

SOLOMON

SOLOMON TECHNOLOGY CORPORATION 2022 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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I. Letter to Shareholders

Dear shareholders,

The consolidated operating income in 2022 amounted to NT\$5.25 billion. The profit after tax was NT\$458 million and the after-tax EPS was NT\$2.67. The Company's operating results in 2022 and the business plan for 2023 are hereby presented as follows:

I. 2022 Business Report:

(I) 2022 business plan implementation results and profitability analysis:

1. SOLOMON and subsidiaries (consolidated):

Unit: NT\$ Thousand

Item	2022		2021		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Operating income	5,249,928	100.00%	3,899,210	100.00%	1,350,718	34.64%
Gross operating profit	1,083,514	20.64%	793,962	20.36%	289,552	36.47%
Operating profit	264,528	5.04%	49,291	1.26%	215,237	436.67%
Pre-tax profit	655,837	12.49%	258,681	6.63%	397,156	153.53%
Net profit (loss) in the current period	475,943	9.07%	216,364	5.55%	259,579	119.97%
Net profit attributable to owners of the parent company	458,232	8.73%	198,514	5.09%	259,718	130.83%
Net profit attributable to non-controlling interests	17,711	0.34%	17,850	0.46%	(139)	-0.78%
Earnings per share (NT\$)	2.67		1.16		1.51	

2. SOLOMON (parent-only):

Unit: NT\$ Thousand

Item	2022		2021		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Operating income	3,157,169	100.00%	2,280,169	100.00%	877,000	38.46%
Gross operating profit	546,707	17.32%	425,854	18.68%	120,853	28.38%
Operating profit	98,955	3.13%	14,180	0.62%	84,775	597.85%
Pre-tax profit	543,276	17.21%	212,768	9.33%	330,508	155.34%
Net profit (loss) in the current period	458,232	14.51%	198,514	8.71%	259,718	130.83%
Earnings per share (NT\$)	2.67		1.16		1.51	

(II) Financial revenue and expenditure in 2022

Unit: NT\$ Thousand

Item	Consolidated		Parent-only	
	2022	2021	2022	2021
Net cash inflow (outflow) from operating activities	1,075,571	(281,712)	555,993	(65,502)
Net cash inflow (outflow) from investing activities	483,681	(386,656)	98,534	(629,907)
Net cash inflow (outflow) from financing activities	(501,855)	793,121	(501,639)	819,932
Effect of exchange rate	13,570	(28,468)	663	(911)
Increase (Decrease) in cash and cash equivalents in the current period	1,070,967	96,285	153,551	123,612

(III) R&D performance in 2022:

The Company continuously enhanced AI-integrated vision algorithms and focused on developing smart logistics, smart manufacturing and smart inspection solutions. Our main R&D results include the following:

No.	R&D results
1	AccuPick's smart conveyor belt tracking, automatic identification by object size and picking with multiple grippers
2	AccuPick's smart package picking and unstacking of various types of cartons
3	Integration of Solvision and AOI machines
4	Integration of Solvision and multiple cameras
5	Development of Solvision SDK
6	Development of META+AI systems
7	Development of the SOP smart identification system with META+AI
8	Solmotion's 3D positioning, deviation detection, arraying and path auto-generation
9	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 2022.

II. Overview of the 2023 Business Plan:

(I) Operating strategies and production and sales policies:

With energy equipment, smart industrial automation products, and AI&3D vision technology as operating pillars, Solomon Group offers a variety of professional services in the market. Plenty of successful production and sales experience gained over the years has firmed up the foundation of Solomon Group. In 2023, Solomon Group will keep increasing R&D capacity and putting more effort into business expansion. Important policies and implementation strategies are shown below:

1. Energy equipment business:

(1) Actively seeking business opportunities from Taipower and relevant power generators in response to the rising demand for power applications and the expansion and reconstruction of green power plants, coal-fired power plants and natural gas power plants.

(2) Forming alliances with large enterprises related to environmental protection to identify and create application opportunities in the biogas market.

(3) Taking advantage of investment benefits from re-shoring by firms and seeking business opportunities for constructing/expanding high-tech plants.

(4) Integrating the Group's R&D and existing product advantages and actively searching for construction opportunities to undertake public construction, urban renewal and office projects.

(5) Continuously promoting existing products, developing energy storage equipment, battery management systems, battery energy storage systems and other new services, and offering customers comprehensive energy solutions.

2. Smart automation business:

(1) Capturing the demand for smart automation, including smart manufacturing transformation applications and foreign/Taiwanese firms' plant and production line expansion investments, and further expanding the Group's business in the automation equipment, AI & 3D vision, AMR and robotic arm application markets.

(2) Effectively integrating IT/OT market needs and fully accelerating enterprises' digital transformation.

(3) Integrating AR technology with AI-based real-time identification to create advanced smart applications that can accurately follow SOPs.

(4) Putting continuous effort in the R&D of AI & 3D vision integration technology and various product applications.

(II) Anticipated sales volume and the basis:

For the smart automation business, the Group will be dedicated to the development of 3D vision and AI technology on an ongoing basis, assist in the introduction of smart automation solutions into industries and improve corporate competitiveness. In addition, we will continuously expand product R&D and application flexibility and look for more collaboration opportunities in the global market to actively promote the technological power of Taiwan. As for the energy business, since the methods of acquiring energy have changed as "net-zero emissions by 2050" has become a global development goal, green energy generation, power grid improvements and other auxiliary services are what the Group will focus on in the energy business in 2023.

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

In the coming post-pandemic era, the benefits that were generated from order transfers due to the pandemic have been impacted as the global COVID-19 pandemic has cooled down gradually. In addition to the factor, inflation and raised interest rates have led to relatively weak global economic prospects, substantially affecting the

global industrial supply chain. Therefore, understanding the current economic and trading situation and welcoming market opportunities are key to the adaptability of companies. In view of this, in 2023, we will not only keep optimizing the existing products and services that we sell as an agent, but also actively engage in technical R&D and develop private-label products to fully seize market opportunities.

For the energy business, in addition to continuous business expansion in the semiconductor industry, SOLOMON will concentrate on branching out into emerging industries, e.g., EV supply chains, reshoring investment and manufacturing, 5G, AI, and other energy-intensive industries, offering services with high quality on an ongoing basis, and meeting customers' new requirements for power and energy. With respect to the smart automation business, AI, machine learning, cloud and edge computing, IoT, algorithms, AR, VR and other leading-edge technologies have brought new momentum for an industrial revolution in response to Industry 4.0 initiatives. Moreover, the emergence of issues such as labor shortage in the face of the pandemic has forced enterprises to shift to smart automation development, making it one of the most competitive areas in the market. Thanks to SOLOMON's long-term dedication to the R&D of AI & 3D vision technology, our advanced technologies and professional integration solutions have successfully assisted in accelerating the promotion of digital applications in industries, thereby largely resolving their pain points. In the future, SOLOMON will continue the R&D of new application technologies, the development of new products, the recruitment of talent from all over the world and the integration of resources in industrial, government and academic sectors to address application pain points for customers and improve the brand value of SOLOMON.

We wish all shareholders good health and all the best!

Chairman and General Manager: Chen Cheng-Lung

II. 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.
 - 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.
- 2002
- 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.
- 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.
- 2008
 - 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

2009

- 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.”
- 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

2013

- 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.
- 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.
- 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

2014

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.
- 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

(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 | <ul style="list-style-type: none">• 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]. <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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].• Received a "confirmation letter for business |

- headquarters” from the Ministry of Economic Affairs with a validity period from 2020.9.16 to 9.15.2023.
- 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.
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 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.
In December, the VBU’s AccuPick 3D obtained FCC certification.
 - 2018 In January, the VBU’s AccuPick 3D obtained CE and VCCI certifications.
In May, the VBU’s AccuPick 3D passed KC certification.
Acquired a Republic of China Patent Certificate with the invention patent No. I633044 for our “Automatic Material Placement System and Method.”
 - 2019 In April, the VBU’s AccuPick 3D, Solscan, and Solmotion passed CB certification.
Acquired a Republic of China Patent Certificate with the invention patent No. I675000 for our “Object Transportation Method and System.”
 - 2020 Acquired a Republic of China Patent Certificate with the invention patent No. I685407 for our “Object Identification and Picking Method and System.”
- (4) Substantial transfers or changes of shares held by directors, supervisors or

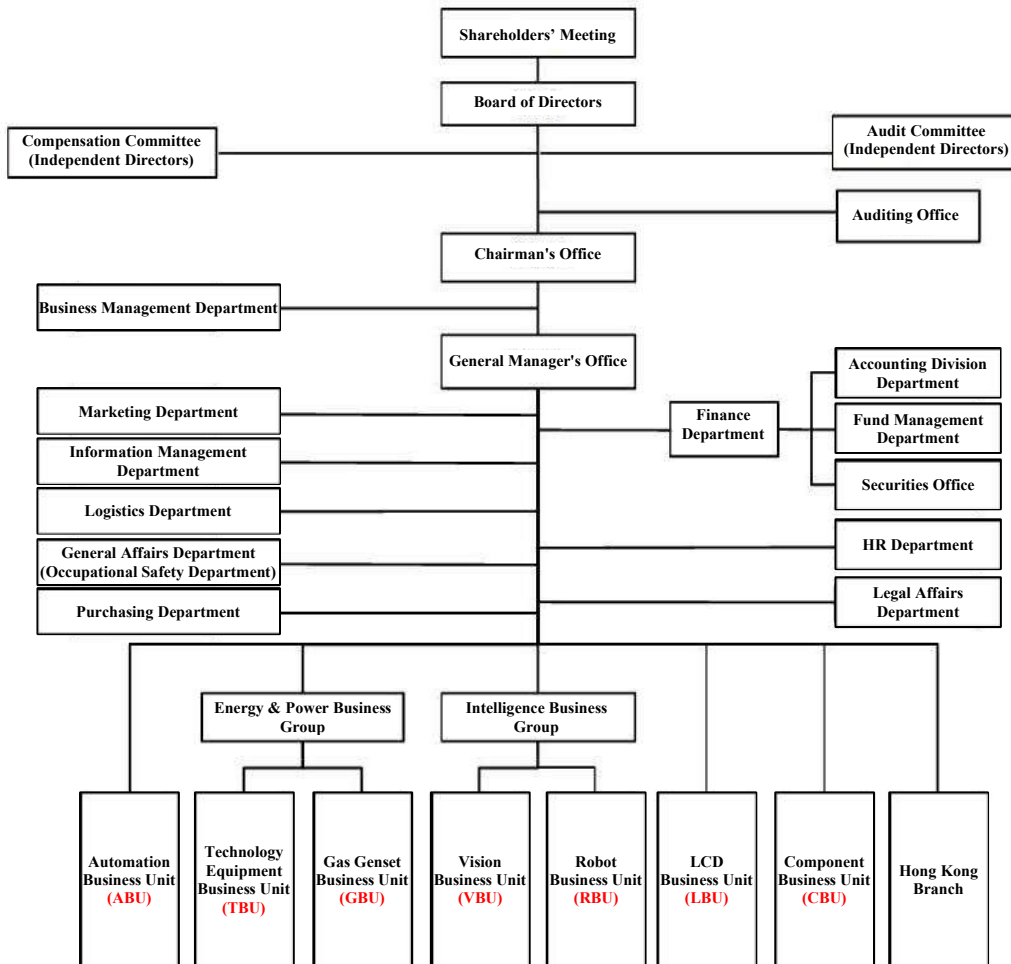
shareholders with a shareholding of more than 10% in 2022 and as of the publication date of the annual report: None.

III. Corporate Governance Report

1. Organizational System

(1) Organizational Structure: October 4, 2022

Organizational Chart of the Company



(2) Business activities of the main departments: (October 4, 2022)

Business group	Business unit	Business division (abbreviation)	Main business activities
Energy & Power Business Group	Technology Equipment Business Unit	TBU (PC)	Sales/agency business: 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 5. Turbine generator systems from the Japanese Kawasaki 6. System design, planning, integration, installation, part purchase/sale, and repair and maintenance services for the above equipment
		TBU (PQ)	Sales/agency business: 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. Lead-acid batteries/lithium iron batteries 4. Low frequency uninterruptible power supply equipment 5. Inverters 6. Mitsubishi precision air conditioners System design, planning, installation, part purchase/sale, and repair and maintenance services for the above equipment
	Gas Genset Business Unit	GBU	Sales/agency business: 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"> 1. Continuing promotion of ROCKWELL products <ol style="list-style-type: none"> (1) System optimization and smart manufacturing (2) Internet security (3) Asset management (4) Power quality improvement (5) Sensing and transmission (6) Proof of concept (7) Predictive maintenance (8) Painless upgrade (9) Product life cycle management (10) Cross-platform integration 2. Agency business for PTC's software equipped with the following functions: <ol style="list-style-type: none"> (1) ThingWorx IIoT Platform (2) Vuforia AR (3) Creo 3D solid model (4) Big data analytics and machine learning (ML) 3. Agency of Rockwell Automation FactoryTalk Hub : <ol style="list-style-type: none"> (1) FT InnovationSuite/PlantPAx® process operation management system (2) Emulate 3D process simulation/virtual reality training system (3) FiiX facility maintenance and management system 4. Sale agency of AIoT peripheral brands <ol style="list-style-type: none"> (1) HPE (2) Secomea (3) SiA (1) Adder
Intelligence Business group	Vision Business Unit	VBU	Self-developed products <ol style="list-style-type: none"> 1. AccuPick 2. Solscan 3. Deep Learning 4. Solmotion 5. Solvision 6. Metaverse AI visual products
	Robot Business Unit	RBU	<ol style="list-style-type: none"> 1. Sales/agency business: <ol style="list-style-type: none"> (1) Robotic arms from the Danish Universal Robots (2) Robotic arms from the Japanese Shibaura Machine (3) Robotic arms from the Japanese Kawasaki (4) Autonomous mobile robots (AMRs) from the Danish Mobile Industrial Robots (5) Robotic arm peripherals from the Danish OnRobot 1. Sales of peripheral fixtures/jigs and conveyor module mixes for robotic arms 2. Ancillary integrated smart automation solutions

Business group	Business unit	Business division (abbreviation)	Main business activities
	LCD Business Unit	LBU	<ol style="list-style-type: none"> 1. Sale/agency business: Domestic and overseas TFT LCDs, driver ICs, and electronics. 2. Provision of domestic and overseas LCD module customization services
	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: MLCCs, electrolytic capacitors, resistors, safety capacitors, etc. 2. Active components: IC, MOSFET, DIODES, LED CHIP, etc. 3. Protection elements: ESD, TVS, connectors, fuses, etc.

II. Information on Directors and Managerial Officers

(I) Information on Directors:

Date: April 10, 2023 (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			Number of shares	Shareholding percentage	Title	
Chairman	Republic of China	Chen Cheng-Lung	Male 50-60	2022.6.8	Three years	2009.08.20	15,733,057 shares 8.01%	15,733,057 shares 8.01%	2,668,360 shares 1.56%					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	Chairman and General Manager, SOLOMON Technology Corporation Chairman and General Manager, Solomon Data International Corporation Director, Solomon Goldentek Display Corp. Chairman and General Manager, Moredel Investment Corp. Chairman and General Manager, Solomon Smartnet 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	Director	Chen Lu Su-Yue	Mother 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-	2022.6.8	Three years	2019.6.12	9,587,377 shares 5.59%	9,481,377 shares 5.53%	13,958,843 shares 8.14%	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%	13,958,843 shares 8.14%	9,481,377 shares 5.53%	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	0	None	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%	—	298,000 shares 0.24%	—	—	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.	Judicial person	2022.6.8	Three years	1998.06.08	100,432 shares 0.06%	—	100,432 shares 0.06%	—	—	—	—	Director, Data International Co., Ltd. Director, INGA NANO Technology Co., Ltd.	Director, Integrated Solutions Technology, Inc.	None				
Director	Republic of China	Moredel Investment Corp. Representative: Kao Sheng-Hui	Male 60-70	2022.6.8	Three years	2021.11.12	—	—	281,548 shares 0.16%	—	—	—	—	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			Number of shares	Shareholding percentage	Title	
Independent Director	Republic of China	Huang Ming-Yu	Male 60~70	2022.6.8	Three years	2022.6.8		0		0			0		Department of Accounting, Soochow University Deputy Chairman, PricewaterhouseCoopers Taiwan Vice Chairman, PwC Tax Consulting Co., 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, Nankang Rubber Tire Corp., Ltd. 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

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	
Independent Director	Republic of China	Wong Ching-Chang	Male	60-70	2022.6.8	Three years	2016.6.7	0	0	0	0	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 Supervisor, Taiwan Automation Intelligence and Robotics Association (TAIROA)	Distinguished Professor, Department of Electrical Engineering, Tamkang University Director of the Board, Chinese Automatic Control Society (CACCS) Director of the Board, Robotics Society of Taiwan (RST) Director of the Board, 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	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	
Independent Director	Republic of China	Wong Chu-Ching	Male 60~70	2022.6.8	Three years	2022.6.8	0	0	0	0	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

Independent Director	Republic of China	Huanag Chung-Yuan	Male 50-60	2022.6.8	Three years	2022.6.8	0	0	0	0	<p>Ph.D., Institute of Computer Science and Engineering, National Chiao Tung University</p> <p>Master's degree, Institute of Computer Science and Engineering, National Chiao Tung University</p> <p>Associate Professor, Department of Computer Science and Information Engineering, Chang Gung University</p> <p>Assistant Professor, Department of Computer Science and Information Engineering, Chang Gung University</p> <p>Section Chief, Division of Instructional Support, Computer Center, Chang Gung University</p> <p>Deputy CEO, Biomedical Technology Cluster, Yuanpei University of Technology</p> <p>Assistant Professor and Chair of Department of Computer Science and Information Engineering, Yuanpei University of Technology</p> <p>Adjunct Assistant Professor, Department of Information Management, Shih Hsin University</p> <p>Lecturer, Department of Computer Science and Information Engineering, China University of Technology</p> <p>Information Course Lecturer, Computer Program, Hsinchu City Bamboo Community University</p> <p>System Engineer, Management Department, WORLDWIDE TELNET CO., LTD.</p> <p>Senior System Engineer, Software Department, Yu Bo Computer Co., Ltd.</p> <p>Director, Teaching Department, Bai Dian Chain Information Classroom</p> <p>Special Assistant to the General Manager, Management Department, Bai Dian Chain Information Classroom</p> <p>Director, Software Development Department, Mediland Enterprise Corporation</p>	<p>Professor, Department of Computer Science and Information Engineering, Chang Gung University</p> <p>Jointly Appointed Professor at Bachelor Program in Artificial Intelligence, Chang Gung University</p> <p>Jointly Appointed Professor at Artificial Intelligence Research Center, Chang Gung University</p> <p>Jointly Appointed Researcher at Cerebrovascular Division, Neurology Department, Linkou Chang Gung Memorial Hospital</p> <p>Independent Director, SOLOMON Technology Corporation</p> <p>Member of Compensation Committee, SOLOMON Technology Corporation</p> <p>Member of Audit Committee, SOLOMON Technology Corporation</p>	None	N/A
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Information on the Major Shareholders of Directors that Are Corporate Shareholders

Date: April 11, 2023 (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%)

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 (8.14%), Chen Jan-Sun (5.53%), Xin Li Investment (5.39%), Chen Chuan-Chuan (3.23%), Chen Cheng-Lien (2.42%), Lu Fu Investment Corp. (1.76%), Mo Li Investment (1.60%), Yang Yu-Pin (0.92%), Kuo Hsun-Hui (0.89%)

(II) Information on Directors:

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

Criteria	Professional qualifications and experience (Please refer to P.26~32 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	N/A	None

	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.		
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	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	Independent Director Compliant with what is described in the note	3
Wong Ching-Chang	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	Independent Director Compliant with what is described in the note	None

	<p>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>		
Wong Chu-Ching	<p>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</p> <p>None of the circumstances under Article 30 of the Company Act apply</p>	Independent Director Compliant with what is described in the note	None
Huanag Chung-Yuan	<p>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.</p> <p>None of the circumstances under Article 30 of the Company Act apply.</p>	Independent Director Compliant with what is described in the note	None

Note: 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.

2. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

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:

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.

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

(2) Independence of the Board of Directors:

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.

(1) Information of Managerial Officers:

Date: April 11, 2022 (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	8.01	2,668,360	1.56	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 and General Manager, Solomon Data International Corporation Director, Solomon Goldentek Display Corp. Chairman, Moredel Investment Corp. Chairman, Solomon Smartnet 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	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	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				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				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				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				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				N/A
Vice President	Republic of China	Lin Sheng-Chang	Male	2022.12.01	0	0	0	0	0	0	Master's of Industrial Engineering, Tunghai University General Manager, Chungwa Picture Tubes Ltd. Chairman, Giantplus Technology Co., Ltd. Vice President of the Medium-Sized and Small-Sized Panel Business Unit, Chungwa Picture Tubes, Ltd. Vice President, Solomon Group	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	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	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	2018.01.31	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	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			Number of shares	Shareholding percentage	Title	
Assistant General Manager	Republic of China	Li Chih-Ming	Male	2021.07.01-2022.08.31	0	0	0	0	0	0	MBA, University of Houston Sales Specialist, TOPCO SCIENTIFIC Co. Ltd. Sales Manager, Maeden Innovation Co., Ltd. LCD Business Unit Assistant General Manager, SOLOMON Technology Corporation	None	None			N/A
Assistant General Manager	Republic of China	Huang Chen-Chi	Female	2021.04.19	0	0	2,000	0.001	0	0	EMBA, Tamkang University Bachelor of Business Administration, Department of Accounting, School of Business, Soochow University Assistant Manager, PwC Assistant Manager of Internal Audit, Sentronic International Co., Ltd. Accounting Manager, 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
Assistant General Manager	Republic of China	Lin Cheng-Ming	Male	2022.9.12-2022.12.07	0	0	0	0	0	0	Bachelor of Science, Department of Mechanical Engineering, National Cheng Kung University Component Business Unit Director, YoungOptics Co., Ltd. Technical Manager of the Next Generation FAB and Cost Reduction, United Microelectronics Corporation (UMC) Owner of Advanced Energy Technology Co., Ltd. Etching Department Module Manager, Inotera Technology Corp. Automation Business Unit Sales 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	
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	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. Supervisor, Solomon Goldentek Display Corp.	Director and General Manager, Solomon Goldentek Display Corp. Executive Assistant to the Chairman's Office, SOLOMON Technology Corporation Supervisor, Cornucopia Innovation 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			Number of shares	Shareholding percentage	Title	
Senior Director	Republic of China	Chung Yu-Hsiu	Male	2023.03.01	0	0	0	0	0	0	<p>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 0 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</p>	None	None		N/A	
Director	Republic of China	Chen Yu-An	Male	2023.03.27	0	0	0	0	0	0	<p>Director of the Component 0 Business Unit, SOLOMON Technology Corporation</p>	None	None		N/A	

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, Yin Po-Jen, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan Sheng Xing Investment, Moredel Investment	Wang Wei-Chung, Kao Sheng-Hui, Wong Ching-Chang, Yin Po-Jen, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan Sheng Xing Investment, Moredel Investment	Wang Wei-Chung, Wong Ching-Chang, Yin Po-Jen, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan Sheng Xing Investment, Moredel Investment	Wang Wei-Chung, Wong Ching-Chang, Yin Po-Jen, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan Sheng Xing Investment, Moredel Investment
NT\$1,000,000 (included)~NT\$2,000,000 (excluded)	Chen Jan-Sun	Chen Jan-Sun	0	0
NT\$2,000,000 (included)~NT\$3,500,000 (excluded)	Chen Cheng-Lung, Chen Lu Su-Yue	Chen Cheng-Lung, Chen Lu Su-Yue	Chen Lu Su-Yue, Kao Sheng-Hui	Chen Lu Su-Yue, Kao Sheng-Hui
NT\$3,500,000 (included)~NT\$5,000,000 (excluded)	0	0	0	0
NT\$5,000,000 (included)~NT\$10,000,000 (excluded)	0	0	Chen Jan-Sun	0
NT\$10,000,000 (included)~NT\$15,000,000 (excluded)	0	0	Chen Cheng-Lung	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)				
NT\$50,000,000 (included)~NT\$100,000,000 (excluded)	0	0	0	0
More than NT\$100,000,000				
Total	12	12	12	12

(1) ~1 Where the remuneration received by all the Company's directors and supervisors accounts for over 2% of the director and supervisor 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: 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	6,252	11,532	0	0	3,867	9,867	0	0	0	0	10,110	2.21	21,399	4.67	11,455

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)	0	0
More than NT\$100,000,000	0	0
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: 2022; 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	1,600	1,600	0.35
	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				
	Vice President	Xu Xichuan				

(2) Remuneration to supervisors:

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

Title	Name	Remuneration to supervisors						Sum of A, B, and C and its ratio to profit after tax (%) (Note 8)				Remuneration received from non-subsidary investee companies or parent company (Note 9)	
		Remuneration (A) (Note 2)		Compensation (B) (Note 3)		Business execution expense (C) (Note 4)							
		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				
Supervisor	Mo Li Investment Corp.	0	0	0	0	0	0	0	0	0	0	0	0
Supervisor Representative	Wen Chi-Jung												

Note: The directors of the 12th Board of Directors were reelected on 2022.6.8 and the supervisor system was abolished.

(3) 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-subsidary 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	14,772	20,052	304	304	6,747	12,747	1,600	0	1,600	0	23,424	5.11	34,704	7.57	11,455
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																			
Vice President	Xu Xichuan																			

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	Wu Chuan-Hsing、Lin Sheng-Chang、Xu Xichuan	Wu Chuan-Hsing、Lin Sheng-Chang、Xu Xichuan
NT\$1,000,000 (included)~NT\$2,000,000 (excluded)	Joe Yang	Joe Yang
NT\$2,000,000 (included)~NT\$3,500,000 (excluded)	Lee Guei-Chung, Tseng Chih-Jen	Lee Guei-Chung, Tseng Chih-Jen
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)		
NT\$50,000,000 (included)~NT\$100,000,000 (excluded)	0	0
More than NT\$100,000,000		
Total	8	8

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

Date: 2022; 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)		Salary, bonus, special disbursement, etc. (E)		Post-employment pension (F)		Remuneration to employees (G)		Sum of A, B, C, D, E, F and G										
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements							
Chairman	Chen Cheng-Lung	0	0	0	0	3,000	3,120	30	85	3,030	0.66	3,205	0.70	10,119	21,399	0	0	0	0	0	0	13,149	2.87	24,604	5.37	11,455

(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:

Date: 2022; 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	1,600	1,600	0.35
	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				
	Vice President	Xu Xichuan				

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

Date: 2022; 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	2,680	2,680	0.58
	Business Group General Manager	Wu Chuan-Hsing				
	Vice President	Lin Sheng-Chang				
	Vice President	Lee Guei-Chung				
	Vice President	Joe Yang				
	Vice President	Tseng Chih-Jen				
	Vice President	Nguyen Xuan Loc				
	Vice President	Xu Xichuan				
	Senior Automation Business Unit	Andy Chou				
	Senior Automation Business Unit	Nick Lin				
	Assistant General Manager	Meng Tai-Li				
	Assistant General Manager	Chao Kuo-Chi				
	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				
Assistant General	Li Chih-Ming					

	Manager					
	Assistant General Manager	Lin Cheng-Ming				
	Senior Director	Chung Yu-Hsiu				
	Director	Chen Yu-An				
	Chief Corporate Governance Officer	Chu Shu-E				

(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) :
None ◦

(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			
	2021		2022	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	12.70	22.77	6.62	12.02
Supervisor	0.17	0.17	0.04	0.04
General Manager and Vice President	12.07	16.37	5.11	7.57

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 and supervisors in accordance with the Articles of Incorporation.

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.

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 after being approved by the Compensation Committee, and it 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.

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	6	0	100	
Director	Chen Jan-Sun	6	0	100	
Director	Chen Lu Su-Yue	6	0	100	
Director	Wang Wei-Chung	6	0	100	
Director	Kao Sheng-Hui	6	0	100	
Independent Director	Wong Ching-Chang	6	0	100	
Independent Director	Yin Po-Jen	3	0	100	Left office on 2022.6.8
Independent Director	Huang Ming-Yu	3	0	100	Newly elected on 2022.6.8
Independent Director	Wong Chu-Ching	3	0	100	Newly elected on 2022.6.8
Independent Director	Huanag Chung-Yuan	3	0	100	Newly elected on 2022.6.8

Other information required:

- 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: (Refer to pages 64)
 - Matters set forth in Article 14-3 of the Securities and Exchange Act: None.
 - 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 2022 meetings.
- 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.
- 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.
- 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 evaluations for the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	2022.1.1-2022.12.31	Evaluation of the performance of the Board of Directors,	1. An external professional organization, the Taiwan Institute of	① Performance evaluation for the Board of Directors: covered its involvement in the operations of the Company, its decision quality, board composition and structure, the election of board members and their continuing education,

		individual board members, and functional committees	Ethical Business and Forensics, was commissioned to conduct the performance evaluation 2. Internal evaluation of the board of directors, self-evaluation by board members.	internal control, etc. ② Board of directors' professional functions (composition and structure of the board, selection and ongoing education of directors). ③ Board of directors' decision-making effectiveness (degree of participation in company operations, enhancing the quality of board decisions). ④ Board of directors' emphasis and supervision on internal controls. ⑤ Board of directors' attitude towards sustainable management.
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1~3. Details on attendance of independent directors at the Company's board meetings in 2022:

Board meeting session	Month	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director
		Wong Ching-Chang	Huang Ming-Yu	Wong Chu-Ching	Huanag Chung-Yuan	Yin Po-Jen
11-22	March	V				V
11-23	April	V				V
11-24	May	V				V
12-1	June	V	V	V	V	
12-2	August	V	V	V	V	
12-3	November	V	V	V	V	
	Total	6	3	3	3	3

2. Training courses for directors in 2022:

Course title	Training hours	Organizer	Participating directors
International Taxation and Transfer Pricing Issues under the Epidemic, Global Tax Increase and Tax Recovery Environment	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
Case Studies: Proxy Contest and the Commercial Case Adjudication Act	3	Taiwan Corporate Governance Association	Chen Cheng-Lung, Chen Lu Su-Yue, Chen Jan-Sun, Kao Sheng-Hui, Wong Ching-Chang, Huang Ming-Yu, Wong Chu-Ching, Huanag Chung-Yuan
Promotions on Industry Topics: Sustainable Development Roadmap	2	Taiwan Stock Exchange	Wong Chu-Ching, Huanag Chung-Yuan
Publication and	3	Taiwan	Wong Chu-Ching, Huanag

Promotion of the Guidelines for Independent Directors and Audit Committees' Discharge of Functions and Powers		Stock Exchange	Chung-Yuan
2022 Conference on Awareness of Compliance with the Laws Governing Trading of Equity by Insiders	3	Securities and Futures Institute	Wong Chu-Ching
2022 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange	Huang Ming-Yu
Corporate Sustainability Accelerators – CSR, ESG, and SDGs	3	Taiwan Institute of Directors	Huang Ming-Yu
International Twin Summit	2	Taiwan Stock Exchange, Alliance Advisors, Taiwan Corporate Governance Association	Huang Ming-Yu
A Discussion of Anti-Money Laundering Practices and the Latest Regulations	3	Taiwan Independent Directors Association	Huang Ming-Yu
A Discussion of Taiwanese Companies' Operation and M&A Strategies from the Global Political and Economic Situation	3	Corporate Operating and Sustainable Development Association	Huang Ming-Yu
A Discussion of Corporate Governance Laws and Regulations – A Case Study of Fair Treatment of Customers, Anti-Money Laundering, Anti-Insider Trading, and Personal	3	Taiwan Institute of Directors	Wang Wei-Chung

Information Protection			
From CSR to ESG Approaches to Corporate Management	3	Taiwan Corporate Governance Association	Wang Wei-Chung

(2) Information on the operations of the Audit Committee and supervisors' 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 2022, the Audit Committee held three 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	3	0	100	Newly elected in June 2022
Independent Director	Wong Ching-Chang	3	0	100	Newly elected in June 2022
Independent Director	Wong Chu-Ching	3	0	100	Newly elected in June 2022
Independent Director	Huanag Chung-Yuan	3	0	100	Newly elected in June 2022

Other information required:

1. 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
 - (1) Matters set forth in Article 14-5 of the Securities and Exchange Act.
 - (2) 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.
2. 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
3. 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):
 - (1) The Audit Committee has regularly reviewed audit reports and exchanged opinions regarding the audits with the chief internal auditor.
 - (2) 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, 1st meeting	20220608	<ul style="list-style-type: none"> • Election of the convener (meeting chair), Huang Ming-Yu, as an independent director. Opinions from independent directors: None. The Company's response to independent directors' opinions: None.
1st term, 2nd meeting	20220809	<ul style="list-style-type: none"> • PwC CPAs' opinions on Solomon Group's financial statement closing process. (With the CPAs attending the meeting in a non-voting capacity) • Report on the "Organization Rules of the Audit Committee." • Report on director and supervisor liability insurance taken out for directors. • Discussion on the consolidated financial statements for Q2 of 2022. • Discussion on endorsements/guarantees for Solomon Energy Technology Corporation.

Meeting name	Meeting date	Important resolution and subsequent actions
		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.
1st term, 3rd meeting	20221109	<ul style="list-style-type: none"> • Discussion on the consolidated financial statements for Q3 of 2022. • Discussion on the amendment of the "Rules of Procedure for Board of Directors Meetings". • Discussion on the amendment of the "Procedures for the Management of Material Insider Information". • Discussion on the amendment of the "Organizational Rules of the Compensation Committee". 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.

2. Participation of supervisors (Audit Committee) in the Board of Directors' operations:

In 2022, the Board of Directors held six 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
Supervisor	Mo Li Investment Corp. Representative: Wen Chi-Jung	3	100	Directors were reelected in June
Audit Member	Huang Ming-Yu	3	100	
Audit Member	Wong Ching-Chang	6	100	
Audit Member	Wong Chu-Ching	3	100	
Audit Member	Huanag Chung-Yuan	3	100	

Other information required:

1. Roles and responsibilities of supervisors:

- (1) Communication of supervisors with the Company's employees and shareholders:
The supervisors 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 supervisors with the chief internal auditor and CPAs:
 1. The supervisors have regularly reviewed audit reports and exchanged opinions regarding the audits with the chief internal auditor.
 2. The CPAs have regularly invited the supervisors 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 supervisors 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 supervisors shall be specified: None.

(2) ~1 Communication of directors (independent directors) and supervisors 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 supervisors 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 supervisors of the same.

In order to facilitate the implementation of the Company's governance affairs, the CPAs communicate with the directors and supervisors 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) Communication between directors, supervisors and CPAs:

Date	Communication meeting	Communication subject	Communication results
20220316	Board of Directors	<ol style="list-style-type: none"> 1. Issuance of a communication letter on the consolidated and parent-only financial statements for 2022 to governing bodies. 2. CPAs' response to and communication about the questions of directors and supervisors. 	No opinion
20220408	Board of Directors	Communication with directors and supervisors in the planning stage of the financial statement audit for 2022	No opinion
20220511	Board of Directors	<ol style="list-style-type: none"> 1. Issuance of a communication letter on the consolidated financial statements for Q1 of 2022 to governing bodies. 2. CPAs' response to and communication about the questions of directors and supervisors. 	No opinion
20220809	Board of Directors	<ol style="list-style-type: none"> 1. Appointment of two CPAs to make a presentation on and explain the consolidated financial statements for Q2 of 2022. 2. CPAs' discussion and communication about the questions of directors. 3. CPAs' participation in the convening of the Company's board meetings 	No opinion
20221100	Board of Directors	<ol style="list-style-type: none"> 1. Drafting of a communication letter on the consolidated financial statements for Q3 of 2022 to governing bodies. 2. CPAs' response to and communication about the questions of directors. 	No opinion

Communication Plan

Communication subject	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 	April 2022
Interim review <ul style="list-style-type: none"> • Review of the Q1 quarterly report • Review of the Q2 quarterly report 	May 2022 August 2022

• Review of the Q3 quarterly report	November 2022
Annual audit summary	
• Important audit findings	March 2023
• Audit of the annual financial statements	March 2023

(2) Communication between the chief internal auditor, supervisors and independent directors:

Session	Communication key points	Communication results
January 2022	Audit report for December 2021	No opinion
February 2021	Audit report for January 2022	No opinion
March 2022	Presentation and reporting of the implementation of the 2021 internal audit plan.	No opinion
March 2022	Audit report for February 2022 Result of the self-evaluation for the internal control system in 2021, 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
April 2022	Audit report for March 2022	No opinion
May 2022	Audit report for April 2022	No opinion
June 2022	Audit report for May 2022	No opinion
July 2022	Audit report for June 2022	No opinion
August 2022	Audit report for July 2022	No opinion
September 2022	Audit report for August 2022	No opinion
October 2022	Audit report for September 2022	No opinion
November 2022	Audit report for October 2022	No opinion
December 2022	Audit report for November 2022	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 "Procedures for Election of Directors" have been established. Talented people with different professional backgrounds (including accounting, finance, technology) are elected as directors in accordance with the procedures. The Procedures for Election of Directors have been implemented thoroughly.	Compliant with the Corporate Governance Best Practice Principles
(2) Has the company, apart from establishing a compensation committee and an audit committee, voluntarily set up any other functional committee?	V		The Sexual Harassment Prevention Committee, Risk Management Committee, Nomination Committee, Sustainable Development Committee, Corporate Governance Committee, and Cybersecurity Risk Management	

Item assessed	Implementation		Summary	Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No		
			Committee are scheduled to be established.	
(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>The Company established its regulations governing the Board of Directors' performance evaluations and the evaluation methods in December 2019. In November 2022, an external professional organization was commissioned to evaluate the performance of the Board of Directors.</p> <p>Evaluation conclusion: On December 16, 2022, the external professional organization's performance evaluation for the Board of Directors was completed.</p> <p>1. Evaluation period: 2022.1.1-2022.12.31</p> <p>2. External professional organization performing the evaluation: Taiwan Institute of Ethical Business</p> <p>3. Evaluation report: Conclusions and improvement suggestions</p> <p>(1) Enhancing board diversity.</p> <p>(2) The Board of Directors has 4 independent directors, indicating that the supervision function of the Board of Directors has been strengthened.</p> <p>(3) Improving the recording of directors' speeches in the board meeting minutes.</p> <p>(4) Developing and implementing an integrated risk management mechanism.</p> <p>(5) Overall planning of a whistleblowing system.</p> <p>(6) Continuously reviewing the appropriateness of the talent performance evaluation criteria.</p> <p>(7) Establishing a succession echelon of professional talents.</p> <p>(8) Presenting more sustainable development issues to board meetings for discussion.</p> <p>The Audit Committee was set up when the directors were elected in June 2022, making the Board of Directors more complete in terms of composition and structure.</p>	
(4) Does the company assess the independence of CPAs on a regular basis?	V		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	

Item assessed	Implementation		Summary	Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No		
			<p>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 2022, 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. (Refer to Table 1 (p.71~72))</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		<p>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 at the 1203rd board meeting held on 2022.11.9.</p>	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 section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	V		<p>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 shareholder services information on the MOPS and the Company's website to ensure good channels for communication with investors.</p> <p>SOLOMON has established channels of communication with stakeholders, set up a stakeholders' section on the website, and given proper responses regarding important issues of corporate social responsibility that concern the stakeholders.</p>	Compliant with the Corporate Governance Best Practice Principles
6. Does the company engage any professional shareholder services agent to manage affairs for shareholders' meetings?	V		<p>The Company has engaged a professional shareholder services agent, the Shareholder Services Department of President Securities Corporation, to manage affairs for shareholders' meetings.</p>	Compliant with the Corporate Governance Best Practice Principles
7. Information disclosure				

Item assessed	Implementation		Summary	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 set up a website to disclose financial, business and corporate governance information?	V		Such website has been set up. The URL is: www.solomon.com.tw	Compliant with the Corporate Governance
(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		The Company has the Securities Office responsible for collecting information related to the Company. The spokesperson fully discloses material information. The Company has set up a Chinese and an English website, appointed a spokesperson to be in charge of external communications, and designated dedicated personnel to disclose the Company's information on the MOPS as required by law.	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		The Company has many associates, making it impossible to publish and submit the financial statements within two months after the end of the fiscal year. All the other information is published and submitted before the required deadline.	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		(1) Employees' rights and employee care: The Company has points of contact for different types of stakeholders, such as the HR Department responsible for dealing with problems related to employees' rights. We have also established the Employee Welfare Committee to take care of the needs of the employees. These points of contact operate smoothly. (2) Investor relations: Communication channels have been created for the spokesperson and acting spokesperson system to answer the questions of shareholders. (3) Supplier relationships: The Company has always maintained good relationships with suppliers. (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. (5) Continuing education of directors: A minimum of six hours of continuing education is required each year in accordance with the	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>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 2022.</p> <p>(9) The Company has adopted the "Code of Ethical Conduct," "Sustainable Development Principles," "Ethical Management Principles," and "Corporate Governance Best Practice Principles" as one of the bases for corporate governance management.</p>	
9.	<p>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>		

Table 1

Summary: The Company assesses the independence of CPAs on a regular basis.

- 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 2022 are: CPA Liang Yi-Chang and CPA Chen Hsien-Cheng 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	4 years
Chen Hsien-Cheng	Q1 2020 until now	3 years

- The independence assessment criteria and results for the above two CPAs are summarized 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 the	No	Yes

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. 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 2022.

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

Regulation: **SOLOMON Technology Corporation Procedures for Election of Directors**

Article 3: 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.

• Implementation:

Item	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
Name									
Chen Cheng-Lung	Male	●	●	●	●	●	●	●	●
Chen Jan-Sun	Male	●	●	●	●	●	●	●	●
Chen Lu Su-Yue	Female	●	●	●		●	●		
Wang Wei-Chung	Male	●	●	●	●	●	●	●	●
Kao Sheng-Hui	Male	●	●	●	●	●	●	●	●
Huang Ming-	Male	●	●	●	●	●	●	●	●

Yu									
Wong Ching-Chang	Male	●	●	●	●	●	●	●	●
Wong Chu-Ching	Male	●	●	●	●	●	●	●	●
Huanag Chung-Yuan	Male	●	●	●	●	●	●	●	●

- Composition Description:

	Item	Proportion %
1	Directors who are employees	22.22
2	Independent Director	44.44
3	Female directors	11.11

- Industrial Experience/Expertise Distribution:

Item Name	Gender	Accounting and financial analysis skills	Automated/intelligent 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:

Item Name	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 2022, the Compensation Committee convened on June 8 and December 16.

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
2022.6.8	5th term, 1st meeting	Election of Member Huang Ming-Yu as the convener	Passed	None
2022.12.16	5th term, 2nd meeting	<ol style="list-style-type: none"> 1. Report on change of directors, supervisors and managerial officers 2. Ratification of remuneration distributed to directors and supervisors for 2021. 3. Ratification of remuneration distributed to managerial officers and employees for 2021. 4. Report on the plan for the distribution 	6. Passed	None

		of year-end bonuses for 2022. 5. Report on the relevant laws and regulations.		
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(1) Information of members of the Compensation Committee:

Title	Name	Criteria	Independence	Number of publicly listed companies where the committee member is currently also a compensation committee member
		Professional qualifications and experience		
Independent Director Convener	Huang Ming-Yu	Please refer to relevant information in “Information of directors (I)” in Table 1 on page 26~36 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 relevant information in “Information of directors (I)” in Table 1 on page 26~36 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 relevant information in “Information of directors (I)” in Table 1 on page 26~36 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 relevant information in “Information of directors (I)” in Table 1 on page 26~36 More than 20 years of work experience None of the circumstances	Compliant with what is described in the note	0

		under Article 30 of the Company Act applies		
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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 2022, 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	-

Other information required:

- 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.

(5) Information on the operations of the Nomination Committee: The Company does not have a nomination committee.

(VI) 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 page63~65

(V) 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	
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>We set up a succeeding team (now renamed the Department of Infrastructure) to facilitate sustainable management and development in 2021. The team delivers a work report to the Board of Directors at least once per year.</p> <p>The Board of Directors established the “Corporate Social Responsibility Principles” (now renamed Sustainable Development Principles) in 2014 and has amended the principles in accordance with the regulations of the competent authority.</p>	No major difference
2. Does the company conduct any risk assessment regarding 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)	V	The Company’s departments formulate annual plans and relevant risk 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	No major difference

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<p>results. A plan is drawn up for the management of the risks after integrating the Company's resources.</p> <p>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.</p>	
3. Environmental issues				No major difference
(1) Does the company create an appropriate environmental management system based on the industrial characteristics of the company?	V		<p>Electricity: Energy-efficient lighting, replacement of water chiller units with new inverter water chiller units (variable frequency to save energy)</p> <p>Water: Installation of touchless water faucets and water saving toilets.</p> <p>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.</p> <p>Waste: Garbage sorting and waste recycling by commissioned professional waste disposal companies to reduce environmental impacts</p> <p>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.).</p> <p>ISO 14001 is not applicable since the Company is not a manufacturer.</p>	
(2) Is the company committed to achieving more efficient use of energy and using renewable materials with low environmental impacts?	V		<p>We expect to introduce the ISO 50001 energy management system and carry out the following energy-saving projects in 2022:</p> <p>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.</p>	

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<p>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.</p> <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

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	
(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: In 2000, water-saving facilities were installed to reduce water resources wasted and used, such as touchless water faucets, urinal flush valves, water-saving toilets, etc. These facilities can help save about 5% of the water consumption every year. 2. Energy-efficient air conditioning: We reinforce the control of the use of air conditioning (e.g., by having Taipower install water chiller unit temperature adjusters to keep the air conditioning at 26 degrees) and plan to install inverters in more air conditioners, which can help reduce 5%-10% of the electricity consumption (carbon emissions) every year. 3. Energy-efficient lighting: The use of lighting equipment is further controlled (e.g., by turning lights off during lunch breaks, reducing the lighting in bathroom aisles, turning off lights when not in use, etc). All traditional T8 light tubes were replaced with LED tubes in 2019, leading to an annual reduction of 5% in electricity consumption (carbon emissions). 4. Garbage sorting and recycling: Waste sorting and recycling bins are set up for waste reduction and resource recycling to protect the environment. 5. The above strategies and practices will be propagated to all employees throughout the year and thoroughly implemented. <p>Water consumption: 2022/10,458 m³; 2021/10,292 m³ Total waste weight: 2022/52,211 kg; 2021/51,543 kg Greenhouse gas emissions (carbon emissions): 2022/382,196 kg; 2021/384,692 kg</p> <p>Policy issues will be communicated to the employees by means of announcement to encourage them to protect the earth together.</p>	No major difference
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	The Company has formulated the [SOLOMON Human Rights Policy] in accordance with the Labor Standards Act and labor laws and regulations to ensure compliance with applicable laws and regulations as well as international	No major difference

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<p>human rights conventions.</p> <p>Our human rights policy is disclosed on our website and includes six major points:</p> <ol style="list-style-type: none"> 1. Diversity, inclusion and equal opportunities 2. Salary and benefits 3. Reasonable work hours 4. Healthy and safe workplace 5. Freedom of association 6. Collective bargaining 	
(2) Does the company establish and implement reasonable employee welfare measures (including compensation, leave and other benefits)? Is the operating performance or result appropriately reflected in the compensation for employees?	V		<p>The [Employee Welfare Committee Management Guidelines] have been established in accordance with Article 6 of the Organization Rules of the 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>	

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<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 p.55~56)</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 in the fiscal year.</p>	
(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> <p>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.</p>	

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<p>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.</p> <p>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 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</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>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 2022 (235)/total number of the Company's employees (302) reached 77%.</p> <p>An ISO 45001 occupational safety and health management system has been introduced for two years since 2021. The system has been certified by the SGC to optimize its operation.</p> <p>There were 7 occupational accidents involving employees in the Company in 2022. The Company had a total of 302 employees and the occupational accident rate was 2.3%.</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</p>	

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<p>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 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</p>	

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			provide competency-based education and training.	
(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		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
			<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?	V		<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. 3.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," and a "Declaration for Non-use of Conflict Minerals", "Supplier/Contractor Social Responsibility Guidelines". 4.Supplier evaluation: a. Quality evaluation, b. Construction period evaluation and public safety evaluation, c. Turnover evaluation, d. Service evaluation, e. Others 5.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>	
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	V		<p>We will be preparing ESG sustainability reports in accordance with the [Sustainable Development Principles] to manage economic, environmental, and social risks and promote progress, thereby achieving the goal of</p>	No major difference

Item promoted	Implementation		Summary	Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No		
the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency?			sustainable development. The Company has not yet prepared a sustainability report and will prepare one by the deadline specified by the competent authority.	
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.				

(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		Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	
Summary			
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 gives a report to the board of directors regarding its ethical management	V	The HR Department, Legal Affairs Department, and Infrastructure Team responsible for promoting the Group’s corporate ethical management conduct audits in accordance with the Company’s [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		
policy and unethical behavior prevention plan as well as their supervision and implementation on a regular basis (at least annually)?			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: 1183 participants in total, with a total of 2667 hours (Refer to p.149 for details.) 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 2022, a total of 2 sessions were held, with 12 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		The Company has established specific and clear guidelines for rewards and penalties in the work rules and set up employee compliant and whistleblowing email addresses at which the Chairman personally receives emails.	No major difference.
(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?			
(3) Does the company adopt measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	V	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.	
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	The Company's website has been set up and we will www.solomon.com.tw disclose relevant information on the website.	No major difference.
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.			

- (5) 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.

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

- (7) Implementation of the internal control system

1. Statement of Internal Control:

SOLOMON Technology Corporation
Statement of Internal Control

Date: March 16, 2023

Based on the results of self-assessment of our internal control system in 2022, 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, 2022, 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 16, 2023. 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.
- (8) 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.
- (9) 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
11th term, 22nd meeting	20220316	<ul style="list-style-type: none"> • Operating performance report for February 2022. • Approval of the acquisition or disposal of securities between December 2021 and February 2022. • Audit report. • Review of the distribution of the “remuneration to employees” and the “remuneration to directors and supervisors” for 2021. • Review of the financial statements for 2021. • Review of the earnings distribution (a cash dividend of NT\$0.9) for 2021 with the ex-dividend date set on July 13, 2022. • Review of the amendment of the “Articles of Incorporation” and other relevant regulations and procedures. <ol style="list-style-type: none"> 1. Articles of Incorporation 2. Procedures for Acquisition or Disposal of Assets 3. Operating Procedures for Loaning of Funds to Others 4. Operating Procedures for Endorsements and Guarantees 5. Procedures for Financial Derivatives Transactions 6. Procedures for Election of Directors 7. Regulations for Board of Directors' Meetings 8. Corporate Governance Best Practice Principles 9. Sustainable Development Principles (originally named Corporate Social Responsibility Principles) • Review of the authorization for endorsements/guarantees. • Review of the participation in Solomon Energy Technology's cash capital increase of NT\$60,000,000 (6,000,000 shares). • Review of the regular assessment of the independence of CPAs (CPA Liang Yi-Chang and CPA Chen Hsien-Cheng). • Ratification of the promotion of a managerial officer (VBU Director Nguyen Xuan Loc), taking effect on 2022.2.1. • Ratification of an application to Nankang Branch of the Bank of Taiwan for an extension of the financing facility. • Review of the issuance of the “Statement of Internal Control” for 2021. • Review of the election of the directors of the 12th Board of Directors. • Review of the lifting of “non-compete restrictions” for the directors of the 12th Board of Directors. • Review of the convening of the annual general meeting in 2022 (2022.6.8). <p>Opinions from independent directors: None. The Company's response to independent directors' opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p>	None
11th term,	20220426	<ul style="list-style-type: none"> • Operating performance report for March 2022. • Approval of the acquisition or disposal of securities in March 	None

Meeting name	Meeting date	Important resolution and subsequent actions	Matters set forth in Article 14-3 of the Securities and Exchange Act
23rd meeting		<p>2022.</p> <ul style="list-style-type: none"> • Board performance evaluation review report for 2021. • Reporting of the 2021 business report. • Review of the list of candidates nominated for the directors of the 12th Board of Directors. • Review of the amendment of the “Rules of Procedure for Shareholders’ Meetings.” • Ratification of the dismissal of a managerial officer (TBU Vice President Hsu Hsi-Chuan). <p>Opinions from independent directors: None. The Company's response to independent directors’ opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p>	
11th term, 24th meeting	20220511	<ul style="list-style-type: none"> • Consolidated financial statements for Q1 of 2022. • Operating performance report for April 2022. • Audit report. • Review of the endorsements/guarantees for Solomon Energy Technology. <p>Opinions from independent directors: None. The Company's response to independent directors’ opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p>	None
12th term, 1st meeting	20220608	<ul style="list-style-type: none"> • Election of the Chairman: All directors unanimously elected Director Mr. Chen Cheng-Lung as the 12th Chairman. • Operating performance report for May 2022. • Approval of the acquisition or disposal of securities in May 2022. • Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q2 of 2022. • Audit report. • Review of the appointment of the members of the 5th Compensation Committee (Independent Directors Huang Ming-Yu, Wong Ching-Chang, Wong Chu-Ching, and Huanag Chung-Yuan). • Review of the establishment of the “Organization Rules of the Audit Committee.” <p>Opinions from independent directors: None. The Company's response to independent directors’ opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p>	None
12th term, 2nd meeting	20220809	<ul style="list-style-type: none"> • Operating performance report for July 2022. • Report on director and supervisor liability insurance taken out for directors and supervisors. • Report on the schedule planning for the “Sustainable Development Roadmap of Public Companies” (inventory and verification of greenhouse gas information) for Q3 of 2022. • Audit report. • Review of the consolidated financial statements for Q2 of 2022 • Review of the earnings distribution for the first half of 2022. (No distribution was made) • 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</p>	Subparagraph 5

Meeting name	Meeting date	Important resolution and subsequent actions	Matters set forth in Article 14-3 of the Securities and Exchange Act
		objection. The Company's response to independent directors' opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.	
12th term, 3rd meeting	20221109	<ul style="list-style-type: none"> • Operating performance report for October 2022. • Approval of the acquisition or disposal of securities in October 2022. • Report on the schedule planning for the "Sustainable Development Roadmap of Public Companies" (inventory and verification of greenhouse gas information) for Q4 of 2022. • Audit report. • Review of the consolidated financial statements for Q3 of 2022 • Review of establishment of the annual audit plan for the internal audit in 2023. • Review of the amendment of the "Rules of Procedure for Board of Directors Meetings". • Review of the amendment of the "Procedures for the Management of Material Insider Information". • Review of the amendment of the "Organizational Rules of the Compensation Committee". • Review of the appointment of Executive Assistant Chu Shu-E as the "chief corporate governance officer". • Ratification of an application to Taishin International Bank and Far Eastern Int'l Bank for an extension of the financing facility. <p>Opinions from independent directors: All relevant projects were presented to and approved by the Audit Committee without objection. None.</p> <p>The Company's response to independent directors' opinions: None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.</p>	Subparagraphs 1, 5
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 	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
		CPAs. <ul style="list-style-type: none"> • 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. 	
		Opinions from independent directors: None. The Company’s response to independent directors’ opinions: All relevant projects were presented to and approved by the Audit Committee without objection. None. Resolution result: The above matters to be ratified and discussions were approved by all attending directors.	

Implementation of resolutions at shareholders' meetings: Annual general meeting on June 8, 2022

Proposal	Resolution	Implementation
2021 business report	Reported	
2021 supervisor report	Reported	
Report on the distribution of remuneration to employees and to directors and supervisors in 2021	Reported	The distribution was completed
Report on the distribution of shareholder bonuses in 2021	Reported	
Ratification of the business report and financial statements for 2021	Ratified	
Ratification of the earnings distribution for 2021: Distribution of a cash dividend of NT\$0.9	Ratified	The ex-dividend date was set on 2022.7.13 The cash dividend was distributed on 2022.7.22
Discussion on the amendment of the “Articles of Incorporation.”	Passed	The change was registered
Discussion on the amendment of the “Procedures for Acquisition or Disposal of Assets.”	Passed	An announcement was made
Discussion on the amendment of the “Procedures for Financial Derivatives Transactions.”	Passed	An announcement was made
Discussion on the amendment of the “Operating Procedures for Loaning of Funds to Others.”	Passed	An announcement was made
Discussion on the amendment of the “Operating Procedures for Endorsements and Guarantees.”	Passed	An announcement was made
Discussion on the amendment of the “Rules of Procedure for Shareholders’ Meetings.”	Passed	
Discussion on the amendment of the “Procedures for Election of Directors.”	Passed	
Election of the directors of the 12th Board of Directors.	Completed	9 directors were elected as members of the 12th Board of Directors The change was registered
Discussion on the lifting of non-compete restrictions for the directors of the 12th Board of Directors.	Passed	

(10) Different opinions expressed by directors or supervisors in records or written statements with regard to important resolutions adopted by the Board of Directors: In 2022 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. Refer to (XI)(p.91~94) for the important resolutions adopted at shareholders' meetings and by the Board of Directors.

(11) 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.

2. 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 Chen Hsien-Cheng	2022	2,890	520	3,410
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.

3. Information of Change of CPAs: None.

4. 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.

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

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

Unit: shares

Title	Name	2022		2023, as of April 11	
		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	(400,000)	0	0
Director	Chen Jan-Sun	(106,000)	0	0	0
Director	Chen Lu Su-Yue	(1,192,000)	0	0	(812,099)
Director	Sheng Xing Investment Co., Ltd.	0	0	0	0
	Representative: Wang Wei-Chung	0	0	0	0
Director	Moredel Investment Corp.	0	0	0	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
Independent Director	Yin Po-Jen	0	0	0	0
Supervisor	Mo Li Investment Corp.	0	0	0	0
	Representative: Wen Chi-Jung	0	0	0	0
General Manager	Chen Cheng-Lung	0	(400,000)	0	0
Business Group General Manager	Wu Chuan-Hsing	-	-	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	0	0	0	0
Assistant General Manager	Meng Tai-Li	11,000	(11,000)	0	0
	Chao Kuo-Chi	0	0	0	0
	George Huang	0	0	0	0
	Hsieh Ming-Ta	0	0	0	0
	Andy Chou	0	0	0	0
	Norton Liu	0	0	0	0
	Nick Lin	0	0	0	0
	Huang Chien-Chi	0	0	0	0
	Li Chia-Yun	0	0	0	0
	Li Chih-Ming	0	0	-	-
	Lin Cheng-Ming	0	0	-	-
	Chung Yu-Hsiu	-	-	0	0
	Chen Yu-An	-	-	0	0
Chief Financial and Accounting Officer	Huang Chien-Chi	0	0	0	0
Chief Corporate Governance Officer	Chu Shu-E	0	0	0	0

- (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	Gift	2022.04.27	Chen Hsuan-An	Grandmother-grandson	106,000	N/A
Chen Lu Su-Yue	Gift	2022.04.27	Chen Po-Han	Grandmother-grandson	1,086,000	N/A
Chen Jan-Sun	Gift	2022.04.27	Chen Hsuan-An	Grandmother-grandson	106,000	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								

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

Number of shares: shares; date: April 11, 2023

Name	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.		Remarks
	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Name	Relationship	
Chen Cheng-Lung	15,733,057	9.18	2,668,360	1.56	0	0	Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lien, Chen Chuan-Chuan	Parents Brother and sister	
Chen Lu Su-Yue	13,958,843	8.14	9,481,377	5.53	0	0	Chen Jan-Sun, Chen Cheng-Lung, Chen Cheng-Lien, Chen Chuan-Chuan	Spouse Children	
Chen Jan-Sun	9,481,377	5.53	13,958,843	8.14	0	0	Chen Lu Su-Yue, Chen Cheng-Lung, Chen Cheng-Lien, Chen Chuan-Chuan	Spouse Children	
Xin Li Investment Corp.	9,235,114	5.39	0	0	0	0	None		
Representative of Xin Li Investment: Chen Chuan-Chuan	5,530,267	3.23	0	0	0	0	Same (Chen Chuan-Chuan)		
Chen Chuan-Chuan	5,530,267	3.23	0	0	0	0	Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lung, Chen Cheng-Lien	Parents Brothers	
Chen Cheng-Lien	4,141,240	2.42	166,636	0.10	0	0	Chen Lu Su-Yue, Chen Jan-Sun, Chen Cheng-Lung, Chen Chuan-Chuan	Parents Brother and sister	
Lu Fu Investment Corp.	3,024,000	1.76	0	0	0	0	None		
Representative of Lu Fu Investment: Chen Cheng-Lien	4,141,240	2.42	166,636	0.10	0	0	Same (Chen Chuan- Lien)		
Mo Li Investment Corp.	2,748,803	1.60	0	0	0	0	None		
Representative of Mo Li Investment: Chen Chuan-Chuan	5,530,267	3.23	0	0	0	0	Same (Chen Chuan-Chuan)		
Lu Fu Investment Corp.	2,660,000	1.55	0	0	0	0	None		
Yang Yu-Pin	1,582,360	0.92	17,331,057	10.11	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	
Kuo Hsun-Hui	1,526,000	0.89	0	0	0	0	None		

7. 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, 2022

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	6,298,676	30.45	8,500,356	41.09	14,799,032	71.54
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.	12,500	100.00	0	0	12,500	100.00
Solomon Energy Technology Corporation	18,000,000	100.00	0	0	18,000,000	100.00
Sheng Peng Technology Co., Ltd.	510,000	51.00	0	0	510,000	51.00

IV. Capital and shares

1. Sources of share capital

(1) Share capital formation process:

Unit: shares/NTS

Date	Issue price	Authorized share capital		Paid-in share capital		Sources of share capital	Remarks	
		Number of shares	Amount	Number of shares	Amount		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 NTS300,000,000	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 NTS55,000,000	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 NTS30,250,000	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 NTS95,287,500	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 NTS182,634,380	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 NTS458,535,150 Capitalization of retained earnings of NTS228,292,970	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 NTS320,000,000 Capital reserve of NTS160,000,000 Capitalization of employee bonuses of NTS28,444,440 NTS236,669,920 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	NTS2,733,850 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	NTS81,791,330 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 NTS281,838,180 Capital reserve of NTS242,963,950 Capitalization of employee bonuses of NTS25,052,280 NTS25,397,390 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	NTS70,320 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 NTS491,654,070 Capital reserve of NTS208,580,510 Capitalization of employee bonuses of NTS56,511,960	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	NTS125,780 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 NTS11.85 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 NTS11.85 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	None	Tai-Zheng-Shang-Zi No. 0960031867 dated 2007.10.21

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
						NT\$11.85 per share		
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
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 No. 0980002890 dated 2009.1.20 Jin-Guan-Zheng-San-Zi No. 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 10, 2022

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 11, 2023 (book closure date)

Shareholder structure	Government agency	Corporation	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Number of people (persons)	0	207	2	35,015	68	35,292
Number of shares held (shares)	0	17,165,748	58,176	148,842,126	5,405,002	171,471,052
Shareholding percentage (%)	0	10.01	0.03	86.90	3.15	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	18,818	2,649,649	1.55
1,000 to 5,000	13,365	26,865,283	15.67
5,001 to 10,000	1,761	14,385,953	8.39
10,001 to 15,000	376	4,889,978	2.85
15,001 to 20,000	334	6,310,599	3.68
20,001 to 30,000	221	5,832,291	3.40
30,001 to 40,000	108	3,936,451	2.30
40,001 to 50,000	70	3,326,522	1.94
50,001 to 100,000	138	10,169,806	5.93
100,001 to 200,000	49	6,949,639	4.05
200,001 to 400,000	25	7,094,213	4.14
400,001 to 600,000	10	5,101,626	2.98
600,001 to 800,000	2	1,348,000	0.79
800,001 to 1,000,000	1	996,095	0.58
1,000,001 or more	14	71,614,947	41.77
Total	35,292	171,471,052	100.00

4. List of Major Shareholders

Date: April 11, 2023 (book closure date)

Name of major shareholder	Number of shares held (shares)	Shareholding percentage (%)
Chen Cheng-Lung	15,733,057	9.18
Chen Lu Su-Yue	13,958,843	8.14
Chen Jan-Sun	9,481,377	5.53
Xin Li Investment Corp.	9,235,114	5.39
Chen Chuan-Chuan	5,530,267	3.23
Chen Cheng-Lien	4,141,240	2.42
Lu Fu Investment Corp.	3,024,000	1.76
Mo Li Investment Corp.	2,748,803	1.60
Yang Yu-Pin	1,582,360	0.92
Kuo Hsun-Hui	1,526,000	0.89

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

Item		Year			
		2021	2022	Current year, as of March 31, 2023	
Market price per share	Highest	23.90	32.75	37.75	
	Lowest	15.25	20.00	25.45	
	Average	17.72	25.54	28.96	
Net value per share	Before distribution	26.65	28.62	27.36	
	After distribution	25.75	27.12	—	
Earnings per share	Weighted average number of shares (thousand shares)	171,371	171,371	171.371	
	Earnings per share	1.16	2.67	0.22	
Dividend per share	Cash dividend	0.9	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	158.42	9.57	—	
	Price-to-dividend ratio	38.02	17.03	—	
	Cash dividend yield %	2.63	5.87	—	

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 2022:

SOLOMON Technology Corporation
2022 Statement of Earnings Distribution

Unit: NT\$

Item	Amount
Opening undistributed earnings	2,074,655,399
Plus (less): Remeasurement of defined benefit plans	3,943,112
Plus (less): Net profit after tax in the current year	458,231,599
Less: 10% set aside as legal reserve	(46,217,471)
Plus (less): Special reserves set aside	30,939,441
Distributable earnings	2,521,552,080
Distributable items:	
Shareholder bonus (a cash dividend of NT\$1.5 per share)	(257,206,578)
Closing undistributed earnings	2,264,345,502

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\$5,600,786 in total (2022)
 - (2) Employee remuneration (shares): NT\$0 (2022)
 - (3) Director remuneration: NT\$11,201,572 in total (2022)
 - (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: $\text{NT\$0} / (\text{NT\$458,232 thousand} + \text{NT\$5,601 thousand}) = 0 \%$
- (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\$2,193,487 (2021)
 2. Employee remuneration (shares): NT\$0 (2021)
 3. Remuneration to directors and supervisors: NT\$4,386,974 (2021)
 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 2022 and as of the publication date of the annual report.

V. Issuance of Corporate Bonds

The Company did not issue corporate bonds in 2022 and as of the publication date of the annual report.

VI. Issuance of Preferred Shares

The Company did not issue preferred shares in 2022 and as of the publication date of the annual report.

VII. Issuance of Depositary Receipts

The Company did not issue global depositary receipts in 2022 and as of the publication date of the annual report.

VIII. 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 2022 and as of the publication date of the annual report.

IX. 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 2022 and as of the publication date of the annual report.

X. 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.

XI. 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 %
Optoelectronic industry	TN/STN/TFT - LCD parts and components	25.10
Electrical machinery	Computer systems	2.08
Electronic channel industry	IC and other channels	6.55
Electronics industry	Electronic industry	66.27
Total		100.00

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 - Lithium iron phosphate batteries from Truewin - Mitsubishi precision air conditioners - 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
Gas Equipment Business Unit		<ol style="list-style-type: none"> 1. Generators with internal gas combustion engines and their parts and components <ul style="list-style-type: none"> - Jenbacher Gas Engine Generator Sets 2. Cooling water tanks/heat exchangers 3. De-NOx systems for stationary engines 4. Repair and maintenance and regular after-sales service and maintenance of gas generators

Division/sub-division	Product
Automation Business Unit	<ol style="list-style-type: none"> 1. Full range of ROCKWELL product lines 2. Smart IIoT <ul style="list-style-type: none"> - IIoT platform (PTC ThingWorx) - IIoT gateway (SIA IoT Gateway) - IIoT secure remote gateway (Secomea Gateway) 3. Augmented reality (AR) solutions <ul style="list-style-type: none"> - AR development kit (PTC Vuforia) - 3D modeling tool (PTC Creo) 4. Virtual reality education and training solutions <ul style="list-style-type: none"> - Virtual reality development kit (Emulate 3D) 5. HPE edge computing/servers 6. Industrial Ethernet and communications 7. Non-invasive central monitoring systems 8. Internet of Machines (IoM) integration consulting services 9. OT/IT information integration consulting services
Robot Business Unit	<ol style="list-style-type: none"> 1. Robotic arms <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 2. Force sensing grippers <ul style="list-style-type: none"> - Robotiq (six-axis force sensor/smart gripper) - On Robot (smart gripper/six-axis force sensor) 3. End-gripping modules 4. Automated guided vehicles (AGVs) <ul style="list-style-type: none"> - Mobile Industrial Robots - Peripheral modules of Mobile Industrial Robots
Vision Business Unit	<ol style="list-style-type: none"> 1. 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 2. 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"> 1. Distribution/agency business for the following products:

Division/sub-division	Product
	<ul style="list-style-type: none"> - TFT LCD (Cell 、 COG 、 FOG 、 Module) - Driver IC 2. Sale of SOLOMON's customized private label LCD modules. 3. Sales of electromagnetic screen styluses.
Component Business Unit	1. A-D/D-A Converter/PWM/PFC/CC-CV/Combo IC 2. Audio/DC Amplifier 3. Power/LED Driver 4. LDO/Adjustable Regulator 5. Discrete - Switching/Rectifier/Schottky/Zener Diode 6. Bipolar/Digital Transistor 7. LV/HV MOSFET / Super Junction MosFET 8. Photocoupler/Photo Power TRIAC 9. Infrared LED/Phototransistor 10. TVS/ESD/Varistor 11. Connector 12. Connectors and fuses for specific purposes 13. Electrolytic capacitors 14. Multi-layer ceramic capacitors 15. Plastic capacitors 16. Solid capacitors 17. Supercapacitors 18. Chip inductors 19. Wire wound inductors 20. Magnetic beads 21. Bimetal temperature switches

(2) Solomon Energy Technology:

Company name	Product
Solomon Energy Technology	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	<ol style="list-style-type: none"> 1. AccuPick for UR+ Program: <ul style="list-style-type: none"> +Landmark: for object localization using markers +Depalletization: for logistics box depalletization using unknown-counting and unknown keypoints tools 2. Solvision Training&Inference Server: <ul style="list-style-type: none"> provide cloud service (SaaS) 3. Solmotion for inspection application <ul style="list-style-type: none"> +3D object pose estimation +Auto-path generation +vision inspection module 4. Meta-AIVI Application Development <ul style="list-style-type: none"> +New Server web page with new APIs +Counting APP for test and evaluation +Integration with third-party products: VAIDIO, Vofuria, Fiix (CMMS) <ul style="list-style-type: none"> - +Cloud version of Meta-AIVI
Robot Business Unit	Combination of AMR with vision for wafer cassette picking
Automation Business Unit	<ol style="list-style-type: none"> 1. Development of adaptable IO modules in response to material shortages 2. Expansion of the product lines newly acquired by ROCKWELL, such as E3D, Plex, and FiiX 3. Enhancing the development of Cyber Security products 4. Connection of augmented reality (AR) to 3D AI vision applications 5. Combination of facility maintenance and management systems with 3D vision applications
Gas Equipment Business Unit	<ol style="list-style-type: none"> 1. Systematic and in-depth exploration of project opportunities in the industrial biogas market (paper making and chemical engineering) 2. Collaboration with the Group's visual department to provide digital operation and training solutions to create differentiated competition
LCD Business Unit	<ol style="list-style-type: none"> 1. Electromagnetic screen styluses 2. Total reflective/transflective panels 3. Charging station cooperation projects

(2) Solomon Energy Technology:

Company name	Product
Solomon Energy Technology	<ol style="list-style-type: none"> 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.

- (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.

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. According to statistics, China's total apparent natural gas consumption in 2021 was 372.6 billion m³, showing a year-on-year increase of 12.7%. From January to October 2022, China's apparent natural gas consumption was 299.93 billion m³, with a year-on-year decline of 1.1%. In October, the national apparent

natural gas consumption was 30.53 billion m³, with a year-on-year growth of 1.8%. With the guidance of new policies, China's additional installed natural gas capacity has fluctuated. In recent years, the additional installed capacity has remained above 4GW. In 2021, China's additional installed natural gas capacity reached 10.57GW, its peak in recent years. In the context of carbon peaking and carbon neutrality, China's biomass power generation in 2021 was 163.7TW·h, with a year-on-year increase of 23.45%. According to a statistical analysis, China's total installed biomass power generation capacity is projected to reach 52GW by 2030, providing more than 330TW·h of clean electricity and reducing carbon emissions by over 230 million tons. By 2060, China's total installed biomass power generation capacity is expected to reach 100GW, providing more than 660TW·h of clean electricity and reducing carbon emissions by over 460 million tons. As a clean fuel with a higher combustion value, biogas has good economic and environmental benefits. It has received support from China's multiple national policies in recent years. The "13th Five-Year Plan for Biomass Energy Development" proposes to achieve a total installed biomass power generation capacity of 15GW and 0.5GW of biogas power generation in 90TW·h of annual power generation by 2020. 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.

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 nation-wide 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. The production and consumption of natural gas in China continue to increase. From January to October 2021, China's apparent natural gas consumption was about 300.2 billion m³, increasing by 14.3% and 34.4% as compared to the previous year and the year before, respectively, with an average growth rate of 10.4% for the two years. China's natural gas production in 2021 reached 202.5 billion m³ as targeted, with a year-on-year increase of about 5.19%. It has been almost four years since the coal-to-natural gas policy was implemented, and the benefits are drawing to a close. In the future, as the growth rate of natural gas consumption narrows, the relationship between natural gas supply and demand will further change, and natural gas prices will drop.
 - B. 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.
 - C. The import price index for natural gas and synthetic gases in China is on the decline. Since 2019, the import price index for China's natural gas and synthetic gases has been on a downward trend, while China's dependence on foreign natural gas has basically remained at 45%, which is expected to further reduce the cost of natural gas.
 - D. Biogas can be mainly used for grid power generation or being purified and incorporated into the natural gas pipeline network. In terms of biogas power generation, the cumulative biogas power generation capacity in China has continued to grow in recent years. In 2021, the annual biogas power generation capacity reached 3.7TW·h, and the cumulative installed capacity of biogas power generation was 1.11GW, with an additional installed capacity of 0.22GW. Biomass energy has basically been commercialized and utilized on a large scale.
 - E. The annual biomass energy consumption is about 75 million tons of standard coal equivalent. In 2021, China's annual biomass power generation reached 163.7TW·h, with a year-on-year increase of about 23.6%. This accounts for 2.0% of the total power generation, increasing YoY by 0.2 percentage points. The annual agricultural and forestry biomass power generation reached 51.6TW·h, accounting for 31.5% of the annual biomass power generation. The annual power generation of waste incineration reached 108.4TW·h, accounting for 66.2%. The annual biogas power generation topped 3.7TW·h, accounting for 2.3%.
 - F. 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.

G. Risk warning:

- a. The economic growth rate slows down, leading to a weakening of power demand in the whole society
- b. The electricity price is adjusted downward
- c. The fuel price fluctuates
- d. Project production time

(3) Development trends and competition of products:

Gas-fired Generation vs. Coal-fired Power Plants	
Emissions	The CO2 emissions from gas-fired generation are over 50% less than those from coal-fired power plants. Its NOx 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 AIIoT platforms, machine learning algorithms, 3D AI vision used to help humanity, etc.

(2) Relationship among the upstream, midstream and downstream industries: SOLOMON is an IIoT platform and AR solutions partner of USA-based PTC, as well as an agent of Rockwell Automation, USA. PTC ThingWorx is integrated into the 3D vision solution developed by SOLOMON as the main body in order to significantly reduce the operating cost generated by manual operation for the manufacturing industry. For 5G private networks, the Company is working with Taiwan Fixed Network to 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 mainly to enterprises with needs for automation, including those engaged in semiconductor and electronics, steel, transportation and logistics, tire, petrochemical and mining, consumer good, 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:

Digital transformation and Digital Twin have been actively discussed in various industry associations and forums. In terms of system integration for industrial competitive intelligence and OT/IT integration for IIoT development, the industry has striven to achieve goals ranging from product ideation, conceptual design, order receiving, manufacturing, product inspection to vertical integration of client message feedback.

Taking the manufacturing of process equipment as an example, 3D CAD design and 3D processes can simulate customer demand interviews, BOM confirmation, mechanical/electronic control design, machine assembly, commissioning, etc, and then the electronic control logic program simulation is integrated for digital transformation. All spaces, machine movements, production takt, and production parameters are simulated before the machine assembly and commissioning. After the machine is assembled, all programs can be downloaded immediately, which greatly shortens the machine adjustment time and achieves a perfect Digital Twin. The Automation Business Unit can provide comprehensive automation control software/hardware solutions, consulting services, and (through AIIoT platforms) vertically integrated one-stop services.

4. Overview of vision-related industries:

(1) Current status and development of the industries:

The idea of Industry 4.0 automation proposed by Germany in 2011 turned labor-intensive production into automated production. The next industrial revolution will occur after AI is introduced into industrial automation, fostering revolutionary changes that surpass human intelligence and ability. 3D vision combined with AI computing (brains) can not only tell robotic arms the current environment to automatically dodge obstacles in the environment, but also compute the corresponding path in a timely manner based on the shifting or rotation of objects.

Traditional robotic arms will no longer have to run blindly or wait for instructions from the operator. Instead, they will be able to “think” with the previously trained database after “seeing” an object to search for the most similar workpiece type and read and execute the corresponding path to achieve flexible manufacturing and mixed production. The robotic arms can “sense” the change of objects being processed even without positioning by precision jigs. This marks another step towards intelligence in the face of the changing environment where a wide variety of products will be produced in small quantities in the future. Smart manufacturing and smart logistics are in greatest demand in the markets.

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

SOLOMON							
Upstream	Vision systems	AI systems		Photosensitive components		3D vision	
Midstream	Vision applications	Smart picking with 3D	Smart packaging with 3D	AI defect detection	Vision-guided processing	Intelligent AI guidance	Intelligent 3D testing
Downstream	Terminal industries	Welding industry	Car and motorcycle industries	Packaging and logistics industries	Semiconductor industry	Food industry	Medical industry
		Shoe making industry	Mechanical manufacturing industry	Aerospace industry	Metal processing industry	Textile industry	Retail industry



(3) Development trends and competition of products:

According to a forecast made by Markets and Markets, a market survey firm, the global machine vision market will grow from US\$960 million in 2020 to US\$13 billion in 2025, driven mainly by the increasing demand for automated quality checks and vision-guided robotic systems. A survey of Union Bank of Switzerland projects that AI will create an economic value of up to US\$3 trillion in Asia by 2030, affecting financial, health and medical, manufacturing, retailing and transportation industries the most.

A study report of Global Market Insights, a market research and survey firm, estimates that AI in the manufacturing market will hit US\$16 billion in size by 2025. With respect to the current development of the vision application industry in Taiwan, although many factories have introduced robots, these industrial robots are only capable of performing highly repetitive tasks. When objects move or target positions change, a large amount of labor and time costs are needed to recalibrate the robots. As there is a growing need for allowing machine vision to capture images as close to what human eyes see as possible in the industry and other areas, such as consumer electronics, logistics, and shoe making industries, AI vision applications come into existence as AI and machine learning technology is booming.

The Company has been dedicated to the development of AI 3D vision for six years. In addition to being the first mover in the industry to use AI in vision systems and combining it with 2D and 3D algorithms, we were a gold medal award winner of the Vision System Design Award in 2019. The Company currently has over 80 distribution channels around the world, offers products in a variety of industries and areas worldwide, and provides integrators and end users with comprehensive smart vision solutions. Our vision system also supports the supervisory control of robotic arms from more than 20 well-known brands to see (vision), think (AI), and move (control). This saves a lot of the trouble and cost of integrating and switching robotic arms and production lines for customers, providing them with the ability to rapidly automate their production lines or quickly move them to a different location. AI smart vision algorithms are used in random picking and autonomous picking to overcome the problem currently faced by the industry, namely the difficulty in identifying transparent or flexible materials. With smart volume computing, stockpiling and separation arrangement is automatically optimized. Such technology has been introduced to dozens of large factories and experimental sites around the world to help logistics, retailing, storage, and postal industries shift to smart logistics.

5. Overview of industries related to robotic intelligence:

(1) Current status and development of the industries:

As an essential part of the industries, industrial robots have bright prospects and strategic importance. In an era where automation is widely used, automated robotic production line equipment has become mainstream in the automated equipment field. In the future, there will be more and more industries using industrial robots or collaborative robots, and the cooperation of robots and machine tools will also become

increasingly common.

Robots can take the place of humans on the first line. They offer higher working efficiency and perform tasks with extremely steady stability and cleanliness. The repeatability that robots have can guarantee the completion of actions according to the standard procedures for a long period of time, which is their biggest advantage over humans.

- (2) Relationship among the upstream, midstream and downstream industries:
In the post-pandemic era, each field has different requirements for industrial robots. Therefore, the focus is not only on the development of the industrial robot market, but also on the integration of manufacturing systems.
 - A. The application of software is one of the reasons for differentiation between industrial robot manufacturers. As hardware technology gradually meets market demand, finding ways of better integrating software and products is a key essential to sharpening the competitive edge.
 - B. Most reducer or motor manufacturers in the upstream industrial robot industry chain are integrated vertically and adopt a model where technical specifications are set by themselves, leading to oligopolistic or monopolistic competition.
 - C. There is a wider range of products in the downstream industrial automation market. The markets in each area drive the need for adaptable and more flexible customization. For companies using robots in their processes, introducing AI applications is a must in the face of the demand for HMLV production.
- (3) Development trends and competition of products:
 - A. Release of affordable light-duty robots to lower the threshold for using robots
 - B. Provision of peripheral robotic kits to improve capabilities for human-robot collaboration
 - C. Simplification of operations to reduce introduction difficulty
 - D. Modularization of structures to enable more flexible use
 - E. Integration of industrial & service robots

6. Overview of the optoelectronic industry:

(1) Current status and development of the industries:

In 2022, the annual output value of large-sized TFT-LCD panels in Taiwan reached NT\$531.84 billion, a reduction of about 25.6% YoY. This was mainly due to the fact that the outbreak of the Russian-Ukrainian war at the beginning of the year catalyzed the intensification of inflation in various countries. Due to various factors such as China's zero-COVID and lockdown policies, consumers' willingness to purchase electronic products dropped significantly, and the upstream panel demand was also affected. Manufacturers thus largely revised down their order expectations and identified reducing inventory as their priority, which greatly reduced the shipment of panels and faced the large-size panel industry in Taiwan with a sharp decline in output value in 2022. As for medium-sized and small-sized TFT LCD panels, the annual output value reached NT\$256.75 billion, decreasing by about 17.1% YoY. This also resulted from the decline in the last year due to the Russian-Ukrainian war and sluggish end demand.

However, thanks to a revival in the car market and the increasing number of panels that can be installed in each car, the shipment volume of car panels grew on a continuous basis. This led to a decline in the overall output value of the medium-sized and small-sized panels made by Taiwanese manufacturers, which was slightly smaller than that in large-sized panels. In 2022, the industry output value of OLED panels made by Taiwanese manufacturers was NT\$9.32 billion, with a year-on-year decrease of 13.5%. This was mainly due to weak end consumption that faced the shipment of main OLED panel applications such as domestic panels and smart watch panels with a decline.

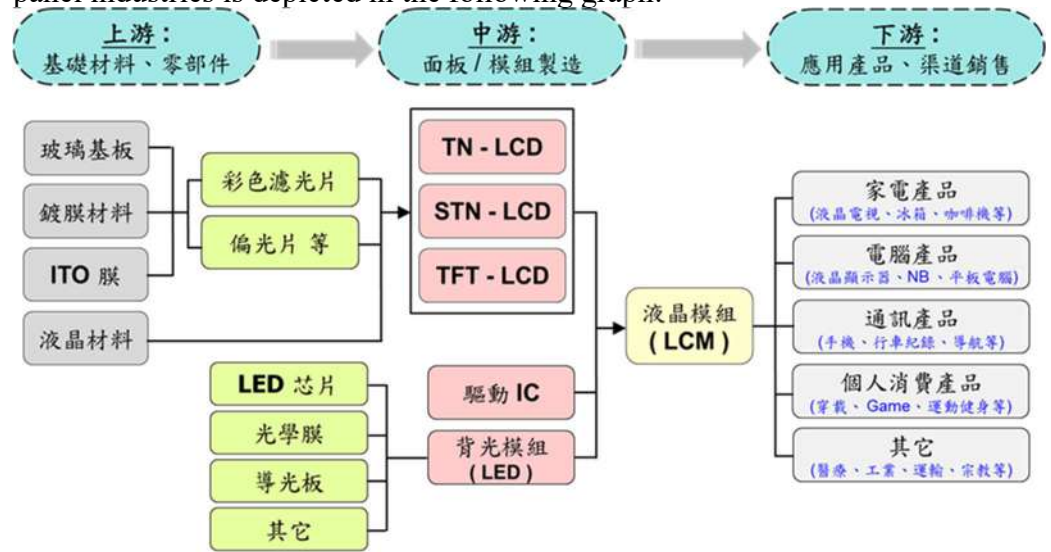
Looking forward to 2023, in the first quarter, which is traditionally off-season, panel manufacturers will continue to adjust or reduce their production capacity. The price of TV panels is expected to remain stable, and the price of IT panels may stop falling in a stepwise manner. The output value of the large-sized TFT LCD panel industry in Taiwan in Q1 of 2023 is thus projected to be NT\$120.57 billion, declining by 0.6% QoQ.

In the large-sized TFT LCD panel industry, the panel price will gradually break away from the downward trend. It is expected that the large-sized TFT LCD panel industry will resume its growth momentum in 2023 and grow by 2.0% YoY, reaching NT\$542.62 billion. It is estimated that the output value of medium-sized and small-sized TFT LCD panels in Taiwan in Q1 of 2023 will be NT\$56.41 billion, declining by 7.0% QoQ. This is mainly because the shipment volume of mobile phone panels in the first quarter has decreased continuously and the demand for car panels has remained flat. Some production capacity for medium-sized and small-sized panels has also continuously shifted to fields where the demand for laptops, industrial control applications, etc, keeps growing. All these factors affect medium-sized and small-sized panel revenue. The output value of the medium-sized and small-sized TFT LCD panel industry in 2023 is expected to be NT\$257.51 billion, showing a 0.3% increase YoY. For the Taiwanese OLED panel industry, in Q1 of 2023, there will still be a decline in the shipment of panels for household appliances and wearable devices, and the shipment of car panels will remain flat. The output value of OLEDs in Taiwan in Q1 of 2023 is expected to drop by 2.6% QoQ, coming down to NT\$2.23 billion. As the OLED production capacity in China increases, the competition will be aggravated and the output value is expected to remain on the decline. The annual output value of the OLED panel industry in 2023 is estimated to be NT\$8.99 billion, decreasing by 3.5% YoY.

Industry	2019	2020	2021	2022 (e)	2023 (f)	2021 annual growth (e)	2022 annual growth (f)
TFT-LCD (>10")	5,192.0	5420.5	7145.9	5,318.4	5,426.2	-25.6%	2.0%
TFT-LCD (<10")	2,817.4	2,890.5	3,097.9	2,567.5	2,575.1	-17.1%	0.3%
OLED	92.4	103.2	107.7	93.2	89.9	-13.5%	-3.5%
Beta	52.4	51.5	51.2	49.1	48.8	-4.1%	-0.6%
FPD panel output value	8,154.2	8,465.7	10,402.7	8,028.2	8,140.0	-22.8%	1.4%

* Data source: ITIS Research Team from ITRI Industrial Economics and Knowledge Center (2023/02)

- (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:



Upstream: Basic materials, parts, and components		Midstream: Manufacturing of panels/modules		Downstream: 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:

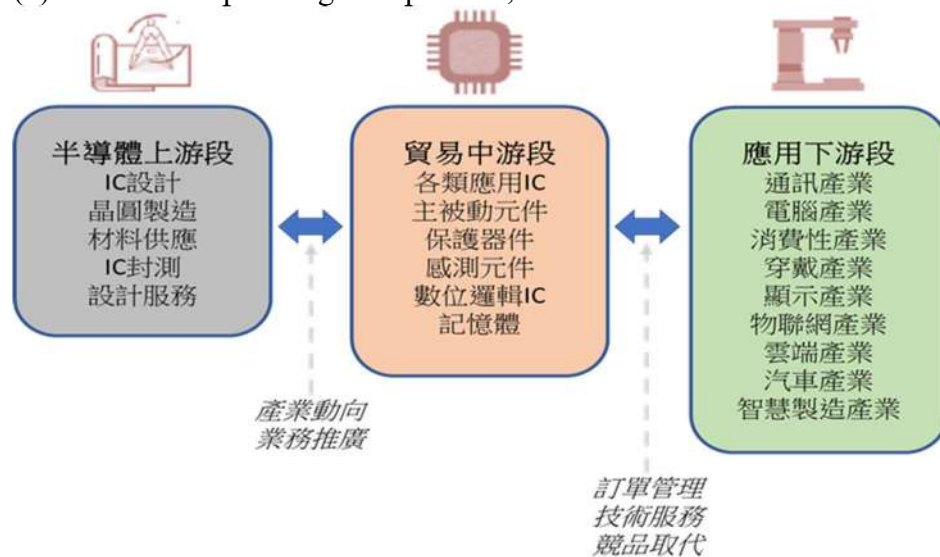
- (1) Current status and development of the industries:

Due to the impact of the pandemic in 2021, the shortage of raw materials and a loss of supply-demand balance in the industries drove up production costs. The global semiconductor industry grew by 25.6% in 2021. The output value of the semiconductor industry in Taiwan hit NT\$3.6 trillion, recording an annual growth rate of up to 31.8%. The growth was brought about by three factors: (1) demand for laptops stimulated by the stay-at-home economy during the pandemic; (2) an upturn in smart phone and automotive electronics markets in the second half of 2020; (3) the effect of transfers of orders caused by the US-China trade war.

In 2021, the six major electronic part/component industries in Taiwan

were valued at NT\$2.5 trillion in total. The global sales of electric vehicles grew by 90% and the global automotive electronics market topped US\$230 billion, pushing the global car panel output value to move towards US\$10 billion. In general, the demand for PCs, TVs, and mobile phones supporting network communication remained strong thanks to the stay-at-home economy during the pandemic in 2021. The rapid development of 5G communications, a revival in the automotive market, and a rise in the price of some parts and components that strengthened the overall shipment momentum of final electronic products helped the overall electronic part/component industry achieve a performance better than the previous year.

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



<p>Upstream (Semiconductors) IC design Wafer manufacturing Material supply IC packaging and testing Design service</p>	<p>Midstream (Trading) IC applications Active/passive components Protective devices Sensing elements Digital logic ICs Memory</p>	<p>Downstream (Applications) Communication industry Computer industry Consumer industry Wearable device industry Display industry IoT industry Cloud industry Automotive industry Smart manufacturing industry</p>
<p>Industry trends Business expansion</p>		<p>Order management Technical services Replacement of competitive products</p>

(3) Development trends and competition of products:

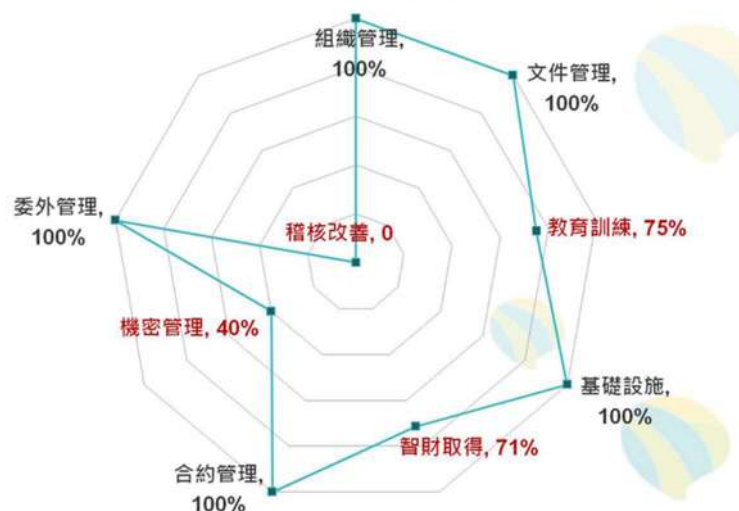
Looking to 2022, the global semiconductor market stays optimistic. The World Semiconductor Trade Statistics (WSTS) forecasts that the supply

and demand will gradually return to normal in 2022, maintaining an annual growth rate of 10.1%. For mobile phones, the shortage of materials has been mitigated since the second half of 2021, partially with the help of more flexible adjustment of mobile phone specifications. Mobile phone brands can adjust their specifications and configurations based on available materials. PCs and laptops: Since November 2021, the shortage of certain materials has been partially mitigated. With a continuous improvement in the overall supply chain stability, the shipment volume of tablets from ODMs in Q1 this year is expected to drop by only 5.1% QoQ. Compared to mobile phones and fully assembled servers, the problem of some materials being in short supply while some are not has caused a relatively less significant impact on PCs and tablets. The 5G penetration rate keeps growing. The compound average growth rate of 5G mobile phones from 2019 to 2025 exceeds 100%. The global 5G mobile phone sales are expected to hit 1.43 billion by 2025. Mobile core processors, 5G communication components, such as cell sites and battery management ICs, memory, lens sensors, driver ICs, etc. will increase sharply in variety and quantity.

The large global demand for semiconductor chips in the second half of 2021 has boosted the revenue in the global semiconductor industry in 2021 and 2022. On the other hand, however, wafer production capacity has been unable to meet all the demand, making the short supply of semiconductor chips a new normal in global industries. This situation is expected to remain for at least a year or two. When selling brand products as an agent or distributor, the Company has been dedicated to expanding its business and developing and introducing new products and specifications for customers. Thanks to our variety of products and our experience in a wide range of technologies, we are able to take advantage of our existing products to offer various corresponding solutions to more customers and gain a competitive edge in relevant electronic and technology markets.

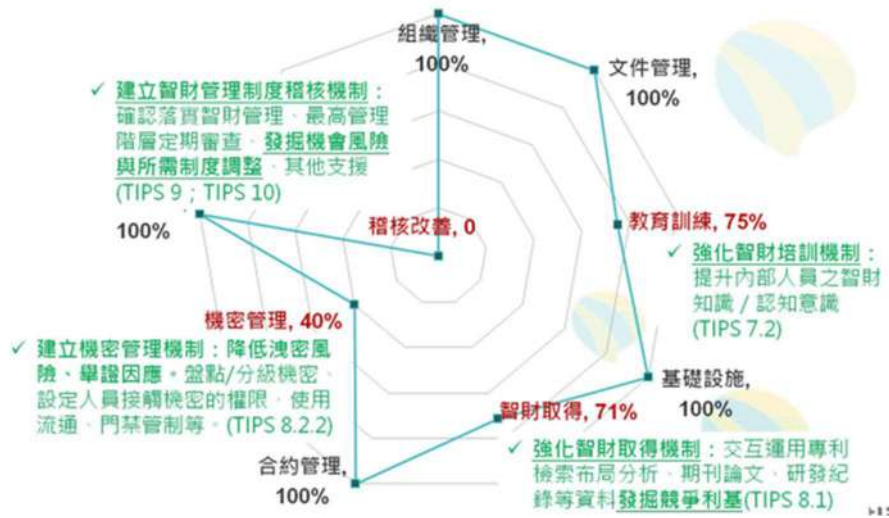
8. The Company's intellectual property management plan

(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	
Creating an audit mechanism for the intellectual property management system: 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)		Document management
Confidentiality management	Audit improvement	Education and training
Building a confidentiality management mechanism: 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)	Acquisition of intellectual property	Enhancing the intellectual property mechanism: to improve the knowledge of internal employees or raise their awareness on intellectual property. (TIPS 7.2)
Contract management	Strengthening the intellectual property acquisition mechanism: to find competitive niches by alternatively utilizing patent search and portfolio analysis tools, journal articles, R&D records, and other data. (TIPS 8.1)	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	2022	Q1 2023
R&D expense	114,261	86,530

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

2. Successfully developed technologies or products:

Period	2022	2023, as of the publication date of the annual report
Successfully developed products	<ol style="list-style-type: none"> 1. AccuPick: It can suck packages placed randomly on the conveyor belt and arrange them in a specific way 2. AccuPick automated packaging system 3. AccuPick: It can monitor multiple equipment units remotely and enable manual operation in case of central system shutdowns 4. Solvision: It can perform identification 	<ol style="list-style-type: none"> 1. AccuPick <ul style="list-style-type: none"> - Simultaneous dual-arm picking - A CAD matching function for object recognition was added - A smart 3D camera equipped with an automated bin picking function was developed 2. Solvision <ul style="list-style-type: none"> - A continuous deep learning model was developed to prevent the recognition rate for old objects from reducing when robots learn about new objects - Linux-based deep learning tools have been optimized continuously 3. Solmotion <ul style="list-style-type: none"> - Welding system integration - Automotive production applications

Period	2022	2023, as of the publication date of the annual report
	<p>in embedded systems and the cloud</p> <p>5. Solmotion: Arm path teaching is completed with a handheld pen</p>	<p>4. AR + AI (META-aivi)</p> <ul style="list-style-type: none"> - Industrial metaverse products integrated with AR glasses and AI were developed - Such products feature the flexibility and mobility of manual work and use AR and AI to assist in identifying workpiece defects, checking wiring, counting materials, checking shipment packaging, carrying out equipment education and training, and digitalizing traceability records. - Portable mobile AI devices that can be combined with industrial digital systems (IIoT) are provided to upload and retain traceability records on the on-premise server or the cloud system. - The results can be uploaded and retained on the server.

(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. 	<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
	7. Plan to offer integrated power generation and operation services and target customers to avoid price wars.	
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. Develop the new products promoted by ROCKWELL every year 2. Enhance employees' know-how about products/markets/applications 3. Expand distribution channels and add new partners 4. Integrate Parametric Technology (PTC) software & 3D AI vision products to develop safety, health, and environmental protection solutions and increase market share. 5. 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. 6. 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. 7. Form alliances with 5G carriers to be dedicated to developing application solutions for smart manufacturing and smart logistics.
Vision Business Unit	<ol style="list-style-type: none"> 1. Keep penetrating different industries and application fields and add more partners to the strategic 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 <ol style="list-style-type: none"> (1) Enter into an alliance with CAD/CAM software suppliers for CAD/CAM product and technology integration and packaging. (2) Work with suppliers offering 3D laser scanners, laser projectors, dispensing equipment, and other hardware products to plan product-related marketing activities and contract with the suppliers to serve as their agents in existing channels. (3) Engage in channel cooperation with robot companies that hope to increase their market share with advanced vision.

Business unit	Long-term business development plan	Short-term business development plan
		3. Target industries and engage industrial experts to help find critical processes and develop new products and applications. 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	1. Collaboration with system integrators (SIs): (1) Work with SIs in developing automation solutions (2) Put great effort into human-robot collaboration and automated integration. 2. Collaboration with direct customers: (1) Conduct technical exchanges to jointly develop new process applications (2) Provide new process applications 3. Collaboration with manufacturers: (1) Solve customer issues (2) Acquire new applications 4. Inter-BU collaboration: Integrate robotic arms with vision and AI deep learning applications	1. Penetrate into the target markets and promote duplicating applications 2. Retain the existing customer base and expand services to more customers 3. Create added value with product portfolios 4. Target application markets (1) Automated loading and unloading during metal processing (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	Strive to work with companies in the following markets: 1. 5G 2. Power supply market 3. AIoT (network communication products, IAD equipment) 4. Automotive market	1. Establish a business education and training platform. 2. Enhance sales representatives' skills to sell product lines. 3. Cement the relationships with manufacturers, reach target customers, and increase gross profit. 4. Build stronger relationships with long-term customers, nurture relationships with target customers, increase operating revenue, and ensure stable growth. 5. Develop new customers, implement new projects, and improve success rates.
LCD Business Unit	1. Expand the existing product lines for agency sales (HannStar Display: Total reflective/transflective panels). 2. Continue to develop new brands for agency or distribution (strive to become the largest agent of China Star Optoelectronics Technology in Taiwan and strive for official agency from AUO Display Plus and Innolux).	1. Form an alliance with 4 competitive module manufacturers in China to provide customers with customized services, create synergies, and achieve win-win results. 2. Focus on the three important industrial control markets of HMI, POS, and IPC. 3. Implement project follow-ups at the source and strengthen service development capabilities.

Business unit	Long-term business development plan	Short-term business development plan
	3. Develop new products (develop various series of electromagnetic screen styluses).	

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		2021	2022
Financial structure	Debt to asset ratio (%)	36.91	36.95
	Long-term funds to fixed assets (%)	1140.50	1243.13
Solvency	Current ratio (%)	173.50	177.77
	Quick ratio (%)	114.20	118.59
	Times interest earned (%)	2,560.35	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 comprehensi	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	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	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

Main product	Generators		Dynamic UPS		Static UPS
	ve market information to fully grasp the business opportunities in the market	4. We have actively set up more offices	professional service team 4. We collect comprehensive market information to fully grasp the business opportunities in the market		
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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

	<p>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.</p> <ol style="list-style-type: none"> 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. 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. 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. 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"> The economic growth rate slows down, leading to a weakening of power demand in the whole society The electricity price is adjusted downward The fuel price fluctuates Project production time
Countermeasures	<ol style="list-style-type: none"> 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 Exploiting the coalbed methane market Developing new products (main control cabinets, desulfurization systems) 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"> Before the market fully recovers, the focus will be put on the product portfolio and meeting the market's expectations. 5G private networks feature millimeter waves and low latency, offering a stable wireless option for production lines in the manufacturing industry and accelerating the promotion of intelligent transformation. 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. 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.

	<p>5. Food safety issues have prompted the food industry to upgrade by adopting the manufacturing execution system (MES) concept. (MES is application software used to help enterprises collect and monitor the production data in the manufacturing process, from order taking, production and process control to the completion of products to ensure product manufacturing quality.)</p>
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	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.

growth in the market	
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 converters equipped with the predictive failure detection function are highly recognized by the customers. 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. 3. We promote new products/services to existing customers and expand our services. 4. Thanks to our one-year effort in the development of ceramic fans, we expect to differentiate ourselves from other competitors.
Advantages for development prospects	<ol style="list-style-type: none"> 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. 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. 3. Industrial park customers have adopted lean staffing in plants, which can facilitate the development of asset management and network-security monitoring applications.
Disadvantages for development prospects	<ol style="list-style-type: none"> 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 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.
Countermeasures	<ol style="list-style-type: none"> 1. Strengthening customer relationships and assisting customers in improvement planning to gain a competitive edge in niche markets. 2. Introducing supplementary modern service-based solutions for new packaged application portfolios to differentiate the Company from the existing competitors and avoid price wars. 3. Implementing projects in planned stages (if possible) and strengthening the technical service teams' implementation of "accountability" practices.

4. Vision Business Unit:

Main product	3D vision product - AccuPick	3D vision product - Solmotion	3D vision product – Meta-AIVI
Sales region	Worldwide	Worldwide	Worldwide
Market share	N/A	N/A	N/A
Future market growth and supply and demand	<p>In 2018, we shipped a total of 422,271 robots worldwide, of which 334,733 were VBU's six-axis and SCARA robots that allow for integration. If the target market penetration rate for 2022 is set at 2%, business opportunities can deliver NT\$3 billion a year.</p>	<p>By continuously expanding our channels through complementary alliances, we expect that we will contract with up to 250 companies to serve as their agents in 2022.</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 can be used in an extremely wide range of fields, including electronics manufacturing, automobile manufacturing, the steel industry, chemical engineering industry, power plants, and substations.</p>
Competitive niches	<ol style="list-style-type: none"> 1. Our self-developed software is customizable and scalable. 2. AccuPick 3D has been successfully integrated with 20 major world-renowned robot 	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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

	<p>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> <ol style="list-style-type: none"> 3. AccuPick 3D has won multiple awards and received world-class certification for its quality. 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. 5. AccuPick series products can enable precise and quick optical image scanning and processing. 	<p>manner.</p> <ol style="list-style-type: none"> 2. Solmotion can even accurately locate high-complexity objects at changing positions and determine their directions and paths to guide robots in completing tasks. 3. Solmotion can be packaged with AccuPick products as smart manufacturing solutions. 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>products smoothly.</p> <ol style="list-style-type: none"> 2. This product can be used by QC personnel in the manufacturing industry to optimize their product testing capabilities. 3. Developed based on the Company's core technology and equipped with the 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. 4. Brands are established in response to new application markets.
Advantages for development prospects	<ol style="list-style-type: none"> 1. With a wave of smart manufacturing, precision and flexibility are two major design requirements for manufacturing process systems. Therefore, the development of machine vision is inevitable. 2. 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. 		
Disadvantages for development prospects	<ol style="list-style-type: none"> 1. The intelligent field is still in the development stage in Taiwan's market, and thus there is more room for development in comparison to Europe, the US, Japan, and South Korea. 2. The growing demand for machine vision has made domestic and foreign manufacturers enter the machine vision field. 		
Countermeasures	<ol style="list-style-type: none"> 1. Developing products that can be used in major industries (automotive industry, light industry, packaging industry, logistics and warehousing industry) based on the existing 3D vision and deep learning technologies on a continuous basis. 2. Finding successful introduction projects and reaching out to customers in the same industry. 3. Entering into an alliance with robot brands and manufacturers to reinforce marketing strategies and increase the market penetration rate. 		

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"> 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. The Company owns a well-organized professional service team and has customer education and training courses. 	<ol style="list-style-type: none"> Our products are competitive with similar products in terms of price. SOLOMON is so far the largest agent in Taiwan. We have accumulated rich application experience as a product agency and also have a well-organized professional service team. 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"> There are more and more robotic arm brands every year, leading to intense competition among homogeneous products and more options for customers. 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. 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"> 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. 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, AUO Display Plus, 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 IC	<ol style="list-style-type: none"> Customized liquid crystal modules Electromagnetic screen stylus series
Future market growth and supply and demand	<ol style="list-style-type: none"> Supply and demand: <ol style="list-style-type: none"> In response to the headwinds in the panel market, panel makers around the world have aggressively reduced production. Currently, the capacity utilization rate has fallen to the lowest level in recent years and is expected to recover at least in the second half of the year. For driver ICs, except for automobiles and e-paper, consumer electronics are all facing fears of recession, and the inventory level of driver ICs is still high. 	<ol style="list-style-type: none"> Supply and demand: <p>Uncertainties in the current global situation include geopolitics, supply chain bottlenecks, inflation concerns, and weak demand in the consumer market. The demand for LCD modules has dropped sharply.</p> Future growth: <ol style="list-style-type: none"> The commercial display market will continue to grow, such as information display devices for smart retail. Kiosk (self-service terminal) displays can be widely used in various indoor and outdoor venues,

	<p>2. Future growth: Electric vehicles, IoT, high performance computing (HPC), low-orbiting satellites, and the Metaverse are expected to grow. Consumer products such as TVs, monitors, notebooks, tablets, and mobile phones lack growth momentum.</p>	<p>and the demand is gradually increasing. As the Metaverse is trending, LCDs have great application opportunities in mid-to-low-end VR/AR hardware terminals.</p>
Competitive niches	<p>1. The continuous expansion of exclusive core products and the focus on niche key markets allow the Company to keep away from competitors. 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. The Company has developed highly customized products in a stepwise manner, such as high-brightness solutions, to raise the competition bar.</p>
Advantages for development prospects	<p>1. We continuously work with new panel brands to serve as their agent or distributor to make the product line more comprehensive. The team members have years of practical experience in their own industries and possess the professional skills required for the Company's development and future growth.</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. Thanks to the strong support of some quality customers in key markets such as HMI and IPC, we can secure more long-term and stable orders.</p>
Disadvantages for development prospects	<p>1. The Company's human resources are insufficient for the large number of panel/IC companies for which the Company serves as an agent, which may affect how much support is received from manufacturers. 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. Pure trading of LCD panels is no longer sufficient for future development due to the low bar.</p>
Countermeasures	<p>1. The Company will pay attention to the economic cycle, avoid landmines, and reduce risks. We will branch out into application industries that are unaffected or minimally affected by the economy.</p>	<p>1. Exploring more new markets: In the future, smart devices will drive the next generation of display technologies and provide more business opportunities. Only by providing solutions and solving customers' pain points can we increase customer adhesion and create core competitiveness.</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>1. 5G: As 5G coverage has been expanded progressively and vertical industrial applications have been launched, the application of private networks has contributed to a great demand for 5G network installation in the ecological industry chain of 5G open architecture during 2022-2023. IHS Markit expects that, from 2020 to 2035, companies in the 5G value chain of China, the US, Japan, Germany, South Korea, France, and the UK will spend a total of over US\$260 billion as R&D funds and capital expenditure every year on average.</p> <p>2. Power supply: With stricter and stricter efficiency and safety standards (Platinum and Titanium ratings as well as DoE 6), the power supply market remains a big lucrative market that grows on an ongoing basis. SOLOMON promotes relevant products (ICs, MosFETs, diodes, capacitors, inductors) in the power supply market in the hope of increasing market share.</p>

Main product	Active, passive and protection elements
	<p>3. AIoT: Countries have promoted the planning and construction of smart cities in recent years. IoT is widely used in medical care, transportation, communities, energy, education, commerce, and other fields. In response to the emergence of 5G, more and more people use IoT for information collection, monitoring, remote control, and analysis. The number of users is expected to grow largely in 2022.</p> <p>4. Automotive products: In 2021, as the development of electric vehicles was a future focus, the installation of sensors was required. Like wireless network node components, these sensors need to run for a long period of time and it is impossible to change batteries for them or charge them whenever needed. Hence, the components of the sensors must be very energy-efficient. Power management ICs (PMICs) related to energy conservation and low power consumption will also play an important role in Industry 4.0 equipment.</p>
Competitive niches	The Company sells a diverse range of products from brands as their agent. We promote these products in combination with our own comprehensive solutions in major markets.
Advantages for development prospects	<p>1. We have deepened our long-term cooperation with important customers and became important partners to each other.</p> <p>2. Our products can be used for a wide range of applications, allowing us to exploit a variety of niche industries.</p>
Disadvantages for development prospects	There is an evident trend of mergers among part/component retailers. The price of parts/components is transparent in the market and their substitutability has increased gradually, resulting in a cutthroat competition.
Countermeasures	Building good relationships with suppliers, winning more major customers, offering reasonable prices according to market conditions, cementing customer relations, providing one-time shopping services, and gaining more opportunities for customer development and marketing.

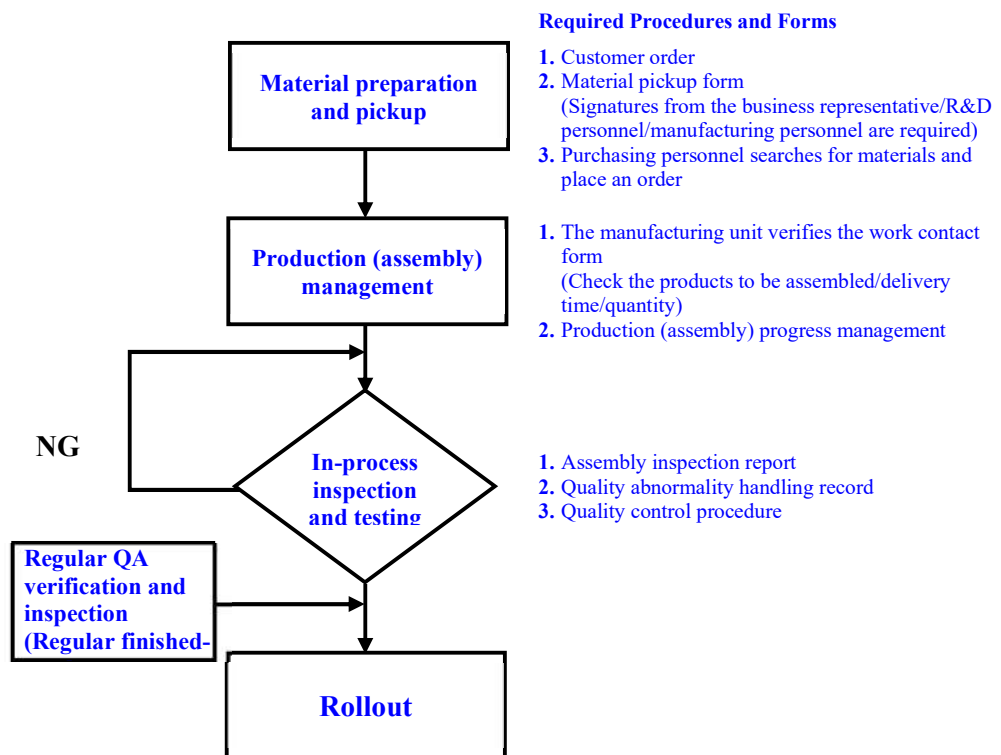
(3) Important applications and manufacturing processes of main products:

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
	UPS		
	Busways	Used as a power transmission/distribution material in public construction projects and industrial buildings.	(2) Own brand products, shipped after being assembled from engines, alternators, and controllers ordered by Solomon Energy Technology from ES in Singapore
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

Business unit	Main product	Important application	Production and manufacturing process
	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.	
	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 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 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	Film capacitors	Mainly used in motherboard audio circuits, high-end sound cards, servers, high-wattage drivers, and power supplies.	Agency business, no manufacturing process involved
	High-voltage and high-capacity MLCCs	IPC, network communication products, and other industries	
	LED	TFT-LCD backlight and light fixtures	

Business unit	Main product	Important application	Production and manufacturing process
	ADIC- 1. PWM/PFC/CC-CV/ Combo IC 2. Ballast Controller.	*SMPS 、 LIPS 、 Charger 、 Adaptor 、 Ballast 、 LED Lighting	
	DCIC- 1. Buck/BoostConverter 2. LED Driver. 3. CMOS/Bipolar	*TV 、 Panel 、 STB 、 NET WORKING 、 PC 、 DSC 、 PHONE 、 PAD 、 Audio 、 HD BOX	
	LDO. Discrete- 1. SBD/Rectifier Diode. 2. HighVoltage Transistor 3. LV/HV MOSFET 4. SmallSignal Transistor 5. TVS/ESD	*ALL	
	TVS overvoltage protection elements (diodes & fuses)	Used in network communication, laptops, tablets, consumer electronics, and other application markets.	
	Computer connectors	Used in connection applications for computers and industrial, medical and consumer electronics.	
	LAN transformers	Mainly used in the RJ-45 connector ports of network communication and computer products.	
	LCD Business Unit	Large-sized TFT LCD modules	
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

Item	2021				2021				Q1 2023 (Note 2)			
	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	1,413,441	37.94	None	Supplier R	1,929,433	47.77	None	Supplier R	374,003	57.46	None
2	Supplier G	325,737	8.74	None	Supplier G	507,104	12.55	None	Supplier G	35,473	5.45	None
3	Supplier L-H	171,224	4.60	None	Supplier L-H	217,146	5.38	None	Supplier L-H	20,360	3.13	None
4	Supplier C	344,604	9.25	None	Supplier C	89,066	2.20	None	Supplier C	22,075	3.39	None
5	Others	1,470,076	39.47	None	Others	1,296,504	32.10	None	Others	198,955	30.57	None
	Net purchase	3,725,082	100		Net purchase	4,039,253	100		Net purchase	650,866	100	

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

Unit: NT\$ thousand

Item	2021				2022				Q1 2023 (Note 2)			
	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 Y	334,772	8.59	None	Customer Y	630,441	12.01	None	Customer Y	126,428	13.34	None
2	Customer L	35,962	0.92	None	Customer L	306,869	5.85	None	Customer L	0	0	None
3	Customer K	167,834	4.30	None	Customer K	305,269	5.81	None	Customer K	70,733	7.46	None
4	CustomerM	144,058	3.69	None	CustomerM	194,574	3.71	None	CustomerM	20,034	2.11	None
5	CustomerS	223,605	5.74	None	CustomerS	158,814	3.03	None	CustomerS	28,147	2.97	None
6	Others	2,992,979	76.76	None	Others	3,653,961	69.59	None	Others	702,486	74.12	None
	Net sales	3,899,210	100.00		Net sales	5,249,928	100.00		Net sales	947,828	100.00	

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

Unit: KPCS/NT\$

thousand

Production volume and value	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
SOLOMON (medical materials)	6,300	4,110	40,110	6,300	3,596	39,528
Solomon Data International (LCMs)	415	173	41,620	415	350	53,677
Solomon Goldentek Display (LCDs + LCMs)	61,500	18,293	930,834	61,500	18,048	991,684
Total	68,215	22,576	1,012,564	68,215	21,994	1,084,889

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

Unit: thousand pcs/NT\$
thousand

Sales volume and value \ Year	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
Company	Volume	Value	Volume	Value	Volume	Value	Volume	Value
SOLOMON	52,273	1,487,090	50,885	504,893	26,555	2,427,890	18,273	275,553
Solomon Data International	8	5,789	213	65,648	77	150,248	135	58,059
Solomon Goldentek Display	5,704	182,024	15,025	1,097,035	3,611	157,840	10,944	1,177,306
Yumon (Shanghai)	0	0	90	548,853	0	0	12	952,584
Solomon (Shenzhen)	0	0	0	0	0	0	3	3,080
Solomon (USA)	0	0	0.004	2,628	0	0	0.013	11,445
Solomon (Vietnam)	0	0	0	0	0	0	0.003	1,744
Solomon Energy	0.003	5,250	0	0	0.03	34,177	0	0
Total	57,985	1,680,153	66,213	2,219,057	30,243	2,770,156	29,367	2,479,772

3. Employees in Service (Consolidated Information)

Year		December 31, 2021	December 31, 2022	March 31, 2023
Number of employees	Administration departments	660	645	647
	Sales departments	198	184	176
	Total	858	829	823
Average age		42.68	43.67	43.63
Average length of service (years)		10.37	10.18	10.10
Distribution of educational level %	Ph.D.	0.35	0.84	0.85
	Master's	12.24	11.10	10.94
	Bachelor's	29.72	29.92	29.89
	College	17.95	19.18	19.20
	High school or lower	39.74	38.96	39.12

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:

Internal training:

Item	Name	Number of trainees from the Group	Main-hours for trainees from the Group	Item	Name	Number of trainees from the Group	Main-hours for trainees from the Group
1	TTQS Briefing Session – Enterprise Organization Edition	1	6	10	Labor Law Knowledge Required for Auditors – From Recruitment to Dismissal	1	6
2	Safety and Health Education and Training for First Aiders	1	18	11	Self-Assessment Practices (with Completion Certificate)	1	6
3	A Case Study and Practical Exercises on TTQS Enterprise Organization Edition	1	24	12	Continuing Education Workshop for the Principal Accounting Officers of Issuers and Securities Exchanges (Featured Set)	4	48
4	Business School (Cold Calling Tips for a Good Sales Representative) Cold Calling Strategies, Tips in Practice, and Winning Strategies for Sales Representatives	2	18	13	A Discussion on the Methods of Improving Internal Control Compliance Based on Sanction Cases	1	6
5	Tips for Efficient Project Management	1	6	14	Labor Law Knowledge Required for Auditors – From Recruitment to Dismissal	1	6
6	Nine Operating Cycles: Compliance Auditing	1	6	15	Analysis of Policies for Improvement of Companies' Ability to Prepare Financial Statements on Their Own and Discussion on Tips for Internal Audit and Control Practices	1	6
7	Fundamental Tips to Prepare an ESG Report (Preparation Practices)	1	6	16	Seminar on Grasping the Key Issues and Opportunities for Electric	1	3

Item	Name	Number of trainees from the Group	Main-hours for trainees from the Group	Item	Name	Number of trainees from the Group	Main-hours for trainees from the Group
	and Key Item Analysis)				Vehicles ahead of Thousands of Competitors		
8	R20 Sustainability Manager	1	12	17	Continuing Education Workshop for the Principal Accounting Officers of Issuers and Securities Exchanges (Featured Set)	1	12
9	Practical Procedures: From Compliance with Labor Laws to ESG Corporate Governance	2	12		Total	22	201

External training:

Item	Course title	Number of trainees from the Group	Main-hours for trainees from the Group
1	Introduction to TRUEWIN Backup Power Battery Solution	17	34
2	ISO9001 Internal Audit Training Course	33	198
3	New Employees for VR – VBU Product Introduction and Demonstrations	23	46
4	Conceptual Guidance on AOP (for Administrative Personnel)	30	60
5	Meeting with the Honorary Chairperson (book club)	797	1594
6	2023 AOP	249	498
7	General safety and health education and training	12	36
	Total	1161	2466

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

Name	Company	Title	Certificate description	Organizer	Training 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	Nine Operating Cycles: Compliance Auditing	Securities and Futures Institute	6
Lin Pao-Tsun	SOLOMON	Chief Auditor	Self-Assessment Practices	The Institute of Internal Auditors-Chinese Taiwan	6
Chen Chiao-Hsueh	SOLOMON	Deputy Auditor	Practical Procedures: From Compliance with Labor Laws to ESG Corporate Governance	Securities and Futures Institute	6
Chen Chiao-Hsueh	SOLOMON	Deputy Auditor	Labor Law Knowledge Required for Auditors - From Recruitment to Dismissal	The Institute of Internal Auditors-Chinese Taiwan	6
Lin Fang-Ju	Solomon Goldentek Display	Chief Accountant	Latest Development of Policies Related to the "Preparation of Financial Statements" and Internal	Accounting Research and Development Foundation	6

Name	Company	Title	Certificate description	Organizer	Training hours
			Management Practices		
Lin Fang-Ju	Solomon Goldentek Display	Chief Accountant	Use of ESG for Improvement of Corporate Strategy-Making Capability and Responding to Sustainable Finance Trends	Accounting Research and Development Foundation	6
Chou Ming-Chang	Solomon Goldentek Display	Chief Auditor	Law Analysis and Audit Tips for Boards of Directors and Functional Committees (Audit and Compensation)	The Institute of Internal Auditors-Chinese Taiwan	6
Chou Ming-Chang	Solomon Goldentek Display	Chief Auditor	Reading, Analysis, and Use of 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	“Fraud Detection Techniques” and “Technology Applications” in the Era of Data	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	Practical Procedures: From Compliance with Labor Laws to ESG Corporate Governance	Securities and Futures Institute	6
Chueh Hsiu-Ping	Solomon Data International	Chief Auditor	Labor Law Knowledge Required for Auditors - From Recruitment to Dismissal	The Institute of Internal Auditors-Chinese Taiwan	6
Chen Wen-Feng	Solomon Data International	Deputy Auditor	A Discussion on the Methods of Improving Internal Control Compliance Based on Sanction Cases	Securities and Futures Institute	6
Chen Wen-Feng	Solomon Data International	Deputy Auditor	Analysis of Policies for Improvement of Companies’ Ability to Prepare Financial Statements on Their Own and Discussion on Tips for Internal Audit and Control Practices	Securities and Futures Institute	6

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, 2022 and

2021.

- (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 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. Starting from January 1, 2023, the minimum monthly salary will be increased to NT\$26,400 and the minimum hourly wage will be increased to NT\$176. We will adjust our corresponding systems accordingly to comply with the regulations.

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	A donation of NT\$210 thousand
2	Sponsoring the Development Center for Spinal Cord Injuries for rehabilitation and training expenses	Corporate donation	NT\$9,000
3	Genesis Social Welfare Foundation	Corporate donation	Donation of invoices
7	Industry-academia collaboration	<p>In the “Program for Development of AI Smart Tally, Smart Stacking, Smart Warehousing Technologies for Logistics Premises,” the Company has worked with academia, as described below:</p> <ul style="list-style-type: none"> • The Department of Intelligent Automation Engineering of National Taipei University of Technology has been commissioned to conduct an “Analysis of Omni Wheel Conveyor Belt Movement Models.” • Yuan Ze University has been commissioned to plan β-site testing and assist in testing the efficiency of the smart picking system. The developed system has been introduced into Yuan Ze University for professionals to test the system to see if it can reach target specifications. • An academic expert in the fields of robot vision, image processing, and deep 	

Item	Activity	Description of participation	Implementation performance
		<p>learning, Professor Tsai Chi-Yi from the Department of Electrical and Computer Engineering of Tamkang University, has been engaged as a consultant to increase exchanges with related academic fields.</p> <p>The program lasts two years and aims to improve the processes in the logistics industry and realize automated picking, automated stacking, and automated cargo sorting that are hard to materialize with current technology. In the R&D team, SOLOMON is responsible for the integration and development of vision systems, robotic arms, and software as well as the R&D of system recognition and bin picking functions; CTW Logistics is in charge of the development of customs document recognition and smart restock reminder systems as well as testing, modification, and trial runs after system development; Jie Jin is responsible for developing omnidirectional conveyor belts and multi-module conveyor belt software.</p> <p>For application units, the development of automated picking, automated stacking, and automated cargo sorting technologies can help improve companies' AI-related technology capacity and technologies for integrating vision systems and robotic arms. For the industry, developing such technologies can streamline manpower in the processes in the logistics industry while enhancing work effectiveness and efficiency. After the product R&D process is completed, the system is exported to countries across the world, thereby increasing the export trade value of Taiwan and boosting the awareness and image of MIT products. Moreover, such technologies that can surpass the current global logistics bin picking technologies can become the epitome of global smart warehousing technologies in the logistics industry.</p>	

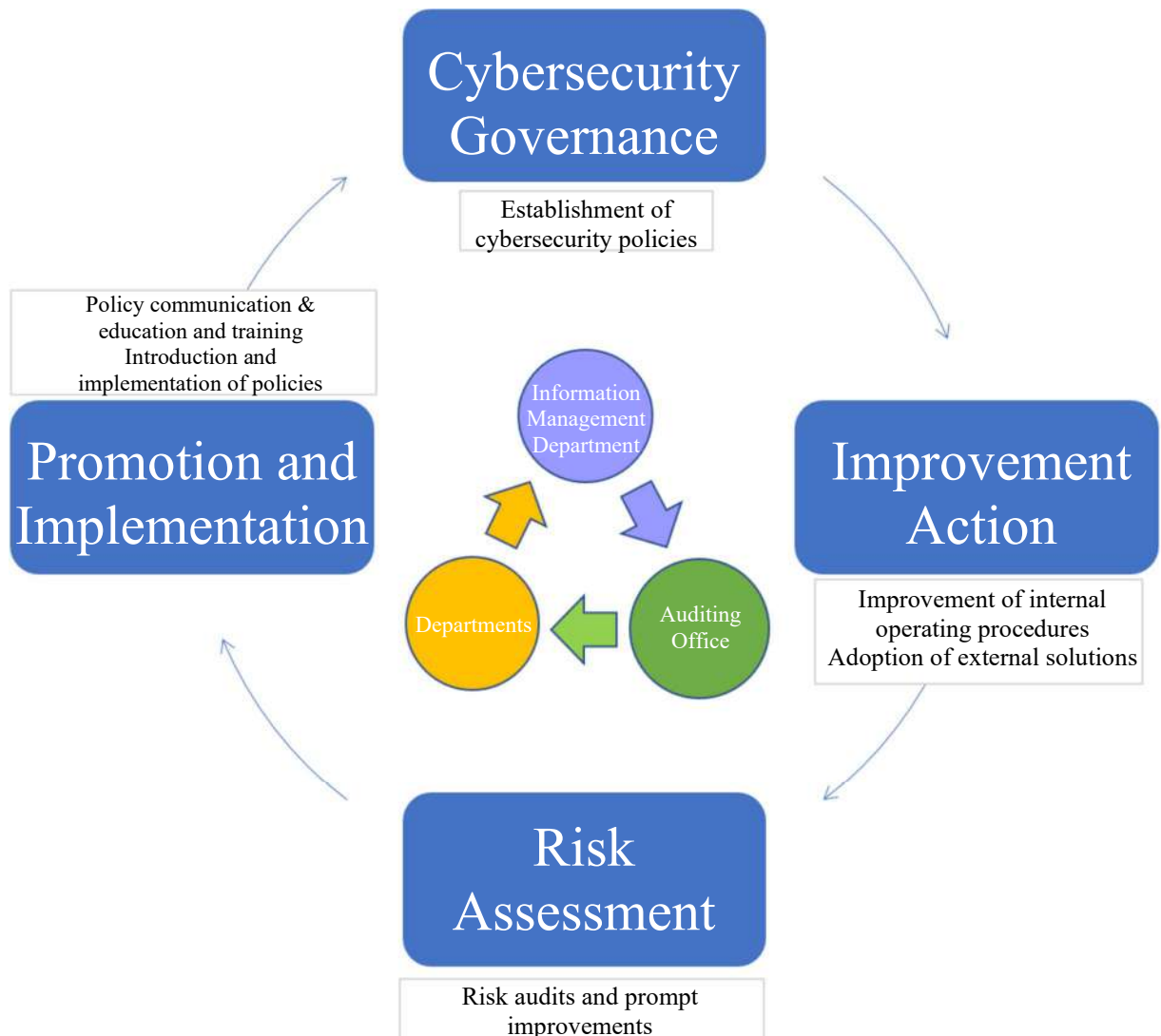
- (2) Losses incurred due to labor-management disputes (including any labor inspection result not compliant with the Labor Standards Act, in which case the date of punishment, punishment notice number, legal provisions violated, the content of the legal provisions, and punishment content shall be specified), 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 risk management framework

- The Company's Information Management Department serves as the unit responsible for cybersecurity. The department consists of several information professionals responsible for developing internal cybersecurity policies, planning and carrying out cybersecurity operating procedures, and promoting and implementing cybersecurity policies.
- Our Auditing Office is in charge of supervising the monitoring of cybersecurity. It has dedicated auditors responsible for supervising the internal cybersecurity implementation. When any deficiency is found during audits, these auditors ask the audited units to submit specific relevant improvement plans and track the improvement progress regularly to reduce internal cybersecurity risks. Every year, the audit results are reported to the Board of Directors on a regular basis.
- Organizational operating model: The Information Management Department establishes cybersecurity policies and information security operating procedures. All internal departments promote, enforce, and further propagate the cybersecurity policies and operating procedures and conduct personnel education and training in order to put these policies into practice and implement them thoroughly. On the other hand, the Auditing Office carries out 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.



(2) Cybersecurity policy

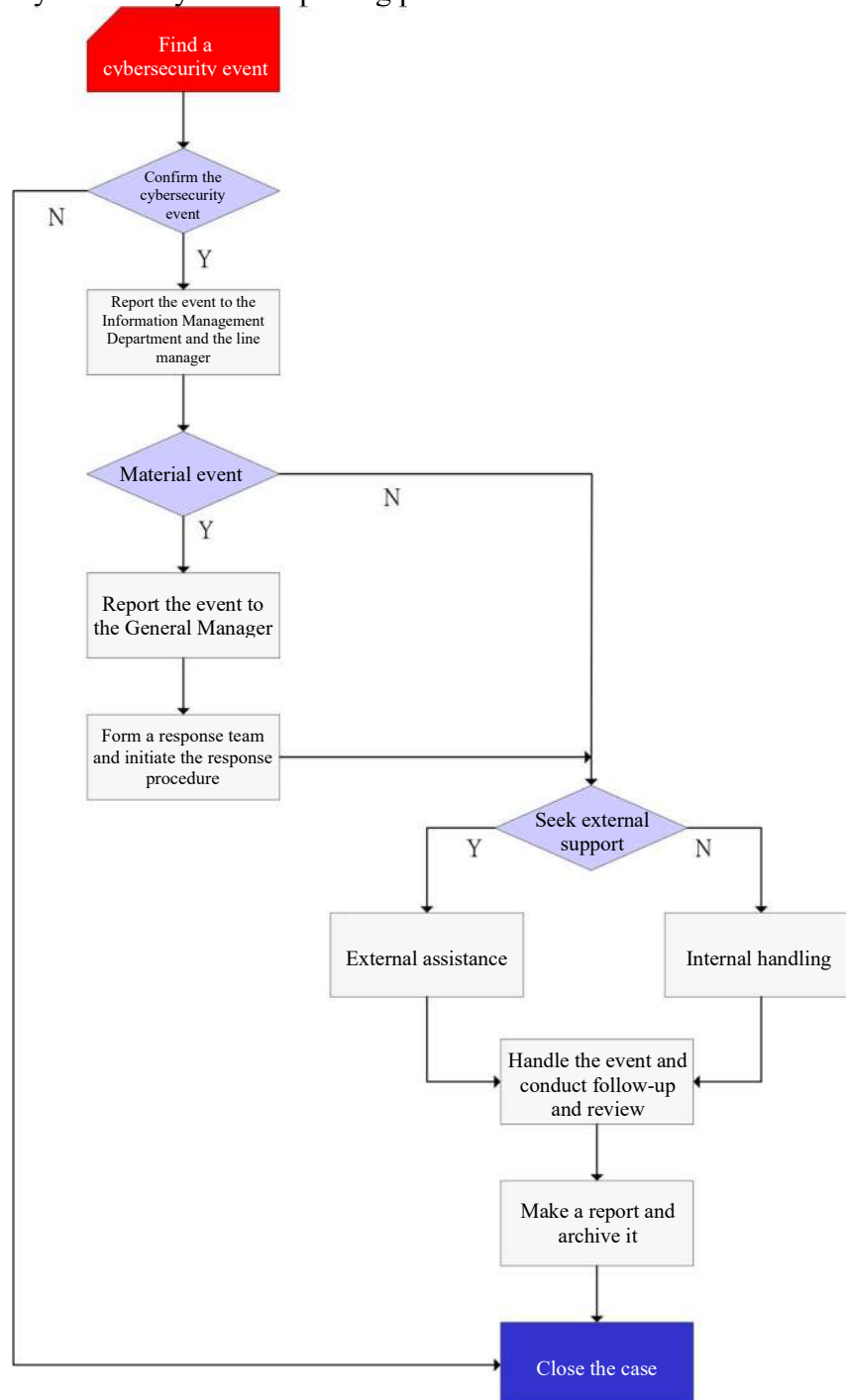
1. Developing cybersecurity policies and information security operating procedures to regulate personnel's behavior related to information security: Relevant systems are regularly reviewed to see if they keep up with changes in the business environment and to make timely adjustments if necessary. Regular internal audits are conducted to strengthen the Company's information security management.
2. Installing information security management equipment and implementing cybersecurity management measures: To prevent a variety of external cybersecurity threats, cybersecurity protection systems are installed to further secure the overall information environment. In addition, to ensure the compliance of the behavior of internal personnel at work with the Company's systems and regulations, we adopt cybersecurity systems and tools and implement cybersecurity management measures for the personnel.
3. Conducting information security education and training and enhancing the information security knowledge and professional skills of all employees: New hires are provided with practical information security education and training courses for new employees when they report to work to enhance the information security knowledge and professional skills of internal personnel.

(3) Specific management plans

1. Information security management

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
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

2. Cybersecurity event reporting procedure



(4) Resources invested in cybersecurity management:

The Company regularly organizes cybersecurity education and training for employees.

We change passwords on a regular basis and continuously maintain the cybersecurity and upgrade the firewall of the website.

Cybersecurity risk audits are carried out and the improvement progress is tracked periodically.

We continuously improve system availability by optimizing the security management design of our systems, including domain and access control, vulnerability assessment,

and other security protection strategies.

- (5) Effects of changes in technology (cybersecurity risks) on the finance and business of the Company, and measures in response:

The Company and subsidiaries pay close attention to technology changes in the industries where we operate and, if necessary, designate dedicated personnel or project teams to assess and look into the effects of these changes on the companies' future development, finance, and business and plan measures in response. In the most recent year, there were no important technology changes with material effects on the Company's finance and business.

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)	IM ROBOTICS CORPORATION	2021.01.04-2022.01.03	Distribution of the Company's related products	Non-exclusive distributor in South Korea
5	Distribution (the Company is the supplier)	HOP LONG TECH JSC.	2021.04.09-2022.04.08	Distribution of the Company's related products	Non-exclusive distributor in Vietnam
6	Distribution (the Company is the supplier)	PRIMA AUTOMATION SDN BHD	2021.04.15-2022.04.14	Distribution of the Company's related products	Non-exclusive distributor in Malaysia

No.	Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
7	Distribution (the Company is the supplier)	Bazzica Engineering S.r.l	2021.04.26-2022.04.25	Distribution of the Company's related products	Non-exclusive distributor in Italy
8	Distribution (the Company is the supplier)	VISTECHMAUTOMATION PRIVATE LIMITED	2021.05.21-2022.05.20	Distribution of the Company's related products	Non-exclusive distributor in India
9	Distribution (the Company is the supplier)	Sensotechnik	2021.06.23-2022.06.22	Distribution of the Company's related products	Non-exclusive distributor in Mexico
10	Distribution (the Company is the supplier)	Inotek DS	2021.06.28-2022.06.27	Distribution of the Company's related products	Non-exclusive distributor in Mexico
11	Distribution (the Company is the supplier)	IDEC FACTORY SOLUTIONS CORPORATION	2021.12.14-2022.12.13	Distribution of the Company's related products	Non-exclusive distributor in Japan/China
12	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
13	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
14	Distribution	Siemens Ltd.	2013.10.01-	Distribution of the company's related products	There are annual performance targets and incentive bonuses

No.	Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
15	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
16	Distribution	ArtiMinds Robotics GmbH	2015.10.22-2020.10.21 Automatically extended for two years when expired	Distribution of the company's related products	The distribution territory is Taiwan
17	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
18	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
19	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
20	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
21	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
22	Distribution	Mitsubishi Electric Corporation	2020.01.20-2020.12.31 Automatically extended for one year when	Distribution of the company's air-conditioning	The distribution territory is Taiwan

No.	Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
			expired, with a maximum of five years	equipment	
23	Distribution	Trifork Smart Device ApS	2020.12.18-	Distribution of the company's related products	The distribution territory is Taiwan
24	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
25	Distribution	Secomea	2021.01.01-	Distribution of the company's related products	The distribution territory is Taiwan
26	Distribution	ROCKWELL AUTOMATION TAIWAN CO., LTD.	2022.10.01-2023.09.30	Distribution of the company's related products	Distributor in Taiwan
27	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
28	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
29	Distribution	Eaton Phoenixtec MMPL Co., Ltd.	2023.01.01-2023.12.31	Maintenance service distributor	The distribution territory is Taiwan
30	Agent	Kawasaki Heavy Industries Ltd., Taipei Branch	2021.11.01-2022.10.31	Sale of the company's general	Including customer after-sales

No.	Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
		(Japan)		industrial robotic arms	services

(2) Yumon International Trade Shanghai Limited Corporation

No.	Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
1	Franchised distributor	Cummins Power Generation (China) Co., Ltd.	Valid until 2022.12.31	Distribution of the company's generator units and parts	Engineering, procurement, and construction of projects overseas and in the high-tech manufacturing industry in Shanghai, Suzhou, and East China
2	Franchised distributor	Cummins Power Generation (China) Co., Ltd.	Valid until 2022.12.31	Distribution of the company's generator units and parts	EPC of projects in Beijing and overseas
3	Authorized distributor	Cummins (China) Investment Company Limited	Valid until 2022.12.31	Distribution of maintenance services for the company's diesel generator units	The authorization territory is Shanghai and Suzhou
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
5	Franchised distributor	Cummins Power Generation (China) Co., Ltd.	Valid until 2022.12.31	Distribution of the company's generator units and parts	Engineering, procurement, and construction of projects overseas and in the high-

					tech manufacturing industry in Shanghai, Suzhou, and East China
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(3) 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

XII. 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, 2023
		2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31	
Current assets		4,367,681	4,497,836	4,348,745	4,973,624	5,387,727	5,641,178
Property, plant and equipment		547,938	525,867	505,680	440,103	436,016	431,621
Intangible assets		1,856	3,009	2,357	1,200	2,920	2,545
Other assets		1,173,655	1,267,392	1,625,655	2,471,055	2,624,300	2,613,214
Total assets		6,091,130	6,294,104	6,482,437	7,885,982	8,450,963	8,688,558
Current liabilities	Before distribution	1,289,740	1,202,183	1,548,301	2,866,587	3,030,729	3,487,830
	After distribution	1,478,358	1,339,360	1,634,037	3,020,911	3,287,936	-
Non-current liabilities		25,310	98,188	64,982	44,095	91,677	103,088
Total liabilities	Before distribution	1,315,050	1,300,371	1,613,283	2,910,682	3,122,406	3,590,918
	After distribution	1,503,668	1,437,548	1,699,019	3,065,006	3,379,613	-
Equity attributable to owners of the parent company		4,448,570	4,574,185	4,465,163	4,569,919	4,908,710	4,691,776
Share capital		1,714,711	1,714,711	1,714,711	1,714,711	1,714,711	1,714,711
Capital reserves		177,412	208,545	212,085	215,138	215,138	215,138
Retained earnings	Before distribution	2,661,716	2,793,876	2,677,878	2,793,372	3,101,223	2,882,007
	After distribution	2,473,098	2,656,699	2,592,142	2,639,048	2,844,016	-
Other equity		(99,227)	(136,905)	(133,469)	(147,260)	(116,320)	(114,038)
Treasury stocks		(6,042)	(6,042)	(6,042)	(6,042)	(6,042)	(6,042)
Non-controlling interests		327,510	419,548	403,991	405,381	419,847	405,864
Total equity	Before distribution	4,776,080	4,993,733	4,869,154	4,975,300	5,328,557	5,097,640
	After distribution	4,587,462	4,856,556	4,783,418	4,820,976	5,071,350	-

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, 2023
	2018	2019	2020	2021	2022	
Operating income	3,948,938	3,737,064	3,527,149	3,899,210	5,249,928	947,828
Gross operating profit	780,604	767,964	746,144	793,962	1,083,514	204,397
Operating profit and loss	150,681	33,439	46,938	49,291	264,528	1,363
Non-operating income and expenses	223,699	404,049	37,007	209,390	391,309	55,024
Pre-tax profit	374,380	437,488	83,945	258,681	655,837	56,387
Net profit from continuing operations in the current period	316,809	360,892	30,390	216,364	475,943	43,016
Loss of discontinued operations	0	0	0	0	0	0
Net profit (loss) in the current period	316,809	360,892	30,390	216,364	475,943	43,016
Other comprehensive income in the current period (after tax, net)	240	(62,883)	(5,554)	(27,627)	26,738	(16,726)
Total comprehensive income in the current period	317,049	298,009	24,836	188,737	502,681	26,290
Net profit attributable to owners of the parent company	282,193	318,447	20,318	198,514	458,232	37,991
Net profit attributable to non-controlling interests	34,616	42,445	10,072	17,850	17,711	5,025
Total comprehensive income attributable to owners of the parent company	282,047	283,100	24,615	187,439	493,115	40,273
Total comprehensive income attributable to non-controlling interests	35,002	14,909	221	1,298	9,566	(13,983)
Earnings per share	1.65	1.86	0.12	1.16	2.67	0.22

Condensed Parent-only Balance Sheet

Unit: NT\$ thousand

Item \ Year		Financial information for the most recent five years				
		2018.12.31	2019.12.31	2020.12.31	2021.12.31	2022.12.31
Current assets		1,511,428	1,300,521	1,476,946	1,829,600	1,946,632
Property, plant and equipment		482,710	483,141	468,755	416,811	410,736
Intangible assets		1,747	2,627	1,952	1,150	2,920
Other assets		3,246,909	3,168,074	3,348,979	4,181,151	4,402,418
Total assets		5,242,794	4,954,363	5,296,632	6,428,712	6,762,706
Current liabilities	Before distribution	771,784	350,480	809,451	1,837,522	1,764,598
	After distribution	960,402	487,657	895,187	1,991,846	2,021,805
Non-current liabilities		22,440	29,698	22,018	21,271	89,398
Total liabilities	Before distribution	794,224	380,178	831,469	1,858,793	1,853,996
	After distribution	982,842	517,355	917,205	2,013,117	2,111,203
Equity attributable to owners of the parent company		4,448,570	4,574,185	4,465,163	4,569,919	4,908,710
Share capital		1,714,711	1,714,711	1,714,711	1,714,711	1,714,711
Capital reserves		177,412	208,545	212,085	215,138	215,138
Retained earnings	Before distribution	2,661,716	2,793,876	2,677,878	2,793,372	3,101,223
	After distribution	2,473,098	2,656,699	2,592,142	2,639,048	2,844,016
Other equity		(99,227)	(136,905)	(133,469)	(147,260)	(116,320)
Treasury stocks		(6,042)	(6,042)	(6,042)	(6,042)	(6,042)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	4,448,570	4,574,185	4,465,163	4,569,919	4,908,710
	After distribution	4,259,952	4,437,008	4,379,427	4,415,595	4,651,503

Condensed Parent-only Statement of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent five years				
	2018	2019	2020	2021	2022
Operating income	2,197,974	1,976,563	1,869,734	2,280,169	3,157,169
Gross operating profit	359,229	333,029	344,459	425,854	546,707
Operating profit and loss	2,102	(66,736)	(52,722)	14,180	98,955
Non-operating income and expenses	298,454	381,439	86,791	198,588	444,321
Pre-tax profit	300,556	314,703	34,069	212,768	543,276
Net profit from continuing operations in the current period	282,193	318,447	20,318	198,514	458,232
Loss of discontinued operations	0	0	0	0	0
Net profit (loss) in the current period	282,193	318,447	20,318	198,514	458,232
Other comprehensive income in the current period (after tax, net)	282,047	(35,347)	4,297	11,075	34,883
Total comprehensive income in the current period	282,047	283,100	24,615	187,439	493,115
Net profit attributable to owners of the parent company	282,193	318,447	20,318	198,514	458,232
Net profit attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	282,047	283,100	24,615	187,439	493,115
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.65	1.86	0.12	1.16	2.67

- (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
2018	PricewaterhouseCoopers Taiwan	Hsiao Chin-Mu/Liang Yi-Chang	Unqualified conclusion/opinion (emphasis of matters and other matters) - other matters - use of other CPAs' audit (review) reports and segregation of duties
2019		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 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		Financial Analysis for the Most Recent Five Years					Current year, as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure %	Liabilities to assets ratio	21.59	20.66	24.89	36.91	36.95	41.33
	Long-term funds to property, plant and equipment ratio	876.27	968.29	975.74	1140.50	1,243.13	1,204.93
Solvency %	Current ratio	338.65	374.14	280.87	173.50	177.77	161.74
	Quick ratio	273.54	302.50	207.24	114.20	118.59	98.55
	Times interest earned	6,030.30	16,919.99	4,173.02	2560.35	3,973.36	1,372.84
Operating performance	Receivables turnover (times)	3.99	4.56	4.75	5.11	6.27	4.49
	Average receivable days	91.48	80.10	76.90	71.42	58.21	81.29
	Inventory turnover (times)	4.68	3.79	3.60	3.02	3.17	2.22
	Payables turnover (times)	7.99	8.15	5.76	6.05	8.00	5.72
	Average sales days	77.99	96.38	101.47	120.86	115.14	164.41
	Property, plant and equipment turnover (times)	7.68	6.96	6.84	8.25	11.98	8.74
	Total assets turnover (times)	0.66	0.60	0.55	0.54	0.64	0.44
Profitability	Return on assets (%)	5.38	5.86	0.50	3.13	5.99	2.17
	Return on equity (%)	6.67	7.39	0.62	4.40	9.24	3.30
	Pre-tax income to paid-in capital (%)	21.83	25.51	4.90	15.09	38.25	13.15
	Net income margin (%)	8.02	9.66	0.86	5.55	9.07	4.54
	Earnings per share (NT\$)	1.65	1.86	0.12	1.16	2.67	0.89
Cash flow	Cash flow ratio (%)	15.58	70.24	1.10	(9.83)	35.49	(8.24)
	Cash flow adequacy ratio (%)	126.66	155.07	109.62	42.60	95.05	79.70
	Cash reinvestment ratio (%)	0.49	10.77	(2.11)	(6.34)	14.65	(4.72)
Leverage	Operating leverage	1.14	2.76	2.47	2.47	1.25	12.07
	Financial leverage	1.04	1.08	1.05	1.27	1.07	(0.44)

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 the interest coverage ratio was mainly due to the increase in the profits before tax and interest in the current period
2. The increase in property, plants, and equipment turnover mainly resulted from the increase in net sales
3. The increase in profitability ratios was mainly due to the increase in the income before tax in the current period
4. The increase in the cash flow ratio was mainly due to the increase in net cash inflow from operating activities
5. The decrease in operating leverage was a result of the increase in operating profits

Parent-only Financial Analysis

Item analyzed		Financial Analysis for the Most Recent Five Years				
		2019	2019	2020	2021	2022
Financial structure %	Liabilities to assets ratio	15.15	7.67	15.70	28.91	27.42
	Long-term funds to property, plant and equipment ratio	926.23	952.91	957.26	1101.50	1,216.87
Solvency %	Current ratio	195.84	371.07	182.46	99.57	110.32
	Quick ratio	121.82	234.50	106.83	50.20	57.45
	Times interest earned	6,816.00	19,671.08	2,720.69	2280.22	3,485.74
Operating performance	Receivables turnover (times)	5.18	7.58	6.91	7.16	11.51
	Average receivable days	70.46	48.16	52.8	50.99	31.70
	Inventory turnover (times)	5.49	3.54	3.46	3.09	3.30
	Payables turnover (times)	9.60	8.44	7.22	8.59	12.26
	Average sales days	66.48	103.02	105.41	117.99	110.56
	Property, plant and equipment turnover (times)	4.89	4.09	3.93	5.15	7.63
	Total assets turnover (times)	0.44	0.39	0.36	0.39	0.48
Profitability	Return on assets (%)	5.71	6.27	0.42	3.52	7.14
	Return on equity (%)	6.46	7.06	0.45	4.39	9.67
	Pre-tax income to paid-in capital (%)	17.53	18.35	1.99	12.41	31.68
	Net income margin (%)	12.84	16.11	1.09	8.71	14.51
	Earnings per share (NT\$)	1.65	1.86	0.12	1.16	2.67
Cash flow	Cash flow ratio (%)	(17.11)	37.56	(8.25)	(3.56)	31.51
	Cash flow adequacy ratio (%)	42.00	45.23	22.09	(2.91)	24.15
	Cash reinvestment ratio (%)	(6.39)	(1.17)	(4.25)	(3.05)	7.44
Leverage	Operating leverage	5.21	0.73	0.61	2.62	1.22
	Financial leverage	(0.89)	0.98	0.98	3.21	1.19

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 the interest coverage ratio was mainly due to the increase in the profits before tax and interest in the current period
2. The increase in accounts receivable turnover and the decrease in average collection days were mainly due to the increase in sales and the decrease in accounts receivable at the end of the period
3. The decrease in accounts payable turnover resulted mainly from the increase in the cost of goods sold over the previous period
4. The increase in property, plants, and equipment turnover and total asset turnover was mainly due to the increase in net sales
5. The increase in profitability ratios was mainly due to the increase in the income before tax in the current period
6. The increase in the cash flow ratio was mainly due to the increase in net cash inflow from operating activities
7. The decrease in the leverage was a result of the increase in operating profits

3. Audit Committee' Audit Report for the 2022 Financial Statements

SOLOMON Technology Corporation
Audit Committee' 2022 Audit Report

CPA Liang Yi-Chang and CPA Chen Hsien-Cheng of PricewaterhouseCoopers Taiwan have audited the 2022 parent-only and consolidated financial statements prepared by the Board of Directors. The Audit Committee has also audited the financial statements along with the 2022 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 2023 Annual General Meeting

Convener of the Audit Committee:
Huang Ming-Yu

March 16, 2023

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

5. 2022 Consolidated Financial Statements

SOLOMON Technology Corporation Declaration of Consolidated Financial Statements of Affiliates

The Company hereby declares that considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2022 (from January 1 to December 31, 2022), and the related information to be disclosed in the consolidated financial statements of affiliates were already disclosed in the said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

Company Name: SOLOMON Technology Corporation

Person in Charge: Chen Cheng-Lung

March 17, 2023

Independent Auditors' Report

(2023) Letter Cai-Shen-Bao-Zi No. 22004862

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, 2022 and 2021, 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, 2022 and 2021 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, published and put in force by the Financial Supervisory Commission, and thus provided a fair presentation of the consolidated financial positions of Solomon Group on December 31, 2022 and 2021 and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

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 2022. 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 2022 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 important judgments, accounting estimates and assumptions for the accounting policies adopted for the valuation of 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, 2022, were NT\$767,678 thousand and NT\$14,900 thousand, respectively.

Solomon Group recognized payments receivable from customers for sale of goods in the ordinary course of business and collected the payments over the loan period set based on the individual customers' credit quality under the credit standard. The reasonableness of estimated losses was regularly reviewed by the companies. The loss allowance was based on the estimated irrecoverable amount of expected credit losses which involved the subjective judgment of the management. Therefore, we deem the assessment of loss allowance for accounts receivable to be one of the most important matters in our audit.

Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Reviewing and assessing the assumption factors for expected credit losses adopted by the companies; the process involved assessing the reasonableness of the determination of aging ranges. Randomly auditing source documents to check their accuracy based on the aging schedule and randomly auditing loan conditions to verify the reasonableness of the account receivable age. Conducting a review to see if there were uncovered accounts receivable that had not been settled for a long period of time in order to determine if the loss allowance for accounts receivable was sufficient.
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.

Assessment of Allowance for Inventory Devaluation Losses

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 important judgments, accounting estimates and assumptions for the accounting policies adopted 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, 2022, were NT\$1,366,887 thousand and NT\$94,113 thousand, respectively.

Solomon Group is mainly engaged in the manufacturing and sale of generators, semiconductors, electronic parts and LCDs. As the life cycle of electronic products is short and there is fierce competition in the market, there is a higher risk of inventory devaluation losses or obsolescence. Solomon Group's inventory was measured at the lower of cost or net realizable value. As the inventory amount was material with plenty of items and the accounting estimate relied on the subjective judgment of the management, we deem the valuation of allowance for inventory devaluation losses to be one of the most important matters in our audit.

Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Assessing the consistency of Solomon Group's adoption of policies for allowance for inventory devaluation losses throughout the comparative financial statement period according to our understanding of its business and the industry that it is in and performing an assessment to check the reasonableness of the assumptions for inventory classification made by the management to determine the net realizable value.
2. Understanding Solomon Group's inventory management procedure, reviewing its 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 for allowance for inventory devaluation losses.
4. Testing the carrying value of inventory at the end of the period and conducting a random check to confirm the accuracy of the selling price and sales expense rate used to calculate the net realizable value.

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, 2022 and 2021, were NT\$500,333 thousand and NT\$345,054 thousand, respectively, accounting for 5.92% and 4.38% of the total consolidated assets. Their operating income for the periods from January 1 to December 31, 2022 and 2021, was NT\$109,174 thousand and NT\$59,884 thousand, respectively, accounting for 2.08% and 1.54% of the consolidated net operating income. The balance of investments in the investee companies accounted for using the equity method on December 31, 2022 and 2021, amounted to NT\$64,872 thousand and NT\$14,781 thousand, respectively, accounting for 0.77% and 0.19% of the total consolidated assets. Their comprehensive income for the periods from January 1 to December 31, 2022 and 2021, amounted to NT\$4,265 thousand and NT\$1,745 thousand, respectively, accounting for 0.85% and 0.92% of the total consolidated comprehensive income.

Other Matters – Parent-only Financial Statements

SOLOMON Technology Corporation prepared its parent-only financial statements for 2022 and 2021. 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, published and put in force 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 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 the entities forming Solomon Group 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 2022 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

Chen Hsien-Cheng

Financial Supervisory Commission

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

Jin-Guan-Zheng-Shen-Zi No. 1060025060

March 17, 2023

SOLOMON Technology Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ Thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,450,357	29	\$ 1,379,390	18
1110	Financial assets measured at fair value through profit or loss – current	6 (2)	237,933	3	350,215	4
1136	Financial assets measured at amortized cost – current	6 (3)	35,610	1	729,204	9
1150	Net notes receivable	6 (4)	93,369	1	59,553	1
1170	Net accounts receivable	6 (4)	752,778	9	740,323	9
1200	Other receivables		23,422	-	9,847	-
1220	Income tax assets in the current period		235	-	235	-
130X	Inventory	6 (5)	1,272,774	15	1,181,374	15
1410	Prepayments	6 (6)	520,941	6	518,738	7
1470	Other current assets	8	308	-	4,745	-
11XX	Total current assets		<u>5,387,727</u>	<u>64</u>	<u>4,973,624</u>	<u>63</u>
Non-current assets						
1510	Financial assets measured at fair value through profit or loss – non-current	6 (2)	93,523	1	92,089	1
1535	Financial assets measured at amortized cost – non-current	6 (3)	1,381,950	16	1,245,600	16
1550	Investments accounted for using the equity method	6 (7)	64,872	1	14,781	-
1600	Property, plant and equipment	6 (8) and 8	436,016	5	440,103	6
1755	Right-of-use assets	6 (9)	31,709	-	57,020	1
1760	Net investment property	6 (11) and 8	882,428	11	893,635	11
1780	Intangible assets		2,920	-	1,200	-
1840	Deferred income tax assets	6 (17)	14,046	-	39,976	-
1900	Other non-current assets	6 (12) and 8	155,772	2	127,954	2
15XX	Total non-current assets		<u>3,063,236</u>	<u>36</u>	<u>2,912,358</u>	<u>37</u>
1XXX	Total assets		<u>\$ 8,450,963</u>	<u>100</u>	<u>\$ 7,885,982</u>	<u>100</u>

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ Thousand

Liabilities and equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6 (13)	\$ 994,000	12	\$ 1,307,264	17
2120	Financial liabilities measured at fair value through profit or loss – current	6 (2)	-	-	1,555	-
2130	Contractual liabilities – current	6 (22)	1,150,020	14	722,153	9
2150	Notes payable		11,185	-	756	-
2170	Accounts payable		512,754	6	517,393	7
2200	Other payables	6 (14)	204,031	2	214,377	3
2230	Income tax liabilities in the current period	6 (17)	74,870	1	30,789	-
2250	Liability provisions – current	6 (15)	3,592	-	1,623	-
2280	Lease liabilities – current	6 (9)	28,688	-	35,230	-
2300	Other current liabilities		51,589	1	35,447	-
21XX	Total current liabilities		<u>3,030,729</u>	<u>36</u>	<u>2,866,587</u>	<u>36</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6 (17)	80,976	1	14,168	-
2580	Lease liabilities – non-current	6 (9)	2,758	-	22,515	1
2600	Other non-current liabilities		7,943	-	7,412	-
25XX	Total non-current liabilities		<u>91,677</u>	<u>1</u>	<u>44,095</u>	<u>1</u>
2XXX	Total liabilities		<u>3,122,406</u>	<u>37</u>	<u>2,910,682</u>	<u>37</u>
Equity						
	Share capital	6 (18)				
3110	Common share capital		1,714,711	20	1,714,711	22
	Capital reserves	6 (19)				
3200	Capital reserves		215,138	2	215,138	2
	Retained earnings	6 (20)				
3310	Legal reserves		417,135	5	397,012	5
3320	Special reserves		147,260	2	133,468	2
3350	Undistributed earnings		2,536,828	30	2,262,892	29
	Other equity	6 (21)				
3400	Other equity		(116,320)	(1)	(147,260)	(2)
3500	Treasury stocks	6 (18)	(6,042)	-	(6,042)	-
31XX	Total equity attributable to owners of the parent company		<u>4,908,710</u>	<u>58</u>	<u>4,569,919</u>	<u>58</u>
36XX	Non-controlling interests		<u>419,847</u>	<u>5</u>	<u>405,381</u>	<u>5</u>
3XXX	Total equity		<u>5,328,557</u>	<u>63</u>	<u>4,975,300</u>	<u>63</u>
	Material contingent liabilities and unrecognized contractual commitments	9				
	Material subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 8,450,963</u>	<u>100</u>	<u>\$ 7,885,982</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, 2022 and 2021

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

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating income	6 (22)	\$ 5,249,928	100	\$ 3,899,210	100
5000 Operating costs	6 (5) (27) (28)	(4,166,414)	(79)	(3,105,248)	(80)
5950 Net gross operating profit		<u>1,083,514</u>	<u>21</u>	<u>793,962</u>	<u>20</u>
Operating expenses	6 (27) (28)				
6100 Marketing expense		(343,415)	(7)	(333,669)	(9)
6200 Management expense		(360,311)	(7)	(322,455)	(8)
6300 R&D expense		(114,261)	(2)	(94,100)	(2)
6450 Expected credit impairment (loss) gain	12 (2)	(999)	-	5,553	-
6000 Total operating expenses		<u>(818,986)</u>	<u>(16)</u>	<u>(744,671)</u>	<u>(19)</u>
6900 Operating profit		<u>264,528</u>	<u>5</u>	<u>49,291</u>	<u>1</u>
Non-operating income and expenses					
7100 Interest income	6 (23)	133,435	2	88,526	2
7010 Other income	6 (24)	98,157	2	67,815	2
7020 Other profits and losses	6 (25)	172,384	3	61,818	2
7050 Financial costs	6 (26)	(16,932)	-	(10,514)	-
7060 Share of profits/losses of associates and joint ventures under the equity method	6 (7)	<u>4,265</u>	<u>-</u>	<u>1,745</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>391,309</u>	<u>7</u>	<u>209,390</u>	<u>6</u>
7900 Pre-tax profit		<u>655,837</u>	<u>12</u>	<u>258,681</u>	<u>7</u>
7950 Income tax expense	6 (17)	(179,894)	(3)	(42,317)	(1)
8200 Net profit in the current period		<u>\$ 475,943</u>	<u>9</u>	<u>\$ 216,364</u>	<u>6</u>

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

Item	Note	2022		2021	
		Amount	%	Amount	%
Other comprehensive income (net)					
8311					
		\$	6,760	-	\$ 3,510
8349	6 (17)				
		(1,177)	-	(611)
8310					
			5,583	-	2,899
Items likely to be subsequently reclassified as profit or loss					
8361					
			21,155	1	(30,526)
8360					
			21,155	1	(30,526)
8300					
		\$	26,738	1	(\$ 27,627)
8500					
		\$	502,681	10	\$ 188,737
Net profit attributable to:					
8610		\$	458,232	9	\$ 198,514
8620		\$	17,711	-	\$ 17,850
Total comprehensive income attributable to:					
8710		\$	493,115	10	\$ 187,439
8720		\$	9,566	-	\$ 1,298
Basic earnings per share					
9750	6 (29)				
		\$		2.67	\$ 1.16
Diluted earnings per share					
9850	6 (29)				
		\$		2.67	\$ 1.16

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, 2022 and 2021

Unit: NT\$ Thousand

	Note	Equity attributable to owners of the parent company							Total	Non-controlling interests	Total equity
		Common share capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Treasury stocks			
<u>Retained earnings</u>											
<u>2021</u>											
Balance on January 1, 2021		\$ 1,714,711	\$ 212,085	\$ 394,894	\$ 136,904	\$ 2,146,080	(\$ 133,469)	(\$ 6,042)	\$ 4,465,163	\$ 403,991	\$ 4,869,154
Net profit in the current period		-	-	-	-	198,514	-	-	198,514	17,850	216,364
Other comprehensive income in the current period	6 (21)	-	-	-	-	2,716	(13,791)	-	(11,075)	(16,552)	(27,627)
Total comprehensive income in the current period		-	-	-	-	201,230	(13,791)	-	187,439	1,298	188,737
Allocation and distribution of earnings:	6 (20)										
Legal reserves		-	-	2,118	-	(2,118)	-	-	-	-	-
Special reserves		-	-	-	(3,436)	3,436	-	-	-	-	-
Cash dividends		-	-	-	-	(85,736)	-	-	(85,736)	-	(85,736)
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	6 (19)	-	912	-	-	-	-	-	912	33	945
Changes in ownership interests in subsidiaries and associates		-	2,141	-	-	-	-	-	2,141	59	2,200
Balance on December 31, 2021		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919	\$ 405,381	\$ 4,975,300
<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	6 (21)	-	-	-	-	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:	6 (20)										
Legal reserves		-	-	20,123	-	(20,123)	-	-	-	-	-
Special reserves		-	-	-	13,792	(13,792)	-	-	-	-	-
Cash dividends		-	-	-	-	(154,324)	-	-	(154,324)	-	(154,324)
Non-controlling interests	6 (30)	-	-	-	-	-	-	-	-	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

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, 2022 and 2021

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Pre-tax profit in the current period		\$ 655,837	\$ 258,681
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)	78,378	83,184
Amortization expense	6 (27)	3,397	3,636
Expected credit impairment loss (gain from recovery)	12 (2)	999	(5,553)
Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss	6 (2)(25)	112,420	(96,979)
Interest expense	6 (26)	16,932	10,514
Interest income	6 (23)	(133,435)	(88,526)
Dividend income	6 (24)	(19,553)	(6,713)
Share of profits of associates and joint ventures under the equity method	6 (7)	(4,265)	(1,745)
Loss (gain) from disposal of property, plant and equipment	6 (25)	2,427	(3,190)
Gain from disposal of investments accounted for using the equity method	6 (25)	(1,256)	-
Gain from disposal of investment property	6 (25)	-	(32,860)
Gain from recovery of impairment losses on investment property	6 (11) (25)	-	(3,195)
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		(15,007)	(207,180)
Net notes receivable		(33,816)	4,544
Accounts receivable		(13,454)	(105,814)
Other receivables		(9,284)	10,040
Inventory		(91,578)	(468,244)
Prepayments		(2,203)	(92,992)
Other non-current assets		-	2,401
Net changes in liabilities related to operating activities			
Contractual liabilities		427,867	352,221
Notes payable		10,429	(1,707)
Accounts payable		(4,639)	11,856
Other payables		(10,540)	32,779
Liability provisions – current	6 (15)	1,969	770
Other current liabilities	6 (31)	16,142	14,652
Cash inflow (outflow) from operations		987,767	(329,420)
Interest received		129,144	85,218
Interest paid		(16,738)	(10,070)
Dividends received		19,553	6,713
Income tax paid		(44,155)	(34,153)
Net cash inflow (outflow) from operating activities		1,075,571	(281,712)

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Decrease (Increase) in financial assets measured at amortized cost		\$ 557,244	(\$ 502,613)
Disposal of investments accounted for using the equity method		15,962	-
Acquisition of investments accounted for using the equity method		(48,652)	-
Acquisition of property, plant and equipment	6 (8)	(27,352)	(22,007)
Disposal of property, plant and equipment		32	4,887
Acquisition of subsidiaries (after deduction of cash acquired)		14,995	-
Acquisition of intangible assets		(3,440)	(768)
Increase (Decrease) in other current assets		4,437	(3)
Proceeds from disposal of investment property		-	133,848
Increase in other non-current assets		(29,545)	-
Net cash inflow (outflow) from investing activities		<u>483,681</u>	<u>(386,656)</u>
<u>Cash flows from financing activities</u>			
Repayment of short-term loans		(1,444,825)	(709,205)
Borrowing of short-term loans		1,131,561	1,619,092
Repayment of principal of lease liabilities	6 (31)	(34,798)	(33,897)
Distribution of cash dividends	6 (20)	(154,324)	(85,736)
Disposal of interests in subsidiaries	6 (30)	-	945
Cash capital increase by subsidiaries	6 (30)	-	2,200
Decrease (Increase) in other non-current liabilities		531	(278)
Net cash inflow (outflow) from financing activities		<u>(501,855)</u>	<u>793,121</u>
Effect of exchange rate		<u>13,570</u>	<u>(28,468)</u>
Increase in cash and cash equivalents in the current period		1,070,967	96,285
Opening balance of cash and cash equivalents		<u>1,379,390</u>	<u>1,283,105</u>
Closing balance of cash and cash equivalents		<u>\$ 2,450,357</u>	<u>\$ 1,379,390</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
2022 and 2021

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 17, 2023.

3. Application of new and amended standards and interpretations

- (1) Effect of adopting the newly promulgated or revised IFRSs endorsed, published and put in force by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed, published and put in force by the FSC and applicable in 2022 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendment to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendment to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to 2018-2020 Cycle	January 1, 2022

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 2023 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

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:

<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
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
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
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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.

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, published and put in force 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 liabilities recognized as the net amount calculated as pension fund assets less the present value of defined benefit obligations.

B. Preparing financial statements in accordance with 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 (including structured 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 Company'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:

<u>Name of investor company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Shareholding percentage</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
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	30.45	30.45	Notes 1, 3
The Company	GD Investment Corp. (GD Investment)	Professional investment	100.00	100.00	
The Company	Cornucopia Innovation Corporation (Cornucopia Innovation)	Manufacturing of electronic parts and components	35.06	35.06	Notes 1, 2
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	Fast Energy Corporation (Fast Energy)	Self-usage renewable energy generation equipment	-	100.00	Note 6
The Company	Solomon Energy Technology Corporation (Solomon Energy)	Self-usage renewable energy generation equipment	100.00	100.00	
The Company	Sheng-Peng Technology Corp. (Sheng-Peng Technology)	Import and export of electrical power-related products	51.00	-	Note 4
Moredel Investment	Solomon Data International Corporation (Solomon Data International)	Manufacturing and sale of LCD panels	18.87	18.87	Notes 1, 3
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
Solomon Cayman	GD Power Ltd. (GD Power)	Holding company	-	100.00	

<u>Name of investor company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Shareholding percentage</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Solomon Smartnet	Solomon Data International Corporation (Solomon Data International)	Manufacturing and sale of LCD panels	21.11	21.11	Notes 1, 3
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	
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, 2
Futek Trading	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	
Dong Guan Goldentek	Goldentek Smart International Limited (Goldentek Smart International)	Production and sale of LCDs and modules and investment business	-	100.00	Note 5
Solomon Data International	Cornucopia Innovation Corporation (Cornucopia Innovation)	Self-usage renewable energy generation equipment	13.22	13.22	Notes 1, 2

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

Note 2: The Company holds 50.35% of equity in Cornucopia Innovation. As the Group has acquired a majority of the voting rights in the shareholders' meeting of Cornucopia Innovation, the Group plays a key role in its related activities. Hence, Cornucopia Innovation is listed as a subsidiary and was included in the consolidated statements on the date when the Group acquired control over it.

Note 3: The subsidiary was originally named "Data International Co., Ltd." and was renamed "Solomon Data International Corporation" upon the approval of the Taipei City Government on August 9, 2021.

Note 4: The Company participated in a cash capital increase by the company in March 2022 and held 51.00% of equity in the company after the capital increase.

Note 5: The subsidiary was liquidated and wound up in February 2022.

Note 6: The subsidiary was liquidated and wound up in December 2022.

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, 2022 and 2021, were \$419,847 and \$405,381, respectively. The following is information on non-controlling interests and subsidiaries that are of materiality to the Group:

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interests</u>		<u>December 31, 2021</u>	
		<u>December 31, 2022</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Shareholding percentage</u>
Solomon Goldentek Display	Taiwan	\$ 251,556	10.71%	\$ 234,759	10.71%

Summary of subsidiaries' financial information:

Consolidated Balance Sheet

	<u>Solomon Goldentek Display</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 1,805,501	\$ 1,675,883
Non-current assets	371,154	359,802
Current liabilities	(335,663)	(327,841)
Non-current liabilities	(2,030)	(24,322)
Total net assets	<u>\$ 1,838,962</u>	<u>\$ 1,683,522</u>

Consolidated Statement of Comprehensive Income

	<u>Solomon Goldentek Display</u>	
	<u>2022</u>	<u>2021</u>
Income	<u>\$ 1,335,778</u>	<u>\$ 1,277,123</u>
Pre-tax profit	332,149	179,300
Income tax expense	(94,483)	(21,664)
Net profit from continuing operations in the current period	237,666	157,636
Other comprehensive income (after tax, net)	<u>24,680</u>	<u>(10,893)</u>
Total comprehensive income in the current period	<u>\$ 262,346</u>	<u>\$ 146,743</u>
Total comprehensive income attributable to non-controlling interests	<u>(\$ 1,423)</u>	<u>(\$ 35)</u>

Consolidated Statement of Cash Flows

	<u>Solomon Goldentek Display</u>	
	<u>2022</u>	<u>2021</u>
Net cash inflow (outflow) from operating activities	\$ 464,426	(\$ 90,774)
Net cash inflow (outflow) from investing activities	459,314	245,835
Net cash outflow from financing activities	(133,302)	(51,946)
Effect of changes in exchange rate on cash and cash equivalents	<u>20,038</u>	<u>(3,468)</u>
Increase in cash and cash equivalents in the current period	810,476	99,647
Opening balance of cash and cash equivalents	<u>462,638</u>	<u>362,991</u>
Closing balance of cash and cash equivalents	<u>\$ 1,273,114</u>	<u>\$ 462,638</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 profits 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 an associate, the exchange difference recognized as other comprehensive income is reclassified proportionally to profit or loss in the current period as part of gains or losses on sale. However, when the Group retains partial interest in the former foreign associate after losing significant influence over it, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (C) 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

In case of any of the following circumstances, the Group derecognizes financial assets:

- A. The contractual rights to receive the cash flows from financial assets become invalid.
- B. The contractual rights to receive the cash flows from financial assets are transferred and substantially all of the risks and rewards from ownership of the financial assets have been transferred.
- C. The contractual rights to receive the cash flows from financial assets are transferred and control of the financial assets is not retained.

(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 and relevant interest during construction is capitalized.
- 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	0.5-12 years
Office equipment	0.5-12 years
Other equipment	1-20 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.

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.

(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 48-55 years.

(18) Intangible assets

Computer software is recognized at acquisition cost and amortized using the straight-line method over an estimated useful life of 3-5 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 long-term and 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) Financial liabilities measured at fair value through profit or loss

- A. Financial liabilities measured at fair value through profit or loss refer to financial liabilities incurred primarily for the purpose of repurchase in the near term and held for trading, excluding derivatives designated under hedge accounting.

- B. The Group measures the financial liabilities at fair value at initial recognition and relevant transaction costs are recognized as profit or loss. The financial liabilities are subsequently measured at fair value and any gains or losses arising therefrom are recognized as profit or loss.

(23) Derecognition of financial liabilities

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

(24) Non-hedging derivatives and embedded derivatives

Non-hedging derivatives are measured at fair value on the date on which the contract is entered into at the initial recognition, stated as financial assets or liabilities measured at fair value through profit or loss, and subsequently measured at fair value. The profit or loss arising therefrom is recognized as profit or loss.

(25) 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.

(26) 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 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 and supervisors

Remuneration to employees and to directors and supervisors 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, directors and supervisors 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.

(27) 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.

(28) 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.

(29) 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 shareholders' meeting. Cash dividends distributed are recognized as liabilities and stock dividends are recognized as stock dividends to be distributed and are transferred to common shares on the share issuance date.

(30) Recognition of income

- A. Sale of goods
 - (A) Sales revenue 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.

(31) 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.

(32) 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 made 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

When there is objective evidence suggesting a sign of impairment, future cash flow estimates are taken into consideration. The amount of impairment losses is measured based on the difference between the carrying value of the asset and the present value of the estimated future cash flow discounted at the initial effective interest rate of the financial asset. If the actual cash flow in the future is less than estimated, significant impairment losses may occur. Please refer to the description in Note 6 (4).

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 the description in Note 6 (5).

6. Description of major accounts

(1) Cash and cash equivalents

Cash:	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 798	\$ 1,098
Check deposits and demand deposits	915,413	665,189
Cash equivalents:		
Time deposits	1,466,239	625,030

Bonds under repurchase agreements	67,907	88,073
	<u>\$ 2,450,357</u>	<u>\$ 1,379,390</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 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>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	\$ 209,937	\$ 238,464
Domestic and foreign funds	<u>110,000</u>	<u>74,751</u>
	319,937	313,215
Valuation adjustments	<u>(82,004)</u>	<u>37,000</u>
	<u>\$ 237,933</u>	<u>\$ 350,215</u>
Non-current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	198,344	198,998
Non-listed/non-OTC stocks	93,629	107,058
Limited partnership	<u>15,000</u>	-
	306,973	306,056
Valuation adjustments	<u>(213,450)</u>	<u>(213,967)</u>
	<u>\$ 93,523</u>	<u>\$ 92,089</u>
<u>Liabilities</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities held for trading		
Foreign exchange transaction contract	<u>\$ -</u>	<u>\$ 1,555</u>

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

	<u>2022</u>	<u>2021</u>
Financial assets measured at fair value through profit or loss on a mandatory basis		
- Equity instruments	(\$ 122,782)	\$ 99,029
- Foreign exchange transaction contracts	<u>10,362</u>	<u>(2,050)</u>
	<u>(\$ 112,420)</u>	<u>\$ 96,979</u>

- B. The foreign exchange transaction contracts that the Group entered into were for the forward purchase of foreign currencies. Although this aimed to avoid exchange rate risk, hedge accounting was not applicable. A summary of information on the unexpired contracts undertaken by the Group is as follows:

		<u>December 31, 2021</u>	
	<u>Currency</u>	<u>Contract period</u>	<u>Contract amount</u>
Foreign exchange transaction contract	USD buying/NTD selling	2021/07-2022/04	USD 1,500 thousand
Foreign exchange transaction contract	USD buying/NTD selling	2021/07-2022/04	USD 3,500 thousand

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

(3) Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposit with an initial maturity date over three months	<u>\$ 35,610</u>	<u>\$ 729,204</u>
Non-current items:		
Common corporate bonds	<u>\$ 1,381,950</u>	<u>\$ 1,245,600</u>

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

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 117,729</u>	<u>\$ 78,123</u>

B. The Group did not pledge the financial assets measured at amortized cost as collateral.

C. Please refer to Note 12 (2) for information on the credit risk of the financial assets measured at amortized cost. 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.

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 93,369</u>	<u>\$ 59,553</u>
Accounts receivable	\$ 767,678	\$ 754,348
Less: Loss allowance	<u>(14,900)</u>	<u>(14,025)</u>
	<u>\$ 752,778</u>	<u>\$ 740,323</u>

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

B. The balances of the accounts and notes receivable on December 31, 2022 and 2021, were derived from customers contracts. The balance of the accounts receivable from customer contracts on January 1, 2021, was \$713,441.

- C. The Group did not pledge the account and notes receivable as collateral.
- D. Please refer to Note 12 (2) for information on the credit risk of the accounts and notes receivable.

(5) Inventory

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for devaluation loss</u>	<u>Carrying amount</u>
Raw materials	\$ 123,210	(\$ 46,172)	\$ 77,038
Work in process	103,685	(6,143)	97,542
Finished goods	4,445	(1,957)	2,488
Inventory of goods	<u>1,135,547</u>	<u>(39,841)</u>	<u>1,095,706</u>
	<u>\$ 1,366,887</u>	<u>(\$ 94,113)</u>	<u>\$ 1,272,774</u>

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for devaluation loss</u>	<u>Carrying amount</u>
Raw materials	\$ 190,735	(\$ 35,088)	\$ 155,647
Work in process	64,870	(1,192)	63,678
Finished goods	55,104	(9,151)	45,953
Inventory of goods	<u>951,690</u>	<u>(35,594)</u>	<u>916,096</u>
	<u>\$ 1,262,399</u>	<u>(\$ 81,025)</u>	<u>\$ 1,181,374</u>

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

	<u>2022</u>	<u>2021</u>
Cost of sold inventory	\$ 4,159,327	\$ 3,100,590
Inventory overage	(6)	(4)
Loss on inventory devaluation	<u>7,093</u>	<u>4,662</u>
	<u>\$ 4,166,414</u>	<u>\$ 3,105,248</u>

(6) Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayment for purchase	\$ 427,536	\$ 443,513
Others	<u>93,405</u>	<u>75,225</u>
	<u>\$ 520,941</u>	<u>\$ 518,738</u>

(7) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
INGA NANO Technology Co., Ltd.	\$ -	\$ 14,781
AggrEnergy Inc.	28,896	-
Ju Xin Energy Inc.	<u>35,976</u>	<u>-</u>
	<u>\$ 64,872</u>	<u>\$ 14,781</u>

A. Associate

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding percentage</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>2022</u> <u>December 31</u>	<u>2021</u> <u>December 31</u>		
INGA NANO Technology Co., Ltd.	Taiwan	-	19.00%	With significant influence	Equity method
AggrEnergy Inc.	Taiwan	18.21%	-	With significant influence	Equity method
Ju Xin Energy Inc.	Taiwan	5.00%	-	With significant influence	Equity method

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

Balance Sheet

	<u>AggrEnergy Inc.</u> <u>December 31, 2022</u>	<u>Ju Xin Energy Inc.</u> <u>December 31, 2022</u>
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

	<u>AggrEnergy Inc.</u> <u>2022</u>	<u>Ju Xin Energy Inc.</u> <u>2022</u>
Income	\$ 83,076	\$ 11,707
Net profit from continuing operations in the current period	<u>\$ 23,963</u>	<u>(\$ 521)</u>

Balance Sheet

	<u>INGA NANO Technology Co., Ltd.</u> <u>December 31, 2021</u>
Current assets	\$ 88,681
Non-current assets	19,251
Current liabilities	<u>(30,137)</u>
Total net assets	<u>\$ 77,795</u>
Carrying value of the associate	<u>\$ 14,781</u>

Statement of Comprehensive Income

	<u>INGA NANO Technology Co., Ltd.</u> <u>2021</u>
Income	<u>\$ 44,392</u>
Net profit from continuing operations in the current period	<u>9,147</u>

- B. The Group recognized \$4,265 and \$1,745, respectively, as share of profits (losses) on investments with respect to investments accounted for using the equity method in 2022 and 2021, which were derived from financial statement valuations audited by CPAs commissioned by the investee companies.
- C. The Group was a director of INGA NANO Technology Co., Ltd. holding 19.00% of equity in the company as of December 31, 2021. It was thus determined that the Group had significant influence over the company.
- D. The Group participated in a cash capital increase of \$12,652 with 11,502,128 shares by AggrEnergy Inc. in February 2022. In addition, in view of the fact that the Group held nearly 20% of shares in the company and energy industry management services will be offered, the Group had significant influence over the company.
- E. The Group participated in a cash capital increase of \$36,000 with 3,600,000 shares by Ju Xin Energy Inc. in March 2022 and was a director of the company. It was thus determined that the Group had significant influence over the company.
- F. The Group sold all its shares in NANO Technology Co., Ltd. in January 2022, resulting in the Group losing its significant influence over the company.

(8) Property, plant and equipment

2022

	<u>Land</u>	<u>Premises and buildings</u>	<u>Machines/equipm ent</u>	<u>Office equipment</u>	<u>Unfinishe d constructi on and equipment pending for inspection</u>	<u>Others</u>	<u>Total</u>
<u>January 1</u>							
Cost	\$ 261,233	\$ 201,152	\$ 477,737	\$ 43,786	\$ 1,057	\$ 44,082	\$ 1,029,047
Accumulated depreciation	=	(75,937)	(440,752)	(39,807)	=	(32,44 8)	(588,944 1)
	<u>\$ 261,233</u>	<u>\$ 125,215</u>	<u>\$ 36,985</u>	<u>\$ 3,979</u>	<u>\$ 1,057</u>	<u>\$ 11,634</u>	<u>\$ 440,103</u>
January 1	\$ 261,233	\$ 125,215	\$ 36,985	\$ 3,979	\$ 1,057	\$ 11,634	\$ 440,103
Addition	-	-	23,273	1,974	732	1,373	27,352
Disposal	-	-	(2,991)	(2,873)	-	(678)	(6,542)
Disposal - accumulated depreciation	-	-	575	2,873	-	635	4,083
Reclassificati on	-	-	1,988	-	(1,810)	-	178
Depreciation expense	-	(3,715)	(17,575)	(2,144)	-	(6,143)	(29,577)
Net exchange differences	=	=	346	38	21	14	419
December 31	<u>\$ 261,233</u>	<u>\$ 121,500</u>	<u>\$ 42,601</u>	<u>\$ 3,847</u>	<u>\$ -</u>	<u>\$ 6,835</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)	=	(38,00 4)	(621,126 1)
	<u>\$ 261,233</u>	<u>\$ 121,500</u>	<u>\$ 42,601</u>	<u>\$ 3,847</u>	<u>\$ -</u>	<u>\$ 6,835</u>	<u>\$ 436,016</u>

2021

	<u>Land</u>	<u>Premises and buildings</u>	<u>Machines/equipm ent</u>	<u>Office equipment</u>	<u>Unfinishe d constructi on and equipment pending for inspection</u>	<u>Others</u>	<u>Total</u>
<u>January 1</u>							
Cost	\$ 292,325	\$ 224,795	\$ 511,506	\$ 48,445	\$ -	\$ 48,251	\$ 1,125,322
Accumulated depreciation	-	(80,822)	(466,908)	(41,043)	-	(30,869)	(619,642)
	<u>\$ 292,325</u>	<u>\$ 143,973</u>	<u>\$ 44,598</u>	<u>\$ 7,402</u>	<u>\$ -</u>	<u>\$ 17,382</u>	<u>\$ 505,680</u>
January 1	\$ 292,325	\$ 143,973	\$ 44,598	\$ 7,402	\$ -	\$ 17,382	\$ 505,680
Addition	-	3,735	15,231	1,266	1,057	718	22,007
Disposal	-	-	(46,617)	-	-	(218)	(46,835)
Disposal - accumulated depreciation	-	-	45,138	-	-	-	45,138
Reclassificati on	(31,092)	(18,782)	1,227	33	-	(33)	(48,647)
Depreciation expense	-	(3,711)	(22,393)	(4,714)	-	(6,202)	(37,020)
Net exchange differences	-	-	(199)	(8)	-	(13)	(220)
December 31	<u>\$ 261,233</u>	<u>\$ 125,215</u>	<u>\$ 36,985</u>	<u>\$ 3,979</u>	<u>\$ 1,057</u>	<u>\$ 11,634</u>	<u>\$ 440,103</u>
December 31							
Cost	\$ 261,233	\$ 201,152	\$ 477,737	\$ 43,786	\$ 1,057	\$ 44,082	\$ 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>\$ 1,057</u>	<u>\$ 11,634</u>	<u>\$ 440,103</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 1 to 5 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. Information on the carrying value of right-of-use assets and the depreciation expense recognized is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Premises	\$ 29,420	\$ 52,422
Transportation equipment (company vehicles)	<u>2,289</u>	<u>4,598</u>
	<u>\$ 31,709</u>	<u>\$ 57,020</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Premises	\$ 35,285	\$ 33,051
Transportation equipment (company vehicles)	<u>2,309</u>	<u>2,147</u>
	<u>\$ 37,594</u>	<u>\$ 35,198</u>

- C. The Company recognized \$9,131 and \$14,858 as an addition to right-of-use assets in 2022 and 2021, respectively.
- D. Information on the profit or loss items related to leases is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items that affect profit or loss in the current period</u>		
Interest expense on lease liabilities	<u>\$ 457</u>	<u>\$ 618</u>
Short-term lease expense	<u>\$ 10,784</u>	<u>\$ 7,304</u>
Low-value asset lease expense	<u>\$ 2,365</u>	<u>\$ 2,425</u>

- E. The total cash outflow for leases of the Group in 2022 and 2021 was \$48,404 and \$44,244, respectively.

(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 6 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 \$42,918 and \$41,088 as rental income pursuant to operating leases in 2022 and 2021, respectively. There were no variable lease payments included.
- C. The Group's rent received in advance as of December 31, 2022 and 2021, was \$8,528 and \$5,187, respectively, and stated as other current liabilities.

D. A maturity analysis of lease payments under the Group's operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 33,139
2023	33,476	15,946
2024	21,065	5,215
2025	<u>5,544</u>	-
	<u>\$ 60,085</u>	<u>\$ 54,300</u>

(11) Investment property

	<u>Land</u>	<u>2022</u> <u>Premises and buildings</u>	<u>Total</u>
January 1			
Cost	\$ 584,517	\$ 593,765	\$ 1,178,282
Accumulated depreciation and impairment	<u>(17,590)</u>	<u>(267,057)</u>	<u>(284,647)</u>
	<u>\$ 566,927</u>	<u>\$ 326,708</u>	<u>\$ 893,635</u>
January 1	\$ 566,927	\$ 326,708	\$ 893,635
Depreciation expense	-	<u>(11,207)</u>	<u>(11,207)</u>
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	<u>(17,590)</u>	<u>(278,264)</u>	<u>(295,854)</u>
	<u>\$ 566,927</u>	<u>\$ 315,501</u>	<u>\$ 882,428</u>
		<u>2021</u>	
	<u>Land</u>	<u>Premises and buildings</u>	<u>Total</u>
January 1			
Cost	\$ 658,791	\$ 566,387	\$ 1,225,178
Accumulated depreciation and impairment	<u>(25,163)</u>	<u>(247,495)</u>	<u>(272,658)</u>
	<u>\$ 633,628</u>	<u>\$ 318,892</u>	<u>\$ 952,520</u>
January 1	\$ 633,628	\$ 318,892	\$ 952,520
Disposal	<u>(100,988)</u>	-	<u>(100,988)</u>
Reclassification	31,092	18,782	49,874
Depreciation expense	-	<u>(10,966)</u>	<u>(10,966)</u>
Reversal of impairment losses	<u>3,195</u>	-	<u>3,195</u>
December 31	<u>\$ 566,927</u>	<u>\$ 326,708</u>	<u>\$ 893,635</u>
December 31			
Cost	\$ 584,517	\$ 593,765	\$ 1,178,282

Accumulated depreciation and impairment	<u>(17,590)</u>	<u>(267,057)</u>	<u>(284,647)</u>
	<u>\$ 566,927</u>	<u>\$ 326,708</u>	<u>\$ 893,635</u>

A. Rental income and direct operating expenses on investment property:

	<u>2022</u>	<u>2021</u>
Rental income on investment property	<u>\$ 42,918</u>	<u>\$ 41,088</u>
Direct operating expenses incurred from investment property generating rental income in the current period	<u>\$ 11,764</u>	<u>\$ 10,959</u>
Direct operating expenses incurred from investment property not generating rental income in the current period	<u>\$ 5,906</u>	<u>\$ 5,499</u>

B. The fair value of investment property held by the Group on December 31, 2022 and 2021, was \$1,640,115 and \$1,552,185, respectively. The above fair values were determined based on the valuation results provided by independent valuation experts using the income approach. The main assumptions are shown below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Income capitalization rate	<u>1.55%~4.35%</u>	<u>1.79%~2.60%</u>

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, 2022</u>	<u>December 31, 2021</u>
Receivables on demand	<u>\$ 200,644</u>	<u>\$ 199,930</u>
Less: Loss allowance – receivables on demand	<u>(200,644)</u>	<u>(199,930)</u>
Deposits paid	<u>64,758</u>	<u>71,722</u>
Net defined benefit assets	<u>43,661</u>	<u>36,639</u>
Restricted assets – time deposits	<u>31,001</u>	<u>2,984</u>
Others	<u>16,352</u>	<u>16,609</u>
	<u>\$ 155,772</u>	<u>\$ 127,954</u>

(13) Short-term loans

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Bank loans		
Credit loans	\$ 80,000	\$ 470,264
Secured loans	<u>914,000</u>	<u>837,000</u>
	<u>\$ 994,000</u>	<u>\$ 1,307,264</u>
Range of interest rates	<u>1.36%~2.15</u>	
	%	<u>0.80%~1.11%</u>

Note: Please refer to the description in Note 8 for information on pledged collateral.

(14) Other payables

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Salaries and bonuses payable	\$ 110,540	\$ 100,547
Employee remuneration payable	6,659	2,193
Remuneration to directors and supervisors payable	11,570	4,387
Rent payable	672	2,627
Service expense payable	8,410	3,047
Land value tax and house tax payable	3,433	4,363
Processing fee payable	941	4,251
Freight payable	3,383	2,752
Utilities expenses payable	1,596	1,914
Others	<u>56,827</u>	<u>88,296</u>
	<u>\$ 204,031</u>	<u>\$ 214,377</u>

(15) Liability provisions – current

	<u>2022</u> <u>Warranty provision</u>	<u>2021</u> <u>Warranty provision</u>
Balance on January 1	\$ 1,623	\$ 853
Added liability provisions in the current period	2,548	1,140
Liability provisions used in the current period	(574)	(352)
Unused amount reversed in the current period	<u>(5)</u>	<u>(18)</u>
Balance on December 31	<u>\$ 3,592</u>	<u>\$ 1,623</u>

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 liabilities

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 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.

(B) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 60,440	\$ 65,261
Fair value of plan assets	<u>(104,101)</u>	<u>(101,900)</u>
	<u>(\$ 43,661)</u>	<u>(\$ 36,639)</u>
Net defined benefit assets (stated as “other non-current assets”)	<u>\$ 43,661</u>	<u>\$ 36,639</u>

(C) The changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
<u>2022</u>			
Balance on January 1	\$ 65,261	(\$ 101,900)	(\$ 36,639)
Service costs in the current period	152	-	152
Interest expense (income)	456	<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>	-
Balance on December 31	<u>\$ 60,440</u>	<u>(\$ 104,101)</u>	<u>(\$ 43,661)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
<u>2021</u>			
Balance on January 1	\$ 79,776	(\$ 111,989)	(\$ 32,213)
Service costs in the current period	452	-	452
Interest expense (income)	<u>254</u>	<u>(355)</u>	<u>(101)</u>
	<u>80,482</u>	<u>(112,344)</u>	<u>(31,862)</u>
Remeasurement:			
Return on plan assets (excluding any amount included in interest income or expense)	52	(1,578)	(1,526)
Effect of changes in financial assumptions	(2,080)	-	(2,080)
Experience adjustments	<u>249</u>	<u>(153)</u>	<u>96</u>
	<u>(1,779)</u>	<u>(1,731)</u>	<u>(3,510)</u>
Pension contributions made	-	(308)	(308)
Pension paid	<u>(13,442)</u>	<u>12,483</u>	<u>(959)</u>
Balance on December 31	<u>\$ 65,261</u>	<u>(\$ 101,900)</u>	<u>(\$ 36,639)</u>

- (D) 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, 2022 and 2021.

(E) A summary of pension-related actuarial assumptions is shown below:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.30%</u>	<u>0.70%</u>
Future salary increase rate	<u>2.50%~3.00%</u>	<u>2.50%~3.00%</u>

Future mortality assumptions are based on the statistics and experiential estimates announced by countries.

The present value of defined benefit obligations that has been affected due to changes in the main adopted actuarial assumptions is analyzed as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u> <u>0.25%</u>	<u>Decrease by</u> <u>0.25%</u>	<u>Increase by</u> <u>0.25%</u>	<u>Decrease by</u> <u>0.25%</u>
December 31, 2022				
Effect on the present value of defined benefit obligations	<u>(\$ 1,306)</u>	<u>\$ 1,354</u>	<u>\$ 1,181</u>	<u>\$ 1,148</u>
December 31, 2021				
Effect on the present value of defined benefit obligations	<u>(\$ 1,332)</u>	<u>\$ 1,374</u>	<u>\$ 1,182</u>	<u>(\$ 1,154)</u>

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.

(F) The Group expects to pay a defined benefit plan contribution of \$3,954 in 2023.

(G) As of December 31, 2022, the weighted average lifetime of the defined benefit plan was 9~10 years. A maturity analysis of pension payments is as follows:

Less than 1 year	\$ 4,329
2-5 years	18,210
Over 5 years	<u>21,454</u>
	<u>\$ 43,993</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 2022 and 2021 was \$40,321 and \$37,481, respectively.

(17) Income tax

A. The income tax expenses comprise the following:

(A) The income tax expenses comprise the following:

	<u>2022</u>	<u>2021</u>
Income tax in the current period:		
Income tax incurred from income in the current period	\$ 83,374	\$ 33,874
Income tax levied on undistributed earnings	2,147	14
Underestimation of income tax in prior years	<u>2,813</u>	<u>458</u>
Total income tax in the current period	<u>88,334</u>	<u>34,346</u>
Deferred income tax:		
Initial generation and reversal of temporary differences	<u>91,560</u>	<u>7,971</u>
Income tax expense	<u>\$ 179,894</u>	<u>\$ 42,317</u>

(B) Income tax related to other comprehensive income:

	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	<u>(\$ 1,177)</u>	<u>(\$ 611)</u>

B. The relationship between the income tax expenses and the accounting profit is as follows:

	<u>2022</u>	<u>2021</u>
Income tax on pre-tax profit calculated at the statutory tax rate	\$ 221,057	\$ 92,824
Income tax effect of adjustment items as per law	(28,995)	(42,985)
Income tax effect of loss deductions	-	(6,009)
Temporary difference with respect to unrecognized deferred income tax liabilities	(8,300)	(617)
Taxable loss with respect to unrecognized deferred income tax assets	(8,828)	(1,354)
Income tax effect of investment deductions	-	(14)

Underestimation of income tax in prior years	2,813	458
Income tax levied on undistributed earnings	<u>2,147</u>	<u>14</u>
Income tax expense	<u>\$ 179,894</u>	<u>\$ 42,317</u>

C. The amount of the deferred income tax assets or liabilities resulting from temporary differences is shown below:

	<u>January 1</u>	<u>Recognized as profit or loss</u>	<u>2022</u> <u>Recognized as other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
- Temporary difference:				
Loss allowance in excess of limit	\$ 4,077	\$ 57	\$ -	\$ 4,134
Allowance for inventory devaluation losses	3,621	1,946	-	5,567
Unrealized exchange loss	24,761	(24,749)	-	12
Unrealized installation expense	4,756	(3,474)	-	1,282
Others	<u>2,761</u>	<u>290</u>	<u>=</u>	<u>3,051</u>
	<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)
Remeasurement of defined benefit plan	(12,863)	-	(1,177)	(14,040)
Realized installation expense	-	(47,865)	-	(47,865)
Others	<u>(1,305)</u>	<u>(24)</u>	<u>=</u>	<u>(1,329)</u>
	<u>(\$ 14,168)</u>	<u>(\$ 65,631)</u>	<u>(\$ 1,177)</u>	<u>(\$ 80,976)</u>

	<u>January 1</u>	<u>Recognized as profit or loss</u>	<u>2021</u> <u>Recognized as other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
- Temporary difference:				
Loss allowance in excess of limit	\$ 3,649	\$ 428	\$ -	\$ 4,077
Allowance for inventory	5,771	(2,150)	-	3,621

devaluation losses				
Unrealized exchange loss	15,317	9,444	-	24,761
Unrealized installation expense	20,807	(16,051)	-	4,756
Others	<u>2,354</u>	<u>407</u>	=	<u>2,761</u>
	<u>\$ 47,898</u>	<u>(\$ 7,922)</u>	<u>\$ -</u>	<u>\$ 39,976</u>
- Deferred income tax liabilities:				
Remeasurement of defined benefit plan	(\$ 12,252)	\$ -	(\$ 611)	(\$ 12,863)
Others	<u>(1,256)</u>	<u>(49)</u>	=	<u>(1,305)</u>
	<u>(\$ 13,508)</u>	<u>(\$ 49)</u>	<u>(\$ 611)</u>	<u>(\$ 14,168)</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, 2022

<u>Year of occurrence</u>	<u>Reported amount/approved amount</u>	<u>Amount of unused taxable losses</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Year of expiration</u>
2014	254,057	225,446	225,446	2024
2018	124	124	124	2028
2019	151,688	151,688	151,688	2029
2020	65,761	452	452	2030

December 31, 2021

<u>Year of occurrence</u>	<u>Reported amount/approved amount</u>	<u>Amount of unused taxable losses</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Year of expiration</u>
2014	254,057	251,631	251,631	2024
2018	124	124	124	2028
2019	78,082	78,082	78,082	2029
2020	76,042	45,990	45,990	2030

E. Deductible temporary differences not recognized as deferred income tax assets:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary difference	<u>\$ 464,647</u>	<u>\$ 482,294</u>

F. The Group's subsidiary - Solomon Goldentek Display 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, 2022 and 2021, was \$57,778 and \$14,274.

G. The Company's profit-seeking business income taxes filed have been certified by the tax authority up until 2020.

(18) Common share capital

A. As of both December 31, 2022 and 2021, 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.

B. Treasury stocks

(A) Details on changes in the Company's shares held by its subsidiaries are as follows:

	<u>Moredel Investment Corp.</u>		
	<u>Number of</u>		
	<u>shares</u>	<u>Carrying value</u>	<u>Market price</u>
	<u>(thousand</u>		
	<u>shares)</u>		
Balance on January 1, 2022	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,400</u>
Balance on December 31, 2022	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,621</u>

	<u>Moredel Investment Corp.</u>		
	<u>Number of</u>		
	<u>shares</u>	<u>Carrying value</u>	<u>Market price</u>
	<u>(thousand</u>		
	<u>shares)</u>		
Balance on January 1, 2021	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 1,928</u>
Balance on December 31, 2021	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,400</u>

(B) 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.

(C) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged or be entitled to any shareholder rights.

(19) 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 Group's capital reserve are shown in the following table:

	<u>2022</u>				
	<u>Trading of treasury stocks</u>	<u>Changes in ownership interests in subsidiaries</u>	<u>Consolidated excess</u>	<u>Others</u>	<u>Total</u>
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>

	<u>2021</u>				
	<u>Trading of treasury stocks</u>	<u>Changes in ownership interests in subsidiaries</u>	<u>Consolidated excess</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 32,683	\$ 140,525	\$ 9,473	\$ 29,404	\$ 212,085
Changes in the current period	=	<u>2,141</u>	=	<u>912</u>	<u>3,053</u>
December 31	<u>\$ 32,683</u>	<u>\$ 142,666</u>	<u>\$ 9,473</u>	<u>\$ 30,316</u>	<u>\$ 215,138</u>

(20) 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 2021 and 2020 earning distribution proposals approved at the shareholders' meeting held on June 8, 2022, and July 15, 2021, respectively, are stated as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserves	\$ 20,123		\$ 2,118	
Special reserves (reversed)	13,792		(3,436)	
Cash dividends to shareholders	154,324	\$ 0.90	85,736	\$ 0.50

- E. The 2022 earning distribution proposal presented by the Board of Directors on March 16, 2023, is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserves	\$ 46,217	
Reversed special reserves	(30,939)	
Cash dividends to shareholders	257,207	\$ 1.50

The Company's 2022 earning distribution proposal has not been approved at the shareholders' meeting as of March 17, 2023. For the earning distribution approved by the Board of Directors and resolved at the shareholders' meeting, please visit the "Market Observation Post System."

(21) Other equity items

	<u>2022</u>	<u>2021</u>
	<u>Foreign currency translation</u>	<u>Foreign currency translation</u>
January 1	(\$ 147,260)	(\$ 133,469)
Difference from foreign currency translation – the Group	<u>30,940</u>	<u>(13,791)</u>
December 31	<u>(\$ 116,320)</u>	<u>(\$ 147,260)</u>

(22) Operating income

	<u>2022</u>	<u>2021</u>
Income from contracts with customers	<u>\$ 5,249,928</u>	<u>\$ 3,899,210</u>

- 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 (III) for relevant information.

- B. Contractual liabilities

The Group's recognized contractual liabilities related to the income from contracts with customers are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Advance sale receipts	<u>\$ 1,150,020</u>	<u>\$ 722,153</u>	<u>\$ 369,932</u>

C. The opening balance of the Group's contractual liabilities recognized as income in 2022 and 2021 was \$588,044 and \$312,416, respectively.

(23) Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 15,706	\$ 10,403
Interest income from financial assets measured at amortized cost	<u>117,729</u>	<u>78,123</u>
	<u>\$ 133,435</u>	<u>\$ 88,526</u>

(24) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 42,918	\$ 41,088
Dividend income	19,553	6,713
Government subsidy income	15,443	5,279
Other income – others	<u>20,243</u>	<u>14,735</u>
	<u>\$ 98,157</u>	<u>\$ 67,815</u>

(25) Other profits and losses

	<u>2022</u>	<u>2021</u>
Gain (loss) from disposal of property, plant and equipment	(\$ 2,427)	\$ 3,190
Gain from disposal of investment property	-	32,860
Gain from disposal of investments	806	-
Net gain (loss) from foreign currency exchange	327,428	(53,045)
Gain (loss) from financial assets and liabilities measured at fair value through profit or loss	(112,420)	96,979
Gain from reversal of impairment losses on investment property	-	3,195
Others	<u>(41,003)</u>	<u>(21,361)</u>
	<u>\$ 172,384</u>	<u>\$ 61,818</u>

(26) Financial costs

	<u>2022</u>	<u>2021</u>
Interest expense	<u>\$ 16,932</u>	<u>\$ 10,514</u>

(27) Additional information on the nature of expense

	<u>2022</u>	<u>2021</u>
Changes in the inventory of finished goods, work in process, and raw materials	\$ 3,964,514	\$ 2,923,773
Employee benefit expense	711,704	675,440
Depreciation expense of property, plant and equipment (including right-of-use assets)	67,171	72,218
Amortization expense	3,397	3,636
Transportation expense	15,478	9,459
Service expense	84,643	42,931
Operating rent	13,149	9,729
Other expenses	<u>125,344</u>	<u>112,733</u>
Operating costs and expenses	<u>\$ 4,985,400</u>	<u>\$ 3,849,919</u>

(28) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Salary expense	\$ 584,919	\$ 562,693
Labor and health insurance expenses	39,691	39,161
Pension expense	40,216	37,832
Remuneration to directors	15,527	6,799
Other employment expenses	<u>31,351</u>	<u>28,955</u>
	<u>\$ 711,704</u>	<u>\$ 675,440</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 2022 and 2021, the Company's estimated amount of remuneration to employees was \$5,600 and \$2,193, respectively, and the estimated amount of remuneration to directors and supervisors was \$11,202 and \$4,387, respectively. The above amounts were stated as remuneration expense.
- C. There is consistency between the amounts of remuneration to employees and to directors for 2021 resolved by the Board of Directors and the amounts recognized in the financial statements for 2021. Please visit the Market Observation Post System for information on the remuneration to employees and to directors approved by the Board of Directors.

(29) Earnings (losses) per share

	<u>Amount after tax</u>	<u>2022</u> <u>Weighted average</u> <u>outstanding</u> <u>shares (thousand</u> <u>shares)</u>	<u>Earnings per</u> <u>share (NT\$)</u>
<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>	<u>171,371</u>	<u>\$ 2.67</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	458,232	171,371	
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>
		<u>2021</u> <u>Weighted average</u> <u>outstanding</u> <u>shares (thousand</u> <u>shares)</u>	<u>Earnings per</u> <u>share (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	<u>\$ 198,514</u>	<u>171,371</u>	<u>\$ 1.16</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	198,514	171,371	
Effect of dilutive potential common shares	=	<u>92</u>	

- remuneration to employees			
Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares	<u>\$ 198,514</u>	<u>171,463</u>	<u>\$ 1.16</u>

(30) Transactions with non-controlling interests

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 and the equity attributable to owners of the parent company by \$5,100.

B. Disposal of interests in subsidiaries (not resulting in loss of control)

The Group sold 0.12% of its interest in its subsidiary, Solomon Data International, for a consideration of \$945 in July 2021. The carrying amount of the non-controlling interests of Solomon Data International on the sale date was \$95,129. The transaction increased the non-controlling interests by \$33 and the capital reserve by \$912.

C. The Group did not subscribe for shares in proportion to its shareholding in the cash capital increases of its subsidiaries

The Group did not subscribe for shares in proportion to its shareholding in the cash capital increase of Cornucopia Innovation Corporation:

Cornucopia Innovation Corporation issued new shares for cash capital increase on June 3, 2021. The Group did not subscribe for the shares in proportion to its shareholding, thereby increasing its shareholding by 6.99%. The transaction increased the non-controlling interests by \$59, reduced the equity attributable to owners of the parent company by \$25,359, and increased the capital reserves by \$2,141.

(31) Changes in liabilities from financing activities

	<u>2022</u>				<u>Total</u>
	<u>Short-term</u>	<u>Other current</u>	<u>Other non-</u>	<u>Lease</u>	<u>liabilities</u>
	<u>loans</u>	<u>liabilities</u>	<u>current</u>	<u>liabilities</u>	<u>from</u>
			<u>liabilities</u>		<u>financing</u>
					<u>activities</u>
January 1	\$1,307,264	\$ 35,447	\$ 7,412	\$57,745	\$ 1,407,868
Changes in cash flows from financing activities	(313,264)	16,142	531	(34,798)	(331,389)
Interest expenses paid (Note)	-	-	-	(457)	(457)
Effect of exchange rate changes	-	-	-	841	841
Other non-cash changes	-	-	-	<u>8,115</u>	<u>8,115</u>
December 31	<u>\$ 994,000</u>	<u>\$ 51,589</u>	<u>\$ 7,943</u>	<u>\$31,446</u>	<u>\$ 1,084,978</u>

Note: Recognized as cash flows from operating activities

	<u>2021</u>				
	<u>Short-term</u> <u>loans</u>	<u>Other current</u> <u>liabilities</u>	<u>Other non-</u> <u>current</u> <u>liabilities</u>	<u>Lease</u> <u>liabilities</u>	<u>Total</u> <u>liabilities</u> <u>from</u> <u>financing</u> <u>activities</u>
January 1	\$ 397,377	\$ 20,795	\$ 7,690	\$77,800	\$ 503,662
Changes in cash flows from financing activities	909,887	14,652	(278)	(33,897)	890,364
Interest expenses paid (Note)	-	-	-	(618)	(618)
Effect of exchange rate changes	-	-	-	(686)	(686)
Other non-cash changes	-	-	-	<u>15,146</u>	<u>15,146</u>
December 31	<u>\$1,307,264</u>	<u>\$ 35,447</u>	<u>\$ 7,412</u>	<u>\$57,745</u>	<u>\$ 1,407,868</u>

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>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 77,809	\$ 61,216
Post-employment benefits	<u>654</u>	<u>623</u>
	<u>\$ 78,463</u>	<u>\$ 61,839</u>

8. Pledged assets

<u>Details on assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose of</u> <u>collateral</u>
Pledged demand deposits and reserve accounts (stated as "other current assets")	\$ -	\$ 303	Collateral for short-term loans from financial institutions and customs bonds
Property, plant and equipment and investment property	1,240,837	1,255,667	Collateral for short-term loans from

Deposits paid (stated as “other non-current assets”)	64,758	71,722	financial institutions Collateral for subsidiaries’ short-term loans from financial institutions and provision for deposits under compulsory enforcement Collateral for importing goods through customs
Time deposits (stated as “other non-current assets”)	<u>31,001</u>	<u>2,984</u>	
	<u>\$ 1,336,596</u>	<u>\$ 1,330,676</u>	

9. Material contingent liabilities and unrecognized contractual commitments

- (1) As of December 31, 2022, the Group’s letter of credit issued but not yet used was \$317,689.
- (2) As of December 31, 2022, the Group’s promissory notes issued as security for the performance of sales contracts amounted to \$65,735.
- (3) As of December 31, 2022, the Group’s promissory notes issued to implement government-subsidized plans amounted to \$51,870.
- (4) Please refer to the description in Note 13 for the Group’s funds loaned and endorsements/guarantees provided.

10. Material losses from disasters

None.

11. Material subsequent events

Please refer to Note 6 (20) for the 2022 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, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value	<u>\$ 331,456</u>	<u>\$ 442,304</u>

through profit or loss		
Financial assets measured at amortized cost		
Cash and cash equivalents	2,450,357	1,379,390
Financial assets measured at amortized cost	1,417,560	1,974,804
Notes receivable	93,369	59,553
Accounts receivable	752,778	740,323
Other receivables	23,422	9,847
Deposits paid (stated as “other non-current assets”)	64,758	71,722
	<u>\$ 5,133,700</u>	<u>\$ 4,677,943</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>

Financial liabilities

Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at fair value through profit or loss	\$ -	\$ 1,555
Financial liabilities measured at amortized cost		
Short-term loans	994,000	1,307,264
Notes payable	11,185	756
Accounts payable	512,754	517,393
Other accounts payables	204,031	214,377
Deposits received	7,943	7,412
	<u>\$ 1,729,913</u>	<u>\$ 2,047,202</u>
Lease liabilities	<u>\$ 31,446</u>	<u>\$ 57,745</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:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Foreign</u>		<u>Foreign</u>	
	<u>currency</u>	<u>Exchange</u>	<u>currency</u>	<u>Exchange</u>
	<u>(thousand</u>	<u>rate</u>	<u>(thousand</u>	<u>rate</u>
	<u>dollars)</u>		<u>dollars)</u>	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 99,326	30.71	\$ 174,179	27.68
EUR : NTD	1,395	32.72	975	31.32
HKD : NTD	13,476	3.94	12,934	3.55
JPY : NTD	2,454	0.23	1,697	0.24
USD : CNY	3,606	6.97	5,221	6.37
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 2,375	30.71	\$ 8,809	27.68
EUR : NTD	70	32.72	3,338	31.32
HKD : NTD	710	3.94	1,113	3.55
JPY : NTD	7,345	0.23	12,296	0.24

- c. As exchange rate volatility has significant effect, all exchange gains (losses) (both realized and unrealized) recognized with respect to the monetary items of the Group in 2022 and 2021 were \$327,428 and (\$53,045), 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 an 1% appreciation or depreciation of the NT dollar against the aforesaid foreign currencies, the profit or loss was increased or reduced by \$31,025 and \$45,744 in 2022 and 2021, respectively, provided that all the 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 the other factors remained the same, the net profit after tax was increased or reduced by \$3,315 and \$4,423 in 2022 and 2021, 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 short-term loans for the purchase of materials are fixed interest rate debts. The risk of the loans is contingent on changes in market interest rates. However, as they will fall due within one year, no significant market risk is expected to occur.
- b. When the loan interest rate rose or dropped by 1% and all the other factors remained the same, the profit after tax was reduced or increased by \$9,940 and \$13,073 in 2022 and 2021, 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 and at fair value through profit or loss.
- 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 overdue over 180 days according to the agreed payment terms, a default is considered to have occurred.
- d. When a contract payment is overdue over 90 days 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, 2022 and 2021, respectively, is as follows:

	<u>Not overdue</u>	<u>Overdue 30 days</u>	<u>Overdue 31-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue over 181 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss rate	0.03%-3.78%	3.30%-	5.72%-100%	64.24%-	100%	

		86.10%		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

	Not overdue	Overdue 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue over 181 days	Total
December 31, 2021						
Expected loss rate	0.03%-2.14%	0.03%-47.13%	4.88%-88.64%	46.05%-100%	100%	
Total carrying value	\$ 666,009	\$ 56,598	\$ 21,886	\$ 3,677	\$ 6,178	\$ 754,348
Loss allowance	\$ 1,763	\$ 1,042	\$ 3,522	\$ 1,520	\$ 6,178	\$ 14,025

- h. The table about changes in the loss allowance for accounts receivable, for which the Group adopted the simplified approach, is as follows:

	<u>2022</u>
January 1	\$ 14,025
Impairment losses set aside	999
Effect of exchange rate	563
Transferred to receivables on demand	(687)
December 31	<u>\$ 14,900</u>

	<u>2021</u>
January 1	\$ 20,388
Gain from recovery of impairment losses	(5,553)
Effect of exchange rate	(366)
Transferred to receivables on demand	(444)
December 31	<u>\$ 14,025</u>

- i. The Group places investments in debt instruments measured at amortized cost with high-credit-quality counterparties. As assessed, there are no significant expected credit impairment losses.

(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:

December 31,

<u>2022</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 994,000	\$ -	\$ -	\$ -
Accounts payable	457,932	54,822	-	-
Lease liabilities	28,122	3,179	228	-

Non-derivative financial liabilities:

December 31,

<u>2021</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 1,307,943	\$ -	\$ -	\$ -
Accounts payable	462,571	54,822	-	-
Lease liabilities	35,625	22,017	583	-

(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, and other payables 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, 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>

<u>December 31, 2021</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	\$ 352,913	\$ -	\$ 89,391	\$ 442,304
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,555	\$ -	\$ 1,555

(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:

	<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 consolidated balance sheet date (e.g. TPEx yield curve and Reuters average interest rate quote of commercial paper).

- c. Generally, forward exchange contracts are valued at the current forward exchange rate.
 - d. 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. 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 2022 and 2021.
- F. Movements in Level 3 equity instruments in 2022 and 2021 are listed in the following table:

	<u>2022</u> <u>Equity instruments</u>	<u>2021</u> <u>Equity instruments</u>
January 1	\$ 89,391	\$ 67,540
Profits recognized as profit or loss	2,055	(3,927)
Purchase in the current period	20,000	31,500
Sale in the current period	(14,495)	(2,000)
Share capital returned from capital reduction	(6,476)	(3,404)
Effect of exchange rate	<u>1,017</u>	<u>(318)</u>
December 31	<u>\$ 91,492</u>	<u>\$ 89,391</u>

- G. There was no transfer-in/transfer-out to/from Level 3 in 2022 and 2021.
- 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:

<u>Fair value on</u> <u>December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Relationship</u> <u>between the input</u>
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				<u>and the fair value</u>
Non-derivative equity instruments:				
Non-listed/non-OTC stocks	\$ 76,492	Comparable company method	PE multiplier, PB multiplier, corporate value-to-operating profit ratio multiplier, corporate value-to-profit before tax, interest, depreciation and amortization ratio multiplier, discount for lack of marketability, control premium.	The higher the multipliers and control premium, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the weighted average funding cost and discount for minority interest, the lower the fair value. The higher the long-term revenue growth rate and long-term pre-tax operating income, the higher the fair value.
Limited partnership	15,000	Net asset value method	N/A	N/A

		<u>Fair value on</u> <u>December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Relationship</u> <u>between the input</u> <u>and the fair value</u>
Non-derivative equity instruments:					
Non-listed/non-OTC stocks	\$ 89,391	Comparable company method	PE multiplier, PB multiplier, corporate value-to-operating profit ratio multiplier, corporate value-to-profit before tax, interest, depreciation and amortization ratio multiplier, discount for lack of marketability, control premium.	The higher the multipliers and control premium, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the weighted average funding cost and discount for minority interest, the lower the fair value. The higher the long-term revenue growth rate and long-term pre-tax operating income, the higher the fair value.	

(4) Other information

As of December 31, 2022, the Group's operations were not significantly affected by the spread of COVID-19 and the government's multiple pandemic prevention measures after assessment. The Group has also implemented response measures and made relevant matters under continuous management to prevent the spread of the pandemic from causing impact on the companies' operations.

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: None.
- 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 4.
- H. Accounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 5.
- 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 6.

(2) Information of investee companies

Information related to investee companies (excluding those in Mainland China), their place of registration, etc.: Please refer to Table 7.

(3) Information of investments in Mainland China

- A. Basic information: Please refer to Table 8.
- 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 9.

(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 type.

(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 the reportable segments in 2022 provided to the chief operating decision maker is as follows:

	<u>Electronic channel industry</u>	<u>Optoelectronic manufacturing industry</u>	<u>Electromechan ical Business Group</u>	<u>Intelligent Business Group</u>	<u>Others</u>	<u>Adjustment and write-off</u>	<u>Consolidated</u>
External income	\$ 344,042	\$ 1,317,624	\$ 1,795,648	\$ 1,683,439	\$ 109,175	\$ -	\$ 5,249,928
Internal segment income	=	<u>84,300</u>	<u>437,689</u>	<u>6,630</u>	<u>2,684</u>	<u>(531,303)</u>	=
Segment income	<u>\$ 344,042</u>	<u>\$ 1,401,924</u>	<u>\$ 2,233,337</u>	<u>\$ 1,690,069</u>	<u>\$ 111,859</u>	<u>(\$ 531,303)</u>	<u>\$ 5,249,928</u>
After-tax segment profit (loss)	<u>\$ 6,931</u>	<u>\$ 262,283</u>	<u>\$ 75,657</u>	<u>\$ 64,306</u>	<u>\$ 306,514</u>	<u>(\$ 239,748)</u>	<u>\$ 475,943</u>
Depreciation and amortization	<u>\$ 572</u>	<u>\$ 34,927</u>	<u>\$ 14,820</u>	<u>\$ 17,404</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>\$ 1,000,352</u>	<u>\$ 2,603,562</u>	<u>\$ 2,616,571</u>	<u>\$ 1,221,890</u>	<u>\$ 3,902,506</u>	<u>(\$ 2,893,918)</u>	<u>\$ 8,450,963</u>

Information on the reportable segments in 2021 provided to the chief operating decision maker is as follows:

	<u>Electronic channel industry</u>	<u>Optoelectronic manufacturing industry</u>	<u>Electromechan ical Business Group</u>	<u>Intelligent Business Group</u>	<u>Others</u>	<u>Adjustment and write-off</u>	<u>Consolidated</u>
External income	\$ 457,853	\$ 1,254,960	\$ 948,313	\$ 1,178,199	\$ 59,885	\$ -	\$ 3,899,210
Internal segment income	=	<u>122,643</u>	<u>253,572</u>	<u>1,092</u>	<u>6</u>	<u>(377,313)</u>	=
Segment income	<u>\$ 457,853</u>	<u>\$ 1,377,603</u>	<u>\$ 1,201,885</u>	<u>\$ 1,179,291</u>	<u>\$ 59,891</u>	<u>(\$ 377,313)</u>	<u>\$ 3,899,210</u>
After-tax segment profit (loss)	<u>\$ 18,395</u>	<u>\$ 164,074</u>	<u>(\$ 9,682)</u>	<u>(\$ 35,309)</u>	<u>\$ 224,231</u>	<u>(\$ 145,345)</u>	<u>\$ 216,364</u>
Depreciation and amortization	<u>\$ 192</u>	<u>\$ 40,265</u>	<u>\$ 13,930</u>	<u>\$ 17,880</u>	<u>\$ 22,631</u>	<u>(\$ 8,078)</u>	<u>\$ 86,820</u>
Gain from investments accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745</u>	<u>\$ -</u>	<u>\$ 1,745</u>
Segment assets	<u>\$ 973,784</u>	<u>\$ 2,407,773</u>	<u>\$ 2,334,244</u>	<u>\$ 1,168,883</u>	<u>\$ 3,756,819</u>	<u>(\$ 2,755,521)</u>	<u>\$ 7,885,982</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:

	<u>2022</u>		<u>2021</u>
Income from sale of goods		\$ 5,239,651	\$ 3,887,776
Maintenance income		<u>10,277</u>	<u>11,434</u>
		<u>\$ 5,249,928</u>	<u>\$ 3,899,210</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:

	<u>2022</u>	<u>Non-current</u>	<u>2021</u>	<u>Non-current</u>
	<u>Income</u>	<u>assets</u>	<u>Income</u>	<u>assets</u>
Taiwan	\$ 2,921,039	\$ 1,473,046	\$ 1,927,670	\$ 1,398,181
Mainland China and Hong Kong	1,323,871	33,779	1,047,565	62,072
Others	<u>1,005,018</u>	<u>2,134</u>	<u>923,975</u>	<u>2,718</u>
	<u>\$ 5,249,928</u>	<u>\$ 1,508,959</u>	<u>\$ 3,899,210</u>	<u>\$ 1,462,971</u>

Note: Non-current assets do not include financial assets and deferred income tax assets.

(7) Information of important customers

The Group had no customers accounting for 10% or more of operating income in 2022 and 2021.

SOLOMON Technology Corporation and Subsidiaries
Loaning Funds to Others
January 1 to December 31, 2022

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>No. (Note 1)</u>	<u>Lending company</u>	<u>Borrowing company</u>	<u>Current account</u>	<u>Related party</u>	<u>Maximum amount in the current period</u>	<u>Closing balance</u>	<u>Actual drawdown amount</u>	<u>Range of interest rates</u>	<u>Nature of loaning of funds (Note 4)</u>	<u>Business transaction amount</u>	<u>Reasons for the need of short-term financing</u>	<u>Allowance set aside for bad debts</u>	<u>Collateral</u>		<u>Limit on loans to individual borrowers (Note 2)</u>	<u>Limit on total loans (Note 3)</u>	<u>Remarks</u>
													<u>Name</u>	<u>Value</u>			
1	Moredel Investment	Solomon Energy	Other receivables	Y	\$ 4,000	-	-	1%	2	-	Working capital	-	-	-	\$ 128,894	\$ 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 and Subsidiaries
Endorsements/Guarantees for Others
January 1 to December 31, 2022

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>No.</u> <u>(Note 1)</u>	<u>Endorser/ guarantor</u>	<u>Company name</u>	<u>Relationship</u> <u>(Note 2)</u>	<u>Endorsee/guarantee</u>		<u>Closing endorsement/ guarantee balance</u>	<u>Actual drawdown amount</u>	<u>Endorsement/ guarantee amount secured with property</u>	<u>Cumulative endorsement/ guarantee amount as a percentage of the net worth in the most recent financial statements</u>	<u>Maximum limit on endorsements /guarantees (Note 3)</u>	<u>Endorsements /guarantees made by the parent company for subsidiaries</u>	<u>Endorsements /guarantees made by subsidiaries for the parent company</u>	<u>Endorsements /guarantees made for the operations in Mainland China</u>	<u>Remarks</u>
				<u>Limit on endorsements /guarantees to a single enterprise (Note 3)</u>	<u>Maximum endorsement/ guarantee balance in the current period</u>									
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 into 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, 2022

Table 3

Unit: NT\$ Thousand
 (Unless otherwise specified)

<u>Holding company</u>	<u>Type and name of securities</u>	<u>Relationship with the securities issuer</u>	<u>Account</u>	<u>Number of shares</u>	<u>End of period</u>		<u>Fair value</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholding percentage</u>		
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	Note
	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	-	0.09%	-	"
	Taiwan Truwin 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	"
Moredel Investment	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	"
	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%	-	"
Solomon Cayman	Capital Investment Development Corp	-	Financial assets measured at fair value through profit or loss – non-current	330,000	10,134	0.77%	10,134	"
	Polar Tech.	-	Financial assets measured at fair value through profit or loss – non-current	190,000	-	18.21%	-	"
	UKNOWIKNOW 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	0.00	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	0.00	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	-	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	4,500	4,500	4.82%	4,500	"
	Cerulean Asset Management Venture Capital Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	3,750	3,750	4.17%	3,750	"
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 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, 2022

Table 4

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>Purchasing (selling)</u> <u>company</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase</u> <u>(sale)</u>	<u>Transaction</u>		<u>Loan period</u>	<u>Differences of transaction</u> <u>terms from those of regular</u> <u>transactions and reasons for</u> <u>such differences</u>		<u>Notes/accounts receivable (payable)</u>		<u>Remarks</u>
				<u>Amount</u>	<u>Percentage in total</u> <u>purchases (sales)</u>		<u>Unit price</u>	<u>Loan period</u>	<u>Balance</u>	<u>Percentage in total</u> <u>accounts/notes</u> <u>receivable (payable)</u>	
SOLOMON	Yumon International	Parent-subsi-dary	(Sale)	(432,746)	(13)	Note 1	Agreed by both parties	Note 2	708	-	
Yumon International	SOLOMON	Parent-subsi-dary	Purchase	432,746	54	Note 1	Agreed by both parties	Note 2	(708)	-	
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsi-dary	Purchase	731,592	78	Note 3	Note 3	Note 3	(142,644)	(90)	
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsi-dary	Note 4	(278,524)	-	Note 4	Note 4	Note 4	-	-	
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsi-dary	(Sale)	(731,592)	(88)	Note 3	Note 3	Note 3	142,644	88	
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsi-dary	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 90-120 days.

Note 3: 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.

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, 2022

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>Company from which payments accounted for are receivable</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Balance of payments receivable from the related party</u>	<u>Turnover</u>	<u>Overdue payments receivable from the related party</u>		<u>Subsequently recovered amount of payments receivable from the related party</u>	<u>Allowance set aside for bad debts</u>
					<u>Amount</u>	<u>Treatment</u>		
Dong Guan Goldentek	Solomon Goldentek Display	Parent- subsidiary	\$ 142,644	3.83	-	Active collection	\$ 85,562.00	-

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, 2022

Table 6

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>No.</u> (Note 4)	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with transacting party</u> (Note 5)	<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	<u>Percentage of total consolidated operating income or assets</u> (Note 6)
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 4	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 receivables were the procurement payments made by the parent company on behalf of the subsidiary.

Note 4: 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 5: 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 6: 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 and Subsidiaries
Information Related to Investee Companies (Excluding Those in Mainland China), Their Place of Registration, etc.
January 1 to December 31, 2022

Table 7

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		Carrying amount	Gain or loss	Investment	Remarks
				End of current period	End of previous year	Number of shares	Percentage		of investee company in the current period	gain or loss recognized in the current period	
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 cards	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	23,764	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 Technology (Singapore) PTE. LTD	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	25,776	7,747	-	1、3
Solomon Data International	Ju Xin Energy	Taiwan	Energy technology service	36,000	-	3,600,000	5.00	36,522	10,397	-	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
Solomon Goldentek Display Corp.	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 and Subsidiaries
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
				Taiwan at beginning of current period	Remitted	Recovered	Taiwan at end of current period						
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 the 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 reviewed 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.

<u>Company name</u>	<u>Accumulated amount of investments remitted from Taiwan to Mainland China at end of current period</u>	<u>Amount of investments approved by the Investment Commission, MOEA</u>	<u>Limit on the amount of investments in Mainland China as required by the Investment Commission, MOEA</u>
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 and Subsidiaries
Information of Major Shareholders
December 31, 2022

Table 9

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Shareholding percentage</u>
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. 2022 Parent-only Financial Statements

Independent Auditors' Report

(2023) Letter Cai-Shen-Bao-Zi No. 22004861

To SOLOMON Technology Corporation:

Audit Opinions

We audited the parent-only balance sheets of SOLOMON Technology Corporation as of December 31, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021 and the parent-only financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

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 2022. 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 2022 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 and impairments. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of important judgments, accounting estimates and assumptions for the accounting policies adopted for the valuation of 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, 2022, were NT\$241,856 thousand and NT\$1,191 thousand, respectively.

SOLOMON Technology Corporation collected payments over the loan period set based on the individual customers' credit quality under the credit standard and regularly reviewed the reasonableness of estimated losses. The loss allowance was based on the estimated irrecoverable amount of expected credit losses which involved the subjective judgment of the management. Therefore, we deem the assessment of loss allowance for accounts receivable to be one of the most important matters in our audit.

Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Reviewing and assessing the assumption factors for expected credit losses adopted by SOLOMON Technology Corporation; the process involved assessing the reasonableness of the determination of aging ranges. Randomly auditing source documents to check their accuracy based on the aging schedule and randomly auditing loan conditions to verify the reasonableness of the account receivable age. Conducting a review to see if there were uncovered accounts receivable that had not been settled for a long period of time in order to determine if the loss allowance for accounts receivable was sufficient.
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.

Assessment of Allowance for Inventory Devaluation Losses

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 important judgments, accounting estimates and assumptions for the accounting policies adopted 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, 2022, were NT\$807,973 thousand and NT\$19,671 thousand, respectively.

SOLOMON Technology Corporation is mainly engaged in the sale of generators, automatic parts and components and LCDs. As the life cycle of electronic products is short and there is fierce competition in the market, there is a higher risk of inventory devaluation losses or obsolescence. SOLOMON Technology Corporation's inventory was measured at the lower of cost or net realizable value. As the inventory amount was material with plenty of items and the accounting estimate relied on the subjective judgment of the management, we deem the

valuation of allowance for inventory devaluation losses to be one of the most important matters in our audit.

Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Assessing the consistency of SOLOMON Technology Corporation's adoption of policies for allowance for inventory devaluation losses throughout the comparative financial statement period according to our understanding of its business and the industry that it is in and performing an assessment to check the reasonableness of the net realizable value determined by the management.
2. Understanding SOLOMON Technology Corporation's inventory management procedure, reviewing its 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 for allowance for inventory devaluation losses.
4. Testing the carrying value of inventory at the end of the period and conducting a random check to confirm the accuracy of the selling price and sales expense rate used to calculate the net realizable value and the correctness of the net realizable value.

- 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, 2022 and 2021, amounted to NT\$255,674 thousand and NT\$186,840 thousand, respectively, accounting for 3.78% and 2.91% of the total consolidated assets. The comprehensive income recognized with respect to the said companies for the periods from January 1 to December 31, 2022 and 2021, amounted to NT\$(42,235) thousand and NT\$(21,629) thousand, respectively, accounting for (8.56%) and (11.54%) 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 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 the entities forming SOLOMON Technology Corporation 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 2022 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

Chen Hsien-Cheng

Financial Supervisory Commission

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

Jin-Guan-Zheng-Shen-Zi No. 1060025060

March 17, 2023

SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ Thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 575,243	9	\$ 421,692	7
1110	Financial assets measured at fair value through profit or loss – current	6 (2)	150,928	2	79,101	1
1136	Financial assets measured at amortized cost – current	6 (3)	-	-	110,720	2
1150	Net notes receivable	6 (4)	20,676	-	8,791	-
1170	Net accounts receivable	6 (4)	240,665	4	268,482	4
1180	Net accounts receivable – related party	7	5,013	-	2,123	-
1200	Other receivables		19,060	-	5,778	-
1210	Other receivables – related party	7	2,097	-	25,670	-
1220	Income tax assets in the current period		114	-	114	-
130X	Inventory	6 (5)	788,302	12	758,625	12
1410	Prepayments	6 (6)	144,534	2	148,504	2
11XX	Total current assets		<u>1,946,632</u>	<u>29</u>	<u>1,829,600</u>	<u>28</u>
Non-current assets						
1510	Financial assets measured at fair value through profit or loss – non-current	6 (2)	35,593	-	31,235	1
1535	Financial assets measured at amortized cost – non-current	6 (3)	1,074,850	16	968,800	15
1550	Investments accounted for using the equity method	6 (7)	2,360,782	35	2,230,218	35
1600	Property, plant and equipment	6 (8) and 8	410,736	6	416,811	6
1755	Right-of-use assets	6 (9)	5,741	-	4,482	-
1760	Net investment property	6 (11) and 8	861,835	13	873,043	14
1780	Intangible assets		2,920	-	1,150	-
1840	Deferred income tax assets	6 (16)	9,416	-	23,522	-
1900	Other non-current assets	6 (12)	54,201	1	49,851	1
15XX	Total non-current assets		<u>4,816,074</u>	<u>71</u>	<u>4,599,112</u>	<u>72</u>
1XXX	Total assets		<u>\$ 6,762,706</u>	<u>100</u>	<u>\$ 6,428,712</u>	<u>100</u>

(Continued to next page)

SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ Thousand

Liabilities and equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6 (13)	\$ 964,000	14	\$ 1,307,264	20
2130	Contractual liabilities – current	6 (21)	468,805	7	191,277	3
2150	Notes payable		11,185	-	756	-
2170	Accounts payable	7	183,959	3	230,076	4
2200	Other payables	6 (14) and 7	87,442	1	73,867	1
2230	Income tax liabilities in the current period	6 (16)	3,774	-	3,400	-
2280	Lease liabilities – current	6 (9)	3,678	-	3,799	-
2300	Other current liabilities		41,755	1	27,083	1
21XX	Total current liabilities		<u>1,764,598</u>	<u>26</u>	<u>1,837,522</u>	<u>29</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6 (16)	79,278	1	12,998	-
2580	Lease liabilities – non-current	6 (9)	2,177	-	861	-
2600	Other non-current liabilities		7,943	-	7,412	-
25XX	Total non-current liabilities		<u>89,398</u>	<u>1</u>	<u>21,271</u>	<u>-</u>
2XXX	Total liabilities		<u>1,853,996</u>	<u>27</u>	<u>1,858,793</u>	<u>29</u>
Equity						
	Share capital	6 (17)				
3110	Common share capital		1,714,711	25	1,714,711	27
	Capital reserves	6 (18)				
3200	Capital reserves		215,138	4	215,138	3
	Retained earnings	6 (19)				
3310	Legal reserves		417,135	6	397,012	6
3320	Special reserves		147,260	2	133,468	2
3350	Undistributed earnings		2,536,828	38	2,262,892	35
	Other equity	6 (20)				
3400	Other equity		(116,320)	(2)	(147,260)	(2)
3500	Treasury stocks	6 (17)	(6,042)	-	(6,042)	-
3XXX	Total equity		<u>4,908,710</u>	<u>73</u>	<u>4,569,919</u>	<u>71</u>
	Material contingencies and unrecognized contractual commitments	9				
	Material subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 6,762,706</u>	<u>100</u>	<u>\$ 6,428,712</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, 2022 and 2021

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

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating income	6 (21) and 7	\$ 3,157,169	100	\$ 2,280,169	100
5000	Operating costs	6 (5) (26) (27)	(2,610,462)	(83)	(1,854,315)	(82)
5950	Net gross operating profit		<u>546,707</u>	<u>17</u>	<u>425,854</u>	<u>18</u>
	Operating expenses	6 (26) (27) and 7				
6100	Marketing expense		(257,593)	(8)	(265,498)	(12)
6200	Management expense		(97,002)	(3)	(78,002)	(3)
6300	R&D expense		(93,441)	(3)	(70,315)	(3)
6450	Expected credit impairment gain	6 (4) and 12 (2)	<u>284</u>	<u>-</u>	<u>2,141</u>	<u>-</u>
6000	Total operating expenses		(447,752)	(14)	(411,674)	(18)
6900	Operating profit		<u>98,955</u>	<u>3</u>	<u>14,180</u>	<u>-</u>
	Non-operating income and expenses					
7100	Interest income	6 (22)	88,968	3	64,857	3
7010	Other income	6 (23) and 7	79,448	3	63,481	3
7020	Other profits and losses	6 (24)	107,303	3	(33,129)	(2)
7050	Financial costs	6 (25)	(16,046)	(1)	(9,759)	-
7070	Share of profits/losses of subsidiaries, associates and joint ventures under the equity method	6 (7)	<u>184,648</u>	<u>6</u>	<u>113,138</u>	<u>5</u>
7000	Total non-operating income and expenses		<u>444,321</u>	<u>14</u>	<u>198,588</u>	<u>9</u>
7900	Pre-tax profit		<u>543,276</u>	<u>17</u>	<u>212,768</u>	<u>9</u>
7950	Income tax expense	6 (16)	(85,044)	(2)	(14,254)	-
8200	Net profit in the current period		<u>\$ 458,232</u>	<u>15</u>	<u>\$ 198,514</u>	<u>9</u>
	Other comprehensive income (net)					
	Items not reclassified as profit or loss					
8311	Remeasurement of defined benefit plan	6 (15)	\$ 3,829	-	\$ 2,482	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method – items not reclassified as profit and loss		880	-	730	-
8349	Income tax related to items not reclassified	6 (16)	(766)	-	(496)	-
8310	Total amount of items not reclassified as profit or loss		<u>3,943</u>	<u>-</u>	<u>2,716</u>	<u>-</u>
	Items likely to be subsequently reclassified as profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations	6 (20)	<u>30,940</u>	<u>1</u>	(13,791)	(1)
8360	Total amount of items likely to be subsequently reclassified as profit or loss		<u>30,940</u>	<u>1</u>	(13,791)	(1)
8500	Total comprehensive income in the current period		<u>\$ 493,115</u>	<u>16</u>	<u>\$ 187,439</u>	<u>8</u>
	Basic earnings per share	6 (28)				

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

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SOLOMON Technology Corporation
Parent-only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

9750	Basic earnings per share		<u>\$ 2.67</u>	<u>\$ 1.16</u>
	Diluted earnings per share	6 (28)		
9850	Diluted earnings per share		<u>\$ 2.67</u>	<u>\$ 1.16</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

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SOLOMON Technology Corporation
Parent-only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Note	Common share capital	Capital reserves	Retained earnings			Exchange differences on translation of financial statements of foreign operations	Treasury stocks	Total
				Legal reserves	Special reserves	Undistributed earnings			
<u>2021</u>									
Balance on January 1, 2021		\$ 1,714,711	\$ 212,085	\$ 394,894	\$ 136,904	\$ 2,146,080	(\$ 133,469)	(\$ 6,042)	\$ 4,465,163
Net profit in the current period		-	-	-	-	198,514	-	-	198,514
Other comprehensive income in the current period	6 (20)	-	-	-	-	2,716	(13,791)	-	(11,075)
Total comprehensive income in the current period		-	-	-	-	201,230	(13,791)	-	187,439
Allocation and distribution of earnings:	6 (19)								
Legal reserves		-	-	2,118	-	(2,118)	-	-	-
Special reserves		-	-	-	(3,436)	3,436	-	-	-
Cash dividends		-	-	-	-	(85,736)	-	-	(85,736)
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of		-	912	-	-	-	-	-	912
Changes in ownership interests in subsidiaries and associates		-	2,141	-	-	-	-	-	2,141
Balance on December 31, 2021		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919
<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)								
Legal reserves		-	-	20,123	-	(20,123)	-	-	-
Special reserves		-	-	-	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

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

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SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Pre-tax profit in the current period		\$ 543,276	\$ 212,768
Adjustment items			
Profits and expenses			
Depreciation expense (including investment property and right-of-use assets)	6 (8) (9) (11)	32,758	33,925
Amortization expense	6 (26)	1,889	2,316
Expected credit reversal gain	12 (2)	(284)	(2,141)
Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss	6 (2) (24)	45,236	(15,651)
Interest expense	6 (25)	16,046	9,759
Interest income	6 (22)	(88,968)	(64,857)
Share of profits of subsidiaries, associates and joint ventures under the equity method	6 (7)	(184,648)	(113,138)
Gain from disposal and scrapping 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		(121,421)	(78,341)
Notes receivable		(11,885)	(678)
Accounts receivable		28,101	(58,261)
Net accounts receivable – related party		(2,890)	134,220
Other receivables		(13,074)	(495)
Inventory		(29,850)	(360,633)
Prepayments		3,970	64,492
Net changes in liabilities related to operating activities			
Contractual liabilities		277,528	65,109
Notes payable		10,429	(1,707)
Accounts payable		(46,117)	31,546
Other payables		13,382	12,072
Other current liabilities	6 (29)	14,672	13,620
Cash inflow (outflow) from operations		488,137	(116,075)
Interest received		88,760	63,262
Interest paid		(15,853)	(9,314)
Income tax paid		(5,051)	(3,375)
Net cash inflow (outflow) from operating activities		555,993	(65,502)

(Continued to next page)

SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Decrease (Increase) in financial assets measured at amortized cost		\$ 4,670	(\$ 680,800)
Proceeds from acquisition of investments accounted for using the equity method – subsidiaries	6 (7)	(93,581)	(60,000)
Share payments returned on capital reduction in investee companies accounted for using the equity method	6 (7)	51,482	-
Proceeds from acquisition of property, plant, and equipment	6 (8)	(10,868)	(15,431)
Proceeds from disposal of property, plant and equipment		13	-
(Increase) Decrease in deposits paid		(573)	3,787
Decrease in other receivables – related party		23,573	70,831
Proceeds from acquisition of intangible assets		(3,440)	(768)
Cash dividends received from investments accounted for using the equity method	6 (7)	<u>127,258</u>	<u>52,474</u>
Net cash inflow (outflow) from investing activities		<u>98,534</u>	<u>(629,907)</u>
<u>Cash flows from financing activities</u>			
Repayment of short-term loans	6 (29)	(1,444,825)	(709,205)
Borrowing of short-term loans	6 (29)	1,101,561	1,619,092
Repayment of principal of lease liabilities	6 (9) (29)	(4,582)	(4,133)
Decrease (Increase) in other non-current liabilities	6 (29)	531	(86)
Distribution of cash dividends	6 (19)	(154,324)	(85,736)
Net cash inflow (outflow) from financing activities		<u>(501,639)</u>	<u>819,932</u>
Effect of exchange rate		<u>663</u>	<u>(911)</u>
Increase in cash and cash equivalents in the current period		153,551	123,612
Opening balance of cash and cash equivalents		<u>421,692</u>	<u>298,080</u>
Closing balance of cash and cash equivalents		<u>\$ 575,243</u>	<u>\$ 421,692</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
2022 and 2021

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 17, 2023.

3. Application of new and amended standards and interpretations

- (1) Effect of adopting the newly promulgated or revised IFRSs endorsed, published and put in force by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed, published and put in force by the FSC and applicable in 2022 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendment to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendment to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to 2018-2020 Cycle	January 1, 2022

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 2023 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

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
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
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
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

For the convenience of readers, the independent auditors’ report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 parent company only financial statements shall prevail.

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 liabilities recognized as 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 (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, 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 profits 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 an associate, the exchange difference recognized as other comprehensive income is reclassified proportionally to profit or loss in the current period as part of gains or losses on sale. However, when the Company retains partial interest in the former foreign associate after losing significant influence over it, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (C) 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.
 - D. The Company holds time deposits that do not qualify as cash equivalents. As the discount of the time deposits does not have significant effect due to a short holding period, the Company measures them based on the investment amount.

- (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

In case of any of the following circumstances, the Company derecognizes financial assets:

- A. The contractual rights to receive the cash flows from financial assets become invalid.
- B. The contractual rights to receive the cash flows from financial assets are transferred and substantially all of the risks and rewards from ownership of the financial assets have been transferred.
- C. The contractual rights to receive the cash flows from financial assets are transferred and control of the financial assets is not retained.

(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 and 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 relevant variable selling expenses.

(13) Investments accounted for using the equity method – subsidiaries and associates

- A. Subsidiaries refer to entities (including structured 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. Associates refer to entities that the Company has significant influence and no control over, in which case, generally speaking, the Company directly or indirectly holds 20% or more of the voting rights in the entities. The Company adopts the equity method for its investments in associates and recognizes them at cost when acquiring them.
- F. The Company 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 Company's share of losses in any associate is equal to or exceeds its interest in the associate (including any other unsecured accounts receivable), the Company does not recognize further losses, unless the Company has incurred legal or constructive obligations to or made payments on behalf of the associate.
- G. 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 Company's shareholding percentage in the associate, the Company recognizes all equity changes as "capital reserves" in proportion to its shareholding.
 - H. Unrealized gains and losses generated from transactions between the Company 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 Company.
 - I. If the Company loses significant influence over an associate when disposing of it, the accounting treatment of all amounts related to the associate and previously recognized as other comprehensive income is on the same basis as that for the Company'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 Company loses significant influence over the associate. If the Company still has significant influence over the associate, the amount previously recognized as other comprehensive income is transferred out proportionally based on the above method.
 - J. 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 and relevant interest during construction is capitalized.
- 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	3-12 years
Office equipment	3-12 years
Other equipment	2-20 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.

(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 48-55 years.

(17) Intangible assets

Computer software is recognized at acquisition cost and amortized using the straight-line method over an estimated useful life of 3-5 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 long-term and 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.

(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 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 and supervisors

Remuneration to employees and to directors and supervisors 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, directors and supervisors 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.

(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. The deferred income tax liabilities generated from the goodwill initially recognized are not recognized. If the deferred income tax results from the initially recognized assets or liabilities in transactions (excluding corporate mergers) and does not affect the accounting profit or the taxable income (taxable loss) at the time of the transaction, the deferred income tax is not recognized. Temporary differences resulting from investments in subsidiaries and associates 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 shareholders' meeting. Cash dividends distributed are recognized as liabilities.

(26) Recognition of income

A. Sale of goods

- (A) Sales revenue 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) The Company 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 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 Group, 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 made 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

When there is objective evidence suggesting a sign of impairment, future cash flow estimates are taken into consideration. The amount of impairment losses is measured based on the difference between the carrying value of the asset and the present value of the estimated future cash flow discounted at the initial effective interest rate of the financial asset. If the actual cash flow in the future is less than estimated, significant impairment losses may occur.

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.

6. Description of major accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Check deposits and demand deposits	\$ 213,496	\$ 206,350
Cash on hand and petty cash	75	75
Cash equivalents:		
Time deposits	<u>361,672</u>	<u>215,267</u>
	<u>\$ 575,243</u>	<u>\$ 421,692</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.

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

Item	December 31, 2022	December 31, 2021
Current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	\$ 77,920	\$ 84,051
Domestic and foreign funds	110,000	-
	187,920	84,051
Valuation adjustments	(36,992)	(4,950)
	<u>\$ 150,928</u>	<u>\$ 79,101</u>

Item	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	\$ 198,343	\$ 198,997
Non-listed/non-OTC stocks	48,000	43,000
	246,343	241,997
Valuation adjustments	(210,750)	(210,762)
	<u>\$ 35,593</u>	<u>\$ 31,235</u>

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

	<u>2022</u>	<u>2021</u>
Financial assets measured at fair value through profit or loss on a mandatory basis		
Equity instruments	<u>(\$ 45,236)</u>	<u>\$ 15,651</u>

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

C. Please refer to Note 12 (2) for information on the credit risk of the financial assets measured at fair value through profit or loss.

(3) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposit with an initial maturity date over three months	<u>\$ -</u>	<u>\$ 110,720</u>
Non-current items:		
Common corporate bonds	<u>\$ 1,074,850</u>	<u>\$ 968,800</u>

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

as follows:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 84,232</u>	<u>\$ 64,003</u>

- B. The Company did not pledge the financial assets measured at amortized cost as collateral.
- C. Please refer to Note 12 (2) for information on the credit risk of the financial assets measured at amortized cost. 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.

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 20,676</u>	<u>\$ 8,791</u>
Accounts receivable	\$ 241,856	\$ 269,957
Less: Loss allowance	<u>(1,191)</u>	<u>(1,475)</u>
	<u>\$ 240,665</u>	<u>\$ 268,482</u>

- A. The Company's accounts receivable were not overdue. Please refer to the description in Note 12 (2) for the aging analysis of the accounts receivable.
- B. The balances of the accounts and notes receivable on December 31, 2022 and 2021, were derived from customers contracts. The balance of the accounts receivable from customer contracts on January 1, 2021, was \$208,080.
- C. The Company did not hold any collateral.
- D. Please refer to Note 12 (2) for information on the credit risk of the accounts and notes receivable.

(5) Inventory

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for devaluation loss</u>	<u>Carrying amount</u>
Inventory of goods	<u>\$ 807,973</u>	<u>(\$ 19,671)</u>	<u>\$ 788,302</u>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for devaluation loss</u>	<u>Carrying amount</u>
Inventory of goods	<u>\$ 773,399</u>	<u>(\$ 14,774)</u>	<u>\$ 758,625</u>

The inventory-related losses and expenses recognized in the current period are as follows:

	<u>2022</u>	<u>2021</u>
Cost of sold inventory	\$ 2,605,565	\$ 1,864,769
Loss from inventory devaluation (Gain from price recovery)	<u>4,897</u>	<u>(10,454)</u>

\$ 2,610,462 \$ 1,854,315

The net realizable value of inventory recovered since the Company sold the products for which devaluation losses were recognized.

(6) Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayment for purchase	\$ 117,745	\$ 127,341
Others	<u>26,789</u>	<u>21,163</u>
	<u>\$ 144,534</u>	<u>\$ 148,504</u>

(7) Investments accounted for using the equity method

Subsidiary	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Solomon Cayman International Corp.	\$ 201,432	\$ 228,008
Solomon Goldentek Display Corp.	1,252,153	1,141,138
Moredel Investment Corp.	308,039	326,115
Solomon Smartnet Corp.	257,521	247,102
Solomon Data International Corporation	138,500	125,371
Total Profit	6,472	7,807
Solomon Wireless Technology Corp.	16	16
Cornucopia Innovation Corporation	40,032	54,348
Solomon Science Technology (VN) Co., Ltd.	11,358	3,254
Solomon Robotics (THAI) Ltd.	5,719	5,667
Solomon Technology (USA) Corp.	11,913	2,563
GD Investment Corp.	82	346
Fast Energy Corporation	-	243
Solomon Energy Technology Corporation	121,744	88,240
Sheng-Peng Technology Corp.	<u>5,801</u>	-
	<u>\$ 2,360,782</u>	<u>\$ 2,230,218</u>

A. The investment gain valuated using the equity method and recognized in 2022 and 2021 was \$184,648 and \$113,138, respectively. It was recognized based on the financial statements audited by the CPA commissioned by each investee company. Details on changes in the account are as follows:

	<u>2022</u>	<u>2021</u>
January 1	\$ 2,230,218	\$ 2,119,360
Increase in investments accounted for using the equity method	93,581	60,000
Share payments returned on capital reduction in investee companies accounted for using the equity method	(51,482)	-
Share of gains or losses form investments accounted for using the equity method	184,648	113,138

Distribution of earnings accounted for using the equity method	(127,258)	(52,474)
Changes in capital reserves	-	3,053
Changes in other equity	<u>31,075</u>	<u>(12,859)</u>
December 31	<u>\$ 2,360,782</u>	<u>\$ 2,230,218</u>

B. 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 \$221 and \$472 in 2022 and 2021, respectively. The Company treated the shares as treasury stocks pursuant to the financial accounting standards and did not recognize relevant profits and losses.

C. Please refer to Note 4 (3) to the Company's consolidated financial statements for 2022 for information on the Company's subsidiaries.

(8) Property, plant and equipment

	<u>Land</u>	<u>Premises and buildings</u>	<u>Machines/e quipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2022</u>						
Cost	\$ 261,234	\$ 201,153	\$ 51,364	\$ 15,454	\$ 19,730	\$ 548,935
Accumulated depreciation	-	<u>(75,938)</u>	<u>(27,671)</u>	<u>(14,377)</u>	<u>(14,138)</u>	<u>(132,124)</u>
	<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	-	<u>(3,715)</u>	<u>(10,864)</u>	<u>(1,041)</u>	<u>(1,496)</u>	<u>(17,116)</u>
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	-	<u>(79,653)</u>	<u>(38,535)</u>	<u>(12,545)</u>	<u>(15,634)</u>	<u>(146,367)</u>
	<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>Land</u>	<u>Premises and buildings</u>	<u>Machines/e quipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2021</u>						
Cost	\$ 292,326	\$ 224,796	\$ 38,848	\$ 15,096	\$ 19,713	\$ 590,779
Accumulated depreciation	-	<u>(80,823)</u>	<u>(17,118)</u>	<u>(11,467)</u>	<u>(12,616)</u>	<u>(122,024)</u>
	<u>\$ 292,326</u>	<u>\$ 143,973</u>	<u>\$ 21,730</u>	<u>\$ 3,629</u>	<u>\$ 7,097</u>	<u>\$ 468,755</u>
<u>2021</u>						
January 1	\$ 292,326	\$ 143,973	\$ 21,730	\$ 3,629	\$ 7,097	\$ 468,755
Addition	-	3,735	11,321	358	17	15,431
Reclassification	(31,092)	(18,782)	1,227	-	-	(48,647)
Depreciation	-	<u>(3,711)</u>	<u>(10,585)</u>	<u>(2,910)</u>	<u>(1,522)</u>	<u>(18,728)</u>

expense						
December 31	\$ 261,234	\$ 125,215	\$ 23,693	\$ 1,077	\$ 5,592	\$ 416,811
<u>December 31, 2021</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)
	\$ 261,234	\$ 125,215	\$ 23,693	\$ 1,077	\$ 5,592	\$ 416,811

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 1 to 5 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. Information on the carrying value of right-of-use assets and the depreciation expense recognized is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Premises	\$ 5,176	\$ 2,757
Transportation equipment (company vehicles)	565	1,725
	<u>\$ 5,741</u>	<u>\$ 4,482</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation</u>	<u>Depreciation</u>
	<u>expense</u>	<u>expense</u>
Premises	\$ 3,275	\$ 2,659
Transportation equipment (company vehicles)	1,159	1,572
	<u>\$ 4,434</u>	<u>\$ 4,231</u>

C. The Company recognized \$5,777 and \$3,612 as an addition to right-of-use assets in 2022 and 2021, respectively.

D. Information on the profit or loss items related to leases is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items that affect profit or loss in the current period</u>		
Interest expense on lease liabilities	\$ 40	\$ 41
Short-term lease expense	\$ 5,045	\$ 4,802
Low-value asset lease expense	\$ 2,058	\$ 2,241

E. The total cash outflow for leases of the Company in 2022 and 2021 was \$11,725 and \$11,217, respectively.

(10) Lease transactions – lessor

- A. The Company’s assets leased out are buildings and the leases often have a term of 1 to 3 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 \$51,157 and \$49,434 as rental income pursuant to operating leases in 2022 and 2021, respectively. There were no variable lease payments included.
- C. A maturity analysis of lease payments under the Company’s operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 42,005
2023	34,427	19,212
2024	21,289	6,795
2025	<u>5,544</u>	<u>=</u>
	<u>\$ 61,260</u>	<u>\$ 68,012</u>

(11) Investment property

	<u>Land</u>	<u>Premises and buildings</u>	<u>Total</u>
<u>January 1, 2022</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	=	<u>(258,551)</u>	<u>(258,551)</u>
	<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	=	<u>(11,208)</u>	<u>(11,208)</u>
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	=	<u>(269,759)</u>	<u>(269,759)</u>
	<u>\$ 546,336</u>	<u>\$ 315,499</u>	<u>\$ 861,835</u>
	<u>Land</u>	<u>Premises and buildings</u>	<u>Total</u>
<u>January 1, 2021</u>			
Cost	\$ 515,244	\$ 557,880	\$ 1,073,124
Accumulated depreciation	=	<u>(238,989)</u>	<u>(238,989)</u>
	<u>\$ 515,244</u>	<u>\$ 318,891</u>	<u>\$ 834,135</u>
<u>2021</u>			
January 1	\$ 515,244	\$ 318,891	\$ 834,135

Reclassification	31,092	18,782	49,874
Depreciation expense	=	<u>(10,966)</u>	<u>(10,966)</u>
December 31	<u>\$ 546,336</u>	<u>\$ 326,707</u>	<u>\$ 873,043</u>
<u>December 31, 2021</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	=	<u>(258,551)</u>	<u>(258,551)</u>
	<u>\$ 546,336</u>	<u>\$ 326,707</u>	<u>\$ 873,043</u>

A. Rental income and direct operating expenses on investment property:

	<u>2022</u>	<u>2021</u>
Rental income on investment property	<u>\$ 51,157</u>	<u>\$ 49,434</u>
Direct operating expenses incurred from investment property generating rental income in the current period	<u>\$ 11,764</u>	<u>\$ 10,959</u>
Direct operating expenses incurred from investment property not generating rental income in the current period	<u>\$ 5,906</u>	<u>\$ 5,498</u>

B. The fair value of the investment property held by the Company on December 31, 2022 and 2021, was \$1,619,167 and \$1,501,592, 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. The key assumptions under the income approach are shown below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Income capitalization rate	<u>1.55%~4.35%</u>	<u>1.79%~2.15%</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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivables on demand	\$ 22,893	\$ 21,907
Less: Loss allowance – receivables on demand	(22,893)	(21,907)
Deposits paid	14,825	14,252
Net defined benefit assets	35,455	31,460
Deferred expense	-	220
Others	<u>3,921</u>	<u>3,919</u>
	<u>\$ 54,201</u>	<u>\$ 49,851</u>

(13) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loans		

Credit loans	\$ 914,000	\$ 470,264
Secured loans	<u>50,000</u>	<u>837,000</u>
	<u>\$ 964,000</u>	<u>\$ 1,307,264</u>
Range of interest rates	<u>1.36%~1.98%</u>	<u>0.80%~1.10%</u>

Note: Please refer to the description in Note 8 for information on pledged collateral.

(14) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonuses payable	\$ 63,461	\$ 49,348
Service expense payable	2,151	821
Land value tax and house tax payable	3,433	4,363
Freight payable	1,601	1,127
Labor and health insurance expenses payable	3,733	4,007
Other payables	<u>13,063</u>	<u>14,201</u>
	<u>\$ 87,442</u>	<u>\$ 73,867</u>

(15) Net defined benefit liabilities

A. 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.

(A) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 35,651	\$ 40,088
Fair value of plan assets	<u>(71,106)</u>	<u>(71,548)</u>
Net defined benefit liabilities (assets)	<u>(\$ 35,455)</u>	<u>(\$ 31,460)</u>

(B) The changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
2022			
Balance on January 1	\$ 40,088	(\$ 71,548)	(\$ 31,460)
Service costs in the current period	54	-	54
Interest expense (income)	<u>281</u>	<u>(501)</u>	<u>(220)</u>
	<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>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>	=
Balance on December 31	<u>\$ 35,651</u>	<u>(\$ 71,106)</u>	<u>(\$ 35,455)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
2021			
Balance on January 1	\$ 54,210	(\$ 82,478)	(\$ 28,268)
Service costs in the current period	335	-	335
Interest expense (income)	<u>163</u>	<u>(248)</u>	<u>(85)</u>
	<u>54,708</u>	<u>(82,726)</u>	<u>(28,018)</u>
Remeasurement:			
Return on plan assets (excluding any amount included in interest income or expense)	-	(1,304)	(1,304)
Effect of changes in financial assumptions	(1,214)	-	(1,214)
Experience adjustments	<u>36</u>	=	<u>36</u>
	<u>(1,178)</u>	<u>(1,304)</u>	<u>(2,482)</u>
Pension paid	<u>(13,442)</u>	<u>12,482</u>	<u>(960)</u>
Balance on December 31	<u>\$ 40,088</u>	<u>(\$ 71,548)</u>	<u>(\$ 31,460)</u>

(C) 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, 2022 and 2021.

(D) A summary of pension-related actuarial assumptions is shown below:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.30%</u>	<u>0.70%</u>
Future salary increase rate	<u>3.00%</u>	<u>3.00%</u>

Future mortality assumptions are based on the statistics and experiential estimates announced by countries.

The present value of defined benefit obligations that has been affected due to changes in the main adopted actuarial assumptions is analyzed as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
December 31, 2022	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effect on the present value of defined benefit obligations	<u>(\$ 787)</u>	<u>\$ 818</u>	<u>\$ 714</u>	<u>(\$ 691)</u>
	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
December 31, 2021	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effect on the present value of defined benefit obligations	<u>(\$ 731)</u>	<u>\$ 752</u>	<u>\$ 635</u>	<u>(\$ 621)</u>

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.

- (E) The Company expects to pay a defined benefit plan contribution of \$2,232 in 2023.
 (F) As of December 31, 2022, the weighted average lifetime of the defined benefit plan was 10 years. A maturity analysis of pension payments is as follows:

Less than 1 year	\$ 2,229
2-5 years	11,720
Over 5 years	<u>13,206</u>
	<u>\$ 27,155</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 2022 and 2021 was \$13,149 and \$12,761, respectively.

(16) Income tax

A. The income tax expenses comprise the following:

(A) The income tax expenses comprise the following:

	<u>2022</u>	<u>2021</u>
Income tax in the current period:		
Income tax incurred from income in the current period	\$ 577	\$ -
Income tax levied on undistributed earnings	650	-
Underestimation (overestimation) of income tax in prior years	<u>4,197</u>	<u>(276)</u>
Total income tax in the current period	<u>5,424</u>	<u>(276)</u>
Deferred income tax:		
Initial generation and reversal of temporary differences	<u>79,620</u>	<u>14,530</u>
Income tax expense	<u>\$ 85,044</u>	<u>\$ 14,254</u>

(B) The amount of income taxes related to other comprehensive income:

	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	<u>(\$ 766)</u>	<u>(\$ 496)</u>

B. The relationship between the income tax expenses and the accounting profit is as follows:

	<u>2022</u>	<u>2021</u>
Income tax on pre-tax profit calculated at the statutory tax rate	\$ 108,655	\$ 42,553
Income tax effect of adjustment items as per law	(28,458)	(22,014)
Income tax effect of loss deductions	-	(6,009)
Underestimation (overestimation) of income tax in prior years	4,197	(276)
Income tax levied on undistributed earnings	<u>650</u>	-
Income tax expense	<u>\$ 85,044</u>	<u>\$ 14,254</u>

C. The amount of the deferred income tax assets or liabilities resulting from temporary differences is shown below:

	<u>2022</u>	<u>Recognized</u>	<u>Recognized</u>	
	<u>January 1</u>	<u>as profit or</u>	<u>as other</u>	<u>December 31</u>
		<u>loss</u>	<u>comprehensiv</u>	
			<u>e income</u>	
Temporary difference:				
- Deferred income tax assets:				
Loss allowance in excess of limit	\$ 4,077	\$ 57	\$ -	\$ 4,134
Allowance for inventory devaluation losses	3,246	687	-	3,933
Unrealized exchange loss	11,342	(11,342)	-	-
Unrealized installation expense	<u>4,857</u>	<u>(3,508)</u>	-	<u>1,349</u>
	<u>\$ 23,522</u>	<u>(\$ 14,106)</u>	<u>\$ -</u>	<u>\$ 9,416</u>
- Deferred income tax liabilities:				
Unrealized exchange gain	\$ -	\$ -	(\$ 766)	(\$ 766)
Remeasurement of defined benefit obligations	(12,998)	(17,649)	-	(30,647)
Realized installation expense	-	<u>(47,865)</u>	-	<u>(47,865)</u>
	<u>(\$ 12,998)</u>	<u>(\$ 65,514)</u>	<u>(\$ 766)</u>	<u>(\$ 79,278)</u>

	<u>2021</u>	<u>Recognized</u>	<u>Recognized</u>	
	<u>January 1</u>	<u>as profit or</u>	<u>as other</u>	<u>December 31</u>
		<u>loss</u>	<u>comprehensiv</u>	
			<u>e income</u>	
Temporary difference:				
- Deferred income tax assets:				
Loss allowance in excess of limit	\$ 3,649	\$ 428	\$ -	\$ 4,077
Allowance for inventory devaluation losses	5,337	(2,091)	-	3,246
Unrealized exchange loss	8,207	3,135	-	11,342

Unrealized installation expense	<u>20,859</u>	<u>(16,002)</u>	<u>-</u>	<u>4,857</u>
	<u>\$ 38,052</u>	<u>(\$ 14,530)</u>	<u>\$ -</u>	<u>\$ 23,522</u>
- Deferred income tax liabilities:				
Remeasurement of defined benefit obligations	<u>(\$ 12,502)</u>	<u>\$ -</u>	<u>(\$ 496)</u>	<u>(\$ 12,998)</u>

D. The expiry dates for the Company's unused taxable losses and the amount of the unrecognized deferred income tax assets are as follows:

December 31, 2022

<u>Year of occurrence</u>	<u>Approved amount</u>	<u>Amount of unused taxable losses</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Year of expiration</u>
2020	\$ 65,308	\$ -	\$ -	2030

December 31, 2021

<u>Year of occurrence</u>	<u>Reported amount</u>	<u>Amount of unused taxable losses</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Year of expiration</u>
2020	\$ 75,590	\$ 45,538	\$ 45,538	2030

E. Deductible temporary differences not recognized as deferred income tax assets:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary difference	<u>\$ 249,018</u>	<u>\$ 267,982</u>

F. The Company's profit-seeking business income taxes filed have been certified by the tax authority up until 2020.

(17) Common share capital

A. As of both December 31, 2022 and 2021, 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.

B. Treasury stocks

(A) Details on changes in the Company's shares held by its subsidiaries are as follows:

	<u>Moredel Investment Corp.</u>		
	<u>Number of shares</u>	<u>Carrying value</u>	<u>Market price</u>
	<u>(thousand shares)</u>		
Balance on January 1, 2022	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,400</u>
Balance on	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,621</u>

December 31,
2022

	<u>Moredel Investment Corp.</u>		
	<u>Number of shares</u>	<u>Carrying value</u>	<u>Market price</u>
	<u>(thousand shares)</u>		
Balance on January 1, 2021	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 1,928</u>
Balance on December 31, 2021	<u>100</u>	<u>\$ 6,042</u>	<u>\$ 2,400</u>

(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:

	<u>2022</u>	<u>Changes in ownership</u>	<u>Consolidated</u>	<u>Others</u>	<u>Total</u>
	<u>Trading of</u>	<u>interests in</u>	<u>excess</u>		
	<u>treasury</u>	<u>subsidiaries</u>			
	<u>stocks</u>				
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>

	<u>2021</u>	<u>Changes in ownership</u>	<u>Consolidated</u>	<u>Others</u>	<u>Total</u>
	<u>Trading of</u>	<u>interests in</u>	<u>excess</u>		
	<u>treasury</u>	<u>subsidiaries</u>			
	<u>stocks</u>				
January 1	\$ 32,683	\$ 140,525	\$ 9,473	\$ 29,404	\$ 212,085
Changes in the current period	=	<u>2,141</u>	=	<u>912</u>	<u>3,053</u>
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 2021 and 2020 earning distribution proposals approved at the shareholders' meeting held on June 8, 2022 and July 15, 2021, respectively, are stated as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserves	\$ 20,123		\$ 2,118	
Special reserves (reversed)	13,792		(3,436)	
Cash dividends	154,324	\$ 0.90	85,736	\$ 0.50

- E. The 2022 earning distribution proposal presented by the Board of Directors on March 16, 2023, is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserves	\$ 46,217	
Reversed special reserves	(30,939)	
Cash dividends	257,207	\$ 1.50

The Company's 2022 earning distribution proposal has not been approved at the shareholders' meeting as of March 17, 2023. For the earning distribution approved by the Board of Directors and resolved at the shareholders' meeting, please visit the "Market Observation Post System."

(20) Other equity items

	<u>2022</u>	<u>2021</u>
	<u>Foreign currency translation</u>	<u>Foreign currency translation</u>
January 1	(\$ 147,260)	(\$ 133,469)
Difference from foreign currency translation – the Company	<u>30,940</u>	<u>(13,791)</u>
December 31	<u>(\$ 116,320)</u>	<u>(\$ 147,260)</u>

(21) Operating income

	<u>2022</u>	<u>2021</u>
Income from contracts with customers	<u>\$ 3,157,169</u>	<u>\$ 2,280,169</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 into the following main segments:

<u>2022</u>	<u>Taiwan</u>				
	<u>Electronic</u>	<u>Optoelectronic</u>	<u>Electromechanic</u>	<u>Intelligent</u>	<u>Total</u>
	<u>channel industry</u>	<u>manufacturing</u>	<u>al Business</u>	<u>Business Group</u>	
		<u>industry</u>	<u>Group</u>		
Income from external customers	<u>\$ 83,323</u>	<u>\$ 257,700</u>	<u>\$ 1,139,077</u>	<u>\$ 1,677,069</u>	<u>\$ 3,157,169</u>

<u>2021</u>	<u>Taiwan</u>				
	<u>Electronic</u>	<u>Optoelectronic</u>	<u>Electromechanic</u>	<u>Intelligent</u>	<u>Total</u>
	<u>channel industry</u>	<u>manufacturing</u>	<u>al Business</u>	<u>Business Group</u>	
		<u>industry</u>	<u>Group</u>		
Income from external customers	<u>\$ 110,317</u>	<u>\$ 347,536</u>	<u>\$ 645,638</u>	<u>\$ 1,176,678</u>	<u>\$ 2,280,169</u>

B. Contractual liabilities

The Company's recognized contractual liabilities related to the income from contracts with customers are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Advance sale receipts	<u>\$ 468,805</u>	<u>\$ 191,277</u>	<u>\$ 126,168</u>

C. The opening balance of the Company's contractual liabilities recognized as income in 2022 and 2021 was \$141,230 and \$95,794, respectively.

(22) Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 4,736	\$ 854

Interest income from financial assets measured at amortized cost		<u>84,232</u>	<u>64,003</u>
		<u>\$ 88,968</u>	<u>\$ 64,857</u>
(23) Other income			
	<u>2022</u>		<u>2021</u>
Rental income		\$ 51,157	\$ 49,434
Dividend income		15,443	1,160
Government subsidy income		7,171	5,279
Other income – others		<u>5,677</u>	<u>7,608</u>
		<u>\$ 79,448</u>	<u>\$ 63,481</u>
(24) Other profits and losses			
	<u>2022</u>		<u>2021</u>
Net gain (loss) from foreign currency exchange		\$ 177,209	(\$ 27,056)
Net gain (loss) from financial assets and liabilities measured at fair value through profit or loss		(45,236)	15,651
Gain from disposal of property, plant and equipment		13	-
Others		<u>(24,683)</u>	<u>(21,724)</u>
		<u>\$ 107,303</u>	<u>(\$ 33,129)</u>
(25) Financial costs			
	<u>2022</u>		<u>2021</u>
Interest expense		<u>\$ 16,046</u>	<u>\$ 9,759</u>
(26) Additional information on the nature of expense			
	<u>2022</u>		<u>2021</u>
Changes in the inventory of finished goods, work in process, and raw materials		\$ 2,610,462	\$ 1,854,315
Employee benefit expense		352,697	328,828
Depreciation expense of property, plant and equipment (including right-of-use assets)		21,550	22,959
Amortization expense		1,889	2,316
Transportation expense		3,166	2,447
Service expense		21,456	19,175
Operating rent		7,103	7,043
Other expenses		<u>39,891</u>	<u>28,906</u>
Operating costs and expenses		<u>\$ 3,058,214</u>	<u>\$ 2,265,989</u>

(27) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Salary expense	\$ 290,464	\$ 275,758
Labor and health insurance expenses	25,534	25,067
Pension expense	12,983	13,011
Remuneration to directors	11,382	4,472
Other employment expenses	<u>12,334</u>	<u>10,520</u>
	<u>\$ 352,697</u>	<u>\$ 328,828</u>

Note: As of December 31, 2022 and 2021, the Company had 315 and 306 employees, respectively and the number of non-employee directors was 4.

- 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 2022 and 2021, the Company's estimated amount of remuneration to employees was \$5,600 and \$2,193, respectively, and the estimated amount of remuneration to directors and supervisors was \$11,202 and \$4,387, respectively. The above amounts were stated as remuneration expense. The remuneration to employees and to directors and supervisors in 2022 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 \$5,600 and \$11,202, respectively. The remuneration to employees was distributed in cash.

There is consistency between the amounts of remuneration to employees and to directors and supervisors for 2021 resolved by the Board of Directors and the amounts recognized in the financial statements for 2021.

Please visit the Market Observation Post System for information on the remuneration (bonuses) to employees and the remuneration to directors and supervisors that were approved by the Board of Directors and resolved at the shareholders' meeting.

(28) Earnings per share

	<u>2022</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<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>	<u>171,371</u>	<u>\$ 2.67</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the common shareholders of the	\$ 458,232	171,371	

parent company in the current period			
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>\$ 2.67</u>

	<u>2021</u>	<u>Weighted average outstanding shares</u> (thousand shares)	<u>Earnings per share (NT\$)</u>
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	<u>\$ 198,514</u>	<u>171,371</u>	<u>\$ 1.16</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	\$ 198,514	171,371	
Effect of dilutive potential common shares			
- remuneration to employees	=	<u>92</u>	
Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares	<u>\$ 198,514</u>	<u>171,463</u>	<u>\$ 1.16</u>

(29) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Other current liabilities</u>	<u>Other non-current liabilities</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$1,307,264	\$ 27,083	\$ 7,412	\$ 4,660	\$ 1,346,419
Changes in cash flows from financing activities	(343,264)	14,672	531	(4,582)	(332,643)
Interest expenses paid (Note)	-	-	-	(40)	(40)

Other non-cash changes	=	=	=	<u>5,818</u>	<u>5,818</u>
December 31, 2022	<u>\$ 964,000</u>	<u>\$ 41,755</u>	<u>\$ 7,943</u>	<u>\$ 5,856</u>	<u>\$ 1,019,554</u>

Note: Recognized as cash flows from operating activities

	<u>Short-term loans</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2021	\$ 397,377	\$ 13,463	\$ 7,498	\$ 5,181	\$ 423,519
Changes in cash flows from financing activities	909,887	13,620	(86)	(4,133)	919,288
Interest expenses paid (Note)	-	-	-	(41)	(41)
Other non-cash changes	=	=	=	<u>3,653</u>	<u>3,653</u>
December 31, 2021	<u>\$1,307,264</u>	<u>\$ 27,083</u>	<u>\$ 7,412</u>	<u>\$ 4,660</u>	<u>\$ 1,346,419</u>

Note: Recognized 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

(2) Significant transactions with the related parties

A. Operating income

	<u>2022</u>	<u>2021</u>
Sale of goods:		
Subsidiary – Yumon International	\$ 432,746	\$ 245,340
Subsidiary	<u>79,139</u>	<u>101,039</u>
	<u>\$ 511,885</u>	<u>\$ 346,379</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

	<u>2022</u>	<u>2021</u>
Purchase of goods:		
Subsidiary	<u>\$ 10,237</u>	<u>\$ 15,673</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiary – Yumon International	\$ 708	\$ 351
Subsidiary	<u>4,305</u>	<u>1,772</u>
	<u>\$ 5,013</u>	<u>\$ 2,123</u>

D. Payments payable to related party

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Subsidiary	<u>\$ 1,384</u>	<u>\$ 2,320</u>

E. Other income

	<u>2022</u>	<u>2021</u>
(1) Rental income (stated as "other income"):		
Subsidiary	<u>\$ 8,402</u>	<u>\$ 8,399</u>

The Company leases out part of its office premise and plant to related parties with an O/A 60-day payment term.

	<u>2022</u>	<u>2021</u>
(2) Management fee income (stated as a debit item of "operating expenses")		
Subsidiary	<u>\$ 16,178</u>	<u>\$ 16,069</u>

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. Other receivables

Other receivables are pre-paid utilities expenses, rents, allocated management fees, dividends receivable, etc.. The details are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary – Moredel Investment	\$ -	\$ 22,911
Subsidiary	<u>2,097</u>	<u>2,759</u>
	<u>\$ 2,097</u>	<u>\$ 25,670</u>

(3) Information on remuneration to key management

	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 43,320	\$ 32,426
Post-employment benefits	<u>507</u>	<u>427</u>
	<u>\$ 43,827</u>	<u>\$ 32,853</u>

8. Pledged assets

Details on the Company's assets provided as collateral are shown below:

<u>Details on assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose of collateral</u>
Property, plant and equipment and investment property	<u>\$ 1,240,837</u>	<u>\$ 1,255,667</u>	Collateral for short-term loans from financial institutions

9. Material contingent liabilities and unrecognized contractual commitments

- (1) As of December 31, 2022, the Company's letter of credit issued but not yet used was \$309,185.
- (2) As of December 31, 2022, the Company's promissory notes issued as security for the performance of sales contracts amounted to \$65,735.
- (3) As of December 31, 2022, the Company's promissory notes issued to implement government-subsidized plans amounted to \$51,870.
- (4) Please refer to the description in Note 13 for the Company's funds loaned and endorsements/guarantees provided.

10. Material losses from disasters

None.

11. Material subsequent events

Please refer to Note 6 (19) for the 2023 earning 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

A. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</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	<u>\$ 186,521</u>	<u>\$ 110,336</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	575,243	421,692
Financial assets measured at amortized cost	1,074,850	1,079,520
Notes receivable	20,676	8,791
Accounts receivable	245,678	270,605
Other receivables	21,157	31,448
Deposits paid (stated as "other non-current assets")	<u>14,825</u>	<u>14,252</u>
	<u>\$ 2,138,950</u>	<u>\$ 1,936,644</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	\$ 964,000	\$ 1,307,264
Notes payable	11,185	756
Accounts payable	183,959	230,076
Other accounts payables	87,442	73,867
Deposits received	<u>7,943</u>	<u>7,412</u>
	<u>\$ 1,254,529</u>	<u>\$ 1,619,375</u>
Lease liabilities	<u>\$ 5,855</u>	<u>\$ 4,660</u>

B. 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.

C. 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 effect from exchange rate volatility on the Company. Information on foreign currency assets and liabilities with significant exchange rate volatility effect is shown below:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Foreign</u>		<u>Foreign</u>	
	<u>currency</u>		<u>currency</u>	
	<u>(thousand</u>	<u>Exchange</u>	<u>(thousand</u>	<u>Exchange</u>
	<u>dollars)</u>	<u>rate</u>	<u>dollars)</u>	<u>rate</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 53,893	30.71	\$ 52,134	27.68
EUR : NTD	1,377	32.72	405	31.32
CNY : NTD	258	4.41	84	4.34
<u>Investments</u>				
<u>accounted for using</u>				
<u>the equity method</u>				
USD : NTD	\$ 6,559	30.71	\$ 8,237	27.68
HKD : NTD	1,644	3.94	2,200	3.55
THB : NTD	6,397	0.96	6,790	0.96
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 887	30.71	\$ 3,218	27.68
EUR : NTD	70	32.72	3,338	31.32

- c. As exchange rate volatility has significant effect, all exchange losses (both realized and unrealized) recognized with respect to the monetary items of the Company in 2022 and 2021 were \$177,209 and (\$27,056), 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 an 1% appreciation or depreciation of the NT dollar against the aforesaid foreign currencies, the profit or loss was increased or reduced by \$18,977 and \$15,074 in 2022 and 2021, 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 was increased or reduced by \$1,865 and \$1,103 in 2022 and 2021, 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 short-term loans for the purchase of materials are fixed interest rate debts. The risk of the loans is contingent on changes in market interest rates. However, as they will fall due within one year, no significant market risk is expected to occur.
- b. When the loan interest rate rose or dropped by 1% and all the other factors remained the same, the net profit after tax was reduced or increased by \$9,640 and \$13,073 in 2022 and 2021, 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 and at fair value through profit or loss.
- 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 overdue over 90 days 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 overdue over 180 days 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, 2022 and 2021, respectively, is as follows:

	<u>Not overdue</u>	<u>Overdue 30 days</u>	<u>Overdue 31-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue over 181 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss rate	0.15%- 0.62%	66.27%- 86.10%	100%	100%	100%	
Total carrying value	<u>\$ 239,778</u>	<u>\$ 2,040</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 241,856</u>
Loss allowance	<u>\$ 408</u>	<u>\$ 745</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 1,191</u>
<u>December 31, 2021</u>						
Expected loss rate	0.11%- 0.14%	16.72%- 44.38%	49.36%- 83.36%	97.34%- 100%	100%	
Total carrying value	<u>\$ 268,208</u>	<u>\$ 502</u>	<u>\$ 753</u>	<u>\$ 420</u>	<u>\$ 74</u>	<u>\$ 269,957</u>
Loss allowance	<u>\$ 315</u>	<u>\$ 183</u>	<u>\$ 499</u>	<u>\$ 404</u>	<u>\$ 74</u>	<u>\$ 1,475</u>

- h. The table about changes in the loss allowance for accounts receivable, for which the Company adopted the simplified approach, is as follows:

	<u>2022</u>
January 1	\$ 1,475
Reversal of impairment losses	(284)
Transferred to receivables on demand	(686)
Effect of exchange rate	<u>686</u>
December 31	<u>\$ 1,191</u>

	<u>2021</u>
January 1	\$ 3,656
Reversal of impairment losses	(2,141)
Transferred to receivables on demand	178
Effect of exchange rate	<u>(218)</u>
December 31	<u>\$ 1,475</u>

- i. The Company places investments in debt instruments measured at amortized cost with high-credit-quality counterparties. As assessed, there are no significant expected credit impairment losses.
- (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 following table presents the Company's non-derivative financial liabilities that are grouped 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 amount of contractual cash flows disclosed in the following table is undiscounted:

<u>Non-derivative financial liabilities:</u>					
<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	\$ -	\$ -	\$ -	\$ -
Notes payable	11,185	-	-	-	-
Accounts payable	129,137	54,822	-	-	-
Other payables	87,442	-	-	-	-
Other non-current liabilities	7,943	-	-	-	-
Lease liabilities	3,504	1,962	278	-	-

<u>Non-derivative financial liabilities:</u>					
<u>December 31, 2021</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	\$ 1,307,943	\$ -	\$ -	\$ -	\$ -
Notes payable	756	-	-	-	-
Accounts payable	175,254	54,822	-	-	-
Other payables	73,867	-	-	-	-
Other non-current liabilities	7,412	-	-	-	-
Lease liabilities	3,819	862	-	-	-

(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, notes and accounts receivable, other receivables, deposits paid for other non-current assets, short-term loans, notes and accounts payable, and other payables 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, 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>

<u>December 31, 2021</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>\$ 81,799</u>	<u>\$ -</u>	<u>\$ 28,537</u>	<u>\$ 110,336</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. Generally, forward exchange contracts are valued at the current forward exchange rate.
- d. 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 2022 and 2021.
- F. Movements in Level 3 equity instruments from January 1 to December 31, 2022 and 2021, are listed in the following table:

	<u>2022</u> <u>Equity instruments</u>	<u>2021</u> <u>Equity instruments</u>
January 1	\$ 28,537	\$ 10,881
Purchase in the current period	5,000	13,000
Profits recognized as profit or loss	<u>26</u>	<u>4,656</u>
December 31	<u>\$ 33,563</u>	<u>\$ 28,537</u>

- G. There was no transfer-in/transfer-out to/from Level 3 from January 1 to December 31, 2022 and 2021.
- 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:

	<u>Fair value on</u> <u>December 31, 2022</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Relationship between</u> <u>the input and the fair</u> <u>value</u>
Non-derivative equity instruments:				
Non-listed/non-OTC stocks	\$ 33,563	Comparable company method	PE multiplier, PB multiplier, corporate value-to-operating profit ratio multiplier, corporate value-to-profit before tax, interest, depreciation and amortization ratio	The higher the multipliers and control premium, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the

multiplier, discount for lack of marketability, control premium
 weighted average for funding cost and discount for minority interest, the lower the fair value. The higher the long-term revenue growth rate and long-term pre-tax operating income, the higher the fair value.

	<u>Fair value on</u> <u>December 31, 2021</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Relationship between</u> <u>the input and the fair</u> <u>value</u>
Non-derivative equity instruments:				
Non-listed/non-OTC stocks	\$ 28,537	Comparable company method	PE multiplier, PB multiplier, corporate value-to-operating profit ratio multiplier, corporate value-to-profit before tax, interest, depreciation and amortization ratio multiplier, discount for lack of marketability, control premium	The higher the multipliers and control premium, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the weighted average for funding cost and discount for minority interest, the lower the fair value. The higher the long-term revenue growth rate and long-term pre-tax operating income, the higher 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: None.
- 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 4.
- H. Accounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 5.

- 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 6.

(2) Information of investee companies

Information related to investee companies (excluding those in Mainland China), their place of registration, etc.: Please refer to Table 7.

(3) Information of investments in Mainland China

A. Basic information: Please refer to Table 8.

B. Material transactions occurring directly or indirectly through businesses in a third area and investee companies in Mainland China: Please refer to Tables 4, 5, 6.

(4) Information of major shareholders

Please refer to Table 9.

14. Operating segment information

Please refer to the Company's consolidated financial statements for 2022 for information on the operating segments.

SOLOMON Technology Corporation
Cash and Cash Equivalents
December 31, 2022

Statement 1

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Cash on hand and petty cash		\$ 75	
Check deposits		77,849	
Demand deposits			
- NTD deposits		36,891	
- Foreign currency deposits	USD 2,501 thousand, with a conversion rate of USD 1 to NTD 30.71	76,852	
	EUR 652 thousand, with a conversion rate of EUR 1 to NTD 32.72	21,328	
	JPY 20 thousand, with a conversion rate of JPY 1 to NTD 0.2324	5	
	HKD 36 thousand, with a conversion rate of HKD 1 to NTD 3.938	140	
	CNY 98 thousand, with a conversion rate of CNY 1 to NTD 4.408	431	
Time deposits	The deposits will mature in three months, with an interest rate of 3.90%-5.05%	361,672	
		<u>\$ 575,243</u>	

SOLOMON Technology Corporation
Net Accounts Receivable
December 31, 2022

Statement 2

Unit: NT\$ Thousand

Name of customer	Summary	Amount	Remarks
A		\$ 56,835	
B		23,737	
C		22,215	
D		21,119	
E		19,219	
F		16,633	
G		14,064	
Others		68,034	The balance for each customer did not exceed 5% of the total amount of the account
		241,856	
Less: Loss allowance		(1,191)	
		<u>\$ 240,665</u>	

SOLOMON Technology Corporation
Inventory
December 31, 2022

Statement 3

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Cost</u>	<u>Market price</u>	
Goods		807,973	<u>\$ 788,302</u>	The net realizable value was used as the market price
Less: Allowance for devaluation loss		<u>(19,671)</u>	<u>\$ 788,302</u>	

SOLOMON Technology Corporation
Long-term Equity Investments under the Equity Method
January 1 to December 31, 2022

Statement 4

Unit: NT\$ Thousand

<u>Name</u>	<u>Opening balance</u>		<u>Increase in the current period</u>		<u>Decrease in the current period</u>		<u>Closing balance</u>		<u>Net equity value</u>			<u>Provided as collateral or pledged</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Unit price (NT\$)</u>	<u>Total price</u>	
Solomon Cayman International Corp.	14,736,130	\$ 228,008	-	\$ 24,666	-	(\$ 51,242)	14,736,130	100.00	\$ 201,432	\$ 13.67	\$ 201,432	無
Solomon Smartnet Corp.	20,000,000	247,102	-	29,807	-	(19,388)	20,000,000	100.00	257,521	12.88	257,521	"
Solomon Goldentek Display Corp.	42,030,186	1,141,138	-	186,669	-	(75,654)	42,030,186	70.77	1,252,153	29.79	1,252,153	"
Moredel Investment Corp.	28,460,900	326,115	-	14,140	-	(32,216)	28,460,900	100.00	308,039	10.82	308,039	"
Solomon Wireless Technology Corp.	96,407	16	-	-	-	-	96,407	96.41	16	0.17	16	"
Total Profit Holdings Ltd.	3,088,700	7,807	-	-	-	(1,335)	3,088,700	100.00	6,472	2.10	6,472	"
Solomon Data International Corporation	6,507,676	125,371	-	13,129	-	-	6,507,676	30.45	138,500	21.28	138,500	"
GD Investment Corp.	43,400	346	-	-	-	(264)	43,400	100.00	82	1.89	82	"
Cornucopia Innovation Corporation	6,100,000	54,348	-	-	-	(14,316)	6,100,000	35.06	40,032	6.56	40,032	"
Solomon Science Technology (VN) Co., Ltd.	-	3,254	-	11,912	-	(3,808)	-	100.00	11,358	-	11,358	"
Solomon Robotics (THAI) Ltd.	2,488,000	5,667	-	-	-	52	2,488,000	100.00	5,719	2.30	5,719	"
Solomon Technology (USA) Corp.	6,500	2,563	6,000	16,569	-	(7,219)	12,500	100.00	11,913	953.04	11,913	"
Fast Energy Corporation	30,000	243	-	-	(30,000)	(243)	-	-	-	-	-	"
Solomon Energy Technology Corporation	12,000,000	88,240	6,000,000	60,000	-	(26,496)	18,000,000	100.00	121,744	6.76	121,744	"
Sheng-Peng Technology Corp.	-	=	510,000	5,100	-	701	510,000	51.00	5,801	11.37	5,801	"
		<u>\$ 2,230,218</u>		<u>\$ 361,992</u>		<u>(\$ 231,428)</u>			<u>\$ 2,360,782</u>			

SOLOMON Technology Corporation
Accounts Payable
December 31, 2022

Statement 5

Unit: NT\$ Thousand

Name of customer	Summary	Amount	Remarks
H		\$ 78,951	
I		9,702	
Others		\$ 95,306	The balance for each
		<u>\$ 183,959</u>	company did not exceed
			5% of the total amount of
			the account

SOLOMON Technology Corporation
Net Operating Income
January 1 to December 31, 2022

Statement 6

Unit: NT\$ Thousand

Item	Number (thousand)	Amount	Remarks
Total sales revenue			
Electronic parts, cathode-ray tubes and other electronic semiconductor products	46,452	\$ 536,234	
Engine generators and other equipment	1	1,139,207	
Automated equipment and electronic parts and components	267	1,495,741	
		3,171,182	
Revenues from maintenance and design services and other services		10,238	
Total operating income		3,181,420	
Less: Sales returns and discounts		(24,251)	
Net operating income		<u>\$ 3,157,169</u>	

SOLOMON Technology Corporation
Operating Costs
January 1 to December 31, 2022

Statement 7

Unit: NT\$ Thousand

Item	Amount
Opening inventory of goods	\$ 773,399
Plus: Purchase of goods in the current period	2,327,886
Less: Items transferred to expense	(2,178)
Closing inventory of goods	(807,973)
Cost of sales	2,291,134
Plus: Installation cost and maintenance cost	314,324
Import expense	107
Cost of goods sold	2,605,565
Less: Gain from price recovery	4,897
Operating costs in the current period	<u>\$ 2,610,462</u>

SOLOMON Technology Corporation
Marketing Expense
January 1 to December 31, 2022

Statement 8

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Salary expense		\$ 165,682	
Insurance expense		15,767	
Other expenses		76,144	The balance of each item
		<u>\$ 257,593</u>	did not exceed 5% of the
			total amount of the
			account

SOLOMON Technology Corporation
Administrative and General Expenses
January 1 to December 31, 2022

Statement 9

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Salary expense		\$ 75,689	
Insurance expense		5,142	
Service expense		6,053	
Depreciation		3,584	
Other expenses		6,534	The balance of each item
		<u>\$ 97,002</u>	did not exceed 5% of the
			total amount of the account

SOLOMON Technology Corporation
Statement of Current Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function
January 1 to December 31, 2022

Statement 10

Unit: NT\$ Thousand

By nature	By function	2022			2021		
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses							
Salary expense		\$ -	\$ 290,464	\$ 290,464	\$ -	\$ 275,758	\$ 275,758
Labor and health insurance expenses		-	25,534	25,534	-	25,067	25,067
Pension expense		-	12,983	12,983	-	13,011	13,011
Remuneration to directors		-	11,382	11,382	-	4,472	4,472
Other employee benefit expenses		-	12,334	12,334	-	10,520	10,520
Depreciation expense		-	21,550	21,550	-	22,959	22,959
Amortization expense		-	1,889	1,889	-	2,316	2,316

Note 1: As of December 31, 2022 and 2021, the Company had 315 and 306 employees, respectively, and the number of non-employee directors was 4.

Note 2: The Company's average employee benefit expense in 2022 and 2021 was \$1,098 and \$1,074, respectively. The average employee salary expense in 2022 and 2021 was \$935 and \$913, respectively. The average employee salary expense in 2022 was adjusted by 2.35%.

Note 3: The Company's remuneration to supervisors in 2022 and 2021 was \$0 and \$330, respectively.

Note 4: Please specify 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

SOLOMON Technology Corporation
Statement of Current Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function
January 1 to December 31, 2022

Statement 10

Unit: NT\$ Thousand

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.

- (2) The Company's policy, standards and packages for payment of remuneration to the managerial officers, the procedures for determination of the remuneration, and 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 length of service.
 - 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.
- (3) The Company's policy, standards and packages for payment of remuneration to the employees, the procedures for determination of the remuneration, and 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 as the bases and the remuneration is positively correlated with the operating performance. In addition, the Company has controlled future risks well and there is a certain degree of correlation between the remuneration policy and the future risks. The overall salary and remuneration packages comprise three main elements, namely the base salary, bonuses and employee remuneration, and benefits. In accordance with the standards for payment of remuneration, the base salary is determined based on the competition for the position in the market and the Company's policies. The bonuses and employee remuneration paid are associated with the employee's or the department's achievement of goals or the Company's operating performance. The benefits shall be designed on the premise that laws and regulations are complied with and to meet the needs of the employees and 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. 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
Loaning Funds to Others
January 1 to December 31, 2022

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>No.</u> (Note 1)	<u>Lending company</u>	<u>Borrowing company</u>	<u>Current account</u>	<u>Related party</u>	<u>Maximum amount in the current period</u>	<u>Closing balance</u>	<u>Actual drawdown amount</u>	<u>Range of interest rates</u>	<u>Nature of loaning of funds</u> (Note 4)	<u>Business transaction amount</u>	<u>Reasons for the need of short-term financing</u>	<u>Allowance set aside for bad debts</u>	<u>Collateral</u>		<u>Limit on loans to individual borrowers</u> (Note 2)	<u>Limit on total loans</u> (Note 3)	<u>Remarks</u>
													<u>Name</u>	<u>Value</u>			
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)	<u>Endorsee/guarantee</u>		Closing endorsement/ guarantee balance	Actual drawdown amount	Endorsement 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)	Endorsement s/guarantees made by the parent company for subsidiaries	Endorsement s/guarantees made by subsidiaries for the parent company	Endorsement s/guarantees made for the operations in Mainland China	Remarks
				Limit on endorsements /guarantees to a single enterprise (Note 3)	Maximum endorsement/ guarantee balance in the current period									
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 into 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: NT\$ Thousand
(Unless otherwise specified)

<u>Holding company</u>	<u>Type and name of securities</u>	<u>Relationship with the securities issuer</u>	<u>Account</u>	<u>Number of shares/units</u>	<u>End of period</u>		<u>Fair value</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholding percentage</u>		
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	Note
	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	"
Moredel Investment	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	"
	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%	-	"
Solomon Cayman	Capital Investment Development Corp	-	Financial assets measured at fair value through profit or loss – non-current	330,000	10,134	0.77%	10,134	"
	Polar Tech.	-	Financial assets measured at fair value through profit or loss – non-current	190,000	-	18.21%	-	"
	UKNOWIKNOW 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)

<u>Purchasing (selling) company</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale)</u>	<u>Amount</u>	<u>Percentage in total purchases (sales)</u>	<u>Loan period</u>	<u>Unit price</u>	<u>Loan period</u>	<u>Differences of transaction terms from those of regular transactions and reasons for such differences</u>		<u>Balance</u>	<u>Notes/accounts receivable (payable)</u>	<u>Percentage in total accounts/notes receivable (payable)</u>	<u>Remarks</u>
SOLOMON	Yumon International	Parent-subsubsidiary	(Sale)	(\$ 432,746)	(13)	Note 1	Agreed by both parties	Note 2			\$ 708	-		
Yumon International	SOLOMON	Parent-subsubsidiary	Purchase	432,746	54	Note 1	Agreed by both parties	Note 2			(708)	-		
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsubsidiary	Purchase	731,592	78	Note 3	Note 3	Note 3			(142,644)	(90)		
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsubsidiary	Note 4	(278,524)	-	Note 4	Note 4	Note 4			-	-		
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsubsidiary	(Sale)	(731,592)	(88)	Note 3	Note 3	Note 3			142,644	88		
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsubsidiary	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)

<u>Company from which payments accounted for are receivable</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Balance of payments receivable from the related party</u>	<u>Turnover</u>	<u>Overdue payments receivable from the related party</u>		<u>Subsequently recovered amount of payments receivable from the related party</u>	<u>Allowance set aside for bad debts</u>
					<u>Amount</u>	<u>Treatment</u>		
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsiary	\$ 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)

<u>No.</u> (Note 4)	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with transacting party</u> (Note 5)	<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	<u>Percentage of total consolidated operating income or assets</u> (Note 6)
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 receivables were the procurement payments made by the parent company on behalf of the subsidiary.

Note 4: 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 5: 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 6: 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: 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		Carrying amount	Gain or loss	Investment	Remarks
				End of current period	End of previous year	Number of shares	Percentage		of investee company in the current period	gain or loss recognized in the current period	
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 cards	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-subsubsidiary.

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
				Taiwan at beginning of current period	Remitted	Recovered	period	period	period	period	period	period	
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 the 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.

<u>Company name</u>	<u>Accumulated amount of investments remitted from Taiwan to Mainland China at end of current period</u>	<u>Amount of investments approved by the Investment Commission, MOEA</u>	<u>Limit on the amount of investments in Mainland China as required by the Investment Commission, MOEA</u>
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

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Shareholding percentage</u>
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

XIII. Review and Analysis of the Financial Position and Financial Performance and the Assessment of Risk Events

1. Financial Position

Unit: NT\$ thousand

Item	Year	2021.12.31	2022.12.31	Difference	
				Amount	%
Current assets		4,973,624	5,387,727	414,103	8.33
Non-current assets		2,912,358	3,063,236	150,878	5.18
Total assets		7,885,982	8,450,963	564,981	7.16
Current liabilities		2,866,587	3,030,729	164,142	5.73
Non-current liabilities		44,095	91,677	47,582	107.91
Total liabilities		2,910,682	3,122,406	211,724	7.27
Share capital		1,714,711	1,714,711	0	0.00
Capital reserves		215,138	215,138	0	0.00
Retained earnings		2,793,372	3,101,223	307,851	11.02
Other equity		(147,260)	(116,320)	30,940	(21.01)
Treasury stocks		(6,042)	(6,042)	0	0.00
Equity attributable to owners of the parent company		4,569,919	4,908,710	338,791	7.41
Non-controlling interests		405,381	419,847	14,466	3.57
Total equity		4,975,300	5,328,557	353,257	7.10
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 due to the increase in deferred income tax liabilities					
2. Other changes in equity were mainly the foreign currency translation amounts for valuation adjustment.					

2. Financial Performance

(1) Operating Result Comparison:

Unit: NT\$ thousand

Item	Year	2021	2022	Amount of increase (decrease)	Percentage of change (%)
Gross operating profit		793,962	1,083,514	289,552	36.47
Operating profit		49,291	264,528	215,237	436.67
Pre-tax profit		258,681	655,837	397,156	153.53
Net profit in the current period		216,364	475,943	259,579	119.97
Other comprehensive income in the current period (after tax, net)		(27,627)	26,738	54,365	(196.78)
Total comprehensive income in the current period		188,737	502,681	313,944	166.34
Net profit attributable to owners of the parent company		198,514	458,232	259,718	130.83
Net profit attributable to non-controlling interests		17,850	17,711	(139)	(0.78)
Total comprehensive income attributable to owners of the parent company		187,439	493,115	305,676	163.08
Total comprehensive income attributable to non-controlling interests		1,298	9,566	8,268	636.98
Earnings per share		1.16	2.67	1.51	130.17
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)					
The rise in the pre-tax profit, current net profit, total comprehensive income in the current period, and earnings per share was due to the interest income and gains from the disposal of property and investments in 2022.					

- (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 2023 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	2021	2022	Amount of increase (decrease)	%	Description
Operating activities	(281,712)	1,075,571	1,357,283	(481.80)	Mainly due to the increase in the current profit and contractual liabilities, which led to the increase in net cash inflow from operating activities
Investing activities	(386,656)	483,681	870,337	(225.09)	Mainly due to the increase in financial assets measured at amortized cost
Financing activities	793,121	(501,855)	(1,294,976)	(163.28)	Mainly due to the repayment of short-term loans in the current period
Net cash flow	96,285	1,070,967	974,682	1012.29	Effects of the aforesaid reasons and exchange amounts

- (2) Liquidity analysis for the most recent two years:

Item/Year	2021 %	2022 %	Percentage of increase/decrease %
Cash flow ratio	(9.83)	35.49	(461.04)
Cash flow adequacy ratio	42.60	95.05	123.12
Cash reinvestment ratio	(6.34)	14.65	(331.07)
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 2023 (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
2,450,357	645,000	506,000	2,589,357	—	—
<p>1. Analysis of changes in cash flows for 2021:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>2. Expected remedies for cash deficits and liquidity analysis for 2023: N/A.</p>					

4. Effects of Material Capital Expenditure in 2022 on Finance and Business

The Company did not have material capital expenditure plans in 2022.

5. Investment Policies for 2022, the Main Reasons for Profits or Losses, the Improvement Plan, and the Investment Plan for 2023

(1) The Company's investments in 2022 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 2022

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 2023:

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	2022 (NT\$ thousand)
Interest income	133,435
Interest expense	16,932
Net foreign exchange gain/loss	327,428

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 2022. 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 (2023) 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
AccuPick for UR+ Program	In progress	Attract more customers via UR+ ecosystem which provides us with free marketing to UR partners and users.	NT\$30,000 thousand
Solvision Training & Inference Server	In progress	Extend to distribution model (SaaS) in which a cloud provider hosts our applications and makes them available to users all over the world.	
Solmotion for inspection application	In progress	Employ our unique tools of unknown counting and unknown keypoints for 3D pose estimation then integrate them with motion planning and AI vision for a process of 360 degrees visual inspection.	
Meta-AIVI Application Development	In progress	Extend Meta-AIVI to both edge and cloud platforms. Approach system integration for specific applications.	

- (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	<ol style="list-style-type: none"> 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.158~162)
7. Other Important Matters:
- To cope with the COVID-19 pandemic and prevent it from spreading in order to ensure the safety and health of employees, the Company has formed a pandemic prevention team, as suggested by the “Central Epidemic Command Center” (CECC), to carry out corresponding pandemic prevention measures in accordance with the instructions published by the CECC and the regulations of the local competent health authority.

XIV. Special Information

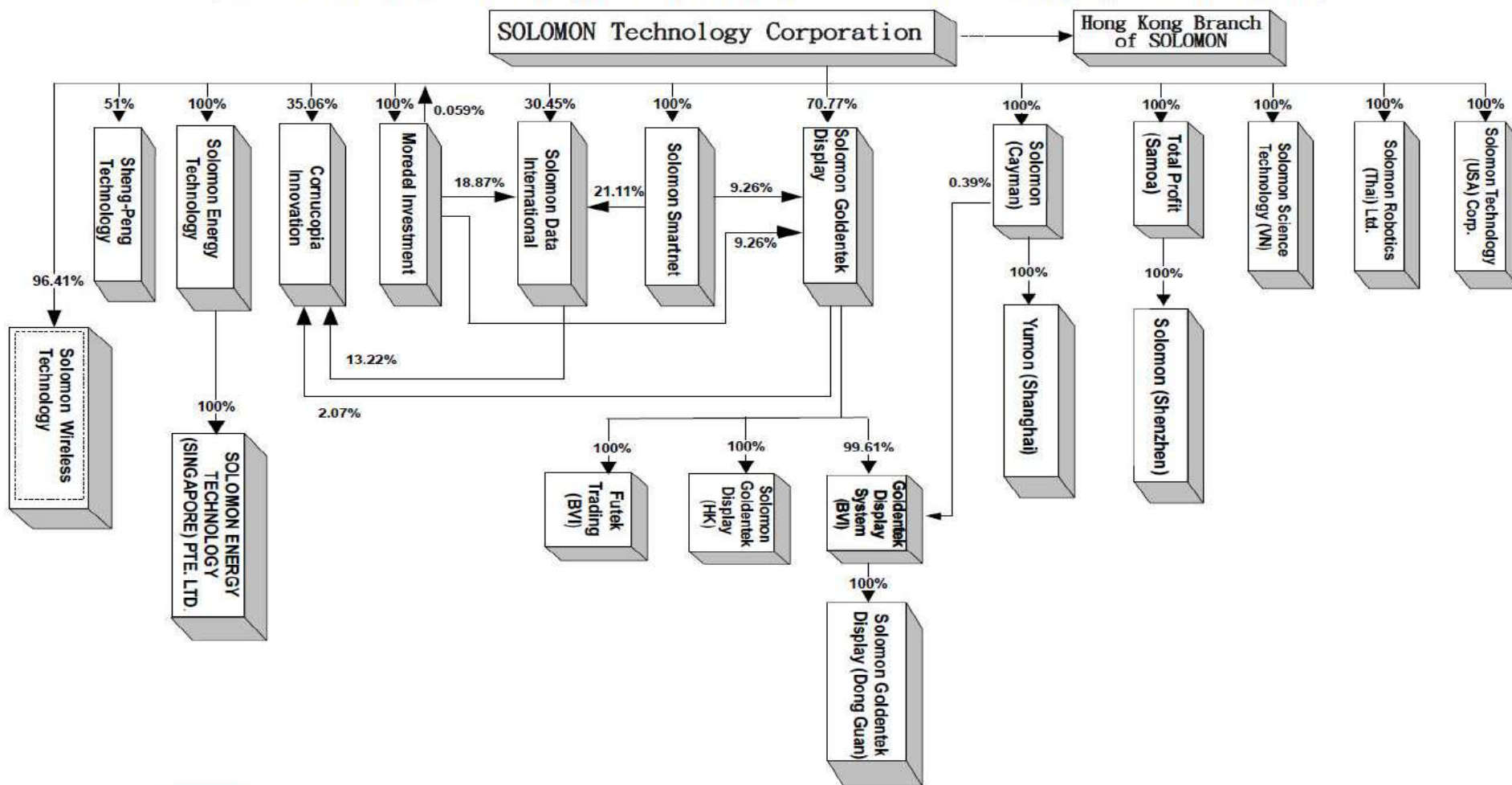
1. Information of Associates

(1) Consolidated business report of associates:

1. Overview of associates:

(1) Associate Organization Chart: December 31, 2022

SOLOMON Technology Corporation - Associate Organization Chart



(2) Basic information of associates:

Date: 2022.12.31; 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	IC CARD
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 \$ 14,736,130	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\$593,924,530	Manufacturing 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	Holding company
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	Holding company
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 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	Import and export of electrical power-related products
14	Solomon Science Technology (VN) Company Limited	April 27, 2018	4F, No.08, Ton That Thuyet, My Dinh 2, Nam Tu Liem, Hanoi Vietnam	USD500,000 (VND11,222,500,000)	Import and export of electrical power-related products
15	Cornucopia Innovation Corporation	May 2, 2018	11F.-1, No. 77, Liwen Rd., Zuoying Dist., Kaohsiung City	NTD149,000,000	Manufacturing of electronic parts and components
16	Solomon Technology (USA) Corp.	February 11, 2019	727 Brea Canyon Rd, Unit 15, Walnut CA 91789	USD1,250,000	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.)	NTD180,000,000	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)	SGD700,000	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	Energy storage construction projects

(3) Information of the directors, supervisors and general managers of associates:

Date: December 31, 2022; 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	14,736,130	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. 2022.6.12~2023.6.11	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: Chu Shu-E		
		Director	Representative of SOLOMON Technology Corporation: Chen Chin-Lung		
		Director	Representative of SOLOMON Technology Corporation: Yeh Sheng-Fa		
		Director	Representative of SOLOMON Technology Corporation: Lin Yu-Min		
		Supervisor	Representative of Sheng Xing Investment Co., Ltd.: Lin Pao-Tsun	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.: Hsu Ching-Hsin		
		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	229,499	1.11%
		Director	Representative of Solomon Smartnet Corp.: Liang Li-Jen	4,368,117	21.11%
		Director	Representative of Solomon Smartnet Corp.:		
		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.: Chu Shu-E	360,000	2.07%
		Supervisor	Representative of Solomon Goldentek Display Corp.: Chen Chuan-Chuan		

No.	Company name	Title	Name or representative	Number of shares held	Shareholding percentage (%)
16	Solomon Technology (USA) Corp.	Chairman	Chen Cheng-Lung	0	0
17	Solomon Energy Technology Corporation 2020.6.15~2023.6.14	Chairman	Representative of SOLOMON Technology Corporation: Chen Jan-Sun	18,000,000	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

2. Operating status of associates:
Financial position and operating result of associates:

Date: December 31, 2022; 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	276,391	199	276,192	0	(116)	27,185	1.36
2	Moredel Investment Corp.	284,609	322,361	125	322,236	0	(218)	11,758	0.41
3	Total Profit Holdings Ltd.	13,859	6,472	0	6,472	0	0	(1,456)	(1.05)
4	Solomon (Cayman) International Corporation	225,949	201,432	0	201,432	0	(262)	20,622	0.91
5	Solomon Trading (Shenzhen) Ltd.	11,814	9,710	3,249	6,461	3,019	(1,519)	(1,456)	(1.23)
6	Yumon International Trade Shanghai Limited Corporation	208,828	807,017	627,249	179,768	952,100	10,840	20,337	0.97
7	Solomon Goldentek Display Corp.	605,803	2,145,132	307,828	1,837,304	1,243,906	126,644	237,461	3.92
8	Goldentek Display System (BVI)Co., Ltd.	400,499	425,206	12	425,195	0	(12)	52,640	1.31
9	Futek Trading Company Limited	14,406	384	0	384	0	0	(8,081)	(5.61)
10	Solomon Goldentek Display(HK) Limited	7,547	607	223	384	0	(36)	(8,081)	(10.71)
11	Solomon Goldentek Display (Dong Guan) Ltd.	161,760	597,667	172,519	425,147	823,333	52,005	23,283	1.44
12	Solomon Data International Corporation	206,878	426,907	46,905	380,002	208,306	21,856	41,992	2.03
13	Solomon Robotics (THAI) Ltd.	8,214	7,156	1,437	5,719	0	(282)	(340)	(0.41)
14	Solomon Science Technology (VN) Company Limited	27,200	14,153	2,795	11,358	1,532	(3,909)	(4,143)	(1.52)
15	Cornucopia Innovation Corporation	174,000	135,605	21,422	114,183	50,781	(13,754)	(40,831)	(2.35)
16	Solomon Technology (USA) Corp.	54,074	18,980	7,067	11,913	11,469	(9,088)	(9,081)	(1.68)
17	Solomon Energy Technology Corporation	180,000	227,375	105,631	121,744	34,177	(18,594)	(26,713)	(1.48)
18	Solomon Energy Technology(Singapore) Pte. Ltd.	14,752	95,435	95,212	223	16,943	(6,828)	(6,485)	(4.40)
19	Sheng-Peng Technology Corp.	10,000	42,877	31,850	11,027	24,956	1,047	1,061	1.06

(2) Consolidated financial statements of associates: (Please refer to pp.176~255).

(3) Affiliation report: None.

2. Private Placement of Securities

Private placement of securities in 2022 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 2022 and as of the publication date of the annual report:

March 31, 2023; 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\$3,194 thousand	None	None	None

Note: Refers to the carrying value of the shares.

4. Other Additional Information Required

None.

XV. 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.