon Energy | Taiwan | Import and export of electrical power-related products | 220,000 | 180,000 | 22,000,000 | 100.00 | 152,053 | (9,572) | (9,572) | 1 |
| SOLOMON | Sheng-Peng Technology | Taiwan | Import and export of electrical power-related products | 5,100 | 5,100 | 510,000 | 51.00 | 8,099 | 4,507 | 2,299 | 1 |
| Moredel Investment | Solomon Data International | Taiwan | Manufacturing of LCD panels | 23,221 | 41,883 | 3,733,740 | 18.05 | 79,058 | 29,204 | - | 1, 4 |
| Moredel Investment | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 62,233 | 62,233 | 5,610,000 | 9.26 | 162,681 | 79,418 | - | 1, 4 |
| Solomon Smartnet | Solomon Data International | Taiwan | Manufacturing of LCD panels | 34,912 | 38,418 | 4,199,117 | 20.30 | 88,525 | 29,204 | - | 1, 4 |
| Solomon Smartnet | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 62,233 | 62,233 | 5,610,000 | 9.26 | 162,681 | 79,418 | - | 1, 4 |
| Solomon Cayman | Soundtek Ltd. | Seychelles | Professional investment | 23,764 | 23,764 | - | 30.00 | - | - | - | 4 |
| Solomon Cayman | Goldentek (B.V.I.) | British Virgin Islands | Sale of LCDs and modules | 305 | 452 | 43,706 | 0.39 | 1,242 | 14,201 | - | 2, 4 |
| Solomon Energy | Solomon Energy Technology (Singapore) PTE.LTD | Singapore | Self-usage renewable energy generation equipment | 21,835 | 14,752 | 1,000,000 | 100.00 | 40 | (7,138) | - | 2, 4 |
| Solomon Data International | Cornucopia Innovation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 25,300 | 25,300 | 2,300,000 | 13.22 | 21,398 | 10,298 | - | 1, 4 |
| Solomon Data International | AggrEnergy | Taiwan | Energy technology service | 24,532 | 24,532 | 23,502,128 | 18.21 | 36,423 | 58,466 | - | 3, 4 |
| Solomon Data International | Ju Xin Energy | Taiwan | Energy technology service | 36,000 | 36,000 | 3,600,000 | 5.00 | 38,094 | 31,429 | - | 3, 4 |
| Solomon Goldentek Display Corp. | Goldentek Display System (BVI) Co., Ltd. | British Virgin Islands | Production and sale of LCDs and modules | 362,876 | 400,499 | 11,163,205 | 99.61 | 319,121 | 14,201 | - | 2, 4 |
| Solomon Goldentek Display Corp. | Futek Trading Co., Ltd. | British Virgin Islands | Entrepot trade | 14,406 | 14,406 | 1,050,000 | 100.00 | - | - | - | 2, 4, 5 |
| Solomon Goldentek Display Corp. | Cornucopia Innovation Corporation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 4,500 | 4,500 | 360,000 | 2.07 | 2,736 | 10,298 | - | 1, 4 |
| Solomon Goldentek Display Corp. | Solomon Goldentek Display (Hong Kong) Corp. | Hong Kong | Entrepot trade | 2,175 | 2,175 | 500,000 | 100.00 | 338 | (46) | - | 1, 4, 5 |

Note 1: A subsidiary.

Note 2: A sub-subsidiary.

Note 3: Associate.

Note 4: The investee company's profit or loss in the current period was recognized as that of the ultimate parent company.

Note 5: In order to simplify the investment structure, the Group transferred Futek Trading Co., Ltd.'s equity in Solomon Goldentek Display (Hong Kong) Corp. to Solomon Goldentek Display Corp. at the carrying value in the fourth quarter of 2023.

SOLOMON Technology Corporation and Subsidiaries
Information of Investments in Mainland China – Basic Information
January 1 to December 31, 2023

Table 9

Unit: NT\$ Thousand
(Unless otherwise specified)

| Name of investee company in Mainland China | Principal business | Paid-in capital | Method of investment (Note 1) | Accumulated amount of investments remitted from Taiwan at beginning of current period | Amount of investments remitted or recovered in the current period | | Accumulated amount of investments remitted from Taiwan at end of current period | Gain or loss of investee company in the current period | The Company's shareholding in direct or indirect investments | Investment gain or loss recognized in the current period | Carrying amount of investments at end of period | Investment gain received as of the current period | Remarks |
|--|--|-----------------|-------------------------------|---|---|-----------|---|--|--|--|---|---|------------|
| | | | | | Remitted | Recovered | | | | | | | |
| Solomon Goldentek Display (Dong Guan) Ltd. | Production and sale of new types of LCDs and modules | \$ 161,760 | 1 | \$ 104,891 | \$ - | \$ - | \$ 104,891 | \$ 27,061 | 99.61 | \$ 26,956 | \$ 317,250 | \$ 128,164 | Note 4 |
| Solomon Shenzhen | International trade | 11,787 | 1 | 11,547 | - | - | 11,547 | (2,531) | 100.00 | (2,531) | 3,850 | - | |
| Yumon International | International trade | 208,794 | 1 | 65,956 | - | - | 65,956 | 13,660 | 100.00 | 13,660 | 189,926 | - | Notes 3, 4 |
| Zhuhai Wan Jia | Manufacturing and sale of magnetic materials | 61,410 | 1 | 4,497 | - | - | 4,497 | - | 7.65 | - | - | - | |

Note 1: Investment methods are classified into following two categories. It is only necessary to mark the type:

- (1) Investment in Mainland China companies through an investee company established in a third area.
- (2) Investment in Mainland China companies by investing in an existing company in a third area.
- (3) Investment in Mainland China companies through an existing investee company established in Mainland China.

Note 2: The subsidiary Solomon Cayman invested US\$90 thousand from its own funds in Soundtek Ltd. in Mainland China.

Note 3: Solomon Cayman, a 100% owned subsidiary of the Company, increased the capital of Yumon International with US\$800 thousand and US\$3,000 thousand from its own funds in 2011 and 2013, respectively.

Note 4: Recognized as investment gain or loss based on the financial statements for the same period audited by the parent company's CPA.

| Company name | Accumulated amount of investments remitted from Taiwan to Mainland China at end of current period | Amount of investments approved by the Investment Commission, MOEA | Limit on the amount of investments in Mainland China as required by the Investment Commission, MOEA |
|--------------------------------|---|---|---|
| SOLOMON Technology Corporation | \$ 614,867 | \$ 912,070 | \$ 3,395,042 |

Note: Dong Guan Goldentek is an investment of Solomon Goldentek Display in Mainland China, which has been reported. The listed figure includes the information of Dong Guan Goldentek.

SOLOMON Technology Corporation and Subsidiaries
Information of Major Shareholders
December 31, 2023

Table 10

| Name of major shareholders | Shares | |
|----------------------------|-----------------------|-----------------------------|
| | Number of shares held | Shareholding percentage (%) |
| Chen Cheng-Lung | 15,733,057 | 9.17 |
| Chen Lu Su-Yue | 13,958,843 | 8.14 |
| Chen Jan-Sun | 9,481,377 | 5.52 |
| Xin Li Investment Corp. | 9,235,114 | 5.38 |

6. 2023 Parent-only Financial Statements

Independent Auditors' Report

(2024) Letter Cai-Shen-Bao-Zi No. 23002313

To SOLOMON Technology Corporation:

Audit Opinions

We audited the parent-only balance sheets of SOLOMON Technology Corporation as of December 31, 2023 and 2022, its parent-only statements of comprehensive income, parent-only statements of changes in equity and parent-only statements of cash flows for the periods from January 1 to December 31, 2023 and 2022 and the notes to the parent-only financial statements (including the summary of material accounting policies).

In our opinion, based on our audit results and other independent auditors' reports (Please refer to Other Matters paragraphs), with respect to all material aspects, the foregoing parent-only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and thus provided a fair presentation of the parent-only financial positions of SOLOMON Technology Corporation on December 31, 2023 and 2022 and the parent-only financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinions

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under such standards are further described in the paragraph of "Responsibilities of CPAs for the Audit of Parent-only Financial Statements." As CPAs who are subject to independence requirements, we have, in accordance with the Standards of Professional Ethics for Certified Public Accountants of the Republic of China, remained independent from SOLOMON Technology Corporation and fulfilled all other responsibilities under the requirements. According to our audit results and other independent auditors' reports, we believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2023. Such matters were addressed in the context of our audit of the parent-only financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinions on these matters.

The key audit matters for SOLOMON Technology Corporation's parent-only financial statements for 2023 are described as follows:

Impairment Assessment of Accounts Receivable

Matter description

Please refer to Notes 4 (8) and 4 (9) to the parent-only financial statements for the accounting policies for accounts receivable. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of accounting estimates and assumptions for impairment on accounts receivable. Please refer to Note 6 (4) to the parent-only financial statements for the description of the accounts receivable account. SOLOMON Technology Corporation's accounts receivable and loss allowance as of December 31, 2023, were NT\$636,033 thousand and NT\$960 thousand, respectively.

SOLOMON Technology Corporation's assessment of impairment on accounts receivable is affected by many factors, such as customers' financial position, internal credit ratings, and historical

transaction records, which may affect the credit quality of customers, and the expected credit losses are assessed based on the assessment results. Considering that the aforementioned assessment often involves the subjective judgment of the management, and the influence of SOLOMON Technology Corporation's accounts receivable and its valuation amount on the financial statements is significant, we deem the impairment assessment of accounts receivable to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for the impairment assessment of accounts receivable are listed as follows:

1. Understanding the credit risk management procedures of SOLOMON Technology Corporation, including the management of customer credit limits and the assessment of expected credit losses; reviewing and testing the correctness of each aging interval; and recalculating the expected credit losses.
2. Understanding the reason for failure to collect material accounts receivable after the normal loan period expired or reviewing the subsequent collection of the accounts receivable to assess the recoverability of accounts receivable.

Valuation of Inventory

Matter description

Please refer to Note 4 (12) to the parent-only financial statements for the accounting policies for inventory valuation. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of accounting estimates and assumptions for inventory valuation. Please refer to Note 6 (5) to the parent-only financial statements for the description of the inventory account. SOLOMON Technology Corporation's inventory and allowance for devaluation losses as of December 31, 2023, were NT\$1,438,349 thousand and NT\$20,298 thousand, respectively.

SOLOMON Technology Corporation is mainly engaged in the sale of generators, automatic parts and components and LCDs. SOLOMON Technology Corporation's inventory is measured at the lower of the cost or net realizable value. Due to the short life cycle of electronic products and fierce market competition, there is a higher risk of inventory devaluation and obsolescence. For the inventory whose age exceeds a certain period of time, the net realizable value is extrapolated based on the level of destocking. Considering that the amount of inventory is material with plenty of items and the net realizable value used for the valuation of obsolete inventory often involves the subjective judgment of the management, and that the situation also exists in SOLOMON Technology Corporation's subsidiaries (stated as investments accounted for using the equity method), we deem the valuation of SOLOMON Technology Corporation and its subsidiaries' inventory to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for inventory valuation are listed as follows:

1. Assessing SOLOMON Technology Corporation's accounting assumption policies for inventory devaluation losses and reviewing the consistency of the financial statements for the periods presented according to our understanding of its business and the industry that it is in.
2. Reviewing SOLOMON Technology Corporation's annual inventory plan and participating in its annual inventory to assess the effectiveness of the management's separation and control of obsolete inventory.
3. Verifying the appropriateness of the logic of the inventory aging reporting system used by the management for valuation to make sure the information in the financial statements was consistent with SOLOMON Technology Corporation's policies.
4. Verifying the amount that SOLOMON Technology Corporation used to determine if its inventory was obsolete and the net realizable value of its inventory, and recalculating the inventory devaluation losses to assess the reasonableness of the devaluation losses.

Other Matters – Reference to the Audits of Other CPAs

The financial statements of the investee companies accounted for using the equity method in the parent-only financial statements of SOLOMON Technology Corporation were audited by other CPAs instead of us. Therefore, our opinions expressed on the foregoing parent-only financial statements with respect to the amounts in the financial statements of such companies were based on the CPAs' reports. The investments in the aforesaid investee companies accounted for using the equity method as of December 31, 2023 and 2022, amounted to NT\$294,789 thousand and NT\$255,674 thousand, respectively, accounting for 3.9% and 3.8% of the total assets. The comprehensive (loss) profit recognized with respect to said companies for the periods from January 1 to December 31, 2023 and 2022, amounted to NT\$7,908 thousand and NT\$(42,235) thousand, respectively, accounting for 1.5% and (8.6%) of the total consolidated comprehensive income.

Responsibilities of the Management and Governance Unit for the Parent-only Financial Statements

The management was responsible for preparing the parent-only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to preparation of the parent-only financial statements to ensure that the parent-only financial statements were free of material misstatements due to fraud or error.

In preparing the parent-only financial statements, the management was also responsible for evaluating SOLOMON Technology Corporation's going concern ability, disclosure of relevant matters and use of the going concern basis of accounting, unless the management intended to liquidate or cease the operations of SOLOMON Technology Corporation, or there were no other actual feasible solutions other than liquidation or cessation of operations.

The governance unit (including the Audit Committee) of SOLOMON Technology Corporation was responsible for supervising the financial reporting process.

Responsibilities of CPAs for the Audit of the Parent-only Financial Statements

The purpose of our audit of the parent-only financial statements was to obtain reasonable assurance about whether or not the parent-only financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there was no guarantee that any material misstatement contained in the parent-only financial statements could be discovered during the audit conducted in accordance with the auditing standards in the Republic of China. A misstatement may be due to fraud or error. A misstatement was deemed material if the individual or aggregate amount misstated was reasonably expected to affect the economic decisions made by the users of the parent-only financial statements.

We relied on our professional judgment and maintained our professional skepticism during the audit conducted pursuant to the auditing standards in the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of misstatements in the parent-only financial statements due to fraud or error; designing and implementing appropriate measures in response to the assessed risk; and acquiring sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error.
2. Acquiring necessary understanding of the internal control related to the audit to design audit

procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express opinions regarding the effectiveness of the internal control of SOLOMON Technology Corporation.

3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Drawing a conclusion about the appropriateness of the management's use of the going concern basis of accounting and whether or not there was material uncertainty in an event or circumstance which might cast significant doubt about the ability of SOLOMON Technology Corporation to remain as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the parent-only financial statements to pay attention to the relevant disclosures therein or revise our audit opinions when any such disclosure was inappropriate. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where SOLOMON Technology Corporation is no longer able to remain as a going concern.
5. Assessing the overall presentation, structure and contents of the parent-only financial statements (including relevant notes) and whether or not the parent-only financial statements provided a fair presentation of the relevant transactions and events.
6. Acquiring sufficient and appropriate audit evidence of the financial information of SOLOMON Technology Corporation's investee companies to provide opinions regarding the parent-only financial statements. We are responsible for guidance, supervision and implementation in relation to SOLOMON Technology Corporation's audit cases and for the formation of audit opinions for the parent-only financial statements.

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

We also provided a declaration to the governance unit stating that as CPAs who are subject to independence requirements, we have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China. We also communicated with the governance unit regarding all relationships and other matters (including relevant safeguard measures) which were deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2023 were determined by us from the matters regarding which we communicated with the governance unit. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

PricewaterhouseCoopers Taiwan

Liang Yi-Chang

CPA

Wen Ya-Fang

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1070303009

Jin-Guan-Zheng-Shen-Zi No. 1100350706

March 11, 2024

SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

| Assets | | Note | December 31, 2023 | | December 31, 2022 | |
|--------------------|--|--------------|-------------------|-----|-------------------|-----|
| | | | Amount | % | Amount | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6 (1) | \$ 248,550 | 3 | \$ 575,243 | 9 |
| 1110 | Financial assets measured at fair value through profit or loss – current | 6 (2) | 64,582 | 1 | 150,928 | 2 |
| 1136 | Financial assets measured at amortized cost – current | 6 (3) | 95,333 | 1 | - | - |
| 1150 | Net notes receivable | 6 (4) | 14,979 | - | 20,676 | - |
| 1170 | Net accounts receivable | 6 (4) | 635,073 | 9 | 240,665 | 4 |
| 1180 | Net accounts receivable – related party | 7 | 963 | - | 5,013 | - |
| 1200 | Other receivables | | 13,745 | - | 19,060 | - |
| 1210 | Other receivables – related party | 7 | 6,672 | - | 2,097 | - |
| 1220 | Income tax assets in the current period | | 114 | - | 114 | - |
| 130X | Inventory | 6 (5) | 1,418,051 | 19 | 788,302 | 12 |
| 1410 | Prepayments | 6 (6) | 67,183 | 1 | 144,534 | 2 |
| 11XX | Total current assets | | 2,565,245 | 34 | 1,946,632 | 29 |
| Non-current assets | | | | | | |
| 1510 | Financial assets measured at fair value through profit or loss – non-current | 6 (2) | 31,760 | - | 35,593 | - |
| 1535 | Financial assets measured at amortized cost – non-current | 6 (3) | 1,074,675 | 14 | 1,074,850 | 16 |
| 1550 | Investments accounted for using the equity method | 6 (7) | 2,628,595 | 35 | 2,360,782 | 35 |
| 1600 | Property, plant and equipment | 6 (8) and 8 | 400,228 | 5 | 410,736 | 6 |
| 1755 | Right-of-use assets | 6 (9) | 8,457 | - | 5,741 | - |
| 1760 | Net investment property | 6 (11) and 8 | 850,727 | 11 | 861,835 | 13 |
| 1780 | Intangible assets | | 1,482 | - | 2,920 | - |
| 1840 | Deferred income tax assets | 6 (16) | 8,240 | - | 9,416 | - |
| 1900 | Other non-current assets | 6 (12) (25) | 50,477 | 1 | 54,201 | 1 |
| 15XX | Total non-current assets | | 5,054,641 | 66 | 4,816,074 | 71 |
| 1XXX | Total assets | | \$ 7,619,886 | 100 | \$ 6,762,706 | 100 |

(Continued to next page)

SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

| Liabilities and equity | | Note | December 31, 2023 | | December 31, 2022 | |
|--------------------------------|---|--------|---------------------|------------|---------------------|------------|
| | | | Amount | % | Amount | % |
| Current liabilities | | | | | | |
| 2100 | Short-term loans | 6 (13) | \$ 608,000 | 8 | \$ 964,000 | 14 |
| 2130 | Contractual liabilities – current | 6 (21) | 774,867 | 10 | 468,805 | 7 |
| 2150 | Notes payable | | 10,054 | - | 11,185 | - |
| 2170 | Accounts payable | 7 | 524,921 | 7 | 183,959 | 3 |
| 2200 | Other payables | 6 (14) | 80,592 | 1 | 87,442 | 1 |
| 2220 | Other payables – related party | 7 | 300,000 | 4 | - | - |
| 2230 | Income tax liabilities in the current period | 6 (16) | 35,491 | 1 | 3,774 | - |
| 2280 | Lease liabilities – current | 6 (9) | 4,617 | - | 3,678 | - |
| 2300 | Other current liabilities | | 17,757 | - | 41,755 | 1 |
| 21XX | Total current liabilities | | <u>2,356,299</u> | <u>31</u> | <u>1,764,598</u> | <u>26</u> |
| Non-current liabilities | | | | | | |
| 2570 | Deferred income tax liabilities | 6 (16) | 28,150 | - | 79,278 | 1 |
| 2580 | Lease liabilities – non-current | 6 (9) | 4,093 | - | 2,177 | - |
| 2600 | Other non-current liabilities | | 8,054 | - | 7,943 | - |
| 25XX | Total non-current liabilities | | <u>40,297</u> | <u>-</u> | <u>89,398</u> | <u>1</u> |
| 2XXX | Total liabilities | | <u>2,396,596</u> | <u>31</u> | <u>1,853,996</u> | <u>27</u> |
| Equity | | | | | | |
| | Share capital | 6 (17) | | | | |
| 3110 | Common share capital | | 1,714,711 | 23 | 1,714,711 | 25 |
| | Capital reserves | 6 (18) | | | | |
| 3200 | Capital reserves | | 262,149 | 3 | 215,138 | 4 |
| | Retained earnings | 6 (19) | | | | |
| 3310 | Legal reserves | | 463,352 | 6 | 417,135 | 6 |
| 3320 | Special reserves | | 116,320 | 2 | 147,260 | 2 |
| 3350 | Undistributed earnings | | 2,798,080 | 37 | 2,536,828 | 38 |
| | Other equity | 6 (20) | | | | |
| 3400 | Other equity | | (125,280) | (2) | (116,320) | (2) |
| 3500 | Treasury stocks | 6 (17) | (6,042) | - | (6,042) | - |
| 3XXX | Total equity | | <u>5,223,290</u> | <u>69</u> | <u>4,908,710</u> | <u>73</u> |
| | Material contingencies and unrecognized contractual commitments | 9 | | | | |
| | Material subsequent events | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 7,619,886</u> | <u>100</u> | <u>\$ 6,762,706</u> | <u>100</u> |

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand
(Earnings per share in NT\$)

| | Item | Note | 2023 | | 2022 | |
|------|--|-------------------|-------------------|-----------|-------------------|-----------|
| | | | Amount | % | Amount | % |
| 4000 | Operating income | 6 (21) and 7 | \$ 2,555,512 | 100 | \$ 3,157,169 | 100 |
| 5000 | Operating costs | 6 (5) (26) (27) | (2,011,966) | (79) | (2,610,462) | (83) |
| 5950 | Net gross operating profit | | 543,546 | 21 | 546,707 | 17 |
| | Operating expenses | 6 (26) (27) and 7 | | | | |
| 6100 | Marketing expenses | | (258,032) | (10) | (257,593) | (8) |
| 6200 | Management expense | | (101,917) | (4) | (97,002) | (3) |
| 6300 | R&D expense | | (103,532) | (4) | (93,441) | (3) |
| 6450 | Expected credit impairment gain | 6 (4) and 12 (2) | 231 | - | 284 | - |
| 6000 | Total operating expenses | | (463,250) | (18) | (447,752) | (14) |
| 6900 | Operating profit | | 80,296 | 3 | 98,955 | 3 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6 (22) | 100,359 | 4 | 88,968 | 3 |
| 7010 | Other income | 6 (23) and 7 | 112,576 | 5 | 79,448 | 3 |
| 7020 | Other gains and losses | 6 (24) | (22,362) | (1) | 107,303 | 3 |
| 7050 | Financial costs | 6 (25) | (16,152) | (1) | (16,046) | (1) |
| 7070 | Share of profits/losses of subsidiaries, associates and joint ventures under the equity method | 6 (7) | | | | |
| | | | 312,854 | 12 | 184,648 | 6 |
| 7000 | Total non-operating income and expenses | | 487,275 | 19 | 444,321 | 14 |
| 7900 | Pre-tax profit | | 567,571 | 22 | 543,276 | 17 |
| 7950 | Income tax expense | 6 (16) | (35,330) | (1) | (85,044) | (2) |
| 8200 | Net profit in the current period | | <u>\$ 532,241</u> | <u>21</u> | <u>\$ 458,232</u> | <u>15</u> |
| | Other comprehensive income (net) | | | | | |
| | Items not reclassified as profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plan | 6 (15) | \$ 1,864 | - | \$ 3,829 | - |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method – items not reclassified as profit and loss | | 4 | - | 880 | - |
| 8349 | Income tax related to items not reclassified | 6 (16) | (373) | - | (766) | - |
| 8310 | Total amount of items not reclassified as profit or loss | | 1,495 | - | 3,943 | - |
| | Items likely to be subsequently reclassified as profit or loss | | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign operations | 6 (20) | (8,960) | - | 30,940 | 1 |
| 8360 | Total amount of items likely to be subsequently reclassified as profit or loss | | (8,960) | - | 30,940 | 1 |
| 8500 | Total comprehensive income in the current period | | <u>\$ 524,776</u> | <u>21</u> | <u>\$ 493,115</u> | <u>16</u> |
| | Basic earnings per share | 6 (28) | | | | |
| 9750 | Basic earnings per share | | \$ 3.11 | | \$ 2.67 | |
| | Diluted earnings per share | 6 (28) | | | | |
| 9850 | Diluted earnings per share | | \$ 3.10 | | \$ 2.67 | |

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| | Note | Common share capital | Capital reserves | Legal reserves | Special reserves | Retained earnings | | Exchange differences on translation of financial statements of foreign operations | Treasury stocks | Total |
|--|--------|-------------------------|------------------|----------------|------------------|---------------------------|---------------|--|-----------------|--------------|
| | | | | | | Undistributed earnings | | | | |
| <u>2022</u> | | | | | | | | | | |
| Balance on January 1, 2022 | | \$ 1,714,711 | \$ 215,138 | \$ 397,012 | \$ 133,468 | \$ 2,262,892 | (\$ 147,260) | (\$ 6,042) | | \$ 4,569,919 |
| Net profit in the current period | | - | - | - | - | 458,232 | - | - | - | 458,232 |
| Other comprehensive income in the current period | 6 (20) | - | - | - | - | 3,943 | 30,940 | - | - | 34,883 |
| Total comprehensive income in the current period | | - | - | - | - | 462,175 | 30,940 | - | - | 493,115 |
| Allocation and distribution of earnings: | 6 (19) | | | | | | | | | |
| Set aside as legal reserve | | - | - | 20,123 | - | (20,123) | - | - | - | - |
| Set aside as special reserve | | - | - | - | 13,792 | (13,792) | - | - | - | - |
| Cash dividends | | - | - | - | - | (154,324) | - | - | - | (154,324) |
| Balance on December 31, 2022 | | \$ 1,714,711 | \$ 215,138 | \$ 417,135 | \$ 147,260 | \$ 2,536,828 | (\$ 116,320) | (\$ 6,042) | | \$ 4,908,710 |
| <u>2023</u> | | | | | | | | | | |
| Balance on January 1, 2023 | | \$ 1,714,711 | \$ 215,138 | \$ 417,135 | \$ 147,260 | \$ 2,536,828 | (\$ 116,320) | (\$ 6,042) | | \$ 4,908,710 |
| Net profit in the current period | | - | - | - | - | 532,241 | - | - | - | 532,241 |
| Other comprehensive income in the current period | 6 (20) | - | - | - | - | 1,495 | (8,960) | - | - | (7,465) |
| Total comprehensive income in the current period | | - | - | - | - | 533,736 | (8,960) | - | - | 524,776 |
| Allocation and distribution of earnings: | 6 (19) | | | | | | | | | |
| Set aside as legal reserve | | - | - | 46,217 | - | (46,217) | - | - | - | - |
| Reversed as special reserve | | - | - | - | (30,940) | 30,940 | - | - | - | - |
| Cash dividends | | - | - | - | - | (257,207) | - | - | - | (257,207) |
| Difference between the consideration and carrying amount of subsidiaries acquired or disposed of | 6 (7) | - | 47,011 | - | - | - | - | - | - | 47,011 |
| Balance on December 31, 2023 | | \$ 1,714,711 | \$ 262,149 | \$ 463,352 | \$ 116,320 | \$ 2,798,080 | (\$ 125,280) | (\$ 6,042) | | \$ 5,223,290 |

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| | Note | January 1 to December 31, 2023 | January 1 to December 31, 2022 |
|---|----------------|-----------------------------------|-----------------------------------|
| <u>Cash flows from operating activities</u> | | | |
| Pre-tax profit in the current period | | \$ 567,571 | \$ 543,276 |
| Adjustment items | | | |
| Profits and expenses | | | |
| Depreciation expense (including investment property and right-of-use assets) | 6 (8) (9) (11) | 31,419 | 32,758 |
| Amortization expense | 6 (26) | 2,007 | 1,889 |
| Expected credit impairment gain | 12 (2) | (231) | (284) |
| Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss | 6 (2) (24) | (7,394) | 45,236 |
| Interest expense | 6 (25) | 16,152 | 16,046 |
| Interest income | 6 (22) | (100,359) | (88,968) |
| Dividend income | 6 (23) | (8,017) | (7,171) |
| Share of profits of subsidiaries, associates and joint ventures under the equity method | 6 (7) | (312,854) | (184,648) |
| Gain from disposal of property, plant and equipment | 6 (24) | - | (13) |
| Changes in assets/liabilities related to operating activities | | | |
| Net changes in assets related to operating activities | | | |
| Financial assets and liabilities measured at fair value through profit or loss – current | | 97,573 | (121,421) |
| Notes receivable | | 5,697 | (11,885) |
| Accounts receivable | (| 394,177) | 28,101 |
| Net accounts receivable – related party | | 4,050 | (2,890) |
| Other receivables | | 5,586 | (13,074) |
| Inventory | (| 630,887) | (29,850) |
| Prepayments | | 77,811 | 3,970 |
| Net changes in liabilities related to operating activities | | | |
| Contractual liabilities | | 306,062 | 277,528 |
| Notes payable | (| 1,131) | 10,429 |
| Accounts payable | | 340,962 | (46,117) |
| Other payables | (| 6,389) | 13,382 |
| Other current liabilities | (| 23,998) | 14,672 |
| Cash (outflow) inflow from operations | (| 30,547) | 480,966 |
| Interest received | | 100,088 | 88,760 |
| Dividends received | | 8,017 | 7,171 |
| Interest paid | (| 16,613) | (15,853) |
| Income tax paid | (| 53,937) | (5,051) |
| Net cash inflow from operating activities | | <u>7,008</u> | <u>555,993</u> |

(Continued to next page)

SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

| | Note | January 1 to December 31, 2023 | January 1 to December 31, 2022 |
|--|------------|-----------------------------------|-----------------------------------|
| <u>Cash flows from investing activities</u> | | | |
| Increase in financial assets measured at amortized cost | | (\$ 95,158) | (\$ 106,050) |
| Decrease in financial assets measured at amortized cost | | - | 110,720 |
| Cost of acquisition of investments accounted for using the equity method – subsidiaries | 6 (7) | (64,038) | (93,581) |
| Proceeds from disposal of investments accounted for using the equity method – subsidiaries | 6 (7) | 19,569 | - |
| Share payments returned on capital reduction in investee companies accounted for using the equity method | 6 (7) | - | 51,482 |
| Cost of acquisition of property, plant, and equipment | 6 (8) | (3,699) | (10,868) |
| Proceeds from disposal of property, plant and equipment | | - | 13 |
| Decrease (increase) in deposits paid | | 5,128 | (573) |
| Decrease (increase) in other receivables – related party | | (4,575) | 23,573 |
| Cost of acquisition of intangible assets | | (570) | (3,440) |
| Cash dividends received from investments accounted for using the equity method | 6 (7) | 127,533 | 127,258 |
| Net cash (outflow) inflow from investing activities | | (15,810) | 98,534 |
| <u>Cash flows from financing activities</u> | | | |
| Increase in other payables – related party | 7 (2) | 300,000 | - |
| Repayment of short-term loans | 6 (30) | (1,598,439) | (1,444,825) |
| Borrowing of short-term loans | 6 (30) | 1,242,439 | 1,101,561 |
| Repayment of principal of lease liabilities | 6 (9) (30) | (4,828) | (4,582) |
| Decrease in deposits received | 6 (30) | 111 | 531 |
| Distribution of cash dividends | 6 (19) | (257,207) | (154,324) |
| Net cash outflow from financing activities | | (317,924) | (501,639) |
| Effect of exchange rate | | 33 | 663 |
| Increase (decrease) in cash and cash equivalents in the current period | | (326,693) | 153,551 |
| Opening balance of cash and cash equivalents | | 575,243 | 421,692 |
| Closing balance of cash and cash equivalents | | <u>\$ 248,550</u> | <u>\$ 575,243</u> |

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Notes to the Parent-only Financial Statements
2023 and 2022

Unit: NT\$ Thousand
(Unless otherwise specified)

1. Company history

- (1) SOLOMON Technology Corporation (hereinafter referred to as the “Company”) was established in the Republic of China and commenced operation in May 1990. The Company was merged with its 100%-owned subsidiaries Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. during 2007 and 2006. After the merger, the Company survived and Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. were dissolved. The Company is mainly engaged in the sale, manufacturing, agency, and import of generators, semiconductors, electronic parts, and LCDs.
- (2) The Company’s stock was listed on Taiwan Stock Exchange Corporation in December 1996.

2. Approval date and procedures of the financial statements

The parent-only financial statements were approved for publication by the Board of Directors on March 11, 2024.

3. Application of new and amended standards and interpretations

- (1) Effect of adopting the newly promulgated or revised IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed and issued into effect by the FSC and applicable in 2023 are listed in the following table:

| <u>New, revised or amended standards and interpretations</u> | <u>Effective date per IASB</u> |
|--|--------------------------------|
| Amendments to IAS 1, “Disclosure of Accounting Policies” | January 1, 2023 |
| Amendments to IAS 8, “Definition of Accounting Estimates” | January 1, 2023 |
| Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction” | January 1, 2023 |
| Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules" | May 23, 2023 |

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

(2) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC and applicable in 2024 are listed in the following table:

| <u>New, revised or amended standards and interpretations</u> | <u>Effective date per IASB</u> |
|--|--------------------------------|
| Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback" | January 1, 2024 |
| Amendments to IAS 1, "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1, "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements" | January 1, 2024 |

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

(3) Effect of the IFRSs issued by the IASB but not yet endorsed by the FSC

The newly promulgated or revised standards and interpretations of the IFRSs issued by the IASB but not yet endorsed by the FSC are listed in the following table:

| <u>New, revised or amended standards and interpretations</u> | <u>Effective date per IASB</u> |
|---|--------------------------------|
| Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information" | January 1, 2023 |
| Amendments to IAS 21, "Lack of Exchangeability" | January 1, 2025 |

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

4. Summary of material accounting policies

The main accounting policies used for preparing the parent-only financial statements are described as follows. Unless otherwise specified, such policies are consistently applicable to all reporting periods.

(1) Statement of compliance

The parent-only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. The parent-only financial statements were prepared on the basis of historical cost, except for the key items listed below:
- (A) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss, measured at fair value.
 - (B) Defined benefit assets recognized at the net amount calculated as pension fund assets less the present value of defined benefit obligations.
- B. Preparing financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, interpretations and pronouncements of interpretation endorsed and issued into effect by the FSC (hereinafter collectively referred to as IFRSs) requires the use of some important accounting estimates. During the adoption of the Company's accounting policies, the management needs to rely on their judgment when it comes to items that require demanding judgments, or which are highly complex or involve material assumptions and estimates in parent-only financial statements. For details, please refer to the description in Note 5.

(3) Foreign currency translation

The parent-only financial statements use the Company's functional currency, "NT dollars," as the presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currencies in foreign currency transactions are translated into the functional currency based on the spot exchange rate on the transaction or measurement date. The translation difference generated by the translation is recognized as profit or loss in the current period.
- (B) Valuation adjustments are made to the balance of monetary foreign currency assets and liabilities based on the spot exchange rate on the balance sheet date. The translation difference generated by the adjustments is recognized as profit or loss in the current period.
- (C) If the balance of non-monetary foreign currency assets and liabilities is measured at fair value through profit or loss, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as profit or loss in the current period. If the balance is measured at fair value through other comprehensive income, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as other comprehensive income in the current period. If the balance is not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
- (D) All exchange differences are recognized as "other gains and losses" in the income statement based on the nature of transaction.

B. Translation of foreign operations

- (A) The business results and financial position of all the entities and associates whose functional currency and presentation currency are different are translated into the presentation currency using the following methods:
 - a. Assets and liabilities presented in each balance sheet are translated at the closing rate on the balance sheet date;
 - b. Profits and losses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
 - c. All exchange differences generated from translation are recognized as other comprehensive income.
- (B) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized as other comprehensive income is re-attributed proportionally to the non-controlling interests of the foreign operation. However, when the Company retains partial interest in the former foreign subsidiary after losing control over it, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Criteria for classification of current and non-current assets and liabilities

A. Assets that match any of the following conditions shall be classified as current assets:

- (A) The asset is expected to be realized or is intended to be sold or depleted over normal business cycles.
- (B) The asset is held primarily for the purpose of trading.
- (C) The asset is expected to be realized within 12 months after the balance sheet date.
- (D) Cash or cash equivalents, excluding those that are restricted for being used for exchange or settlement of liabilities at least within 12 months after the balance sheet date.

The Company classifies all assets that do not match the above conditions as non-current.

B. Liabilities that match any of the following conditions shall be classified as current liabilities:

- (A) The liability is expected to be settled over normal business cycles.
- (B) The liability is held primarily for the purpose of trading.
- (C) The liability is expected to be due to be settled within 12 months after the balance sheet date.
- (D) The due date of the liability cannot be unconditionally extended for at least 12 months after the balance sheet date. The terms of the liability that may, at the option of the counterparty, result in settlement of the liability by issuance of equity instruments do not affect the classification of the liability.

The Company classifies all liabilities that do not match the above conditions as non-current.

(5) Cash equivalents

Cash equivalents refer to short-term investments with high liquidity that can be converted into specified amounts of cash at any time with little risk of value changes. Time deposits that fit into the aforesaid definition and are held for the purpose of meeting short-term operating cash commitments are classified as cash equivalents.

(6) Financial assets measured at fair value through profit or loss

- A. Financial assets measured at fair value through profit or loss refer to financial assets not measured at amortized cost or at fair value through other comprehensive income.
- B. The Company uses settlement date accounting for financial assets measured at fair value through profit or loss in accordance with the trading practice.
- C. The Company measures the financial assets at fair value at initial recognition and relevant transaction costs are recognized as profit or loss. The financial assets are subsequently measured at fair value and any gains or losses arising therefrom are recognized as profit or loss.
- D. When the right to receive dividends is established, the Company recognizes the dividend income as profit or loss, provided that the economic benefits related to the dividends are likely to flow in and the amount of the dividends can be measured reliably.

(7) Financial assets measured at amortized cost

- A. Financial assets measured at amortized cost refer to financial assets that meet all the following conditions:
 - (A) The financial asset is held under an operating model with the purpose of receiving contractual cash flows.
 - (B) The contractual terms of the financial asset generate cash flows on a specific date that are solely payments of principal and interest.
- B. The Company uses transaction date accounting for financial assets measured at amortized cost in accordance with the trading practice.
- C. The Company measures the financial assets at fair value plus transaction costs at initial recognition and subsequently recognizes interest income using the effective interest method over the circulation period according to the amortization procedure as well as impairment losses. Derecognition gains or losses are then recognized as profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable refer to accounts and notes with the right to unconditionally receive the consideration for which goods or services are exchanged pursuant to contractual agreements.
- B. They are short-term accounts and notes receivable without payment of interest. As the discount of the accounts and notes receivable does not have significant effect, the Company measures them at the initial invoice amount.

(9) Impairment of financial assets

On each balance sheet, the Company measures the loss allowance for financial assets measured at amortized cost and accounts receivable containing significant financing components, whose credit risk is not significantly increased after initial recognition, at the amount of the 12-month expected credit losses in consideration of all reasonable and supportable information (including forward-looking information). If their credit risk is significantly increased after initial recognition, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime. For accounts receivable that do not contain significant financing components, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime.

(10) Derecognition of financial assets

When the Company's contractual rights to receive the cash flows from financial assets become invalid, the financial assets will be derecognized.

(11) Lessor's lease transactions – operating leases

The lease income from operating leases less any incentive given to the lessee is amortized under the straight-line method over the lease term and recognized as profit or loss in the current period.

(12) Inventory

Inventory is measured at the lower of cost or net realizable value, and its cost is determined using the moving average approach. The item-by-item method is adopted to determine the lower of cost or net realizable value. Net realizable value means the estimated selling price in the ordinary course of business less the estimated cost required for completion and the estimated cost necessary to make the sale.

(13) Investments accounted for using the equity method - subsidiaries

- A. Subsidiaries refer to entities controlled by the Company. An entity is controlled by the Company when the Company is exposed and has rights to variable returns from its involvement in the entity and has the ability to affect the returns with its power over the entity.
- B. Unrealized gains or losses arising from transactions between the Company and its subsidiaries have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries to keep them consistent with those of the Company.
- C. The Company recognizes its share of profits or losses after the acquisition of subsidiaries as profit or loss in the current period and recognizes its share of other comprehensive income after the acquisition as other comprehensive income. If the Company's share of losses of a subsidiary equals or exceeds our interest in the subsidiary, the Company will continue to recognize losses in proportion to its shareholding.
- D. Changes in the Company's shareholding in its subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, namely transactions with the owners. The difference between the adjusted amount of non-controlling interests and the fair value of considerations paid or received is directly recognized as equity.
- E. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income in the current period presented in the parent-only financial statements shall be the same as the allocations of profits or losses attributable to owners of the parent company in the current period presented in the financial statements prepared on the basis of consolidation. Owners' equity in the parent-only financial statements shall also be the same as equity attributable to owners of the parent company in the financial statements prepared on the basis of consolidation.

(14) Property, plant and equipment

- A. Property, plant and equipment are accounted for at the acquisition cost.
- B. Subsequent costs are included in the carrying amount of the asset or recognized as an individual asset only when future economic benefits associated with the item are likely to flow in the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other maintenance expenses are recognized as profit or loss in the current period at the time of their occurrence.
- C. The property, plant and equipment are subsequently measured under the cost model. Except for land that is not depreciated, all property, plant and equipment are depreciated using the straight-line method over the estimated useful life. If the property, plant and equipment comprise any significant components, they are depreciated individually.
- D. The Company reviews the residual value, useful life and depreciation method of all assets at the end of each fiscal year. If the expected residual value and useful life are different from the previous estimates or there has been a significant change in the pattern in which the future economic benefits of the asset are expected to be consumed, such change shall be treated in accordance with the requirements on changes in accounting estimates in IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” on the date of its occurrence.

The useful life of different types of assets is as follows:

| | |
|------------------------|------------|
| Premises and buildings | 3-55 years |
| Machines/equipment | 3-6 years |
| Office equipment | 3-6 years |
| Other equipment | 3-20 years |

(15) Lessee’s lease transactions – right-of-use assets and lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date on which they become available for use by the Company. For short-term leases or leases of low-value underlying assets, the lease payments are recognized as expense using the straight-line method over the lease term.
- B. As for lease liabilities, the unpaid lease payments are recognized at present value discounted at the incremental loan interest rate of the Company on the lease commencement date. Lease payments include fixed payments, less any receivable lease incentives.

The lease liabilities are subsequently measured at amortized cost using the interest method and interest expenses are amortized over the lease term. If changes in the lease term or lease payments do not result from contract revisions, the lease liabilities are re-assessed and a re-measurement is made to adjust right-of-use assets.

- C. The right-of-use assets are recognized at cost (including the initially measured amount of the lease liabilities and any initial direct cost incurred) on the lease commencement date.

The right-of-use assets are subsequently measured under the cost model and are depreciated when the useful life of the right-of-use assets or the lease term expires, whichever is earlier. When reassessing the lease liabilities, any remeasurement of the lease liabilities is adjusted for the right-of-use assets.
- D. For lease modifications that are changes in the lease scope, the lessee reduces the carrying amount of the right-of-use assets to reflect the partial or whole termination of the lease and

recognizes the difference between the carrying amount and the remeasured amount of the lease liabilities as profit or loss.

(16) Investment property

Investment property is recognized at acquisition cost and subsequently measured under the cost model. Except for land, the investment property is depreciated using the straight-line method over an estimated useful life of 3-55 years.

(17) Intangible assets

Computer software is recognized at acquisition cost and amortized using the straight-line method over an estimated useful life of 1-3 years.

(18) Impairment of non-financial assets

The Company estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount falls below the carrying value, an impairment loss is recognized. The recoverable amount is the higher of the fair value of an asset less the disposal cost and the value in use. When an asset impairment recognized in prior years may no longer exist or has decreased, the impairment loss is reversed, provided that the carrying amount of the asset increased after reversal of the impairment loss does not exceed the carrying amount of the asset less amortization or depreciation expense without recognition of the impairment loss.

(19) Loans

Loans refer to short-term borrowings from banks. At initial recognition, the Company measures the loans at fair value less transaction costs and subsequently uses the effective interest method to recognize interest expenses at the difference between the proceeds net of transaction costs and the redemption value as profit or loss over the circulation period according to the amortization procedure.

(20) Accounts and notes payable

- A. Accounts and notes payable refer to debts incurred due to the purchase of raw materials, goods, or services on credit terms and notes payable arising from operating and non-operating activities.
- B. They are short-term accounts and notes payable without payment of interest. As the discount of the accounts and notes payable does not have significant effect, the Company measures them at the initial invoice amount.

(21) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligations specified in contracts are fulfilled, canceled, or expired.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at an undiscounted amount expected to be paid and recognized as expense when the related services are provided.

B. Pension

(A) Defined contribution plan

Under the defined contribution plan, pension contributions that shall be made are recognized as pension cost in the current period on an accrual basis. Pre-paid contributions are recognized as assets to the extent that a cash refund or reduction in

future payments is available.

C. Defined benefit plan

- (A) Under the defined benefit plan, net obligations are calculated based on the discounted future benefits earned by employees for services rendered during the current period or in the past and stated at the present value of the defined benefit obligations on the balance sheet date less the fair value of plan assets. The defined benefit obligations are calculated by an actuary using the projected unit credit method every year. The discount rate is the yield rate of government bonds that have the same currency and period under the defined benefit plan on the balance sheet date.
- (B) Remeasurements arising from the defined benefit plan are recognized as other comprehensive income and recorded in retained earnings in the period of their incurrence.
- (C) Expenses related to past service costs are immediately recognized as profit or loss.

D. Remuneration to employees and to directors

Remuneration to employees and to directors is recognized as expense and liabilities when it is subject to legal or constructive obligations and its amount can be estimated reasonably. Any difference between the amount of remuneration actually distributed to employees and to directors as resolved and the estimated amount is treated as an accounting estimate change. If employees' remuneration is distributed in shares, the closing price on the day before the date of the Board's resolution is used as a basis for calculating the number of shares to be distributed.

(23) Income tax

- A. Income tax expense includes current and deferred income taxes. Income taxes related to the items recognized as other comprehensive income or directly recognized as equity are recognized as comprehensive income or directly recognized as equity, respectively. The other income taxes are recognized as profit or loss.
- B. The Company calculates the current income tax based on the tax rates and laws of countries where the Company operates or generates taxable income that have been enacted or substantively enacted by the balance sheet date. The management regularly assesses the reporting of income taxes in accordance with applicable income tax laws and regulations and estimates income tax liabilities based on tax payments expected to be made to the taxation authority, if applicable. The income tax imposed on undistributed earnings according to the Income Tax Act is recognized as income tax on undistributed earnings based on the actual distribution of earnings only after the earning distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
- C. Deferred income taxes are recognized at temporary difference between the carrying amounts of assets and liabilities on the parent-only balance sheet and their tax bases using the balance sheet approach. Temporary differences resulting from investments in subsidiaries are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applicable when the relevant deferred income tax assets are realized or deferred income tax liabilities are settled are adopted for the deferred income taxes.
- D. Deferred income tax assets are recognized when it is probable that temporary differences will

be available for offsetting future taxable income. Unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.

- E. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities recognized and an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously, the current income tax assets may be offset against the current income tax liabilities. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities and when deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities that intend to settle on a net basis or realize the assets and settle the liabilities simultaneously, the deferred income tax assets and liabilities may be offset against each other.

(24) Share capital

- A. Common shares are classified as equity. The incremental cost directly attributable to the issue of new shares and stock options is recognized as a debit item of the proceeds in equity, net of income taxes.
- B. When repurchasing issued shares, the Company recognizes the considerations paid, including any directly attributable incremental cost, at the net amount after tax as a debit item of shareholders' equity. When reissuing the repurchased shares, the difference between the received considerations less any directly attributable incremental cost and income tax effects and the carrying value is recognized as an adjustment to shareholders' equity. In addition, since January 1, 2002, the Company's shares held by its subsidiaries have been treated as treasury stocks.

(25) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when a resolution to distribute the dividends is adopted at a board meeting. Cash dividends distributed are recognized as liabilities. Stock dividends are recognized as stock dividends to be distributed after a resolution at a shareholders' meeting and are transferred to common shares on the share issuance date.

(26) Recognition of income

A. Sale of goods

- (A) Sales income is recognized when control over products is transferred to a customer. The customer has discretion regarding the sales channels and prices of the products and the Company has no unfulfilled performance obligations that may affect the customer's acceptance of the products. At the time the products are delivered to the designated location, the risk of the products being out of date and lost is already transferred to the customer. When the customer accepts the products pursuant to the sales contract or there is objective evidence demonstrating that all acceptance criteria have been met, the goods is deemed delivered.
- (B) Accounts receivable are recognized when goods are delivered to a customer as the Company has had unconditional rights to contract proceeds since that time and may collect consideration from the customer after that time.

B. Costs of obtaining contracts with customers

Although it is expectable that the Company's incremental costs incurred for obtaining contracts with customers can be recovered, the costs are recognized as expense at the time of their incurrence since the relevant contract terms are shorter than one year.

(27) Government subsidies

Government subsidies shall be recognized when it is reasonable to ensure that the business will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies in nature are used to offset the expenses incurred by the Company, they are recognized as profit or loss on a systematic basis in the period during which the relevant expenses are incurred.

5. Main sources of uncertainty of material accounting judgments, estimates and assumptions

When the Company prepared the parent-only financial statements, the management used their judgment to determine which accounting policies were to be adopted and made accounting estimates and assumptions based on reasonable expectations of future events and according to the situation on the balance sheet date. There might be differences between the material accounting estimates and assumptions and the actual results. Hence, historical experience and other factors would be taken into account to make continuous assessments and adjustments. Such estimates and assumptions led to a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following fiscal year. The following is the description of the uncertainty of material accounting judgments, estimates and assumptions:

(1) Important judgments for accounting policies adopted:

None.

(2) Important accounting estimates and assumptions

A. Valuation of accounts receivable

In the process of assessing impairment on accounts receivable, the Group must use judgments and estimates to determine the future recoverability of accounts receivable. The future recoverability is subject to a number of factors that may affect customers' ability to pay, such as their financial position, internal credit ratings within the Group, and historical transaction records. When there is doubt about the recoverability of accounts receivable, the Group shall assess the possibility of recovery and make appropriate allowances for the accounts receivable separately. The impairment assessment is based on the reasonable expectation of future events according to the situation on the balance sheet date. However, the actual result may differ from the estimate, which may result in a significant change. Please refer to Note 6 (4) for the description of the estimated impairment on accounts receivable.

B. Valuation of inventory

Inventory shall be evaluated on the basis of the lower of cost or net realizable value. Hence, the Company must use judgments and estimates to determine the net realizable value of the inventory on the balance sheet date. As technology advances rapidly, the Company assesses the amount of inventory with normal wear and tear and obsolescence and without market sales value on the balance sheet date and writes down the cost of the inventory to the net realizable value. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future; therefore, significant changes may occur. Please refer to Note 6 (5) for the description of inventory valuation.

6. Description of major accounts

(1) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|----------------------|----------------------|
| Cash: | | |
| Check deposits and demand deposits | \$ 96,485 | \$ 213,496 |
| Cash on hand and petty cash | 75 | 75 |
| Cash equivalents: | | |
| Time deposits | 151,990 | 361,672 |
| | <u>\$ 248,550</u> | <u>\$ 575,243</u> |

A. The Company deals with financial institutions with good credit ratings and has dealings with multiple financial institutions to spread credit risk. Thus, the possibility of defaults is expected to be extremely low.

B. The Company did not pledge the cash and cash equivalents as collateral.

(2) Financial assets measured at fair value through profit or loss

| Item | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Current items: | | |
| Financial assets measured at fair value through profit or loss on a mandatory basis | | |
| Listed/OTC stocks | \$ 62,123 | \$ 77,920 |
| Domestic and foreign funds | 30,000 | 110,000 |
| | 92,123 | 187,920 |
| Valuation adjustments | (27,541) | (36,992) |
| | <u>\$ 64,582</u> | <u>\$ 150,928</u> |

| Item | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Non-current items: | | |
| Financial assets measured at fair value through profit or loss on a mandatory basis | | |
| Listed/OTC stocks | \$ 197,034 | \$ 198,343 |
| Non-listed/non-OTC stocks | 48,000 | 48,000 |
| | 245,034 | 246,343 |
| Valuation adjustments | (213,274) | (210,750) |
| | <u>\$ 31,760</u> | <u>\$ 35,593</u> |

A. Details on financial assets measured at fair value through profit or loss recognized as (loss) profit are as follows:

| | 2023 | 2022 |
|---|-----------------|--------------------|
| Financial assets measured at fair value through profit or loss on a mandatory basis | | |
| Equity instruments | \$ 6,992 | (\$ 13,140) |
| Beneficiary certificates | 401 | (32,096) |
| | <u>\$ 7,394</u> | <u>(\$ 45,236)</u> |

B. The Company did not pledge the financial assets measured at fair value through profit or loss.

(3) Financial assets measured at amortized cost

| <u>Item</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|------------------------------|------------------------------|
| Current items: | | |
| Time deposit with an initial maturity date over three months | <u>\$ 95,333</u> | <u>\$ -</u> |
| Non-current items: | | |
| Common corporate bonds | <u>\$ 1,074,675</u> | <u>\$ 1,074,850</u> |

A. Details on financial assets measured at amortized cost recognized as profit or loss are as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------|------------------|------------------|
| Interest income | <u>\$ 87,154</u> | <u>\$ 84,232</u> |

B. The Company did not pledge the financial assets measured at amortized cost as collateral.

C. Without considering other credit enhancements, the carrying value can best represent the maximum amount of the Company's financial assets measured at amortized cost exposed to credit risk as of December 31, 2023 and 2022.

D. The Company invests in certificates of deposit with financial institutions with good credit ratings. Thus, the possibility of defaults is expected to be extremely low.

E. The common corporate bonds that the Company has invested in have provided stable interest payments, and the counterparty credit risk has not increased significantly.

(4) Notes and accounts receivable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|------------------------------|------------------------------|
| Notes receivable | <u>\$ 14,979</u> | <u>\$ 20,676</u> |
| Accounts receivable | <u>\$ 636,033</u> | <u>\$ 241,856</u> |
| Less: Loss allowance | <u>(960)</u> | <u>(1,191)</u> |
| | <u>\$ 635,073</u> | <u>\$ 240,665</u> |

A. The Company's notes receivable were not overdue. Please refer to the description in Note 12 (2) for the aging analysis of accounts receivable based on the number of days overdue.

B. The balances of the accounts and notes receivable on December 31, 2023 and 2022, were derived from customer contracts. The amount of total receivables from customer contracts on January 1, 2022, was \$278,748, and the loss allowance was \$1,475.

C. The Company did not pledge the notes and accounts receivable as collateral.

D. Without considering other credit enhancements, the amount that can best represent the maximum amount of the Company's accounts receivable and notes receivable exposed to credit risk as of December 31, 2023 and 2022 was \$650,052 and \$261,341, respectively.

E. Please refer to Note 12 (2) for information on the credit risk of the accounts receivable.

(5) Inventory

| | December 31, 2023 | | |
|--------------------|---------------------|-----------------------------------|---------------------|
| | Cost | Allowance for devaluation loss | Carrying amount |
| Inventory of goods | <u>\$ 1,438,349</u> | <u>(\$ 20,298)</u> | <u>\$ 1,418,051</u> |
| | | | |
| | December 31, 2022 | | |
| | Cost | Allowance for devaluation loss | Carrying amount |
| Inventory of goods | <u>\$ 807,973</u> | <u>(\$ 19,671)</u> | <u>\$ 788,302</u> |

The inventory-related expenses and losses recognized in the current period are as follows:

| | 2023 | 2022 |
|-------------------------------|---------------------|---------------------|
| Cost of sold inventory | <u>\$ 2,011,339</u> | <u>\$ 2,605,565</u> |
| Loss on inventory devaluation | <u>627</u> | <u>4,897</u> |
| | <u>\$ 2,011,966</u> | <u>\$ 2,610,462</u> |

(6) Prepayments

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Prepayment for purchase | <u>\$ 33,128</u> | <u>\$ 117,745</u> |
| Overpaid tax for offsetting future tax payable | <u>29,483</u> | <u>24,798</u> |
| Others | <u>4,572</u> | <u>1,991</u> |
| | <u>\$ 67,183</u> | <u>\$ 144,534</u> |

(7) Investments accounted for using the equity method

| <u>Subsidiary</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Solomon Goldentek Display Corp. | <u>\$ 1,218,957</u> | <u>\$ 1,252,153</u> |
| Moredel Investment Corp. | <u>555,092</u> | <u>308,039</u> |
| Solomon Smartnet Corp. | <u>263,050</u> | <u>257,521</u> |
| Solomon Cayman International Corp. | <u>216,506</u> | <u>201,432</u> |
| Solomon Energy Technology Corporation | <u>152,053</u> | <u>121,744</u> |
| Solomon Data International Corporation | <u>137,130</u> | <u>138,500</u> |
| Cornucopia Innovation Corporation | <u>44,085</u> | <u>40,032</u> |
| Solomon Technology (USA) Corp. | <u>13,534</u> | <u>11,913</u> |
| Sheng-Peng Technology Corp. | <u>8,099</u> | <u>5,801</u> |
| Solomon Science Technology (VN) Co.,Ltd. | <u>6,195</u> | <u>11,358</u> |
| Solomon Robotics(THAI) Ltd. | <u>5,238</u> | <u>5,719</u> |
| Solomon Technology Japan Co., Ltd. | <u>4,778</u> | <u>-</u> |
| Total Profit | <u>3,862</u> | <u>6,472</u> |
| Solomon Wireless Technology Corp. | <u>16</u> | <u>16</u> |
| GD Investment Corp. | <u>-</u> | <u>82</u> |
| | <u>\$ 2,628,595</u> | <u>\$ 2,360,782</u> |

- A. Please refer to Note 4 (3) to the Company's consolidated financial statements for 2023 for information on the Company's subsidiaries.
- B. The Company's Board of Directors resolved in March and September 2023 to increase the capital of its subsidiaries, Solomon Energy Technology Corporation and Solomon Technology (USA) Corp., with \$40,000 and \$19,194 in cash, respectively.
- C. The Company's Board of Directors resolved in June 2023 to invest \$4,844 in cash to establish the subsidiary, Solomon Technology Japan Co., Ltd.
- D. The Company applied to the court for the liquidation and winding up of its subsidiary, GD Investment Corp., in December 2022, and received a liquidating distribution of \$43 in January 2023.
- E. In the fourth quarter of 2023, the Company sold 0.85% of its equity in its subsidiary, Solomon Data International, for \$19,526, and its shareholding was reduced to 29.60%. Please refer to Note 6 (29) for details.
- F. The Company recognized investment gains of \$312,854 and \$184,648 with respect to investments accounted for using the equity method in 2023 and 2022, respectively, which were calculated based on the financial statements of investee companies for the same periods audited by CPAs. Changes in the account are as follows:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| January 1 | \$ 2,360,782 | \$ 2,230,218 |
| Increase in investments accounted for using the equity method | 64,038 | 93,581 |
| Disposal of investments accounted for using the equity method | (19,569) | - |
| Share payments returned on capital reduction in investee companies accounted for using the equity method | - (| 51,482) |
| Share of gains or losses from investments accounted for using the equity method | 312,854 | 184,648 |
| Distribution of earnings accounted for using the equity method | (127,533) | (127,258) |
| Changes in capital reserves | 47,011 | - |
| Changes in other equity | (8,988) | 31,075 |
| December 31 | <u>\$ 2,628,595</u> | <u>\$ 2,360,782</u> |

- G. The Company's subsidiary Moredel Investment Corp. held the Company's shares to ensure financial operations before the Company Act was amended on November 12, 2001, and recognized a gain (loss) on valuation of financial assets of \$1,306 and \$221 in 2023 and 2022, respectively. The Company treated the shares as treasury stocks pursuant to the financial accounting standards and did not recognize relevant profits and losses.

(8) Property, plant and equipment

| | Land | Premises and buildings | Machines/eq uipment | Office equipment | Others | Total |
|---|-------------------|---------------------------|------------------------|---------------------|-----------------|-------------------|
| <u>January 1, 2023</u> | | | | | | |
| Cost | \$ 261,234 | \$ 201,153 | \$ 60,767 | \$ 13,683 | \$ 20,266 | \$ 557,103 |
| Accumulated depreciation | - | (79,653) | (38,535) | (12,545) | (15,634) | (146,367) |
| | <u>\$ 261,234</u> | <u>\$ 121,500</u> | <u>\$ 22,232</u> | <u>\$ 1,138</u> | <u>\$ 4,632</u> | <u>\$ 410,736</u> |
| <u>2023</u> | | | | | | |
| January 1 | \$ 261,234 | \$ 121,500 | \$ 22,232 | \$ 1,138 | \$ 4,632 | \$ 410,736 |
| Addition | - | - | 3,274 | 205 | 220 | 3,699 |
| Reclassification | - | - | 1,161 | (23) | - | 1,138 |
| Depreciation expense | - | (3,575) | (9,599) | (594) | (1,577) | (15,345) |
| December 31 | <u>\$ 261,234</u> | <u>\$ 117,925</u> | <u>\$ 17,068</u> | <u>\$ 726</u> | <u>\$ 3,275</u> | <u>\$ 400,228</u> |
| <u>December 31, 2023</u> | | | | | | |
| Cost | \$ 261,234 | \$ 201,153 | \$ 65,202 | \$ 13,859 | \$ 20,486 | \$ 561,934 |
| Accumulated depreciation | - | (83,228) | (48,134) | (13,133) | (17,211) | (161,706) |
| | <u>\$ 261,234</u> | <u>\$ 117,925</u> | <u>\$ 17,068</u> | <u>\$ 726</u> | <u>\$ 3,275</u> | <u>\$ 400,228</u> |
| | | | | | | |
| | Land | Premises and buildings | Machines/eq uipment | Office equipment | Others | Total |
| <u>January 1, 2022</u> | | | | | | |
| Cost | \$ 261,234 | \$ 201,153 | \$ 51,364 | \$ 15,454 | \$ 19,730 | \$ 548,935 |
| Accumulated depreciation | - | (75,938) | (27,671) | (14,377) | (14,138) | (132,124) |
| | <u>\$ 261,234</u> | <u>\$ 125,215</u> | <u>\$ 23,693</u> | <u>\$ 1,077</u> | <u>\$ 5,592</u> | <u>\$ 416,811</u> |
| <u>2022</u> | | | | | | |
| January 1 | \$ 261,234 | \$ 125,215 | \$ 23,693 | \$ 1,077 | \$ 5,592 | \$ 416,811 |
| Addition | - | - | 9,230 | 1,102 | 536 | 10,868 |
| Reclassification | - | - | 173 | - | - | 173 |
| Disposal | - | - | - | (2,873) | - | (2,873) |
| Disposal - accumulated depreciation | - | - | - | 2,873 | - | 2,873 |
| Depreciation expense | - | (3,715) | (10,864) | (1,041) | (1,496) | (17,116) |
| December 31 | <u>\$ 261,234</u> | <u>\$ 121,500</u> | <u>\$ 22,232</u> | <u>\$ 1,138</u> | <u>\$ 4,632</u> | <u>\$ 410,736</u> |
| <u>December 31, 2022</u> | | | | | | |
| Cost | \$ 261,234 | \$ 201,153 | \$ 60,767 | \$ 13,683 | \$ 20,266 | \$ 557,103 |
| Accumulated depreciation | - | (79,653) | (38,535) | (12,545) | (15,634) | (146,367) |
| | <u>\$ 261,234</u> | <u>\$ 121,500</u> | <u>\$ 22,232</u> | <u>\$ 1,138</u> | <u>\$ 4,632</u> | <u>\$ 410,736</u> |

A. Please refer to the description in Note 8 for information on the Company's provision of the property, plant and equipment as collateral.

B. There was no interest capitalization on the property, plant and equipment.

(9) Lease transactions – lessee

- A. The Company's leased assets include buildings and company vehicles and the leases often have a term of 2 to 4 years. The leases are individually negotiated and contain a variety of terms and conditions. The leased assets shall not be used as collateral for loans and are subject to no other limitations.
- B. The business vehicles leased by the Company are leased for no more than 12 months, and some of the low-value assets leased are photocopiers.
- C. Changes in the Company's right-of-use assets during January 1 to December 31, 2023 and 2022, are as follows:

| | 2023 | | |
|----------------------|-----------------|--|-----------------|
| | | Transportation equipment (company vehicles) | |
| | Premises | | Total |
| January 1 | \$ 5,176 | \$ 565 | \$ 5,741 |
| Addition | 2,849 | 4,833 | 7,682 |
| Depreciation expense | (3,483) | (1,483) | (4,966) |
| December 31 | <u>\$ 4,542</u> | <u>\$ 3,915</u> | <u>\$ 8,457</u> |

| | 2022 | | |
|----------------------|-----------------|--|-----------------|
| | | Transportation equipment (company vehicles) | |
| | Premises | | Total |
| January 1 | \$ 2,757 | \$ 1,725 | \$ 4,482 |
| Addition | 5,777 | - | 5,777 |
| Lease modification | (84) | - | (84) |
| Depreciation expense | (3,275) | (1,159) | (4,434) |
| December 31 | <u>\$ 5,175</u> | <u>\$ 566</u> | <u>\$ 5,741</u> |

- D. Information on the profit or loss items related to leases is as follows:

| | 2023 | 2022 |
|---|-----------------|-----------------|
| <u>Items that affect profit or loss in the current period</u> | | |
| Interest expense on lease liabilities | <u>\$ 106</u> | <u>\$ 40</u> |
| Short-term lease expense | <u>\$ 5,522</u> | <u>\$ 5,045</u> |
| Low-value asset lease expense | <u>\$ 1,965</u> | <u>\$ 2,058</u> |

- E. The total cash outflow for leases of the Company in 2023 and 2022 was \$12,421 and \$11,725, respectively.

(10) Lease transactions – lessor

- A. The Company's assets leased out are buildings and the leases often have a term of one to seven years. The leases are individually negotiated and contain a variety of terms and conditions. To secure the use of the assets leased out, the lessee is often prohibited from using the leased assets as collateral for loans or from providing them for use by others using any other methods.
- B. The Company recognized \$57,554 and \$51,157 as rental income pursuant to operating leases in 2023 and 2022, respectively. There were no variable lease payments included.
- C. The Company's rent received in advance as of December 31, 2023 and 2022, was \$12,096 and \$8,528, respectively, and stated as other current liabilities.
- D. A maturity analysis of lease payments under the Company's operating leases is as follows:

| | December 31, 2023 | December 31, 2022 |
|------|----------------------|----------------------|
| 2023 | \$ - | \$ 34,427 |
| 2024 | 49,926 | 21,289 |
| 2025 | 34,169 | 5,544 |
| 2026 | 12,463 | - |
| | <u>\$ 96,558</u> | <u>\$ 61,260</u> |

(11) Investment property

| | Land | Premises and buildings | Total |
|--------------------------|-------------------|---------------------------|-------------------|
| <u>January 1, 2023</u> | | | |
| Cost | \$ 546,336 | \$ 585,258 | \$ 1,131,594 |
| Accumulated depreciation | - | (269,759) | (269,759) |
| | <u>\$ 546,336</u> | <u>\$ 315,499</u> | <u>\$ 861,835</u> |
| <u>2023</u> | | | |
| January 1 | \$ 546,336 | \$ 315,499 | \$ 861,835 |
| Depreciation expense | - | (11,108) | (11,108) |
| December 31 | <u>\$ 546,336</u> | <u>\$ 304,391</u> | <u>\$ 850,727</u> |
| <u>December 31, 2023</u> | | | |
| Cost | \$ 546,336 | \$ 585,258 | \$ 1,131,594 |
| Accumulated depreciation | - | (280,867) | (280,867) |
| | <u>\$ 546,336</u> | <u>\$ 304,391</u> | <u>\$ 850,727</u> |

| | Land | Premises and buildings | Total |
|--------------------------|-------------------|---------------------------|-------------------|
| <u>January 1, 2022</u> | | | |
| Cost | \$ 546,336 | \$ 585,258 | \$ 1,131,594 |
| Accumulated depreciation | - | (258,551) | (258,551) |
| | <u>\$ 546,336</u> | <u>\$ 326,707</u> | <u>\$ 873,043</u> |
| <u>2022</u> | | | |
| January 1 | \$ 546,336 | \$ 326,707 | \$ 873,043 |
| Depreciation expense | - | (11,208) | (11,208) |
| December 31 | <u>\$ 546,336</u> | <u>\$ 315,499</u> | <u>\$ 861,835</u> |
| <u>December 31, 2022</u> | | | |
| Cost | \$ 546,336 | \$ 585,258 | \$ 1,131,594 |
| Accumulated depreciation | - | (269,759) | (269,759) |
| | <u>\$ 546,336</u> | <u>\$ 315,499</u> | <u>\$ 861,835</u> |

A. Rental income and direct operating expenses on investment property:

| | 2023 | 2022 |
|--|------------------|------------------|
| Rental income on investment property | <u>\$ 57,554</u> | <u>\$ 51,157</u> |
| Direct operating expenses incurred from investment property generating rental income in the current period | <u>\$ 16,145</u> | <u>\$ 11,764</u> |
| Direct operating expenses incurred from investment property not generating rental income in the current period | <u>\$ 1,741</u> | <u>\$ 5,906</u> |

B. The fair value of the investment property held by the Company on December 31, 2023 and 2022, was \$1,705,756 and \$1,619,167, respectively, according to the valuation results provided by the independent valuation experts. The fair values were valued using the income approach and comparative approach and calculated with a certain weight taken into account, and are level 3 fair values. The key assumptions under the income approach are shown below:

| | December 31, 2023 | December 31, 2022 |
|----------------------------|----------------------|----------------------|
| Income capitalization rate | <u>1.79%~3.92%</u> | <u>1.55%~4.35%</u> |

C. Please refer to the description in Note 8 for information on the Company's provision of the investment property as collateral.

(12) Other non-current assets

| | December 31, 2023 | December 31, 2022 |
|----------------------------|----------------------|----------------------|
| Receivables on demand | \$ 22,577 | \$ 22,593 |
| Less: Loss allowance | (22,577) | (22,593) |
| Deposits paid | 9,698 | 14,825 |
| Net defined benefit assets | 36,858 | 35,455 |
| Others | 3,921 | 3,921 |
| | <u>\$ 50,477</u> | <u>\$ 54,201</u> |

(13) Short-term loans

| | December 31, 2023 | December 31, 2022 |
|-------------------------|----------------------|----------------------|
| Bank loans | | |
| Secured loans | \$ 608,000 | \$ 914,000 |
| Credit loans | - | 50,000 |
| | <u>\$ 608,000</u> | <u>\$ 964,000</u> |
| Range of interest rates | 1.75%~1.78% | 1.36%~1.98% |

For the collateral for the Company's short-term loans, please refer to Note 8.

(14) Other payables

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Salaries and bonuses payable | \$ 54,738 | \$ 63,461 |
| Service expense payable | 805 | 2,151 |
| Land value tax and house tax payable | 3,369 | 3,433 |
| Freight payable | 562 | 1,601 |
| Labor and health insurance expenses payable | 3,945 | 3,733 |
| Other payables | 17,173 | 13,063 |
| | <u>\$ 80,592</u> | <u>\$ 87,442</u> |

(15) Net defined benefit assets

A. Defined benefit plan

- (A) The Company has established a defined benefit pension plan in accordance with the “Labor Standards Act.”

The plan is applicable to the length of service of all full-time employees calculated before the “Labor Pension Act” was implemented on July 1, 2005, and the length of service of employees who choose to stay in the pension scheme under the Labor Standards Act calculated after the implementation of the “Labor Pension Act.” The pension paid to employees who meet the criteria for retirement is calculated based on their length of service and their average salary for the 6 months prior to their retirement. Employees whose length of service is no more than 15 years (inclusive) will receive two base points for each year of service and employees whose length of service is more than 15 years will receive one base point for each additional year of service. The maximum number of accumulated base points is 45. The Company makes a pension contribution of 2% of the total salary on a monthly basis and deposits it into a special account with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each fiscal year, if the balance of the labor

pension fund account referred to in the preceding paragraph is insufficient to pay the pension calculated above to employees expected to meet the criteria for retirement in the following fiscal year, the Company will make a full, one-off contribution by the end of March of the next fiscal year.

(B) The Company applied to the Department of Labor, Taipei City Government for approval of a suspension of pension contributions from January 2022 to July 2024.

(C) The amounts recognized in the balance sheet are as follows:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Present value of defined benefit obligations | \$ 32,942 | \$ 35,651 |
| Fair value of plan assets | (69,800) | (71,106) |
| Net defined benefit assets | (\$ 36,858) | (\$ 35,455) |

(D) Changes in net defined benefit assets are as follows:

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
|---|--|------------------------------|-------------------------------|
| 2023 | | | |
| Balance on January 1 | \$ 35,651 | (\$ 71,106) | (\$ 35,455) |
| Service costs in the current period | 922 | - | 922 |
| Interest expense (income) | 463 | (924) | (461) |
| | <u>37,036</u> | <u>(72,030)</u> | <u>(34,994)</u> |
| Remeasurement: | | | |
| Return on plan assets (excluding any amount included in interest income or expense) | - | (377) | (377) |
| Effect of changes in financial assumptions | 265 | - | 265 |
| Experience adjustments | (1,752) | - | (1,752) |
| | <u>(1,487)</u> | <u>(377)</u> | <u>(1,864)</u> |
| Pension paid | (2,607) | 2,607 | - |
| Balance on December 31 | <u>\$ 32,942</u> | <u>(\$ 69,800)</u> | <u>(\$ 36,858)</u> |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
|-------------------------------------|--|------------------------------|-------------------------------|
| 2022 | | | |
| Balance on January 1 | \$ 40,088 | (\$ 71,548) | (\$ 31,460) |
| Service costs in the current period | 54 | - | 54 |
| Interest expense (income) | 281 | (501) | (220) |
| | <u>40,423</u> | <u>(72,049)</u> | <u>(31,626)</u> |
| Remeasurement: | | | |

| | | | |
|---|------------------|--------------------|--------------------|
| Return on plan assets (excluding any amount included in interest income or expense) | - | (6,041) | (6,041) |
| Effect of changes in financial assumptions | (2,020) | - | (2,020) |
| Experience adjustments | <u>4,232</u> | <u>-</u> | <u>4,232</u> |
| | <u>2,212</u> | <u>(6,041)</u> | <u>(3,829)</u> |
| Pension paid | <u>(6,984)</u> | <u>6,984</u> | <u>-</u> |
| Balance on December 31 | <u>\$ 35,651</u> | <u>(\$ 71,106)</u> | <u>(\$ 35,455)</u> |

- (E) The Company's defined retirement benefit plan fund assets are entrusted by the Bank of Taiwan through contracted management according to the proportion and amount for contracted management items set forth in the annual investment/utilization plan of the fund and within the scope as defined in Article 6 of the Regulations for Management, Utilization and Supervision of the National Pension Insurance Fund (i.e. being deposited in domestic or foreign financial institutions, invested in domestic/foreign listed, OTC, or privately offered equity securities and in domestic/foreign real estate-related securitized products, etc.) The relevant utilization is supervised by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the minimum earnings approved to be distributed every year shall not be less than the attainable earnings calculated based on the 2-year time deposit interest rates offered by local banks. Any deficit shall be made up for with the money from the national treasury upon the approval of the competent authority. As the Company has no right to participate in the utilization and management of the fund, the classification of the fair value of plan assets cannot be disclosed in accordance with Paragraph 142 of IAS 19. Please refer to the labor pension fund utilization report for each year published by the government for the fair value of all assets constituting the fund on December 31, 2023 and 2022.

(F) A summary of pension-related actuarial assumptions is shown below:

| | 2023 | 2022 |
|-----------------------------|--------------|--------------|
| Discount rate | <u>1.20%</u> | <u>1.30%</u> |
| Future salary increase rate | <u>3.00%</u> | <u>3.00%</u> |

The assumption of future mortality rates is made based on the 6th Taiwan Standard Ordinary Experience Mortality Table. The present value of defined benefit obligations that has been affected due to changes in the main adopted actuarial assumptions is analyzed as follows:

| | Discount rate | | Future salary increase rate | |
|--|---------------|-------------|-----------------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| December 31, 2023 | | | | |
| Effect on the present value of defined benefit obligations | (\$ 654) | \$ 680 | \$ 585 | (\$ 566) |

| | Discount rate | | Future salary increase rate | |
|--|---------------|-------------|-----------------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| December 31, 2022 | | | | |
| Effect on the present value of defined benefit obligations | (\$ 787) | \$ 818 | \$ 714 | (\$ 691) |

The above sensitivity analysis was conducted to analyze the effect of changes in a single assumption, with all other assumptions remaining unchanged. Changes in many assumptions could be correlated with each other in practice. The sensitivity analysis used the same method as that for calculating the net pension liabilities in the balance sheet.

The method and assumptions used for the sensitivity analysis in the current period are the same as those in the previous period.

(G) The Company expects to pay a defined benefit plan contribution of \$0 in 2024.

(H) As of December 31, 2023, the weighted average lifetime of the defined benefit plan was nine years. A maturity analysis of pension payments is as follows:

| | |
|------------------|------------------|
| Less than 1 year | \$ 2,778 |
| 2-5 years | 13,445 |
| Over 5 years | <u>10,322</u> |
| | <u>\$ 26,545</u> |

B. Defined contribution plan

Since July 1, 2005, the Company has had its defined contribution plan in place in accordance with the “Labor Pension Act.” The plan is applicable to employees who are of Taiwanese nationality. The Company deposits a labor pension distribution of 2% of the salary of the employees who choose to opt in to the labor pension scheme under the “Labor Pension Act” into their personal accounts with the Bureau of Labor Insurance every month. The pension is paid monthly or at once to the employees based on the amount of money in their personal pension accounts and the accumulated gains.

The pension cost recognized by the Company in accordance with the aforesaid pension plan in 2023 and 2022 was \$14,041 and \$13,149, respectively.

(16) Income tax

A. Income tax expense

(A) The income tax expenses comprise the following:

| | 2023 | 2022 |
|--|-----------|-----------|
| Income tax in the current period: | | |
| Income tax incurred from income in the current period | \$ 54,949 | \$ 577 |
| Income tax levied on undistributed earnings | 9,485 | 650 |
| Underestimation of income tax in prior years | 21,221 | 4,197 |
| Total income tax in the current period | 85,655 | 5,424 |
| Deferred income tax: | | |
| Initial generation and reversal of temporary differences | (50,325) | 79,620 |
| Income tax expense | \$ 35,330 | \$ 85,044 |

(B) Income tax expenses related to other comprehensive income:

| | 2023 | 2022 |
|--|--------|--------|
| Remeasurement of defined benefit obligations | \$ 373 | \$ 766 |

B. The relationship between the income tax expenses and the accounting profit is as follows:

| | 2023 | 2022 |
|--|------------------|------------------|
| Income tax on pre-tax profit calculated at the statutory tax rate | \$ 113,514 | \$ 108,655 |
| Income tax effect of adjustment items as per law | (4,648) | 8,471 |
| Investment gain with respect to unrecognized deferred income tax liabilities | (61,990) | (36,929) |
| Changes in the realizability assessment of deferred income tax liabilities | (42,252) | - |
| Underestimation of income tax in prior years | 21,221 | 4,197 |
| Income tax levied on undistributed earnings | 9,485 | 650 |
| Income tax expense | <u>\$ 35,330</u> | <u>\$ 85,044</u> |

C. The amount of the deferred income tax assets or liabilities resulting from temporary differences is shown below:

| | 2023 | | | |
|--|--------------------|------------------------------------|--|--------------------|
| | January 1 | Recognized as profit or loss | Recognized as other comprehensiv e income | December 31 |
| - Deferred income tax assets: | | | | |
| Loss allowance in excess of limit | \$ 4,134 | \$ 46 | \$ - | \$ 4,180 |
| Unrealized inventory devaluation loss | 3,933 | 127 | - | 4,060 |
| Others | 1,349 | (1,349) | - | - |
| | <u>\$ 9,416</u> | <u>(\$ 1,176)</u> | <u>\$ -</u> | <u>\$ 8,240</u> |
| - Deferred income tax liabilities: | | | | |
| Unrealized exchange gain | (\$ 17,649) | \$ 2,777 | \$ - | (\$ 14,872) |
| Book-tax difference from net defined benefit assets | (13,764) | 1,440 | (373) | (12,697) |
| Time lag between installation income and cost | (47,865) | 47,865 | - | - |
| Gain from overseas investments accounted for using the equity method | - | (581) | - | (581) |
| | <u>(\$ 79,278)</u> | <u>\$ 51,501</u> | <u>(\$ 373)</u> | <u>(\$ 28,150)</u> |

| | 2022 | | | |
|--|--------------------|------------------------------------|---|--------------------|
| | January 1 | Recognized as profit or loss | Recognized as other comprehensive income | December 31 |
| - Deferred income tax assets: | | | | |
| Loss allowance in excess of limit | \$ 4,077 | \$ 57 | \$ - | \$ 4,134 |
| Unrealized inventory devaluation loss | 3,246 | 687 | - | 3,933 |
| Unrealized exchange loss | 11,342 | (11,342) | - | - |
| Others | 4,857 | (3,508) | - | 1,349 |
| | <u>\$ 23,522</u> | <u>(\$ 14,106)</u> | <u>\$ -</u> | <u>\$ 9,416</u> |
| - Deferred income tax liabilities: | | | | |
| Unrealized exchange gain | \$ - | (\$ 17,649) | | (\$ 17,649) |
| Book-tax difference from net defined benefit assets | (12,998) | | (766) | (13,764) |
| Time lag between installation income and cost | - | (47,865) | - | (47,865) |
| | <u>(\$ 12,998)</u> | <u>(\$ 65,514)</u> | <u>(\$ 766)</u> | <u>(\$ 79,278)</u> |

D. The Company did not recognize deferred income tax assets and deferred income tax liabilities with respect to taxable temporary differences related to investments in several subsidiaries. The amount of temporary differences with respect to unrecognized deferred income tax assets (liabilities) as of December 31, 2023 and 2022, was (\$133,242) and \$98,222.

E. The Company's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax authority.

(17) Common share capital

A. As of both December 31, 2023 and 2022, the Company's authorized capital was \$5,000,000 (including employee stock warrants of \$560,000 and shares of convertible corporate bonds amounting to \$500,000), with 171,371 thousand outstanding shares (excluding treasury stocks) at a par value of NT\$10 per share. Payment for the issued shares of the Company has been received.

B. Treasury stocks

(A) The Company's consolidated subsidiary Moredel Investment Corp. held a total of 100 thousand shares in the Company to ensure financial operations before the Company Act was amended on November 12, 2001. The carrying value of the Company's treasury stocks on both December 31, 2023 and 2022, was \$6,042.

(B) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged or be entitled to any shareholder rights.

(18) Capital reserves

A. Pursuant to the Company Act, the capital reserve generated from the income derived from the issuance of new shares at a premium and from the endowments received may not only be used to offset losses, but also be distributed to shareholders in new shares or cash in proportion to the shares initially held thereby if the Company has no accumulated losses. According to the relevant provisions in the Securities and Exchange Act, the total proportion of the above capital reserve used for capitalization is limited to 10% of the paid-in capital every year. The Company shall not use the capital reserve to offset capital losses, unless the surplus reserve is insufficient to offset such losses.

B. Details on and changes in the Company's capital reserve are shown in the following table:

| 2023 | | | | | | |
|---|----------------------------|--|---|---------------------|-----------|------------|
| | Trading of treasury stocks | Changes in ownership interests in subsidiaries | Difference between the consideration and the carrying value of subsidiaries acquired or disposed of | Consolidated excess | Others | Total |
| January 1 | \$ 32,683 | \$ 142,666 | \$ - | \$ 9,473 | \$ 30,316 | \$ 215,138 |
| Changes in interests in subsidiaries recognized according to shareholding | - | - | 30,705 | - | - | 30,705 |
| Difference between the consideration and the carrying value of subsidiaries disposed of | - | - | 16,306 | - | - | 16,306 |
| December 31 | \$ 32,683 | \$ 142,666 | \$ 47,011 | \$ 9,473 | \$ 30,316 | \$ 262,149 |

| 2022 | | | | | | |
|-------------------------------|----------------------------|--|---------------------|-----------|------------|---|
| | Trading of treasury stocks | Changes in ownership interests in subsidiaries | Consolidated excess | Others | Total | |
| January 1 | \$ 32,683 | \$ 142,666 | \$ 9,473 | \$ 30,316 | \$ 215,138 | |
| Changes in the current period | - | - | - | - | - | - |
| December 31 | \$ 32,683 | \$ 142,666 | \$ 9,473 | \$ 30,316 | \$ 215,138 | |

(19) Retained earnings

A. According to the Articles of Incorporation, where the Company has earnings at the year-end closing in a fiscal year, 10% thereof shall be set aside as legal reserves as required by laws after they are used to pay taxes and offset accumulated losses. Provision for special reserves is then required pursuant to the Securities and Exchange Act and related administrative rules. The remaining earnings, if any, shall be added to the undistributed earnings carried from prior years as distributable earnings. The Board of Directors shall subsequently draw up a distribution proposal and submit the same to a shareholders' meeting for a resolution on the distribution of the earnings. The Board of Directors is authorized to adopt a resolution to distribute the abovementioned earnings, legal reserve, and capital reserve in cash at a meeting attended by more than two-thirds of directors with the consent of a majority of all attending directors and the distribution shall be reported at a shareholders' meeting. The distribution of the earnings, legal reserve, and capital reserve by issuing new shares is subject to a resolution adopted at a shareholders' meeting according to the preceding paragraph.

- B. The legal reserve shall not be used unless it is used to offset the Company's losses and distributed to shareholders in new shares or cash in proportion to the shares initially held thereby. The legal reserve shall not be distributed in new shares or cash unless the portion distributed exceeds 25% of the paid-in capital.
- C. The Company may distribute earnings only after recognizing special reserves based on the debit balance of equity items on the balance sheet in the current year as required by laws. When the debit balance of the equity items is reversed subsequently, the reversed amount may be included as distributable earnings.
- D. The Company's 2022 and 2021 earning distribution proposals approved at the shareholders' meeting held on June 9, 2023, and June 8, 2022, respectively, are stated as follows:

| | 2022 | | 2021 | |
|--|-----------|---------------------------------|-----------|---------------------------------|
| | Amount | Dividend per share (NT\$) | Amount | Dividend per share (NT\$) |
| Set aside as legal reserve | \$ 46,217 | | \$ 20,123 | |
| (Reversed) Set aside as special reserve | (30,940) | | 13,792 | |
| Cash dividends | 257,207 | \$ 1.50 | 154,324 | \$ 0.90 |

- E. The 2023 earning distribution proposal presented by the Board of Directors on March 11, 2024, is as follows:

| | 2023 | |
|------------------------------|-----------|------------------------------|
| | Amount | Dividend per share (NT\$) |
| Legal reserves | \$ 53,374 | |
| Set aside as special reserve | 8,960 | |
| Cash dividends | 291,501 | \$ 1.70 |

The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting as of the date of the audit report.

For the earnings distribution approved by the Board of Directors and resolved at the shareholders' meeting, please visit the Market Observation Post System.

(20) Other equity items

| | 2023 | 2022 |
|---|---------------------------------|---------------------------------|
| | Foreign currency translation | Foreign currency translation |
| January 1 | (\$ 116,320) | (\$ 147,260) |
| Difference from foreign currency translation – the Company | (8,960) | 30,940 |
| December 31 | (\$ 125,280) | (\$ 116,320) |

(21) Operating income

| | 2023 | 2022 |
|--------------------------------------|---------------------|---------------------|
| Income from contracts with customers | <u>\$ 2,555,512</u> | <u>\$ 3,157,169</u> |

A. Sub-items of income from contracts with customers

The Company's income from goods and services transferred at a specific timing can be disaggregated by products into the following main segments:

| <u>2023</u> | <u>Taiwan</u> | | | | |
|--|-----------------------------------|---|-------------------------------------|----------------------------------|---------------------|
| | Electronic channel industry | Optoelectronic manufacturing industry | Electromechanical Business Group | Intelligent Business Group | Total |
| Income from contracts with customers | <u>\$ 77,043</u> | <u>\$ 163,549</u> | <u>\$ 1,302,105</u> | <u>\$ 1,012,815</u> | <u>\$ 2,555,512</u> |
| <u>2022</u> | <u>Taiwan</u> | | | | |
| | Electronic channel industry | Optoelectronic manufacturing industry | Electromechanical Business Group | Intelligent Business Group | Total |
| Income from contracts with customers | <u>\$ 83,323</u> | <u>\$ 257,700</u> | <u>\$ 1,139,077</u> | <u>\$ 1,677,069</u> | <u>\$ 3,157,169</u> |

B. The Company's recognized contractual liabilities related to the income from contracts with customers are as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>January 1, 2022</u> |
|-------------------------------------|--------------------------|--------------------------|------------------------|
| Electromechanical Business Group | \$ 751,499 | \$ 451,193 | \$ 179,237 |
| Others | <u>23,368</u> | <u>17,612</u> | <u>12,040</u> |
| | <u>\$ 774,867</u> | <u>\$ 468,805</u> | <u>\$ 191,277</u> |

(A) Material changes in contractual liabilities

The changes in the Group's contractual liabilities in 2022 were due to changes made by sales customers in response to demand changes in the industry or due to the timing of fulfilling obligations under individual contracts.

(B) The amount of the opening balance of the Company's contractual liabilities recognized as income in 2023 and 2022 was \$265,405 and \$141,230, respectively.

(22) Interest income

| | 2023 | 2022 |
|--|-------------------|------------------|
| Interest income from financial assets measured at amortized cost | \$ 87,154 | \$ 84,232 |
| Bank deposit interest | 13,205 | 4,736 |
| | <u>\$ 100,359</u> | <u>\$ 88,968</u> |

(23) Other income

| | 2023 | 2022 |
|---------------------------|-------------------|------------------|
| Rental income | \$ 57,554 | \$ 51,157 |
| Government subsidy income | 37,921 | 15,443 |
| Dividend income | 8,017 | 7,171 |
| Others | 9,084 | 5,677 |
| | <u>\$ 112,576</u> | <u>\$ 79,448</u> |

(24) Other gains and losses

| | 2023 | 2022 |
|---|--------------------|-------------------|
| Net gain (loss) from financial assets and liabilities measured at fair value through profit or loss | \$ 7,394 | (\$ 45,236) |
| Depreciation expense of investment property | (11,108) | (11,208) |
| Net (loss) gain from foreign currency exchange | (6,263) | 177,209 |
| Gain from disposal of property, plant and equipment | - | 13 |
| Others | (12,385) | (13,475) |
| | <u>(\$ 22,362)</u> | <u>\$ 107,303</u> |

(25) Financial costs

| | 2023 | 2022 |
|--------------------|------------------|------------------|
| Interest expense | | |
| – Bank loans | \$ 14,704 | \$ 16,006 |
| – Loaning of funds | 1,342 | - |
| – Leases | 106 | 40 |
| | <u>\$ 16,152</u> | <u>\$ 16,046</u> |

(26) Additional information on the nature of expense

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Employee benefit expenses | \$ 362,524 | \$ 352,697 |
| Depreciation expense (including right-of-use assets) | 20,311 | 21,550 |
| Service expense | 19,267 | 21,456 |
| Operating rent | 7,487 | 7,103 |
| Transportation expense | 2,016 | 3,166 |
| Amortization expense | 2,007 | 1,889 |
| Other expenses | 49,638 | 39,891 |
| | <u>\$ 463,250</u> | <u>\$ 447,752</u> |

(27) Employee benefit expenses

| | 2023 | 2022 |
|-------------------------------------|-------------------|-------------------|
| Salary expense | \$ 292,955 | \$ 290,464 |
| Labor and health insurance expenses | 27,019 | 25,534 |
| Pension expense | 14,502 | 12,983 |
| Remuneration to directors | 14,882 | 11,382 |
| Other employment expenses | 13,166 | 12,334 |
| | <u>\$ 362,524</u> | <u>\$ 352,697</u> |

- A. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.
- B. In 2023 and 2022, the Company's estimated amount of remuneration to employees was \$5,851 and \$5,600, respectively, and the estimated amount of remuneration to directors was \$11,702 and \$11,202, respectively. The above amounts were stated as remuneration expense. The remuneration to employees and to directors in 2023 was estimated as 1% and 2%, respectively, of the earnings in the year. The amount actually distributed as resolved by the Board of Directors was \$5,851 and \$11,702, respectively. The remuneration to employees was distributed in cash.

There is consistency between the amounts of remuneration to employees and to directors for 2022 resolved by the Board of Directors and the amounts recognized in the financial statements for 2022.

Please visit the Market Observation Post System for information on the remuneration to employees and to directors resolved by the Board of Directors.

(28) Earnings per share

| | 2023 | |
|--|---|---------------------------------|
| | Weighted average outstanding shares (thousand shares) | Earnings per share (NT\$) |
| Amount after tax | | |
| <u>Basic earnings per share</u> | | |
| Net profit attributable to the common shareholders of the parent company in the current period | <u>\$ 532,241</u> | <u>171,371</u> |
| <u>Diluted earnings per share</u> | | |
| Effect of dilutive potential common shares - remuneration to employees | <u>185</u> | |
| Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares | <u>\$ 532,241</u> | <u>171,556</u> |
| | | <u>\$ 3.10</u> |

| | 2022 | | |
|---|---------------------|--|------------------------------|
| | Amount after tax | Weighted average outstanding shares (thousand shares) | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Net profit attributable to the common shareholders of the parent company in the current period | <u>\$ 458,232</u> | 171,371 | <u>\$ 2.67</u> |
| <u>Diluted earnings per share</u> | | | |
| Effect of dilutive potential common shares - remuneration to employees | | <u>215</u> | |
| Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares | <u>\$ 458,232</u> | <u>171,586</u> | <u>\$ 2.67</u> |

(29) Transactions with non-controlling interests

Disposal of interests in subsidiaries (not resulting in loss of control)

- A. In the fourth quarter of 2023, the Company sold 0.85% of its equity in its subsidiary, Solomon Data International, for a consideration of \$19,526. The transaction increased non-controlling interests by \$3,220 and the equity attributable to owners of the parent company by \$16,306.
- B. The effect of changes in the interests in Solomon Data International in 2023 on the equity attributable to owners of the Company is as follows:

| | 2023 |
|--|------------------|
| Cash | \$ 19,526 |
| Increase in the carrying amount of non-controlling interests | (3,220) |
| Capital reserve - difference between the consideration and the carrying value of subsidiaries acquired or disposed of | <u>\$ 16,306</u> |

(30) Changes in liabilities from financing activities

| | Short-term loans | Lease liabilities | Deposits received | Total liabilities from financing activities |
|--|-------------------|-------------------|-------------------|---|
| January 1, 2023 | \$ 964,000 | \$ 5,855 | \$ 7,943 | \$ 977,799 |
| Changes in cash flows from financing activities | (356,000) | (4,828) | 111 | (360,717) |
| Interest expenses paid (Note) | - | (106) | - | (106) |
| Other non-cash changes | - | 7,788 | - | 7,788 |
| December 31, 2023 | <u>\$ 608,000</u> | <u>\$ 8,710</u> | <u>\$ 8,054</u> | <u>\$ 624,764</u> |

Note: Stated as cash flows from operating activities

| | Short-term loans | Lease liabilities | Deposits received | Total liabilities from financing activities |
|---|-------------------|-------------------|-------------------|---|
| January 1, 2022 | \$ 1,307,264 | \$ 4,660 | \$ 7,412 | \$ 1,319,336 |
| Changes in cash flows from financing activities | (343,264) | (4,582) | 531 | (347,315) |
| Interest expenses paid (Note) | - | (40) | - | (40) |
| Other non-cash changes | - | 5,817 | - | 5,818 |
| December 31, 2022 | <u>\$ 964,000</u> | <u>\$ 5,855</u> | <u>\$ 7,943</u> | <u>\$ 977,799</u> |

Note: Stated as cash flows from operating activities

7. Related party transactions

(1) Names of related parties and their relationship with the Company

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Yumon International Trade Shanghai Limited Corporation (Yumon International) | Subsidiary |
| Solomon Goldentek Display Corp. (Solomon Goldentek Display) | Subsidiary |
| Solomon Trading (Shenzhen) Ltd. (Solomon Shenzhen) | Subsidiary |
| Solomon Data International Corporation (Solomon Data International) | Subsidiary |
| Solomon Cayman International Corp. (Solomon Cayman) | Subsidiary |
| Cornucopia Innovation Corporation (Cornucopia Innovation) | Subsidiary |
| Moredel Investment Corp. (Moredel Investment) | Subsidiary |
| Solomon Energy Technology Corporation (Solomon Energy) | Subsidiary |
| Solomon Technology Japan Co., Ltd. | Subsidiary |
| Solomon Technology (USA) Corp. | Subsidiary |

(2) Significant transactions with the related parties

A. Operating income

| | 2023 | 2022 |
|----------------------------------|-------------------|-------------------|
| Sale of goods: | | |
| Subsidiary – Yumon International | \$ 315,832 | \$ 432,746 |
| Subsidiary | 19,261 | 79,139 |
| | <u>\$ 335,093</u> | <u>\$ 511,885</u> |

Except for the transaction with the subsidiary Yumon International where the transaction price was negotiated by both parties and the payment was collected after subtracting the accounts payable resulting from commissioning the subsidiary to install generators based on its funding status, the transaction terms for all the above related party transactions were not significantly different from general transaction terms. The payment term for regular customers ranges from 90 to 120 days.

B. Purchase

| | 2023 | 2022 |
|--------------------|-----------|-----------|
| Purchase of goods: | | |
| Subsidiary | \$ 21,141 | \$ 25,275 |

The transaction price for the Company's purchases from related parties was negotiated by both parties. The payment terms were not significantly different from general transaction terms. The payment term for regular suppliers ranges from 30 to 90 days.

C. Payments receivable from related party

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|----------------------|----------------------|
| Accounts receivable: | | |
| Subsidiary – Yumon International | \$ - | \$ 708 |
| Subsidiary | 963 | 4,305 |
| | <u>\$ 963</u> | <u>\$ 5,013</u> |
| Other receivables: | | |
| Subsidiary - Solomon Energy | \$ 4,107 | \$ 19 |
| Subsidiary | 2,565 | 2,078 |
| | <u>\$ 6,672</u> | <u>\$ 2,097</u> |

The Company has made advances, allocated expenses, and provided financing to meet the needs of the business activities of the Company's subsidiaries.

D. Payments payable to related party

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Accounts payable: | | |
| Subsidiary - Solomon Energy | \$ 9,088 | \$ - |
| Subsidiary | 2,006 | 1,384 |
| | <u>\$ 11,094</u> | <u>\$ 1,384</u> |
| Other payables: | | |
| Subsidiary - Solomon Goldentek Display | <u>\$ 300,000</u> | <u>\$ -</u> |

E. Other income

| | 2023 | 2022 |
|---|-----------|-----------|
| (1) Rental income (stated as "other income"): | | |
| Subsidiary | \$ 8,615 | \$ 8,402 |
| The Company leases out part of its office premise and plant to related parties with an O/A 60-day payment term. | | |
| | 2023 | 2022 |
| (2) Management fee income (stated as a debit item of "operating expenses") | | |
| Subsidiary | \$ 15,540 | \$ 16,178 |
| The centralized office model is adopted for the Company's group management departments and the Company charges the above related parties a management fee in proportion to the departments' involvement in the management of each associate. The payment term is O/A 60 days. | | |

F. Loaning of funds (stated as "other receivables" or "other payables")

(A) Loans to related parties (2022: None)

| | 2023 | | | | |
|-----------------------------|--|-----------|--------------------|-------------------|-----------------------------|
| | Maximum balance Date of occurrence | Amount | Closing balance | Intere st rate | Total interest income |
| Subsidiary - Solomon Energy | 2023/11/10 | \$ 33,225 | \$ 4,107 | 4% | \$ - |

(B) Loans from related parties (2022: None)

| | 2023 | | | | |
|--|---|------------|--------------------|---------------------------------------|------------------------------|
| | Maximum balance Date of occurrence | Amount | Closing balance | Interest rate | Total interest expense |
| Subsidiary - Solomon Goldentek Display | 2023/9/19 | \$ 500,000 | \$ 300,000 | 1.753% (floating interest rate) | \$ 1,342 |

G. Participation in cash capital increase subscription

| | | 2023 | |
|--|---|-------------------------|------------------|
| | Item stated | Number of shares traded | Investment cost |
| Solomon Energy Technology Corporation | Investments accounted for using the equity method | 4,000,000 | \$ 40,000 |
| Solomon Technology (USA) Corp. | Investments accounted for using the equity method | 6,000 | 19,194 |
| Solomon Technology Japan Co., Ltd. | Investments accounted for using the equity method | 22,000 | 4,844 |
| | | | <u>\$ 64,038</u> |
| | | 2022 | |
| | Item stated | Number of shares traded | Investment cost |
| Solomon Energy Technology Corporation | Investments accounted for using the equity method | 6,000,000 | \$ 60,000 |
| Solomon Technology (USA) Corp. | Investments accounted for using the equity method | 6,000 | 16,569 |
| Solomon Science Technology (VN) Co.,Ltd. | Investments accounted for using the equity method | - | 11,912 |
| Sheng-Peng Technology Corp. | Investments accounted for using the equity method | 510,000 | 5,100 |
| | | | <u>\$ 93,581</u> |

H. Please refer to the description in Note 13 for the Company's provision of endorsements/guarantees for subsidiaries.

(3) Information on remuneration to key management

| | 2023 | 2022 |
|---|------------------|------------------|
| Salaries and other short-term employee benefits | \$ 49,437 | \$ 43,320 |
| Post-employment benefits | 597 | 507 |
| | <u>\$ 50,034</u> | <u>\$ 43,827</u> |

8. Pledged assets

Details on the Company's assets provided as collateral are shown below:

| <u>Details on assets</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>Purpose of collateral</u> |
|-------------------------------|------------------------------|------------------------------|----------------------------------|
| Property, plant and equipment | \$ 360,120 | \$ 385,818 | Collateral for short-term loans |
| Investment property | 866,127 | 855,019 | Collateral for short-term loans |
| | <u>\$ 1,226,247</u> | <u>\$ 1,240,837</u> | |

9. Material contingent liabilities and unrecognized contractual commitments

A. As of December 31, 2023, the Company's letter of credit issued but not yet used was \$101,790.

B. As of December 31, 2023, the Company's promissory notes issued as security for the performance of sales contracts amounted to \$81,216.

10. Material losses from disasters

None.

11. Material subsequent events

Please refer to Note 6 (19) for the 2024 earnings distribution proposal.

12. Others

(1) Capital management

The Company's capital management aims to ensure that the Group can operate as a going concern, maintain the best capital structure to reduce the cost of funds, and offer returns to shareholders. In order to maintain or adjust the capital structure, the Company may adjust dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts.

(2) Financial instruments

Types of financial instruments

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| <u>Financial assets</u> | | |
| Financial assets measured at fair value through profit or loss | | |
| Financial assets measured at fair value through profit or loss | \$ 96,342 | \$ 186,521 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | \$ 248,550 | \$ 575,243 |
| Financial assets measured at amortized cost | 1,170,008 | 1,074,850 |
| Notes receivable | 14,979 | 20,676 |
| Accounts receivable (including those from related parties) | 636,036 | 245,678 |
| Other receivables (including those from related parties) | 20,417 | 21,157 |
| Deposits paid (stated as “other non-current assets”) | 9,698 | 14,825 |
| | <u>\$ 2,099,688</u> | <u>\$ 1,952,429</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at amortized cost | | |
| Short-term loans | \$ 608,000 | \$ 964,000 |
| Notes payable | 10,054 | 11,185 |
| Accounts payable (including those to related parties) | 524,921 | 183,959 |
| Other payables (including those to related parties) | 80,592 | 87,442 |
| Deposits received (stated as “other non-current liabilities”) | 8,054 | 7,943 |
| | <u>\$ 1,231,621</u> | <u>\$ 1,254,529</u> |
| Lease liabilities | <u>\$ 8,710</u> | <u>\$ 5,855</u> |

A. Risk management policy

- (A) The Company’s day-to-day operations are affected by multiple financial risks, including market risk (exchange rate risk and price risk), credit risk, and liquidity risk.
- (B) The Finance Department implements risk management in accordance with the policy approved by the Board of Directors. The Company’s Finance Department is responsible for identifying, assessing, and avoiding financial risks by closely cooperating with the Group’s operating units.

B. Nature and level of material financial risks

(A) Market risk

Exchange rate risk

- a. The Company operates transnationally and thus incurs exchange rate risk generated from transactions using functional currencies different from the one of the Company, which mainly are the US dollar and Chinese yuan. The relevant exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- b. As the business activities that the Company is engaged in involve several functional currencies (the functional currency of the Company is the NT dollar), there is an effect from exchange rate volatility on the Company. Information on foreign currency assets and liabilities with a material exchange rate volatility effect is shown below:

| December 31, 2023 | | | |
|--|--|-------------------|--------------------------|
| | Foreign currency (thousand dollars) | Exchang e rate | Carrying amount (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 59,329 | 30.71 | \$ 1,669,745 |
| EUR : NTD | 907 | 33.98 | 30,828 |
| <u>Investments accounted for using the equity method</u> | | | |
| USD : NTD | \$ 7,490 | 30.71 | \$ 230,040 |
| VND : NTD | 5,162,643 | 0.001 | 6,195 |
| THB : NTD | 5,809 | 0.96 | 5,238 |
| JPY : NTD | 22,000 | 0.22 | 4,778 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 466 | 30.71 | \$ 14,314 |
| EUR : NTD | 260 | 33.98 | 8,842 |
| CNY : NTD | 291 | 4.33 | 1,261 |
| SGD : NTD | 148 | 23.29 | 3,442 |

| December 31, 2022 | | | |
|--|--|-------------------|--------------------------|
| | Foreign currency (thousand dollars) | Exchang e rate | Carrying amount (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 53,893 | 30.71 | \$ 1,655,112 |
| EUR : NTD | 1,377 | 32.72 | 45,068 |
| <u>Investments accounted for using the equity method</u> | | | |
| USD : NTD | \$ 6,947 | 30.71 | \$ 213,342 |
| HKD : NTD | 1,644 | 3.94 | 6,477 |
| THB : NTD | 6,397 | 0.96 | 6,141 |
| VND : NTD | 8,737,192 | 0.001 | 10,485 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 887 | 30.71 | \$ 27,236 |
| EUR : NTD | 70 | 32.72 | 2,293 |
| SGD : NTD | 74 | 22.88 | 1,698 |
| CNY : NTD | 291 | 4.41 | 1,286 |

- c. As exchange rate volatility has a significant effect, all exchange gains (losses) (both realized and unrealized) recognized with respect to the monetary items of the Company in 2023 and 2022 were (\$6,263) and \$177,209, respectively.
- d. The sensitivity analysis of the Company's exchange rate risk focused on the effect of the appreciation or depreciation of relevant foreign currencies with respect to the main foreign currency monetary items on the financial reporting date on the Company's profit or loss. When there was a 1% appreciation or depreciation of the NT dollar against the aforesaid foreign currencies, the profit or loss increased or decreased by \$16,727 及 \$16,677 in 2023 and 2022, respectively, provided that all the other factors remained the same.

Price risk

- a. The Company's equity instruments exposed to price risk are financial assets measured at fair value through profit or loss. To manage the price risk from investments in equity instruments, the Company diversifies its portfolio based on the limit set by it.
- b. The Company mainly invests in equity instruments issued by domestic companies and open-end funds. The price of such equity instruments is affected due to the uncertainty of their future value. When the price of the equity instruments rose or dropped by 1% and all the other factors remained the same, the net profit after tax increased or decreased by \$963 and \$1,865 in 2023 and 2022, respectively, due to the gain or loss from equity instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risks

- a. The Company's interest rate risk mainly comes from short-term loans for purchasing materials issued at floating interest rates, exposing the Group to cash flow interest rate risk. As of December 31, 2023 and 2022, the Company's loans issued at floating interest rates were mainly denominated in NTD.
- b. When the loan interest rate rose or dropped by 1% and all other factors remained the same, the net profit after tax decreased or increased by \$4,864 and \$7,712 in 2023 and 2022, respectively.

(B) Credit risk

- a. The Company's credit risk is the risk of failure of a customer or a counterparty trading financial instruments with the Company to fulfill the contractual obligations, leading to the Company's financial loss. The risk is mainly generated from accounts receivable that cannot be collected from the counterparty according to the payment terms and from contractual cash flows classified as investments in debt instruments measured at amortized cost.
- b. According to the Company's explicitly defined internal loan policy, all operating entities of the Group must conduct management and credit risk analysis for every new customer before setting payment terms and proposing delivery terms and conditions. The customers' credit quality is assessed by taking into consideration their financial position, past experiences and other factors for internal risk control.
- c. The Company adopts the premises and assumptions provided by IFRS 9 as bases for determining if the credit risk of financial instruments increases significantly after initial recognition. When a contract payment is more than 90 days overdue over according to the agreed payment terms, the credit risk of financial assets is considered to have significantly increased after initial recognition.
- d. The Company adopts the premises and assumptions provided by IFRS 9. When a contract payment is more than 180 days overdue according to the agreed payment terms, a default is considered to have occurred.
- e. The credit impairment indicators used by the Company to identify investments in debt instruments are shown below:
 - (a) The issuer incurs significant financial difficulties or there is a significantly increased possibility that it will enter into bankruptcy or other financial reorganization;
 - (b) The issuer incurs financial difficulties resulting in the disappearance of the active market of the financial asset;
 - (c) The issuer defaults on or fails to pay the interest or principal;
 - (d) There are changes adverse to national and regional economic situations that are associated with the default of the issuer.
- f. The Company adopts the simplified approach to estimate expected credit losses for accounts receivable from customers by the characteristics of the customers based on a provision matrix.
- g. The Company takes into consideration the study reports of Taiwan Institute of Economic Research for future prospects when adjusting the loss rate derived from information during specific historical and current periods to estimate the loss

allowance for accounts receivable. The provision matrix on December 31, 2023 and 2022, respectively, is as follows:

| | Not overdue | 30 days overdue | 31-90 days overdue | 91-180 days overdue | More than 181 days overdue | Total |
|--------------------------|-------------|-----------------|--------------------|---------------------|----------------------------|------------|
| <u>December 31, 2023</u> | | | | | | |
| Expected loss rate | 0.07%-0.19% | 40.61%-85.57% | 83.99%-100% | - | 100% | |
| Total carrying value | \$ 635,667 | \$ 144 | \$ 222 | \$ - | \$ - | \$ 636,033 |
| Loss allowance | \$ 664 | \$ 76 | \$ 220 | \$ - | \$ - | \$ 960 |
| <u>December 31, 2022</u> | | | | | | |
| Expected loss rate | 0.15%-0.62% | 66.27%-86.10% | - | 100% | 100% | |
| Total carrying value | \$ 239,778 | \$ 2,040 | \$ - | \$ 38 | \$ - | \$ 241,856 |
| Loss allowance | \$ 408 | \$ 745 | \$ - | \$ 38 | \$ - | \$ 1,191 |

- h. The table about changes in the loss allowance for accounts receivable, for which the Company adopted the simplified approach, is as follows:

| | 2023 | 2022 |
|----------------------------------|----------|----------|
| January 1 | \$ 1,191 | \$ 1,475 |
| Gain from recovery of impairment | (231) | (284) |
| December 31 | \$ 960 | \$ 1,191 |

(C) Liquidity risk

- a. Cash flow forecasting is carried out individually by each operating entity of the Company and the results are summarized by the Company's Finance Department. The Company's Finance Department monitors the forecasting of the Company's needs for current funds to ensure there are sufficient funds to meet the operating needs and maintains adequate unused committed lending facilities to prevent the Company from violating relevant lending limits or terms. Consideration is given to the Company's debt financing plans, compliance with debt terms, and achievement of internal target balance sheet financial ratios when making such forecasts.
- b. The Company groups non-derivative financial liabilities and derivative financial liabilities settled at net amount or total amount by relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The undiscounted contractual cash flows of accounts payable, notes payable, and other payables are equivalent to their carrying values and will fall due within one year. The undiscounted contractual cash flows of the other financial liabilities are shown in detail below:

Non-derivative financial liabilities:

| <u>December 31, 2023</u> | <u>Within 1 year</u> | <u>1 to 2 years</u> | <u>2 to 3 years</u> | <u>Over 3 years</u> |
|--------------------------|----------------------|---------------------|---------------------|---------------------|
| Short-term loans | \$ 608,411 | \$ - | \$ - | \$ - |
| Lease liabilities | 4,721 | 3,738 | 417 | - |

Non-derivative financial liabilities:

| <u>December 31, 2022</u> | <u>Within 1 year</u> | <u>1 to 2 years</u> | <u>2 to 3 years</u> | <u>Over 3 years</u> |
|--------------------------|----------------------|---------------------|---------------------|---------------------|
| Short-term loans | \$ 964,872 | \$ - | \$ - | \$ - |
| Lease liabilities | 3,504 | 1,962 | 278 | - |

(3) Fair value information

A. The levels of the valuation technique adopted to measure the fair value of financial instruments and non-financial instruments are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities accessible to an entity on the measurement date (unadjusted). Active markets are ones where asset or liability transactions take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis. All the fair values of the Company's investments in listed/OTC stocks fall under Level 1.

Level 2: Level 2 inputs are inputs other than the quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. The Company's investments in bond instruments without active market fall under Level 2.

Level 3: Level 3 inputs are inputs that are unobservable to the asset or liability.

B. Please refer to the description in Note 6 (12) for information on the fair value of investment property measured at cost.

C. Financial instruments not measured at fair value

The carrying amounts of the Company's cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, deposits paid for other non-current assets, short-term loans, notes and accounts payable, other payables, and deposits received are reasonable approximations of their fair values.

D. The Company classifies the financial and non-financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of the fair values. The relevant information is shown below:

- (A) The following is information on the Company's classification based on the nature of the assets and liabilities:

| <u>December 31, 2023</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|--------------------|--------------------|--------------------|-------------------|
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Equity securities | <u>\$ 66,212</u> | <u>\$ -</u> | <u>\$ 30,130</u> | <u>\$ 96,342</u> |
| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Equity securities | <u>\$ 152,958</u> | <u>\$ -</u> | <u>\$ 33,563</u> | <u>\$ 186,521</u> |

- (B) The methods and assumptions used by the Company to measure the fair value are as follows:

- a. The quoted market price used by the Company as fair value inputs (i.e. Level 1 inputs) is listed based on the characteristics of the instruments in the following:

| | <u>Listed (OTC) stocks</u> | <u>Open-end funds</u> |
|---------------------|----------------------------|-----------------------|
| Quoted market price | Closing price | Net value |
- b. The fair value of all financial instruments, except for the aforementioned financial instruments in the active market, is acquired using the valuation technique or with reference to the quotation of the counterparty. When the valuation technique is used for acquisition of the fair value, the current fair value of other financial instruments with substantially similar conditions and characteristics, the cash flow discounting method, and other valuation techniques may be used as a reference, including the market information application model acquirable on the parent-only balance sheet date (e.g. TPEx yield curve and Reuters average interest rate quote of commercial paper).
- c. The valuation model is created based on the estimated approximation and the valuation technique may not be able to reflect all factors associated with the Company's financial and non-financial instruments. Therefore, estimates made using the valuation model are adjusted properly based on additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policy and relevant control procedures, the management believes that valuation adjustments are appropriate and necessary for fair presentation of the fair value of financial and non-financial instruments in the parent-only balance sheet. Price information and parameters used in the valuation process are carefully assessed and adjusted based on the current market situation appropriately.

E. There was no transfer between Level 1 and Level 2 in 2023 and 2022.

F. Movements in Level 3 equity instruments in 2023 and 2022 are listed in the following table:

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| January 1 | \$ 33,563 | \$ 28,537 |
| Purchase in the current period | - | 5,000 |
| Profits recognized as profit or loss | (3,432) | 26 |
| December 31 | <u>\$ 30,131</u> | <u>\$ 33,563</u> |

G. There was no transfer-in/transfer-out to/from Level 3 in 2023 and 2022.

H. The Company's Finance Department is responsible for verifying the independent fair value of financial instruments in the process of valuation of Level 3 fair values to make valuation results close to the market situation based on information from independent sources and make sure that the information sources are independent, reliable and consistent with other resources and reflect executable prices. The Company also regularly adjusts the valuation model, conducts retrospective testing, updates inputs and data required for the valuation model, and makes any other necessary fair value adjustment to ensure reasonable valuation results.

I. The quantitative significant unobservable inputs of the valuation model used for Level 3 fair value measurements are analyzed and described as follows:

| | Fair value on December 31, 2023 | Valuation technique | Significant unobservable inputs | Relationship between the input and the fair value |
|------------------------------------|---------------------------------------|---------------------------------|---|---|
| Non-derivative equity instruments: | | | | |
| Non-listed/non-OTC stocks | \$ 30,131 | Comparable company method | PB multiplier, discount for lack of marketability | The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. |
| | Fair value on December 31, 2022 | Valuation technique | Significant unobservable inputs | Relationship between the input and the fair value |
| Non-derivative equity instruments: | | | | |
| Non-listed/non-OTC stocks | \$ 33,563 | Comparable company method | PB multiplier, discount for lack of marketability | The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. |

13. Note disclosures

(1) Information of material transactions

- A. Loaning of funds to others: Please refer to Table 1.
- B. Making of endorsements/guarantees for others: Please refer to Table 2.
- C. Securities held at end of period (excluding those controlled by investee subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Aggregate purchases or sales of the same securities amounting to NT\$300 million or more than 20% of the paid-in capital: Please refer to Table 4.
- E. Acquisition of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
- F. Disposal of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
- G. Purchases and sales with related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 5.
- H. Accounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 6.
- I. Transactions of derivative instruments: None.
- J. Business relationship and important transactions between the parent company and subsidiaries and between the subsidiaries, and the amounts of such transactions: Please refer to Table 7.

(2) Information of investee companies

Information related to investee companies (excluding those in Mainland China), their place of registration, etc.: Please refer to Table 8.

(3) Information of investments in Mainland China

- A. Basic information: Please refer to Table 9.
- B. Material transactions occurring directly or indirectly through businesses in a third area and investee companies in Mainland China: Please refer to Tables 5, 6, 7.

(4) Information of major shareholders

Please refer to Table 10.

14. Operating segment information

N/A.

(The End)

SOLOMON Technology Corporation
Loaning Funds to Others
January 1 to December 31, 2022

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 1) | Lending company | Borrowing company | Current account | Related party | Maximum amount in the current period | Closing balance | Actual drawdown amount | Range of interest rates | Nature of loaning of funds (Note 4) | Business transaction amount | Reasons for the need of short- term financing | Allowance set aside for bad debts | Collateral | | Limit on loans to individual borrowers (Note 2) | Limit on total loans (Note 3) | Remarks |
|-----------------|--------------------|----------------------|----------------------|------------------|--|--------------------|------------------------------|-------------------------------|--|-----------------------------------|--|--|------------|-------|---|-------------------------------------|---------|
| | | | | | | | | | | | | | Name | Value | | | |
| 1 | Moredel Investment | Solomon Energy | Other receivables | Y | 4,000 | - | - | 1% | 2 | - | Working capital | - | - | - | 128,895 | 257,789 | |

Note 1: Number column description:

(1) "0" is reserved for the issuer.

(2) Each investee company is numbered in sequential order starting from 1.

Note 2: According to the Company's lending procedure, the amount of loans to a single enterprise with short-term financing needs is limited to 40% of the Company's net worth. The amount of loans to companies having business dealings with the Company is limited to the higher of the amount of purchases and sales between both parties. The amounts of the subsidiaries' loans to a single enterprise and their total loans given for short-term financing needs shall not exceed 40% of the net worth of the Company (However, the amount of Dong Guan Goldentek's total loans given is limited to 80%).

Note 3: According to the Company's lending procedure, the amount of the Company's total loans given is limited to 80% of the net worth of the Company.

Note 4: The nature of loaning of funds is described as follows:

(1) Business relationships: 1.

(2) Needs for short-term financing: 2.

SOLOMON Technology Corporation
Endorsements/Guarantees for Others
January 1 to December 31, 2022

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 1) | Endorser/ guarantor | Company name | Relationship (Note 2) | Limit on endorsements/ guarantees to a single enterprise (Note 3) | Maximum endorsement/ guarantee balance in the current period | Closing endorsement/ guarantee balance | Actual drawdown amount | Endorsement/ guarantee amount secured with property | Cumulative endorsement/ guarantee amount as a percentage of the net worth in the most recent financial statements | Maximum limit on endorsements/ guarantees (Note 3) | Endorsements/ guarantees made by the parent company for subsidiaries | Endorsements/ guarantees made by subsidiaries for the parent company | Endorsements/ guarantees made for the operations in Mainland China | Remarks |
|-----------------|------------------------|-----------------|--------------------------|--|--|---|------------------------------|---|---|--|---|---|---|---------|
| 0 | SOLOMON | Solomon Energy | 2 | \$ 981,742 | \$ 157,000 | \$ 157,000 | \$ 37,900 | \$ - | 3.20 | \$ 2,454,354 | Y | N | N | |

Note 1: Number column description:

(1) "0" is reserved for the issuer.

(2) Each investee company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and the endorsee/guarantee is classified under the following six categories. It is only necessary to mark the type:

(1) Companies with business relationships.

(2) Subsidiaries in which the Company holds more than 50% of the common stock equity.

(3) Investee companies in which the parent company and its subsidiaries hold more than 50% of the common stock equity, calculated on a consolidated basis.

(4) The parent company, directly or indirectly through a subsidiary, holding more than 50% of the common stock equity of the Company.

(5) Companies in the same industry that are required to provide mutual guarantee pursuant to contracts for undertaking engineering projects.

(6) Companies receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

Note 3: According to the Company's endorsement/guarantee procedure, the amount of the Company's total endorsements/guarantees is limited to 50% of the net worth of the Company and the amount of endorsements/guarantees provided for the same company shall not exceed 20% of the guarantor's net worth.

SOLOMON Technology Corporation
Securities Held at End of Period (Excluding Those Controlled by Investee Subsidiaries, Associates and Joint Ventures)
December 31, 2022

Table 3

Unit: NTS Thousand
(Unless otherwise specified)

| Holding company | Type and name of securities | Relationship with the securities issuer | Account | End of period | | | | Remarks |
|----------------------------|---|---|--|------------------------|-----------------|-------------------------|------------|---------|
| | | | | Number of shares/units | Carrying amount | Shareholding percentage | Fair value | |
| SOLOMON | Hua Nan Phoenix Money Market Fund | - | Financial assets measured at fair value through profit or loss – current | 6,669,817 | 110,000 | - | 110,000 | 註 |
| | Raydium | - | Financial assets measured at fair value through profit or loss – current | 39,000 | 11,876 | 0.05% | 11,876 | 〃 |
| | Evergreen | - | Financial assets measured at fair value through profit or loss – current | 84,000 | 13,692 | - | 13,692 | 〃 |
| | Unimicron | - | Financial assets measured at fair value through profit or loss – current | 128,000 | 15,360 | 0.01% | 15,360 | 〃 |
| | IROC | - | Financial assets measured at fair value through profit or loss – non-current | 70,745 | 2,030 | 0.27% | 2,030 | 〃 |
| | Chenfeng | - | Financial assets measured at fair value through profit or loss – non-current | 1,500,000 | 16,146 | 1.60% | 16,146 | 〃 |
| | Sogotec Enterprise | - | Financial assets measured at fair value through profit or loss – non-current | 852 | - | - | - | 〃 |
| | TAIWAN-CA | - | Financial assets measured at fair value through profit or loss – non-current | 29,847 | - | 0.12% | - | 〃 |
| | Tai-Ling Biotech | - | Financial assets measured at fair value through profit or loss – non-current | 321,538 | - | 0.90% | - | 〃 |
| | Taiwan Truewin Technology | - | Financial assets measured at fair value through profit or loss – non-current | 200,000 | 12,417 | 0.66% | 12,417 | 〃 |
| | Liwatt X | - | Financial assets measured at fair value through profit or loss – non-current | 500,000 | 5,000 | 7.14% | 5,000 | 〃 |
| | Lion Best Global Limited-Tranche A Notes | - | Financial assets measured at amortized cost – non-current | - | 614,200 | - | 614,200 | 〃 |
| | Lion Best Global Limited-Tranche B Notes | - | Financial assets measured at amortized cost – non-current | - | 460,650 | - | 460,650 | 〃 |
| | SOLOMON | Parent company of the Company | Financial assets measured at fair value through profit or loss – current | 100,432 | 2,621 | 0.06% | 2,621 | 〃 |
| Moredel Investment | Hwa Fong Rubber Ind. | - | Financial assets measured at fair value through profit or loss – current | 1,327,556 | 19,249 | 0.48% | 19,249 | 〃 |
| | Raydium | - | Financial assets measured at fair value through profit or loss – current | 80,000 | 24,360 | 0.11% | 24,360 | 〃 |
| | Integrated Solutions | - | Financial assets measured at fair value through profit or loss – non-current | 1,522,659 | 23,418 | 4.03% | 23,418 | 〃 |
| | Airbag Packing | - | Financial assets measured at fair value through profit or loss – non-current | 400,000 | 3,085 | 1.60% | 3,085 | 〃 |
| | Keystone Tech | - | Financial assets measured at fair value through profit or loss – non-current | 200,000 | - | 2.22% | - | 〃 |
| | Gintung Energy | - | Financial assets measured at fair value through profit or loss – non-current | 57,141 | - | 0.15% | - | 〃 |
| | Capital Investment Development Corp | - | Financial assets measured at fair value through profit or loss – non-current | 330,000 | 10,134 | 0.77% | 10,134 | 〃 |
| Solomon Cayman | Polar Tech. | - | Financial assets measured at fair value through profit or loss – non-current | 190,000 | - | 18.21% | - | 〃 |
| | UKNOWKNOW HOLDINGS INC. | - | Financial assets measured at fair value through profit or loss – non-current | 150,000 | - | 5.22% | - | 〃 |
| Solomon Data International | CENZ Automation | - | Financial assets measured at fair value through profit or loss – non-current | 80,000 | - | 1.36% | - | 〃 |
| | Taiwan Truewin Technology | - | Financial assets measured at fair value through profit or loss – non-current | 100,000 | 6,208 | 0.37% | 6,208 | 〃 |
| | Cerulean Asset Management Venture Capital Limited Partnership | - | Financial assets measured at fair value through profit or loss – non-current | 3,000 | 3,000 | 3.22% | 3,000 | 〃 |
| | Meng-Lue Corporate Venture Fund Limited Partnership | - | Financial assets measured at fair value through profit or loss – non-current | 1,875 | 1,875 | 2.08% | 1,875 | 〃 |
| Solomon Goldentek Display | United Microelectronics Corporation | - | Financial assets measured at fair value through profit or loss – current | 105,000 | 4,273 | - | 4,273 | 〃 |
| | Unimicron Technology Corp. | - | Financial assets measured at fair value through profit or loss – current | 90,000 | 10,800 | 0.01% | 10,800 | 〃 |
| | Giant Manufacturing Co., Ltd. | - | Financial assets measured at fair value through profit or loss – current | 15,000 | 3,008 | - | 3,008 | 〃 |
| | CENZ Automation Co., Ltd. | - | Financial assets measured at fair value through profit or loss – non-current | 250,000 | 85 | 4.25% | 85 | 〃 |
| | Lion Best Global Limited-Tranche B Notes | - | Financial assets measured at amortized cost – non-current | - | 307,100 | - | 307,100 | 〃 |
| | Meng-Lue Venture Capital Limited Partnership | - | Financial assets measured at fair value through profit or loss – non-current | 3,750 | 3,750 | 4.17% | 3,750 | 〃 |
| | Cerulean Asset Management Venture Capital Limited Partnership | - | Financial assets measured at fair value through profit or loss – non-current | 4,500 | 4,500 | 4.82% | 4,500 | 〃 |
| Solomon Smartnet | Raydium | - | Financial assets measured at fair value through profit or loss – current | 22,000 | 10,471 | 0.03% | 10,471 | 〃 |
| | United Microelectronics | - | Financial assets measured at fair value through profit or loss – current | 40,000 | 1,628 | - | 1,628 | 〃 |
| Cornucopia Innovation | Weltrend | - | Financial assets measured at fair value through profit or loss – current | 320,000 | 13,216 | 0.18% | 13,216 | 〃 |
| | Meng-Lue Corporate Venture Fund Limited Partnership | - | Financial assets measured at fair value through profit or loss – non-current | 1,875 | 1,875 | 2.08% | 1,875 | 〃 |

Note: Not pledged.

SOLOMON Technology Corporation
Purchases and Sales with Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2022

Table 4

Unit: NT\$ Thousand
(Unless otherwise specified)

| | | | Transaction | | Differences of transaction terms from those of regular transactions and reasons for such differences | | | Notes/accounts receivable (payable) | | Percentage in total accounts/notes receivable (payable) | Remarks |
|------------------------------|---------------------------|-----------------|-----------------|--------------|--|-------------|------------------------|-------------------------------------|------------|---|---------|
| Purchasing (selling) company | Name of counterparty | Relationship | Purchase (sale) | Amount | Percentage in total purchases (sales) | Loan period | Unit price | Loan period | Balance | | |
| SOLOMON | Yumon International | Parent-subsiary | (Sale) | (\$ 432,746) | (13) | Note 1 | Agreed by both parties | Note 2 | \$ 708 | - | |
| Yumon International | SOLOMON | Parent-subsiary | Purchase | 432,746 | 54 | Note 1 | Agreed by both parties | Note 2 | (708) | - | |
| Solomon Goldentek Display | Dong Guan Goldentek | Parent-subsiary | Purchase | 731,592 | 78 | Note 3 | Note 3 | Note 3 | (142,644) | (90) | |
| Solomon Goldentek Display | Dong Guan Goldentek | Parent-subsiary | Note 4 | (278,524) | - | Note 4 | Note 4 | Note 4 | - | - | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent-subsiary | (Sale) | (731,592) | (88) | Note 3 | Note 3 | Note 3 | 142,644 | 88 | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent-subsiary | Note 4 | 278,524 | - | Note 4 | Note 4 | Note 4 | - | - | |

Note 1: The payment was collected after being offset against the accounts receivable based on the funding status of Yumon International.

Note 2: The loan period for regular customers ranges from 90 to 120 days.

Note 3: The unit price was negotiated by both parties. The payment was made based on the funding status after being offset against the payment receivable for entrusted procurement. The payment term for regular suppliers ranges from about 60 to 90 days.

Note 4: It was an entrusted procurement transaction. The payment was collected after being offset against the accounts payable based on the funding status on a monthly basis.

SOLOMON Technology Corporation
Accounts Receivable from Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
December 31, 2022

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

| Company from which payments accounted for are receivable | Name of counterparty | Relationship | Balance of payments receivable from the related party | Turnover | Overdue payments receivable from the related party | | Subsequently recovered amount of payments receivable from the related party | Allowance set aside for bad debts |
|---|---------------------------|-------------------|---|----------|---|-------------------|---|--------------------------------------|
| | | | | | Amount | Treatment | | |
| Dong Guan Goldentek | Solomon Goldentek Display | Parent-subsidiary | \$ 142,644 | 3.83 | - | Active collection | \$ 85,562 | \$ - |

SOLOMON Technology Corporation
Business Relationship and Important Transactions between the Parent Company and Subsidiaries and between the Subsidiaries, and the Amounts of Such Transactions
January 1 to December 31, 2022

Table 6

Unit: NT\$ Thousand
(Unless otherwise specified)

| No. (Note 4) | Name of transacting party | Counterparty | Relationship with transacting party (Note 5) | Transaction | | | As a percentage of total consolidated operating income or assets (Note 5) |
|-----------------|---------------------------|---------------------------|--|-------------------|------------|-------------------|--|
| | | | | Account | Amount | Transaction terms | |
| 0 | SOLOMON | Yumon International | 1 | Sale | \$ 432,746 | Note 1 | 8% |
| 0 | SOLOMON | Solomon Goldentek Display | 1 | Sale | 72,510 | Note 2 | 1% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Purchase | 731,592 | Note 2 | 14% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Accounts payable | 142,644 | Note 2 | 2% |
| 1 | Solomon Goldentek Display | Dong Guan Goldentek | 1 | Other receivables | 278,524 | Note 3 | 3% |

Note 1: After the payments receivable and payable were offset against each other, the payments were collected based on the funding status. The payment term for regular customers ranges from about 90-120 days.

Note 2: The payment term was 90-180 days after the payments receivable and payable were offset against each other.

Note 3: The business transactions between the parent company and its subsidiaries shall be indicated in the "No." column. This column shall be completed as follows:

(1) 0 is reserved for the parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 4: The relationship with the transacting party is classified into the following three categories. It is only necessary to mark the type (It is not necessary to disclose the same transaction between the parent company and its subsidiaries or between the subsidiaries repeatedly. For example, if the parent company has disclosed a transaction with one of its subsidiaries, it is not required for the subsidiary to disclose the transaction again. If a subsidiary has disclosed a transaction with another subsidiary, it is not required for the latter to disclose the transaction again):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 5: For asset or liability accounts, the transaction amount's percentage of total consolidated operating income or assets shall be calculated as the closing balance as a share of the total assets; for profit or loss accounts, the percentage shall be calculated as the accumulated amount as a share of the total consolidated operating income.

SOLOMON Technology Corporation
Information Related to Investee Companies (Excluding Those in Mainland China), Their Place of Registration, etc.
January 1 to December 31, 2022

Table 7

Unit: NTS Thousand
(Unless otherwise specified)

| Name of investor company | Name of investee company | Place of registration | Principal business | Initial investment amount | | Holding percentage at end of period | | | Gain or loss of investee company in the current period | Investment gain or loss recognized in the current period | Remarks |
|--|---|------------------------|---|---------------------------|----------------------|-------------------------------------|------------|-----------------|--|--|---------|
| | | | | End of current period | End of previous year | Number of shares | Percentage | Carrying amount | | | |
| SOLOMON | Solomon Cayman | Cayman Islands | Holding company | \$ 264,367 | \$ 315,607 | 14,736,130 | 100.00 | \$ 201,432 | \$ 20,622 | \$ 20,622 | 1 |
| SOLOMON | Solomon Smartnet | Taiwan | IC CARD | 200,000 | 200,000 | 20,000,000 | 100.00 | 257,521 | 27,185 | 27,185 | 1 |
| SOLOMON | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 1,359,694 | 1,359,694 | 42,030,186 | 70.77 | 1,252,153 | 237,465 | 168,055 | 1 |
| SOLOMON | Moredel Investment | Taiwan | Professional investment | 457,384 | 457,384 | 28,460,900 | 100.00 | 308,039 | 11,758 | 11,537 | 1 |
| SOLOMON | Solomon Wireless Technology | Taiwan | Communication products | 599,665 | 599,665 | 96,407 | 96.41 | 16 | - | - | 1 |
| SOLOMON | Solomon Data International | Taiwan | Manufacturing of LCD panels | 58,339 | 58,339 | 6,507,676 | 30.45 | 138,500 | 41,992 | 12,862 | 1 |
| SOLOMON | Total Profit | Samoa | Holding company | 13,859 | 13,859 | 3,088,700 | 100.00 | 6,472 | (1,456) | (1,456) | 1 |
| SOLOMON | GD Investment | Taiwan | Installation and sale of generators | 434 | 434 | 43,400 | 100.00 | 82 | (264) | (264) | 1 |
| SOLOMON | Cornucopia Innovation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 65,000 | 65,000 | 6,100,000 | 35.06 | 40,032 | (40,831) | (14,316) | 1 |
| SOLOMON | Solomon Science Technology(VN) | Vietnam | Supply and sale of intelligence technology | 27,200 | 15,288 | - | 100.00 | 11,358 | (4,143) | (4,143) | 1 |
| SOLOMON | Solomon Robotics(THAI) Ltd. | Thailand | Supply and sale of intelligence technology | 8,209 | 8,209 | 2,488,000 | 100.00 | 5,719 | (340) | (340) | 1 |
| SOLOMON | Solomon Technology (USA) | United States | Supply and sale of intelligence technology | 54,074 | 37,505 | 12,500 | 100.00 | 11,913 | (9,081) | (9,081) | 1 |
| SOLOMON | Fast Energy | Taiwan | Self-usage renewable energy generation equipment | - | 300 | - | - | - | (1) | (1) | 1 |
| SOLOMON | Solomon Energy | Taiwan | Import and export of electrical power-related products | 180,000 | 120,000 | 18,000,000 | 100.00 | 121,744 | (26,713) | (26,713) | 1 |
| SOLOMON | Sheng-Peng Technology | Taiwan | Import and export of electrical power-related products | 5,100 | - | 510,000 | 51.00 | 5,801 | 1,061 | 701 | 1 |
| Moredel Investment | Solomon Data International | Taiwan | Manufacturing of LCD panels | 41,883 | 41,883 | 3,902,740 | 18.87 | 81,478 | 41,992 | - | 1 ∨ 3 |
| Moredel Investment | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 62,233 | 62,233 | 5,500,000 | 9.26 | 166,798 | 237,465 | - | 1 ∨ 3 |
| Moredel Investment | INGA NANO Technology | Taiwan | Installation of computer equipment and retail and wholesale of electronic materials | - | 24,700 | - | - | - | (393) | - | 3 ∨ 4 |
| Solomon Smartnet | Solomon Data International | Taiwan | Manufacturing of LCD panels | 38,418 | 38,418 | 4,368,117 | 21.11 | 90,351 | 41,992 | - | 1 ∨ 3 |
| Solomon Smartnet | Solomon Goldentek Display | Taiwan | Manufacturing of LCDs | 62,233 | 62,233 | 5,610,000 | 9.26 | 166,798 | 237,465 | - | 1 ∨ 3 |
| Solomon Cayman | Solomon Group | United States | Holding company | 3,183 | 3,183 | 150,000 | 100.00 | - | - | - | 3 ∨ 4 |
| Solomon Cayman | Soundtek Ltd. | Seychelles | Professional investment | 22,041 | 23,764 | - | 30.00 | - | - | - | 3 ∨ 4 |
| Solomon Cayman | Goldentek (B.V.I.) | British Virgin Islands | Sale of LCDs and modules | 452 | 2,175 | 48,501 | 0.39 | 1,658 | 52,640 | - | 2 ∨ 3 |
| Solomon Cayman | GD Power Ltd. | Seychelles | Holding company | - | 25,586 | - | - | - | - | - | 2 ∨ 3 |
| Solomon Energy | Solomon Energy (Singapore) | Singapore | Self-usage renewable energy generation equipment | 14,752 | 10,644 | 700,000 | 100.00 | 88 | (6,485) | - | 2 ∨ 3 |
| Solomon Data International | Cornucopia Innovation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 25,268 | 25,300 | 2,300,000 | 13.22 | 20,037 | (40,155) | - | 1 ∨ 3 |
| Solomon Data International | AggrEnergy | Taiwan | Energy technology service | 24,532 | - | 23,502,128 | 18.21 | 28,896 | 23,963 | - | 1 ∨ 3 |
| Solomon Data International | Ju Xin Energy | Taiwan | Energy technology service | 36,000 | - | 3,600,000 | 5.00 | 35,976 | (521) | - | 1 ∨ 3 |
| Solomon Goldentek Display Corp. | Goldentek Display System (BVI) Co., Ltd. | British Virgin Islands | Production and sale of LCDs and modules | 423,146 | 863,143 | 12,387,686 | 99.61 | 423,535 | 52,640 | - | 2 ∨ 3 |
| Solomon Goldentek Display Corp. | Futek Trading Co., Ltd. | British Virgin Islands | Entrepot trade | 14,406 | 14,406 | 1,050,000 | 100.00 | 384 | (8,081) | - | 2 ∨ 3 |
| Solomon Goldentek Display Corp. | Cornucopia Innovation Corporation | Taiwan | Manufacturing of machines/equipment and electronic parts and components | 4,500 | 4,500 | 360,000 | 2.07 | 3,355 | (35,068) | - | 1 ∨ 3 |
| Futek Trading Co.,Ltd. | Solomon Goldentek Display (Hong Kong) Corp. | Hong Kong | Entrepot trade | 2,175 | 2,175 | 500,000 | 100.00 | 384 | (8,081) | - | 1 ∨ 3 |
| Solomon Goldentek Display (Dong Guan) Ltd. | Goldentek Smart International Limited | Hong Kong | Production and sale of LCDs and modules and investment business | - | 162,125 | - | - | - | - | - | 1 ∨ 3 |

Note 1: A subsidiary.

Note 2: A sub-subsidiary.

Note 3: The investee company's profit or loss in the current period was recognized as that of the ultimate parent company.

Note 4: An investee company valued using the equity method.

SOLOMON Technology Corporation
Information of Investments in Mainland China – Basic Information
January 1 to December 31, 2022

Table 8

Unit: NT\$ Thousand
(Unless otherwise specified)

| Name of investee company in Mainland China | Principal business | Paid-in capital | Method of investment (Note 1) | Accumulated amount of investments remitted from Taiwan at beginning of current period | Amount of investments remitted or recovered in the current period | | Accumulated amount of investments remitted from Taiwan at end of current period | Gain or loss of investee company in the current period | The Company's shareholding in direct or indirect investments | Investment gain or loss recognized in the current period (Note 3) | Carrying amount of investments at end of period | Investment gain received as of the current period | Remarks |
|--|--|-----------------|-------------------------------|---|---|-----------|---|--|--|---|---|---|---------|
| | | | | | Remitted | Recovered | | | | | | | |
| Solomon Goldentek Display (Dong Guan) Ltd. | Production and sale of new types of LCDs and modules | \$ 161,760 | 1 | \$ 563,976 | \$ - | \$459,085 | \$ 104,891 | \$ 23,283 | 99.61 | \$ 23,192 | \$ 423,489 | \$ - | |
| Solomon Shenzhen | International trade | 11,814 | 1 | 11,547 | - | - | 11,547 | (1,456) | 100.00 | (1,456) | 6,461 | - | |
| Yumon International | International trade | 208,828 | 1 | 65,956 | - | - | 65,956 | 20,337 | 100.00 | 20,337 | 179,768 | - | |
| Zhuhai Wan Jia | Manufacturing and sale of magnetic materials | 61,420 | 1 | 4,497 | - | - | 4,497 | - | 7.65 | - | - | - | |
| Tien Yun Technology (Suzhou) | Microphones, LCD cables | 9,213 | 2 | - | - | - | - | - | 30.00 | - | - | - | Note 2 |

Note 1: Investment methods are classified into following two categories. It is only necessary to mark the type:

- (1) Investment in Mainland China companies through an investee company established in a third area.
- (2) Investment in Mainland China companies by investing in an existing company in a third area.
- (3) Investment in Mainland China companies through an existing investee company established in Mainland China.

Note 2: The subsidiary Solomon Cayman invested US\$90 thousand from its own funds in Soundtek Ltd. in Mainland China.

Note 3: The gain or loss was valued based on the financial statements for the same period audited by the parent company's CPA.

Note 4: Solomon Cayman, a 100% owned subsidiary of the Company, increased the capital of Yumon International with US\$800 thousand and US\$3,000 thousand from its own funds in 2011 and 2013, respectively.

| Company name | Accumulated amount of investments remitted from Taiwan to Mainland China at end of current period | Amount of investments approved by the Investment Commission, MOEA | Limit on the amount of investments in Mainland China as required by the Investment Commission, MOEA |
|--------------------------------|---|---|---|
| SOLOMON Technology Corporation | \$ 614,867 | \$ 912,070 | \$ 3,197,134 |

Note 1: The data of Dong Guan Goldentek was reported by Solomon Goldentek Display. The listed figure includes the information of the company.

Note 2: The limit was calculated based on the Company's net equity value without consideration of the investments of Solomon Goldentek Display.

SOLOMON Technology Corporation
Information of Major Shareholders
December 31, 2022

Table 9

| Name of major shareholders | Shares | |
|----------------------------|-----------------------|-------------------------|
| | Number of shares held | Shareholding percentage |
| Chen Cheng-Lung | 15,733,057 | 9.17 |
| Chen Lu Su-Yue | 13,958,843 | 8.14 |
| Chen Jan-Sun | 9,481,377 | 5.52 |
| Xin Li Investment Corp. | 9,235,114 | 5.38 |

SOLOMON Technology Corporation
Statement of Cash and Cash Equivalents
December 31, 2023

Statement 1

Unit: NT\$ Thousand

| Item | Summary | Amount | Remarks |
|-----------------------------|--|-------------------|---------|
| Cash on hand and petty cash | | \$ 75 | |
| Check deposits | | 50,766 | |
| Demand deposits | | | |
| - NTD deposits | | 7,005 | |
| - Foreign currency deposits | USD 876 thousand, with a conversion rate of USD 1 to NTD 30.71 | 26,953 | |
| | EUR 342 thousand, with a conversion rate of EUR 1 to NTD 33.98 | 11,610 | |
| | JPY 14 thousand, with a conversion rate of JPY 1 to NTD 0.22 | 3 | |
| | HKD 35 thousand, with a conversion rate of HKD 1 to NTD 3.93 | 138 | |
| | CNY 2 thousand, with a conversion rate of CNY 1 to NTD 4.33 | 10 | |
| | The deposits will mature in three months, with an interest rate of 5.25%-5.53% | 151,990 | |
| Time deposits | | <u>\$ 248,550</u> | |

SOLOMON Technology Corporation
Statement of Accounts Receivable
December 31, 2023

Statement 2

Unit: NT\$ Thousand

| Name of customer | Summary | Amount | Remarks |
|----------------------|---------|-------------------|--|
| A | | \$ 244,169 | |
| B | | 150,639 | |
| C | | 57,290 | |
| D | | 46,268 | |
| Others | | | The balance for each customer did not exceed 5% of the total amount of the account |
| | | 137,667 | |
| | | 636,033 | |
| Less: Loss allowance | | (960) | |
| | | <u>\$ 635,073</u> | |

SOLOMON Technology Corporation
Statement of Inventory
December 31, 2023

Statement 3

Unit: NT\$ Thousand

| Item | Summary | Amount | | Remarks |
|--------------------------------------|---------|---------------------|---------------------|---|
| | | Cost | Market price | |
| Inventory of goods | | \$ 1,438,349 | <u>\$ 1,440,350</u> | The net realizable value was used as the market price |
| Less: Allowance for devaluation loss | | <u>(20,298)</u> | | |
| | | <u>\$ 1,418,051</u> | | |

SOLOMON Technology Corporation
Statement of Changes in Long-term Equity Investments under the Equity Method
January 1 to December 31, 2023

Statement 4

Unit: NT\$ Thousand

| Name | Opening balance | | Increase in the current period | | Decrease in the current period | | Closing balance | | | Net equity value | | Provided as collateral or pledged |
|--|------------------|---------------------|--------------------------------|-------------------|--------------------------------|---------------------|------------------|-------------------------|---------------------|-------------------|-------------|-----------------------------------|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Shareholding percentage | Amount | Unit price (NT\$) | Total price | |
| Solomon Cayman International Corp. | 7,232,836 | \$ 201,432 | - | \$ 15,074 | - | \$ - | 7,232,836 | 100.00 | \$ 216,506 | \$ 29.93 | \$ 216,506 | None |
| Solomon Smartnet Corp. | 20,000,000 | 257,521 | - | 14,303 | - | (8,774) | 20,000,000 | 100.00 | 263,050 | 13.15 | 263,050 | " |
| Solomon Goldentek Display Corp. | 42,871,029 | 1,252,153 | - | 52,546 | - | (85,742) | 42,871,029 | 70.77 | 1,218,957 | 28.43 | 1,218,957 | " |
| Moredel Investment Corp. | 28,460,900 | 308,039 | - | 243,064 | - | 3,989 | 28,460,900 | 100.00 | 555,092 | 19.50 | 555,092 | " |
| Solomon Wireless Technology Corp. | 96,407 | 16 | - | - | - | - | 96,407 | 96.41 | 16 | 0.17 | 16 | " |
| Total Profit Holdings Ltd. | 3,088,700 | 6,472 | - | - | - | (2,610) | 3,088,700 | 100.00 | 3,862 | 1.25 | 3,862 | " |
| Solomon Data International Corporation | 6,298,676 | 138,500 | - | 8,809 | (176,000) | (10,179) | 6,122,676 | 29.60 | 137,130 | 22.40 | 137,130 | " |
| GD Investment Corp. | 43,400 | 82 | - | - | (43,400) | (82) | - | - | - | - | - | " |
| Cornucopia Innovation Corporation | 6,100,000 | 40,032 | - | - | - | 4,053 | 6,100,000 | 35.06 | 44,085 | 7.23 | 44,085 | " |
| Solomon Science Technology (VN) Co.,Ltd. | - | 11,358 | - | - | - | (5,163) | - | 100.00 | 6,195 | - | 6,195 | " |
| Solomon Robotics (THAI) Ltd. | 2,488,000 | 5,719 | - | - | - | (481) | 2,488,000 | 100.00 | 5,238 | 2.11 | 5,238 | " |
| Solomon Technology (USA) Corp. | 12,500 | 11,913 | 6,000 | 19,194 | - | (17,573) | 18,500 | 100.00 | 13,534 | 731.57 | 13,534 | " |
| Solomon Technology Japan Co., Ltd. | - | - | 22,000 | 4,844 | - | (66) | 22,000 | 100.00 | 4,778 | 217.18 | 4,778 | " |
| Solomon Energy Technology Corporation | 18,000,000 | 121,744 | 4,000,000 | 40,000 | - | (9,691) | 22,000,000 | 100.00 | 152,053 | 6.91 | 152,053 | " |
| Sheng-Peng Technology Corp. | 510,000 | 5,801 | - | 2,298 | - | - | 510,000 | 51.00 | 8,099 | 15.88 | 8,099 | " |
| | | <u>\$ 2,360,782</u> | | <u>\$ 400,132</u> | | <u>(\$ 132,319)</u> | | | <u>\$ 2,628,595</u> | | | |

SOLOMON Technology Corporation
Statement of Accounts Payable
December 31, 2023

Statement 5

Unit: NT\$ Thousand

| Name of customer | Summary | Amount | Remarks |
|--|------------|---------|---|
| Non-related party | | | |
| A | \$ 31,330 | | |
| Others | | | |
| | | 482,497 | The balance for each company did not exceed 5% of the total amount of the account |
| Subtotal | | 513,827 | |
| Related party | | | |
| Solomon Energy Technology (Singapore) Pte. Ltd. | \$ 8,761 | | |
| Yumon International Trade Shanghai Limited Corporation | | 1,223 | |
| Solomon Goldentek Display Corp. | | 778 | |
| Others | | | |
| | | 332 | The balance for each company did not exceed 5% of the total amount of the account |
| Subtotal | | 11,094 | |
| | \$ 524,921 | | |

SOLOMON Technology Corporation
Statement of Short-term Loans
December 31, 2023

Statement 6

Unit: NT\$ Thousand

| Loan type | Description | Closing balance | Contract expiration date | Range of interest rates | Financing limit | Pledge or security |
|------------------|----------------------------|-------------------|--------------------------------|-------------------------------|---------------------|-----------------------|
| Secured loans | Taiwan Cooperative Bank | \$ 438,000 | 2024/03 | 1.78% | \$ 700,000 | Security |
| " | Bank of Taiwan | 170,000 | 2024/03 | 1.75% | 1,000,000 | " |
| Credit loans | Chang Hwa Bank | - | - | - | 80,000 | Credit |
| " | Taishin Bank | - | - | - | 80,000 | " |
| " | Hua Nan Bank | - | - | - | 100,000 | " |
| " | Mega Bank | - | - | - | 80,000 | " |
| | | <u>\$ 608,000</u> | | | <u>\$ 2,040,000</u> | |

SOLOMON Technology Corporation
Statement of Operating Income
January 1 to December 31, 2023

Statement 7

Unit: NT\$ Thousand

| Item | Number (thousand) | Amount | Remarks |
|---|-------------------|---------------------|---------|
| Total sales income | | | |
| Electronic parts, cathode-ray tubes and other electronic semiconductor products | 31,688 | \$ 326,694 | |
| Engine generators and other equipment | 1 | 1,302,105 | |
| Automated equipment and electronic parts and components | 156 | 931,147 | |
| | | 2,559,946 | |
| Income from maintenance and design services and other services | | 6,974 | |
| Total operating income | | 2,566,920 | |
| Less: Sales returns and discounts | | (11,408) | |
| Net operating income | | <u>\$ 2,555,512</u> | |

SOLOMON Technology Corporation
Statement of Operating Costs
January 1 to December 31, 2023

Statement 8

Unit: NT\$ Thousand

| Item | Amount |
|---|---------------------|
| Opening inventory of goods | \$ 807,973 |
| Plus: Purchase of goods in the current period | 2,197,396 |
| Less: Transferred to expense | (3,102) |
| Closing inventory of goods | (1,438,349) |
| Cost of sales | 1,563,918 |
| Plus: Installation cost and maintenance cost | 446,689 |
| Import expense | 732 |
| Cost of goods sold | 2,011,339 |
| Plus: Devaluation loss | 627 |
| Operating costs in the current period | <u>\$ 2,011,966</u> |

| Item | Summary | Amount | Remarks |
|---------------------------------|---------|-------------------|---|
| Marketing expenses | | | |
| Salary expense | | \$ 164,900 | |
| Insurance expense | | 16,573 | |
| Other expenses | | 76,559 | The balance of each item did not exceed 5% of the total amount of the account |
| Subtotal | | 258,032 | |
| Management expense | | | |
| Salary expense | | \$ 75,050 | |
| Service expense | | 6,875 | |
| Insurance expense | | 5,820 | |
| Other expenses | | 14,172 | The balance of each item did not exceed 5% of the total amount of the account |
| Subtotal | | 101,917 | |
| R&D expense | | | |
| Salary expense | | \$ 64,544 | |
| Depreciation expense | | 6,400 | |
| Insurance expense | | 5,820 | |
| Other expenses | | 26,768 | The balance of each item did not exceed 5% of the total amount of the account |
| Subtotal | | 103,532 | |
| Expected credit impairment gain | | (231) | |
| | | <u>\$ 463,250</u> | |

SOLOMON Technology Corporation
Statement of Current Employee Benefits and Depreciation and Amortization Expenses by Function
January 1 to December 31, 2023

Statement 10

Unit: NT\$ Thousand

| By nature | By function | 2023 | | | | 2022 | | | |
|-------------------------------------|-------------|-------------------------------|----------------------------------|-------|---------|-------------------------------|----------------------------------|-------|--------|
| | | Classified as operating costs | Classified as operating expenses | Total | | Classified as operating costs | Classified as operating expenses | Total | |
| Employee benefit expenses | | | | | | | | | |
| Salary expense | | \$ | - | \$ | 292,955 | \$ | 292,955 | \$ | - |
| Labor and health insurance expenses | | | | | 27,019 | | 27,019 | | 25,534 |
| Pension expense | | | - | | | | - | | |
| Remuneration to directors | | | - | | 14,501 | | 14,501 | | 12,983 |
| Other employee benefit expenses | | | - | | 14,882 | | 14,882 | | 11,382 |
| Depreciation expense | | | - | | 13,166 | | 13,166 | | 12,334 |
| Amortization expense | | | - | | 20,311 | | 20,311 | | 21,550 |
| | | | - | | 2,007 | | 2,007 | | 1,889 |

Note 1: As of December 31, 2023 and 2022, the Company had 317 and 315 employees, respectively, and the number of non-employee directors was 4.

Note 2: The Company's average employee benefit expense in 2023 and 2022 was \$1,111 and \$1,098, respectively. The average employee salary expense in 2023 and 2022 was \$936 and \$935, respectively. The average employee salary expense in 2023 was adjusted by 0.10%.

Note 3: The Company's salary and remuneration policies (including those for the directors, supervisors, managerial officers, and employees).

- (1) The Company's policy, standards and packages for payment of remuneration to the directors and supervisors, the procedures for determination of the remuneration, and the relevance to the operating performance and future risks:
 - A. The Board of Directors is authorized to determine the remuneration of the Company's directors and supervisors based on their individual participation in and contribution to the Company's operations and with reference to the general level in the industry at home and abroad.
 - B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors. The distribution of the remuneration is subject to a resolution of the Board of Directors.

SOLOMON Technology Corporation
Statement of Current Employee Benefits and Depreciation and Amortization Expenses by Function
January 1 to December 31, 2023

Statement 10

- (2) The Company's policy, standards and packages for payment of remuneration to the managerial officers, the procedures for determining the relevance to the operating performance and future risks:
 - A. The remuneration of the Company's managerial officers is determined based on their professional experience and level of responsibility.
 - B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year (any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration. The distribution of the remuneration is subject to a resolution of the Board of Directors.
- (3) The Company's policy, standards and packages for payment of remuneration to the employees, the procedures for determining the relevance to the operating performance and future risks:
 - A. The remuneration policy for the Company's employees uses their personal capability, contribution to the Company, and performance, which is positively correlated with the operating performance. In addition, the Company has controlled future risks well and the remuneration policy and the future risks. The overall salary and remuneration packages comprise three main elements: base salary, remuneration, and benefits. In accordance with the standards for payment of remuneration, the base salary is determined by the market and the Company's policies. The bonuses and employee remuneration paid are associated with the employee's performance and the Company's operating performance. The benefits shall be designed on the premise that laws and regulations are complied with, so as to allow them to enjoy the benefits together.
 - B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year (any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration. The distribution of the remuneration is subject to a resolution of the Board of Directors.

Chapter 13. Review and Analysis of the Financial Position and Financial Performance and the Assessment of Risk Events

1. Financial Position

| Unit: NT\$ thousand | | | | |
|---|------------|------------|------------|--------|
| Item \ Year | 2023.12.31 | 2022.12.31 | Difference | |
| | | | Amount | % |
| Current assets | 5,446,358 | 5,387,727 | 58,631 | 1.09 |
| Non-current assets | 3,501,734 | 3,063,236 | 438,498 | 14.31 |
| Total assets | 8,948,092 | 8,450,963 | 497,129 | 5.88 |
| Current liabilities | 3,011,244 | 3,030,729 | (19,485) | (0.64) |
| Non-current liabilities | 278,444 | 91,677 | 186,767 | 203.72 |
| Total liabilities | 3,289,688 | 3,122,406 | 167,282 | 5.36 |
| Share capital | 1,714,711 | 1,714,711 | 0 | 0.00 |
| Capital reserves | 262,149 | 215,138 | 47,011 | 21.85 |
| Retained earnings | 3,377,752 | 3,101,223 | 276,529 | 8.92 |
| Other equity | (125,280) | (116,320) | (8,960) | 7.70 |
| Treasury stocks | (6,042) | (6,042) | 0 | 0.00 |
| Equity attributable to owners of the parent company | 5,223,290 | 4,908,710 | 314,580 | 6.41 |
| Non-controlling interests | 435,114 | 419,847 | 15,267 | 3.64 |
| Total equity | 5,658,404 | 5,328,557 | 329,847 | 6.19 |
| Description of changes: (if the increase or decrease is 20% or more and the increased or decreased amount reaches NT\$10 million) | | | | |
| 1. The increase in non-current liabilities was mainly due to the increase in lease liabilities | | | | |
| 2. The change in capital reserve was mainly due to the Group's disposal of subsidiaries' shares | | | | |

2. Financial Performance

(1) Operating Result Comparison:

| Unit: NT\$ thousand | | | | |
|---|-----------|-----------|-------------------------------|--------------------------|
| Item \ Year | 2023 | 2022 | Amount of increase (decrease) | Percentage of change (%) |
| | | | | |
| Operating income | 4,219,903 | 5,249,928 | (1,030,025) | (19.62) |
| Gross operating profit | 968,719 | 1,083,514 | (114,795) | (10.59) |
| Operating profit | 143,145 | 264,528 | (121,383) | (45.89) |
| Pre-tax profit | 638,524 | 655,837 | (17,313) | (2.64) |
| Net profit in the current period | 557,787 | 475,943 | 81,844 | 17.20 |
| Other comprehensive income in the current period (after tax, net) | (27,616) | 26,738 | (54,354) | (203.28) |
| Total comprehensive income in the current period | 530,171 | 502,681 | 27,490 | 5.47 |
| Net profit attributable to owners of the parent company | 532,241 | 458,232 | 74,009 | 16.15 |
| Net profit attributable to non-controlling interests | 25,546 | 17,711 | 7,835 | 44.24 |
| Total comprehensive income attributable to owners of the parent company | 524,776 | 493,115 | 31,661 | 6.42 |
| Total comprehensive income attributable to non-controlling interests | 5,395 | 9,566 | (4,171) | (43.60) |
| Earnings per share | 3.11 | 2.67 | 0.44 | 16.48 |
| Analysis and description of the percentage of changes: (if the increase or decrease is 20% or more and the increased or decreased amount reaches NT\$10 million) | | | | |
| 1. The decrease in operating profits as compared to the previous period was mainly due to the decrease in turnover in the current period over the previous period | | | | |
| 2. The change in the after-tax net amount of other comprehensive income was mainly due to the exchange differences on translation of financial statements of foreign operations | | | | |

- (2) Potential effects of expected sales volumes and their basis on the Company's future finance and business, and measures in response:

The development opportunities in the smart manufacturing market are concentrated more on the “smart manufacturing” and “smart logistics” fields. We support the government’s forward-looking infrastructure and energy development policies and grasp Taiwanese companies the investment opportunities that Taiwanese companies bring back. The Company also increases the number of global distributors and sets up more offices across countries to gain deeper understanding of local markets and improve the development success rate. We continuously kept track of market development trends and optimized our product portfolio in 2024 and will focus on the development of the Energy & Power Business Group and Smart Manufacturing Business Group. Meanwhile, we will ensure a sound financial structure and thereby keep creating value for the Company and shareholders.

3. Cash flow

- (1) Analysis of changes in cash flows in the most recent two years:

Unit: NT\$ thousand

| Item \ Year | 2023 | 2022 | Amount of increase (decrease) | % | Description |
|----------------------|-------------|-----------|-------------------------------|----------|---|
| Operating activities | (105,193) | 1,075,571 | (1,180,764) | (109.78) | Mainly due to the increase in inventory and accounts receivable in the current period, which led to the decrease in the net cash inflow from operating activities |
| Investing activities | (540,363) | 483,681 | (1,024,044) | (211.72) | Mainly due to the increase in financial assets measured at amortized cost |
| Financing activities | (555,485) | (501,855) | (53,630) | 10.69 | Mainly due to the increase in dividends paid in the current period |
| Net cash flow | (1,194,970) | 1,070,967 | (2,265,937) | (211.58) | Effects of the aforesaid reasons and exchange amounts |

- (2) Liquidity analysis for the most recent two years:

| Item/Year | 2023 % | 2022 % | Percentage of increase/decrease % |
|--|--------|--------|-----------------------------------|
| Cash flow ratio | (3.49) | 35.49 | (109.83) |
| Cash flow adequacy ratio | 67.59 | 101.22 | (33.22) |
| Cash reinvestment ratio | (4.72) | 12.79 | (136.90) |
| Analysis and description of the percentage of changes: Mainly due to the increase in the current profit and contractual liabilities, which led to the increase in net cash inflow from operating activities . | | | |

(3) Cash flows and cash flow analysis for 2024 (estimation):

Unit: NT\$ thousand

| Opening cash balance (A) | Annual cash inflow (B) | Annual cash outflow (C) | Cash balance (deficit) (D)=(A)+(B)-(C) | Remedy for cash deficit | |
|--|---------------------------|----------------------------|---|-------------------------|---------------------------|
| | | | | Investment plan | Financial management plan |
| 1,255,387 | 645,000 | 292,000 | 1,608,387 | — | — |
| 1. Analysis of changes in cash flows for 2024: (1) Operating activities A net cash inflow from the expected operating activities in the following year would be mainly related to continuous transaction risk control, stably growing operating revenue, the accelerated collection of accounts receivable, and the control of the purchase and use of materials with the production and sales balance mechanism. These factors would increase the cash turnover and thereby sustain a net cash inflow from operating activities. (2) Investing activities Cash flows from the expected investing activities in the following year would mainly be the investments in industries associated with the business activities of the Company and associates. (3) Financing activities: Cash flows from the expected financing activities in the following year would mainly be the short-term loans generated from the distribution of cash dividends and capital movement. 2. Expected remedies for cash deficits and liquidity analysis for 2024: N/A. | | | | | |

4. Effects of Material Capital Expenditure in 2023 on Finance and Business

The Company did not have material capital expenditure plans in 2023.

5. Investment Policies for 2023, the Main Reasons for Profits or Losses, the Improvement Plan, and the Investment Plan for 2024

(1) The Company's investments in 2023 mainly focused on relevant core businesses:

1. We continuously implemented all new investment projects and monitored investee companies according to our investment/merger regulations and the investee companies' management mechanisms, enabling all investment projects and investee companies to run based on our investment/merger management mechanism and create maximum profits.
2. Investment profits in 2023
The main reasons for the profits from the contribution of our subsidiary, Solomon Goldentek Display Corp., were the efforts of the management and marketing teams and their persistence in improving management and optimizing processes, thereby realizing profits.

(2) Investment plan for 2024:

The Company will plan to dispose of investments in non-core businesses, simplify the investment structure, and focus on investments in and mergers with potential strategic partners related to the Company's business.

6. Risk Events

Analysis of relevant matters in 2022 and as of the publication date of the annual report:

(1) Effects of interest rate and exchange rate changes and inflation on the profit/loss of the Company, and future measures in response:

| Item | 2023 (NT\$ thousand) |
|--------------------------------|----------------------|
| Interest income | 155,228 |
| Interest expense | 16,767 |
| Net foreign exchange gain/loss | (13,076) |

The Company regularly assesses bank borrowing rates and keeps in close touch with banks for lower borrowing rates. For foreign exchange rates, we develop clear foreign exchange operation strategies and strictly control relevant procedures to monitor foreign exchange changes and make strategic adjustments if necessary.

- (2) Policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees, and derivative transactions, the main reasons for profits or losses, and future measures in response:

The Company was not engaged in high-risk, high-leverage investment trading in 2023. The Company's trading of derivatives, loaning of funds to others, and making of endorsements/guarantees complied with the Company's "Procedures for Financial Derivatives Transactions," "Operating Procedures for Loaning of Funds to Others," and "Operating Procedures for Endorsements and Guarantee."

- (3) Future (2024) R&D plans and expected R&D expense:

| Project name | Current progress | Main factors leading to R&D success in the future | Expected R&D expense |
|---|------------------|--|----------------------|
| Development of advanced functions for AccuPick | In progress | Overcoming the identification bottleneck. The new software version has completed the modularization of different functions. It can implement more complex algorithm integration and process control and be equipped with a deep learning-based customized identification function. | NT\$30,000 thousand |
| Development of advanced functions for Solvision | In progress | Most of the relevant existing hardware and software packages on the market have been integrated into Solvision. We expect it to implement various embedded and cloud identification functions in the short run. | |
| Development of advanced functions for Solmotion | In progress | With a lot of accumulated implementation experience, we have completed a variety of different automation equipment applications, and have made concrete progress in visual recognition integration, coordinate system conversion, and arm control. | |
| AR+AI systems and applications | In progress | Metaverse applications are gradually being accepted by the public and becoming a new technology trend. We have leveraged our technological advantages in AI and 3D vision to develop Metaverse applications. Everything has fallen into place. | |

- (4) Effects of important changes in domestic or foreign policies and laws on the finance and business of the Company, and measures in response: None.

- (5) Effects of changes in technology (including cybersecurity risks) on the finance and business of the Company, and measures in response:

In response to global market and industrial development trends, we have paid close attention to changes in technology. In addition to reviewing our own existing product advantages and technology capacity on an ongoing basis, we have actively looked for strategic partners to gain technology R&D capabilities and give full play to the operational synergy of the industrial chain, thereby creating maximum value for the shareholders, customers and employees. Therefore, the changes in technology in recent years have not affected the Company's finance and business.

- (6) Effects of changes in corporate image on the crisis management of the Company, and measures in response:

We always adhere to the principle of decent, down-to-earth and ethical management, comply with laws and regulations, implement risk control internally and thoroughly, and actively give full play to the synergy of the Group externally. In case of a crisis resulting from corporate image changes, the Company will form a project team to take appropriate actions in response. There are no foreseeable crises.

- (7) Expected benefits and potential risks of mergers, and measures in response:

To integrate the Group's resources, expand the Company's business, improve corporate management efficiency, and streamline the Group's operating costs:

April 1, 2007: The Company merged with its 100%-owned subsidiary

- October 7, 2007: “Long Men Technology Corporation.”
The Company merged with its 100%-owned subsidiary “Mo Dao Investment Co., Ltd.”
- 2008: No mergers occurred.
- December 22, 2009: Solomon Group (including SOLOMON, Moredel, Solomon Smartnet) subscribed for a total of 18,250,000 shares in Data International Co., Ltd.’s first private placement of common shares for capital increase in 2009, increasing the shareholding percentage to 53.53%. Data International Co., Ltd. became a member of Solomon Group.
- May 18, 2010: Solomon Group (including SOLOMON, Moredel, Solomon Smartnet) subscribed for a total of 8,549,000 shares in Data International Co., Ltd.’s first private placement of common shares in 2010, increasing the shareholding percentage to 58.33%.
- 2011~now: No mergers occurred.
- (8) Expected benefits and possible risks of expansion of plants, and measures in response: None.
- (9) Risks from the concentration of purchases or sales:
1. The Group strives to diversify its customer base, carries out transactions with eligible customers, and actively develops new large customers for risk diversification.
 2. The Group's largest supplier accounts for about 37.94% of net purchases, and thus new product lines and other alternative main products are being developed on a proactive and ongoing basis.
 3. In the future, the Group will continuously keep an eye on market development trends and adjust inventory policies for products at risk of price declines, if necessary, to prevent losses.
- (10) Effects and risks of substantial transfers of shares held by directors, supervisors or major shareholders to the Company, and measures in response: None.
- (11) Effects and risks of changes in management to the Company, and measures in response: None.

(12) Litigious or non-litigious events: None.

| The Company's appearance | Case name | Amount concerned | Summary and subject matter | Progress made so far |
|--------------------------|-------------------------|------------------|---|---|
| Defendant | Lanner Electronics Inc. | NT\$2,620,023 | 1. Lanner filed a lawsuit claiming that the resistors delivered by the Company were defective, as a result of which it suffered losses of NT\$2,620,023 for rework costs. Shihlin District Court decided in the first instance that the Company won the lawsuit. 2. Lanner appealed on 2023.01.17. | The case is pending in the Taiwan High Court. |

(13) Risk management policy:

In addition to the risk events disclosed above, the Company has established guidelines for accounts receivable and inventory management in response to customer default risk and inventory obsolescence risk that are of the greatest concern in corporate management. Such guidelines are communicated to and implemented for the sales units, Finance Department, Business Management Department, and Auditing Office during daily management.

Units responsible for managing the aforesaid risks are managed by the project team consisting of the heads of the sales units, Finance Department, Business Management Department, and Auditing Office, based on the nature of projects.

1. The Group's day-to-day operations are affected by multiple financial risks, including market risk (financial risk, exchange rate risk, and price risk), liquidity risk, credit risk, and legal risk: For the management policies, risk assessments, response strategies, and quantitative risk exposure information for such risks.
2. Market risk: The Company's business units and management units establish and implement strategies for the business activities they are in charge of and take actions in response based on the results of the analysis and assessment of legal, policy and market changes. The heads of the Business Management Department and business groups are responsible for controlling and handling potential market risks and crises.
3. Strategic and operational risks: The Company keeps track of the operational performance of departments on a continuous basis and adjusts strategic directions based on changes in market competition and customers, when appropriate, to reduce operational risks and thereby align corporate strategies with the Company's vision and achieve operational goals. Factors that affect the operational risks and relevant management mechanisms are listed below:
 - (1) Purchase cost control: We assess procurement risks and control procurement costs.
 - (2) Supplier management: We assess suppliers and contractors to check their delivery and contract performance status. The suppliers are assessed for four items: quality, delivery time, quotes, and services; the contractors are assessed for four items: quality, construction time, construction safety, and services.
 - (3) Channel analysis and management: We analyze and manage inventory costs, order processes and costs, and foremarket and aftermarket service costs.
 - (4) Management of accounts receivable: We manage the accounts receivable collection risk.
 - (5) Introduction of ISO 9001 and ISO 45001: Through the analysis of the internal

and external issues related to the Company and the issues of concern of stakeholders, we understand the environment that the Company is in and formulate operational guiding principles for the Company to ensure the efficient operations of the quality management system and occupational safety and health system. Risk management standards for the Company's organizational background and stakeholders are established to respond to potential risks and opportunities brought about by environmental changes and take countermeasures or control measures in advance based on risk assessment results.

4. Auditing Office: All the Company's material operational decisions are implemented by a resolution of the Board of Directors after being assessed and analyzed by the appropriate responsible departments. The Auditing Office draws up annual audit plans and develops self-assessment procedures and methods through risk assessments in accordance with laws and regulations. The aforesaid potential risks are kept under control by implementing the audit plans and self-assessment procedures and the results are submitted to the Board of Directors on a regular basis.
5. Cybersecurity risk management: (Refer to pp.185-187)

7. Other Important Matters: None

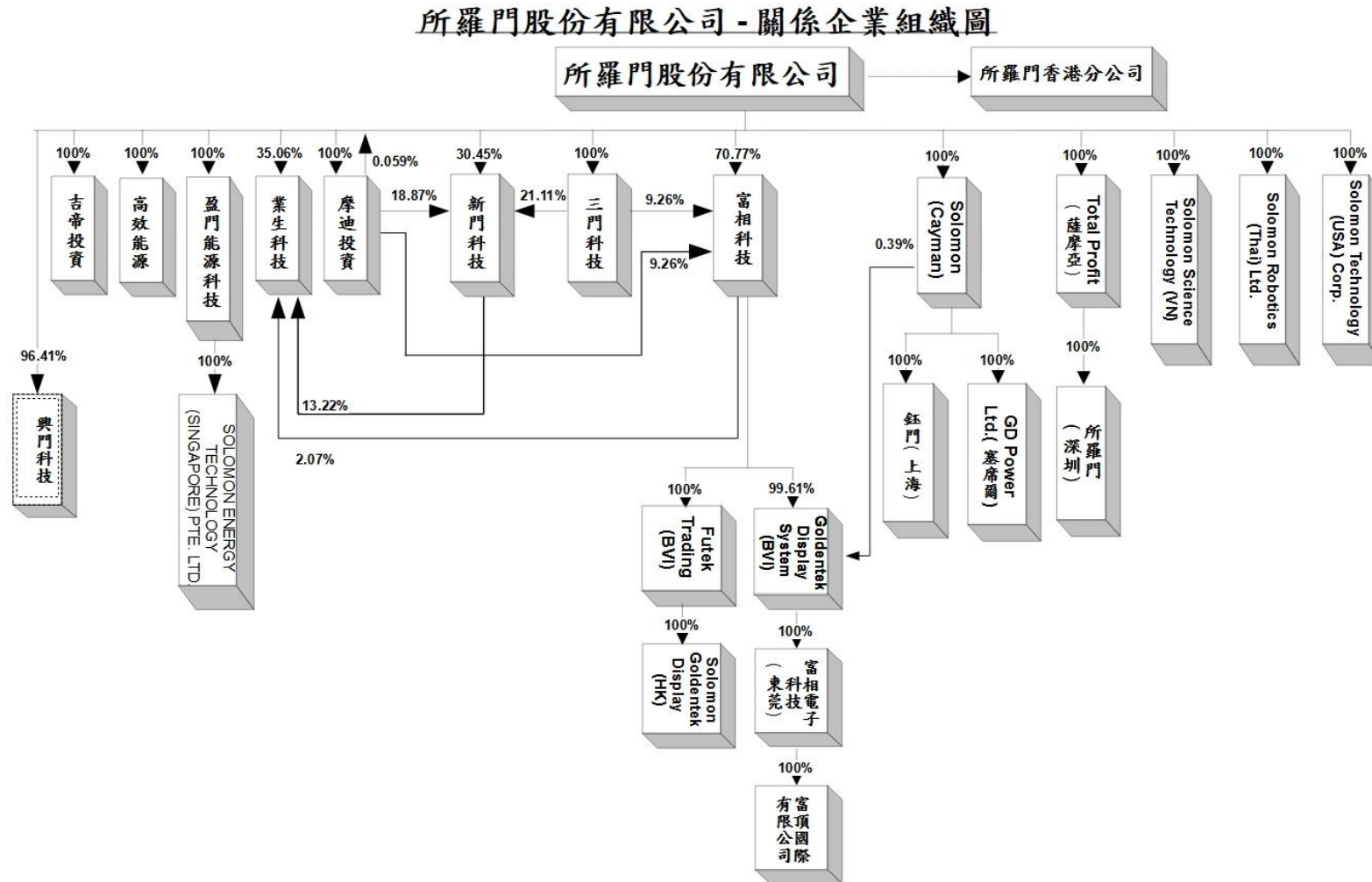
Chapter 14.Special Information

1. Information of Associates

(1) Consolidated business report of associates:

1. Overview of associates:

(1) Associate Organization Chart: December 31, 2023



| | |
|---------------------|---|
| 所羅門股份有限公司 - 關係企業組織圖 | SOLOMON Technology Corporation - Associate Organization Chart |
| 所羅門股份有限公司 | SOLOMON Technology Corporation |
| 所羅門香港分公司 | Hong Kong Branch of SOLOMON |
| 吉帝投資 | GD Investment |
| 高效能源 | Fast Energy |
| 盈門能源科技 | Solomon Energy Technology |
| 業生科技 | Cornucopia Innovation |
| 摩迪投資 | Moredel Investment |
| 新門科技 | Solomon Data International |
| 三門科技 | Solomon Smartnet |
| 富相科技 | Solomon Goldentek Display |
| (薩摩亞) | (Samoa) |
| 興門科技 | Solomon Wireless Technology |
| 鈺門(上海) | Yumon (Shanghai) |
| (塞席爾) | (Seychelles) |
| 所羅門(深圳) | Solomon (Shenzhen) |
| 富相電子科技(東莞) | Solomon Goldentek Display (Dong Guan) |
| 富頂國際有限公司 | Goldentek Smart International Limited |

(2) Basic information of associates:

Date: 2023.12.31; unit: NT\$

| No. | Investee company | Establishment date | Address | Paid-in capital | Scope of primary business |
|-----|--|--------------------|---|-----------------------------------|--|
| 1 | Solomon Smartnet Corp. | November 1997 | 6F., No. 42, Xingzhong Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.) | NT\$200,000,000 | Manufacturing and sale of IC cards |
| 2 | Moredel Investment Corp. | February 1997 | 6F., No. 42, Xingzhong Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.) | NT\$284,609,000 | Professional investment |
| 3 | Total Profit Holdings Ltd. | July 2002 | Level 2, Lotemau Centre Vaea Street, Apia, Samoa | HK\$3,088,700 | Holding company |
| 4 | Solomon (Cayman) International Corporation | June 1998 | The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KYI-1208 Cayman Islands. | US \$ 7,232,836 | Holding company |
| 5 | Solomon Trading (Shenzhen) Ltd. | September 2002 | 1604, Building C, Jia Lin Hao Ting, No. 2001, Shennan Avenue, Futian District, Shenzhen City | HK\$3,000,000 | International trade |
| 6 | Yumon International Trade Shanghai Limited Corporation | April 2002 | Rm1418, No.600 LuBan Road, HuangPu District, Shanghai | US\$6,800,000 | International trade |
| 7 | Solomon Goldentek Display Corp. | August 1990 | 5F., No. 42, Xingzhong Rd., Neihu Dist., Taipei City | NT\$605,503,020 | Manufacturing and sale of LCDs |
| 8 | Goldentek Display System(BVI) Co., Ltd. | June 1997 | 3 rd F.J&C Building, P.O. Box 362, Road Town Tortola, British Virgin Islands, VG1110 | US \$ 23,803,400 | Sale of LCDs and modules |
| 9 | Futek Trading Company Limited | June 1997 | 3 rd F.J&C Building, P.O. Box 362, Road Town Tortola, British Virgin Islands, VG1110 | USD \$ 1,050,000 | Entrepot trade |
| 10 | Solomon Goldentek Display (HK)Limited | April 1990 | Flat A, 18/F, Wah Sing Industrial Building, 12-14 Wah Sing St., Kwai Chung, N.T., Hong Kong | HK \$ 500,000 | Entrepot trade |
| 11 | Solomon Goldentek Display (Dong Guan) Ltd. | October 2001 | No., 168 Fuxiang Blvd., Diyong Industrial Zone, Gaobu, Dongguan, Guangdong, China | HK \$ 40,000,000 | Production and sale of new types of LCDs and modules |
| 12 | Solomon Data International Corporation | May 1990 | 6F., No. 42, Xingzhong Rd., Neihu Dist., Taipei City | NT \$ 206,878,040 | Manufacturing and sale of LCD panels |
| 13 | Solomon Robotics (THAI) Ltd. | June 25, 2018 | 85/8 Khlong Kluea Sub-district, Pak kret District, Nonthaburi Province 11120 Thailand | Baht8,292,000 | Supply and sale of intelligence technology |
| 14 | Solomon Science Technology (VN) Company Limited | April 27, 2018 | 4F, No.08, Ton That Thuyet, My Dinh 2, Nam Tu Liem, Hanoi Vietnam | USD900,000 (VND20,350,500,000) | Supply and sale of intelligence technology |
| 15 | Cornucopia Innovation Corporation | May 2, 2018 | 11F.-1, No. 77, Liwen Rd., Zuoying Dist., Kaohsiung City | NTD174,000,000 | Manufacturing of electronic parts and components |
| 16 | Solomon Technology (USA) Corp. | February 11, 2019 | 727 Brea Canyon Rd, Unit 15, Walnut CA 91789 | USD 1,850,000 | Supply and sale of intelligence technology |
| 17 | Solomon Energy Technology Corporation | June 15, 2020 | 6F., No. 42, Xingzhong Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.) | NTD220,000,000 | Self-usage renewable energy generation equipment |
| 18 | Solomon Energy Technology (Singapore) Pte. Ltd. | July 24, 2020 | 175A Bencoolen Street #08-06/07 Burlington Square Singapore (189650) | SGD1,000,000 | Self-usage renewable energy generation equipment |
| 19 | Sheng-Peng Technology Corp. | October 26, 2021 | 8F.-5, No. 148, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City | NTD10,000,000 | Import and export of electrical power-related products |
| 20 | Solomon Technology Japan Co., Ltd. | June 14, 2023 | 7F-9, NCO Kanda Konyacho, 8, Kanda-konyacho, Chiyoda-ku, Tokyo 101-0035 | ¥22,000,000 | Intelligent Automation Technology Services and Sales |

(3) Information of shareholders concurrently investing in companies presumed to be controlled by or subordinate to the Company: None.

(1) Information of the directors, supervisors and general managers of associates:

Date: December 31, 2023; unit: shares

| No. | Company name | Title | Name or representative | Number of shares held | Shareholding percentage (%) |
|-----|--|-----------------|---|-----------------------|-----------------------------|
| 1 | Solomon Smartnet Corp. 2022.6.30-2025.6.29 | Chairman | Representative of SOLOMON Technology Corporation: Chen Cheng-Lung | 20,000,000 | 100% |
| | | Director | Representative of SOLOMON Technology Corporation: Chen Jan-Sun | | |
| 2 | Moredel Investment Corp. 2022.6.30-2025.6.29 | Chairman | Representative of SOLOMON Technology Corporation: Chen Cheng-Lung | 28,460,900 | 100% |
| | | Director | Representative of SOLOMON Technology Corporation: Chen Jan-Sun | | |
| 3 | Total Profit Holdings Ltd. | Director | Hsu Ching-Hsin | 0 | 0 |
| 4 | Solomon (Cayman) International Corporation | Director | SOLOMON Technology Corporation | 7,232,836 | 100% |
| 5 | Solomon Trading (Shenzhen) Ltd. | Chairman | Hsieh Li-Chu | 0 | 0 |
| | | Director | Kao Sheng-Hui | 0 | 0 |
| | | Director | Yeh Li-Yu | 0 | 0 |
| 6 | Yumon International Trade Shanghai Limited Corporation | Chairman | Kao Sheng-Hui | 0 | 0 |
| | | Director | Lin Pao-Tsun | 0 | 0 |
| | | Director | Chen Hsueh-Ping | 0 | 0 |
| | | Supervisor | Hsieh Ming-Ta | 0 | 0 |
| | | General Manager | Kao Sheng-Hui | 0 | 0 |
| 7 | Solomon Goldentek Display Corp. 2023.6.14-2027.6.13 | Chairman | Chen Jan-Sun | 0 | 0 |
| | | Director | Chen Cheng-Lung | 0 | 0 |
| | | Director | Representative of SOLOMON Technology Corporation: Tsai Te-Sheng | 42,871,029 | 70.77% |
| | | Director | Representative of SOLOMON Technology Corporation: Vacant | | |
| | | Director | Representative of SOLOMON Technology Corporation: Lin Yu-Min | | |
| | | Director | Representative of SOLOMON Technology Corporation: Lin Sheng-Chang | | |
| | | Director | Representative of SOLOMON Technology Corporation: Chang Sheng-Hui | | |
| | | Supervisor | Representative of Sheng Xing Investment Co., Ltd.: Chen Chin-Lung | 612,000 | 1.01% |

| No. | Company name | Title | Name or representative | Number of shares held | Shareholding percentage (%) |
|-----|---|----------------------|--|-----------------------|-----------------------------|
| | | Supervisor | Representative of Sheng Xing Investment Co., Ltd.: Yeh Sheng-Fa | | |
| | | General Manager | Chu Shu-E | 0 | 0 |
| 8 | Goldentek Display System (BVI)Co., Ltd. | Director | Chen Jan-Sun | 0 | 0 |
| 9 | Futek Trading Company Limited | Director | Chen Jan-Sun | 0 | 0 |
| 0 | Solomon Goldentek Display(HK) Limited | Director | Chen Jan-Sun | 0 | 0 |
| 11 | Solomon Goldentek Display (Dong Guan) Ltd. | Chairman | Pan Mei-Yu | 0 | 0 |
| | | Director | Lin Pao-Tsun | 0 | 0 |
| | | Director | Chen Chiao-Hsueh | 0 | 0 |
| 12 | Solomon Data International Corporation 2021.7.9~2024.7.8 | Chairman | Chen Cheng-Lung | 119,499 | 0.58% |
| | | Director | Representative of Solomon Smartnet Corp.: Liang Li-Jen | 4,199,117 | 20.29% |
| | | Director | Representative of Solomon Smartnet Corp.: Yuan Hsing-Chih | 0 | 0 |
| | | Director | Chiang Chien-Chih | 0 | 0 |
| | | Independent Director | Kao Kuan-Yin | 399 | 0 |
| | | Independent Director | Yu Wen-Pin | 0 | |
| | | Independent Director | Chen Hung-Lin | 0 | 0 |
| 13 | Solomon Robotics (THAI) Ltd. | Director | Chen Cheng-Lung | 1 | 0 |
| 14 | Solomon Science Technology (VN) Company Limited | Chairman | Chen Cheng-Lung | 0 | 0 |
| 15 | Cornucopia Innovation Corporation 2022.6.29~2025.6.28 | Chairman | Representative of SOLOMON Technology Corporation: Chen Cheng-Lien | 6,100,000 | 35.06% |
| | | Director | Representative of SOLOMON Technology Corporation: Chen Jan-Sun | | |
| | | Director | Representative of SOLOMON Technology Corporation: Liang Li-Jen | | |
| | | Director | Representative of TIEF Fund, L.P.: Chang Yuan-Chen | 1,200,000 | 6.90% |
| | | Director | Representative of Industrial Technology Investment Corporation: Chen Ming-Yi | 1,200,000 | 6.90% |
| | | Supervisor | Representative of Solomon Goldentek Display Corp.: Lin Pao-Tsun | 360,000 | 2.07% |

| No. | Company name | Title | Name or representative | Number of shares held | Shareholding percentage (%) |
|-----|--|------------|---|-----------------------|-----------------------------|
| | | Supervisor | Representative of Solomon Goldentek Display Corp.: Chen Chuan-Chuan | | |
| 16 | Solomon Technology (USA) Corp. | Chairman | Chen Cheng-Lung | 0 | 0 |
| 17 | Solomon Energy Technology Corporation 2023.6.30-2026.6.29 | Chairman | Representative of SOLOMON Technology Corporation: Chen Jan-Sun | 22,000,000 | 100% |
| | | Director | Representative of SOLOMON Technology Corporation: Chen Cheng-Lung | | |
| | | Director | Representative of SOLOMON Technology Corporation: Kao Sheng-Hui | | |
| | | Supervisor | Representative of SOLOMON Technology Corporation: Hsieh Ming-Ta | | |
| 18 | Solomon Energy Technology (Singapore) Pte. Ltd. | Chairman | Chen Cheng-Lung | 0 | 0 |
| | | Director | Karin Kok Lee Kheng | 0 | 0 |
| 19 | Sheng-Peng Technology Corp. | Chairman | Peng Cheng-Chi | 100,000 | 10% |
| | | Director | Huang Po-Yeh | 0 | 0 |
| | | Director | Representative of SOLOMON Technology Corporation: Chen Jan-Sun | 510,000 | 51% |
| | | Supervisor | Liang Li-Jen | 0 | 0 |
| 20 | Solomon Technology Japan Co., Ltd. | Chairman | Chen Cheng-Lung | 0 | 0 |

2. Operating status of associates:

Financial position and operating result of associates:

Date: December 31, 2023; unit: NT\$ thousand

| No. | Company name | Paid-in capital | Total value of assets | Total liabilities | Net value | Operating income | Operating profit | Profit/loss in the current period | Earnings per share |
|-----|--|-----------------|-----------------------|-------------------|-----------|------------------|------------------|-----------------------------------|-----------------------|
| | | | | | | | | (after tax) | (NT\$) (after tax) |
| 1 | Solomon Smartnet Corp. | 200,000 | 283,037 | 1,316 | 281,721 | 0 | (1,232) | 30,144 | 1.51 |
| 2 | Moredel Investment Corp. | 284,609 | 570,944 | 350 | 570,594 | 0 | (1,263) | 244,615 | 8.59 |
| 3 | Total Profit Holdings Ltd. | 13,859 | 3,862 | 0 | 3,862 | 0 | 0 | (2,531) | (1.83) |
| 4 | Solomon (Cayman) International Corporation | 222,084 | 216,506 | 0 | 216,506 | 0 | (244) | 18,671 | 0.83 |
| 5 | Solomon Trading (Shenzhen) Ltd. | 11,787 | 6,234 | 2,384 | 3,850 | 0 | (2,569) | (2,531) | 0.84 |
| 6 | Yumon International Trade Shanghai Limited Corporation | 208,794 | 704,870 | 514,944 | 189,926 | 774,457 | 17,800 | 13,660 | 0.65 |
| 7 | Solomon Goldentek Display Corp. | 605,803 | 2,046,687 | 256,284 | 1,790,403 | 759,792 | 52,746 | 79,418 | 1.31 |
| 8 | Goldentek Display System (BVI)Co., Ltd. | 360,903 | 318,546 | 0 | 318,546 | 0 | 0 | 14,201 | 0.04 |
| 9 | Futek Trading Company Limited | 14,406 | 0 | 0 | 0 | 0 | 0 | (46) | (0.03) |
| 10 | Solomon Goldentek Display(HK) Limited | 7,546 | 600 | 262 | 338 | 0 | 0 | (46) | (0.06) |
| 11 | Solomon Goldentek Display (Dong Guan) Ltd. | 89,623 | 660,992 | 342,499 | 318,492 | 481,644 | 11,932 | 27,061 | 3.02 |
| 12 | Solomon Data International Corporation | 206,878 | 431,577 | 45,362 | 386,215 | 259,042 | 15,946 | 26,870 | 1.30 |
| 13 | Solomon Robotics (THAI) Ltd. | 8,214 | 5,351 | 113 | 5,238 | 0 | (370) | (529) | (0.64) |
| 14 | Solomon Science Technology (VN) Company Limited | 27,200 | 9,098 | 2,903 | 6,195 | 158 | (4,622) | (4,647) | (1.71) |
| 15 | Cornucopia Innovation Corporation | 174,000 | 144,885 | 19,144 | 125,741 | 68,900 | (2,334) | 11,558 | 0.66 |
| 16 | Solomon Technology (USA) Corp. | 73,268 | 20,152 | 6,618 | 13,534 | 717 | (17,047) | (17,047) | (2.33) |
| 17 | Solomon Energy Technology Corporation | 220,000 | 371,784 | 219,731 | 152,053 | 58,991 | (9,338) | (9,572) | (0.44) |
| 18 | Solomon Energy Technology(Singapore) Pte. Ltd. | 21,835 | 79,216 | 79,166 | 49 | 14,626 | (7,003) | (7,138) | (3.27) |
| 19 | Sheng-Peng Technology Corp. | 10,000 | 16,601 | 1,066 | 15,534 | 22,957 | 4,779 | 4,507 | 4.51 |
| 20 | Solomon Technology Japan Co., Ltd. | 4,844 | 4,778 | 0 | 4,778 | 0 | 0 | 0 | 0.00 |

(2) Consolidated financial statements of associates: (Please refer to pp.134~205).

(3) Affiliation report: None.

2. Private Placement of Securities

Private placement of securities in 2023 and as of the publication date of the annual report: None.

3. Shares of the Company Held or Disposed of by Subsidiaries

Shares of the Company held or disposed of by subsidiaries in 2023 and as of the publication date of the annual report:

March 31, 2024; unit: NT\$ thousand; shares; %

| Name of subsidiary | Paid-in capital | Source of funds | The Company's shareholding percentage (%) | Acquisition or disposal date | Number and amount of shares acquired | Number and amount of shares disposed of | Investment profit or loss | Number and amount of shares held as of the publication date of the annual report (Note) | Pledging of shares | Amount of endorsements/guarantees made by the Company for subsidiary | Amount of the Company's loans to subsidiary |
|--------------------|-----------------|-----------------|---|------------------------------|--------------------------------------|---|---------------------------|---|--------------------|--|---|
| Moredel Investment | 284,609 | Own funds | 100% | None | None | None | None | 100,432 shares NT\$7,281 thousand | None | None | None |

Note: Refers to the carrying value of the shares.

4. Other Additional Information Required

None.

Chapter 15. Occurrence of Events with a Material Effect on Shareholders' Equity or Securities Price, as Defined under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, in the Most Recent Year and as of the Publication Date of the Annual Report: (**including** those defined in Article 11, Paragraph 1, **Press Briefings Concerning Material Information**, of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities): None.