Stock Code: 5309

2023 Annual Report

Notice to readers

This English-version Annual Report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Data query website related to this annual report
(MOPS) Market Observation Post System website: mops.twse.com.tw
Company website: www.sysgration.com

Published on March 29, 2024

I. Spokesperson and Deputy Spokesperson

(1) Name of Spokesperson: Hsieh, Tung-Fu

(2) Title: General Manager

(3) Name of Deputy Spokesperson: Dai, Yi-Ying

(4) Title: Secretary of the Board of Directors

(5) Tel. (02)2790-0088

(6) E-mail: sys5309@sysgration.com

II. Headquarters and Plant

(1) Headquarters Address: 6F., No. 1, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City
Tel. (02)2790-0088

(2) Nankang Plant Address: No. 26, Gongye N. Rd. (Nankang Industrial Park), Nantou City, Nantou County
Tel. (049)226-3627

III. Share Transfer Agent

(1) Name: Grand Fortune Securities Co., Ltd.

(2) Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City

(3) Website: www.gfortune.com.tw

(4) Tel. (02)2371-1658

IV. Auditor

(1) Name of Auditor: Chih, Ping-Chiun, Chiu, Chao-Hsien

(2) Name of Accounting Firm: PricewaterhouseCoopers Taiwan

(3) Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

(4) Website: www.pwc.com.tw

(5) Tel. (02)2729-6666

V. Overseas Securities Exchanges

The Company does not issue foreign securities.

VI. Corporate Website: www.sysgration.com

Table of Contents

I. Letter To Shareholders ---------- 1

II. Company Profile ---------- 5

1. Date Of Incorporation ---------- 5
2. Company Milestones ---------- 5

III. Corporate Governance Report ---------- 8

1. Organization ---------- 8
2. Directors, Supervisors, And Management Teams ---------- 11
3. Remuneration Of Directors, Supervisors, General Manager, And Vice President In The Most Recent Years ---------- 18
4. Operation Of Corporate Governance ---------- 26
5. Information On CPA's Service Fees ---------- 96
6. Information Of Replacement Of CPA ---------- 96
7. Information To Be Disclosed Regarding Chairman, General Manager, Or Chief Manager In Charge Of The Financial Or Accounting Affairs Of The Company Who Has Worked For Auditing Accounting Firm Or Its Affiliated Companies Within The Last One Year ---------- 96
8. Change Of Shareholding And Pledge Of Directors, Supervisors, Executive Managers, And Shareholders Holding More Than 10% Of The Shares ---------- 96
9. Relationship Among The Top Ten Shareholders ---------- 97
10. Ownership Of Shares In Affiliated Enterprises ---------- 97

IV. Capital Overview ---------- 98

1. Capital And Shares ---------- 98
2. Corporate Bonds ---------- 101
3. Preferred Stocks ---------- 102
4. Overseas Depositary Receipts ---------- 102
5. Employee Stock Options ---------- 102
6. New Restricted Employee Shares ---------- 102
7. New Shares Issuance In Connection With Merger And Acquisition ---------- 102
8. Implementation Of The Financial Plan ---------- 102

V. Operation ---------- 106

1. Business Contents ---------- 106
2. Overview Of The Market, Production, And Marketing ---------- 118
3. Human Resource ---------- 125
4. Environmental Protection Expenditure Information ---------- 125
5. Labor Relation ---------- 125
6. Cyber Security Management ---------- 130
7. Significant Contracts ---------- 131

VI. Financial Overview ---------- 132

1. Financial Information -- 132
2. Five-Year Financial Analysis --- 136
3. Audit Committee Review Report--- 142
4. Consolidated Financial Statements For The Most Recent Year ---------------------------- 143
5. Parent Company Only Audited Financial Statements For The Most Recent Year--------- 143
6. If The Company And Its Affiliated Enterprises Have Financial Turnover Difficulties In The Most Recent Year And Up To The Date Of The Publication Of The Annual Report, The Company Shall State Its Impact On The Financial Situation Of The Company------ 143

VII. Review Of The Financial Status And Financial Performance, And Risk Management ---------- 144
1. Analysis Of The Financial Status--- 144
2. Review Of Financial Performance -- 145
3. Cash Flow --- 147
4. Impact Of Significant Capital Expenditure On Financial Operation In The Most Recent Year--- 147
5. Reinvestment Policy For The Most Recent Year, Main Reasons For Profit Or Loss, Improvement Plan, And Investment Plan For The Next Year ------------------------------ 147
6. Risk Assessment For The Most Recent Year And As Of The Publication Date Of The Annual Report --- 149
7. Other Important Matters --- 154

VIII. Special Disclosure-- 155
1. Related Information Of Affiliated Enterprises -- 155
2. Private Placement Issuance --- 159
3. Holding Or Disposing Of The Shares Of The Company By The Subsidiaries In The Most Recent Year And As Of The Publication Date Of The Annual Report --------------------------- 160
4. Other Necessary Additional Notes -- 160
5. For The Most Recent Year And Up To The Date Of Publication Of The Annual Report, The Occurrence Of Events That Have A Material Impact On Shareholder′ Equity Or Securities Prices As Provided For In Paragraph 2, Item 2, Article 36 Of Securities Exchange Act --- 160

IX. Appendix --- 161
1. 2023 Auditors’ Report and Consolidated Financial Statements------------------------------- 161
2. 2023 Auditors’ Report and Parent Company Only Financial Statements-------------------- 253

I. Letter to Shareholders

Dear Shareholders,

The Company's operating results in 2023 and operating outlook in 2024 are reported as follows:

1. 2023 Annual Operating Result Report

1.1 Operating situation

In 2023, we recorded a parent company only operating revenue of NT$3,223,292 thousand, an increase by 1.06% from NT$3,189,385 thousand in 2022. We also recorded a parent-only after-tax net profit of NT$255,484 thousand, a decrease from the after-tax net profit of NT$338,499 thousand in 2022. The parent company only after-tax basic earnings per share in 2023 was NT$1.41.

In 2023, we recorded a consolidated operating revenue of NT$3,278,708 thousand, a decrease by 3.69% from that of NT$3,404,355 thousand in 2022. We also recorded a consolidated after-tax net profit attributable to owners of the parent company of NT$255,484 thousand, a decrease from the consolidated after-tax net profit of NT$338,499 thousand in 2022, with a difference of NT$85,015 thousand. Our consolidated after-tax basic earnings per share in 2023 was NT$1.41.

1.2 Financial revenue, expenditure, and profitability analysis:

Parent Company Only Financial Statement　　　　Unit: NT$1,000

Item \ Year			2023	2022	Growth rate (%)
Financial revenue and expenditure	Operating revenue		3,223,292	3,189,385	1.06
	Operating margin		717,127	648,213	10.63
	Net profit (loss) after tax		255,484	338,499	(24.52)
Profitability analysis	Return on assets (%)		6.21	11.12	(44.15)
	Return on shareholder's equity (%)		10.39	21.50	(51.67)
	Ratio to paid-up capital (%)	Net operating profit (loss)	11.36	14.26	(20.34)
		Net profit (loss) before tax	13.42	20.15	(33.40)
	Net profit (loss) ratio (%)		7.93	10.61	(25.26)
	Net profit (loss) per share (NT$)		1.41	2.14	(34.11)

Consolidated Financial Statement Unit: NT$1,000

<table>
<tr><th colspan="3">Year / Item</th><th>2023</th><th>2022</th><th>Growth rate (%)</th></tr>
<tr><td rowspan="3">Financial revenue and expenditure</td><td colspan="2">Operating revenue</td><td>3,278,708</td><td>3,404,355</td><td>(3.69)</td></tr>
<tr><td colspan="2">Operating margin</td><td>810,868</td><td>804,551</td><td>0.79</td></tr>
<tr><td colspan="2">Net profit (loss) after tax – attributable to parent company</td><td>255,484</td><td>338,499</td><td>(24.52)</td></tr>
<tr><td rowspan="6">Profitability analysis</td><td colspan="2">Return on assets (%)</td><td>6.38</td><td>10.67</td><td>(40.21)</td></tr>
<tr><td colspan="2">Return on shareholder's equity (%)</td><td>10.39</td><td>21.50</td><td>(51.67)</td></tr>
<tr><td rowspan="2">Ratio to paid-up capital (%)</td><td>Net operating profit (loss)</td><td>10.18</td><td>18.10</td><td>(43.76)</td></tr>
<tr><td>Net profit (loss) before tax</td><td>13.44</td><td>20.15</td><td>(33.30)</td></tr>
<tr><td colspan="2">Net profit (loss) ratio (%)</td><td>7.79</td><td>9.94</td><td>(21.63)</td></tr>
<tr><td colspan="2">Net profit (loss) per share (NT$)</td><td>1.41</td><td>2.14</td><td>(34.11)</td></tr>
</table>

1.3 Research and development

R&D Product	Summary description (product specification or function)
The multi-frequency universal wireless tire pressure monitoring system	TPMS to be compatible with more than 99% of vehicles of the United States, Europe, and Japan 315~433MHz original factories by single design, for customers to greatly reduce their inventory and financial pressure.
BLE wireless tire pressure monitoring system	Intelligent TPMS for fleet management applications such as OE front-mounted and new-energy electric vehicles, motorcycles, pickup trucks, heavy trucks, and buses.
Automotive intelligent electronic control systems	Industrial IoT technology is used to integrate the traditional distributed electromechanical control systems of vehicles into a wireless digital central control system. 4G/5G cloud systems can also be used to remotely monitor vehicle status and provide self-driving and automation functions as required.
Industrial portable and wearable systems	By combining embedded high-performance computing systems with industrial application know-how and AI, portable and wearable systems that allow for high-performance computing in different fields are provided.
Industrial backup battery and energy storage system products	Development and integration of lithium-ion backup batteries for industrial UPS systems, AI cloud centers, and industrial energy storage equipment.

2. Summary Of 2024 Annual Operation Plan

In recent years, Sysgration Ltd. has been committed to the development of a tire pressure monitoring system (TPMS) as a vehicle safety component. In addition to actively expanding the US and Europe RF replacement market, Sysgration Ltd. globally initiated the Bluetooth BLE TPMS with multinational patents, successfully breaking into the OE market, and gradually mass- produced and shipped to internationally well-known vehicle manufacturers. In 2024, the Company will continue to expand its RF replacement market in the US and Europe, as well as continuously expand BLE TPMS applications in the US and Europe OE market, including such fleet management applications as new-energy electric vehicles, motorcycles, pickup trucks, heavy trucks, and buses. Since the Mainland Chinese government has required tire pressure detectors as a standard product for general passenger cars, and the US is also planning to install tire pressure detectors on trucks and large vehicles in the foreseeable future, the TPMS market has considerable room for development. Therefore, Sysgration Ltd. is also actively developing relevant agency partners in the United States, Europe, Japan, and Mainland China and promoting the market to major automakers and other fleet management applications around the world.

In addition, we have applied our technology and experience in Industrial IoT and embedded high-performance computing systems to automotive electronics. This has allowed us to successfully develop technical components of automotive intelligent electronic control systems, including industrial computers, in-vehicle electronic control systems, smart home appliance control, mobile apps, and cloud services. This system helps users control all in-vehicle functions and equipment through both the cloud and the central control panel. In 2024, the Company will not only continue to actively collaborate with carmakers and Tier-1 companies to increase market share, but also expand this technology to various types of vehicles and industrial applications in a proactive manner, such as marine electronic control systems, transportation fleet management, portable rugged computers, and VR/AR wearables.

In terms of energy products, we will expand the Company’s accumulated advantages in high power management and industrial energy storage technology, and widely promote BBUs (battery backup units) to cloud data center customers. Moreover, we will extend our experience in electric vehicle lithium-ion battery packs to UPS systems used in semiconductor plants, community energy storage systems, battery systems for SMR power supply for 4G and 5G base station communication, energy storage and voltage stabilizer systems for power plants, and other industrial applications.

3. Future R&D Direction Of The Company:

(1) Enhance the product function of multi-frequency single-machine universal tire pressure monitoring system.

(2) Expand the application of the world's initiative low-power Bluetooth BLE tire pressure detector in new-energy electric vehicles, motorcycles, heavy trucks, and buses.

(3) Expand the development of multiple types of automotive intelligent electronic control systems, portable industrial computers, VR/AR wearables, and other intelligent industrial applications.

(4) Enhance such lithium energy storage technology as the battery management system (BMS) and energy management system (EMS), and expand their applications in data centers, semiconductor factories, residential areas, power plants, and other industries.

The company will continue to actively cultivate and solicit R&D talents, be committed to product and quality system conformity with the requirements of international laws and regulations and international certifications, and follow the current laws and regulations related to the operating process of Taiwan and foreign investment countries, in the hope of responding to market condition changes and fully grasping changes in relevant laws and regulations in the face of the external competitive environment to prepare and implement appropriate measures. The management team is also aware of any changes in policies and regulations that may affect the Company's financial and business operations. In the face of rapid changes and challenges in both the domestic and foreign environments, the Company will pay more attention to the development and sales of new products and the acquisition of patent rights in order to contribute the maximum interest to shareholders. In this regard, we hope that shareholders can give us even more support and encouragement. All the staff must also work harder to respond to the Company and adhere to the business philosophy of integrity and earnestness, so that the Company can still grow in the changing environment. The management team will also handle variables with the most responsible attitude and the most active and prudent thinking, as in the past, to improve the performance and profit of the Company.

Finally, we would once more appreciate all the shareholders for their support, trust, and encouragement.

Chairman: Lee, Yi-Ren General Manager: Hsieh, Tung-Fu CFO: Tsai, Hsiu-Mei

II. Company Profile

1. Date Of Incorporation

The Company was established on October 14, 1977.

2. Company Milestones

(1) Company mergers and acquisitions: None.

(2) Reinvestment to affiliated enterprises: None.

(3) Restructuring: None.

(4) Mass transfer or replacement of shares belonging to directors, supervisors, or major shareholders holding more than 10% of the shares: None.

(5) Change of management rights, a major change in operation mode or business content, and other important matters affecting the shareholders' equity and their impact on the Company: None.

(6) Other Information:

October	1977 -	The Company "Sysgration Ltd." was incorporated
December	1988 -	The Xindian Plant No. 2 workshop was purchased.
December	1989 -	The industrial land located in Neihu and Nankang was purchased. The Neihu industrial land covers an area of 160 ping, and the Nankang industrial land covers an area of 6,000 ping which is earmarked for future business use.
December	1991 -	Building of the workshop on the Nankang Industrial Land commenced.
April	1993 -	Nankang Plant No. 1 was completed.
November	1994 -	Nankang Plant No. 2 was completed.
March	1996 -	The Company's stocks were listed on TPEx on March 18, 1996.
July	1997 -	The subsidiary Sysgration (Cayman) Ltd. was incorporated.
October	1997 -	Nankang Plant No. 3 was completed.
December	1997 -	Sysgration Technology (Shenzhen) Co., Ltd. was incorporated.
July	1998 -	The subsidiary Sysgration (B.V.I.) Ltd. was incorporated.
September	1998 -	The subsidiary Sysgration (SAMOA) Ltd. was incorporated.
September	1999 -	Sysgration (USA) Inc. was closed for business.
February	2003 -	The subsidiary Sysgration USA Inc. was incorporated.
December	2005 -	Merged with Origitech Co., Ltd., The Company was the surviving company, and Origitech was the dissolved company.
April	2007 -	Sysgration (B.V.I.) Ltd. was closed for business.

September	2012 -	To facilitate company operation and management, purchased from other shareholders the remaining 8.7% shareholding of Sysgration Technology (Shenzhen) Co., Ltd. through Sysgration (Cayman) Ltd. to reach 100% shareholding held.
October	2012 -	The Board of Directors decided to set up subsidiaries, Sysgration Technology (Samoa) Ltd., and Sysgration Technology (Zhenjiang) Co., Ltd. in Zhenjiang City, Jiangsu Province, China.
December	2013 -	Acquired 28.93% shareholdings of Etasis Electronics Corp.
May	2014 -	Acquired 98% shareholding of the subsidiary, Ancher Technology Co., Ltd.
May	2014 -	Merged with Ancher Technology Co., Ltd. The Company was the surviving company, and Ancher Technology was the dissolved company
May	2014 -	Sysgration Technology (Huizhou) Co., Ltd. was incorporated.
March	2015 -	Invested in Etasis (Dongguan) Co., Ltd.
August	2015 -	Invested in Leadman Electronics USA, Inc.
November	2017 -	Merged with Etasis Co., Ltd.
August	2018 -	The paid-up capital, after the capital reduction to make up for losses, was NT$1,511,547,090.
January	2020 -	Disposed all shareholdings of the key subsidiary, Leadman Electronics USA, Inc.
August	2020 -	Employee stock option conversion was exercised, with capital increased to NT$1,512,597,090.
October	2020 -	Issued the fourth domestic secured convertible corporate bond of NT$ 500 million.
November	2020 -	Employee stock option conversion was exercised, with the capital increased to NT$1,524,847,090.
January	2021 -	Employee stock option conversion was exercised, with the capital increased to NT$1,540,805,090.
June	2021 -	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,545,533,660.
February	2022 -	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,555,489,640.
May	2022 -	Employee stock option conversion was exercised, with the capital increased to NT$1,555,879,640.
September	2022 -	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,563,339,520.
November	2022 -	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,568,104,650.
November	2022 -	Issued common shares through private placement, with capital increased to NTD1,670,604,650.
February	2023 -	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,680,231,880.
April	2023	Issued common shares through private placement, with capital increased to NT$1,806,231,880.

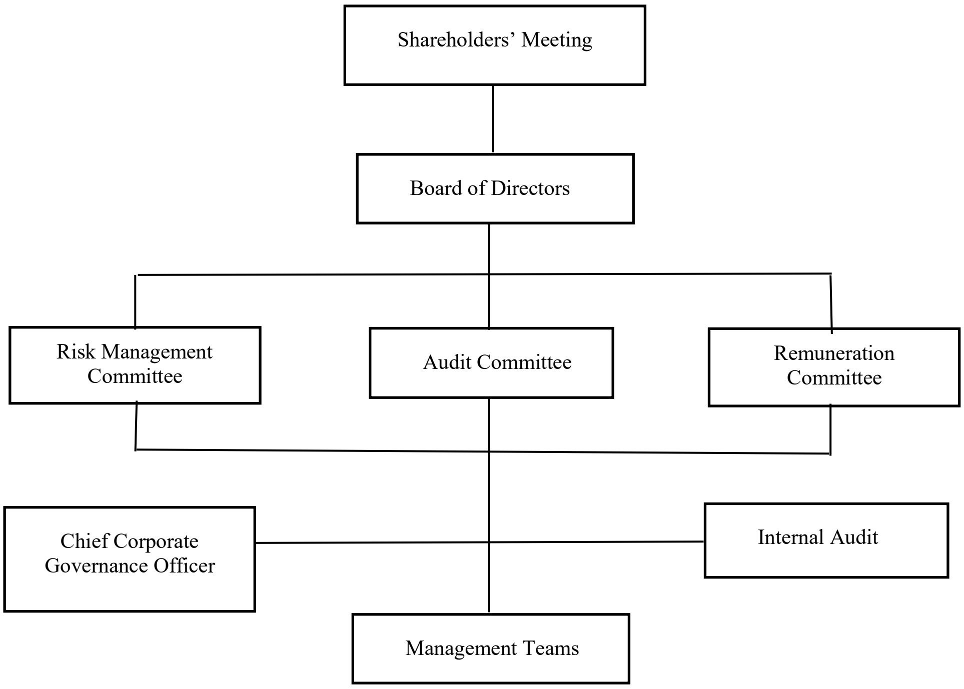
June	2023	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,811,793,500.
June	2023	Spun off the Energy Storage Business Unit to establish Power Tank Energy Ltd.
August	2023	Issued fifth domestic unsecured convertible corporate bonds in a total amount of NT 500 million.
August	2023	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,825,576,750.
December	2023	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,845,848,910.
February	2024	Employee stock option and convertible bonds conversion were exercised, with the capital increased to NT$ 1,901,785,970.

III. Corporate Governance Report

1 Organization

1.1 Organizational Chart

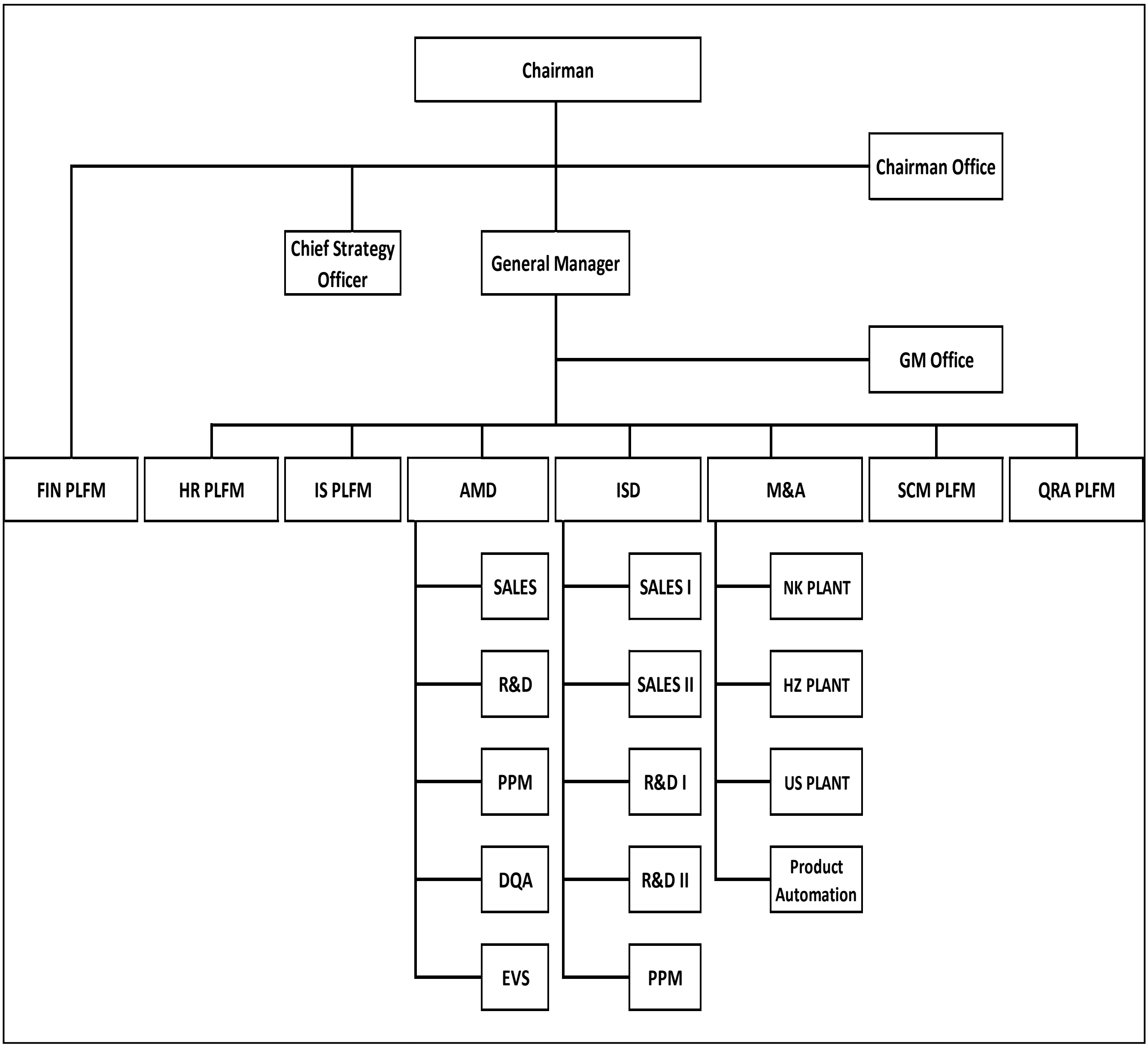
Company Governance Structure



Sysgration has long been committed to implement company management and operating strategies into our corporate governance. In order to enhance company's overall operation and board of directors' function, information transparency, we set up remuneration committee, audit committee, risk management committee to strengthen its supervision and management functions with highly disciplined and prudent attitude to exercise its duties and create best interests for all shareholders.

The general manager office is the principle coordinating unit for corporate governance related matters, with the corporate governance chief officer as well as internal audit unit to assist the general office in preparing and implementing corporate governance programs. In addition, to enhance interests of shareholders, information transparency and to assist the Board of Directors and functional committee performing their duties.

Organizational Chart



1.2 Major corporate functions

Department	Functions and Responsibilities
Internal Audit	To audit or spot check compliance of the Company's operation, management, and operation treatment to ensure internal control management compliance.
Chairman Office	To perform duties under the orders of the Chairman.
General Manager Office	To perform duties under the orders of the General Manager.
HR PLFM	Human resource management and organization development, provision for employee welfare, and building harmonious labor relations.
FIN PLFM	Financial analysis, accounting, statement preparation, variation analysis, capital scheduling and planning of the Company's tax, financial affairs, and investments, and monitoring the operations of the branches and subsidiaries.
SCM PLFM	Responsible for the supply chain planning and coordination to improve the Company's competitive advantage.
QRA PLFM	Responsible for the promotion, implementation, and review of quality policies to ensure the quality and reliability of products.
IS PLFM	To construct the whole Company’s safe high-speed information network system, towards the goal of the whole Company’s operation automation.
AMD	Responsible for the development and marketing of the intelligent electronic control system of camping vehicles and actively cooperating with other camping vehicle manufacturers in the USA to expand market share.
ISD	To lead ISD team, operate TPMS business, expand the market share, and create the highest profit for the Company.
Nankang Plant	Responsible for the production, incoming inspection, process inspection, process improvement, and production technology upgrade of electronic, power supply, and tire pressure monitoring system products.
Huizhou Plant	Responsible for tire pressure monitoring system production, incoming inspection, process inspection, process improvement, and production technology upgrading.
US Plant	To increase overseas production base and to improve the group's synergy.

2 Directors, Supervisors, And Management Teams

2.1 Directors and Supervisors

Information of Directors and Supervisors (1)

Unit: share, March 8, 2024

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note2)	Date Elected	Term of Office	Date of First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note 4)	Other Position	Executives, Directors, or Supervisors who are spouses or within second degree of kinship			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Lee, Yi- Ren	Male Age 61-70	20230427	3 years	20030610	12,661,210	8.38	12,880,210	6.77	2,782,097	1.46	6,804,673	3.58	MBA, JFK. Univ. Chairman, Hipro Elec. Co. Vice Chairman & General Manager, Chicony Elec. Co. Chairman, Winmate Inc.	Chairman, Sysgration (Zhenjiang) Director, Sysgration (Huizhou)	Director	Lee, Cheng-Han	Father and son	None
Director	Taiwan	Hsieh, Tung-Fu	Male Age 51-60	20230427	3 years	20130930	459,892	0.30	844,892	0.44	0	0.00	0	0.00	Ph.D., E.E., National Chiao Tung Univ. V.P., Altek Corp. V.P., Lite-On Technology Corp.	President, Sysgration Ltd. Supervisor, Sysgration (Zhenjiang) Chairman, Sysgration (Huizhou)	None	None	None	None
Director	Taiwan	Lee, Cheng-Han	Male Age 31-40	20230427	3 years	20140620	434,126	0.29	728,126	0.38	0	0.00	0	0.00	Master, Science in E.E. Univ. of Southern California Special Assistant of GM, Sysgration Ltd.	BU GM, Sysgration Ltd Director, Sysgration (Zhenjiang) Supervisor, Sysgration (Huizhou)	Chairman	Lee, Yi-Ren	Father and son	None
Director	Taiwan	Chen, Chih-Pin (Note 6)	Male Age 51-60	20200430	3 years	20200430	3,537	0.00	3,537	0.00	707	0.00	0	0.00	Ph.D. program, Shanghai Univ. of Finance and Economics MBA, St. Edward's Univ., Austin, Texas. V.P. & Spokesman Acon Investment Holding Co.	Independent Director, Hengs Solar V.P., Acon Holding Co. Chairman, Dezhen Tech. Chairman, Acon Green Energy Tech. Director, Acon Pure Co. Director, Eco Gas Tech Co.	None	None	None	None

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note2)	Date Elected	Term of Office	Date of First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note 4)	Other Position	Executives, Directors, or Supervisors who are spouses or within second degree of kinship			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	Tai, Feng-Yi (Note 7)	Male Age 61-70	20230427	3 years	20230427	0	0.00	600,000	0.32	0	0.00	0	0.00	Bachelor of Chien Hsin Univ. of Sci.& Tech. Chairman & CSO, Godex Int. Co., Ltd. Executive Director, Godex China. Division of Office Machines R&D Director, Taiwan Semiconductor Co., Ltd.	Chairman, Godex International Co., Ltd.	None	None	None	None
Independent Director	Taiwan	Lin, Kuan-Chao	Male Age 71-75	20230427	3 years	20170619	0	0.00	0	0.00	0	0.00	0	0.00	Master, Accounting National Chengchi Univ. Chief, PKF Taiwan	Supervisor, Prospect Tech. Independent Director, Luminescence Tech. Co.	None	None	None	None
Independent Director	Taiwan	He, Ju-Hsiang	Male Age 71-75	20230427	3 years	20200430	0	0.00	0	0.00	0	0.00	0	0.00	MBA, International Exchange Program Customer Service Deputy Manager, Taiwan Life	Independent Director, Polylite Taiwan	None	None	None	None
Independent Director	Taiwan	Wei, Che- Chen	Male Age 61-70	20230427	3 years	20170619	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor, Accounting National Chengchi Univ. Doctoral program, Guangzhou Sun Yat-Sen Univ. Chairman, Taiwan Life Ins. Securities Investment Trust Co. Chairman, Taiwan Int'l Securities Consulting Corp. President, TIS Securities Co.	Independent Director, EPS Bio-Tech. Co. Independent Director, Tradetool Auto Independent Director, Denso Corp.	None	None	None	None

Note 1: The corporate shareholder shall list the names and representatives of the corporate shareholders respectively (if it is a representative of the corporate shareholder, the name of the corporate shareholder shall be indicated) and shall fill in the following Table 1.
Note 2: Please list actual age in interval mode, such as 41~50 years old or 51~60 years old.
Note 3: The duration of first serving as the Director or Supervisor of the Company should be stated with a note if there is any interruption.
Note 4: If the experience is relevant to the current position, such as having worked in a certified accounting firm or at an affiliated company during the previous reporting period, his/her title and position of responsibility should be stated.
Note 5: If the Chairman and General Manager or the equivalent (top manager) are the same person, or they are spouses or first-class relatives, the Company should explain the reasons, reasonability, necessity, and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors should not be the employees or managers, etc.).
Note 6: Mr. Chen, Chih-Pin was dismissed due to the re-election of directors of the company on 2023/04/27.
Note 7: Mr. Tai, Feng-Yi appointed on 2023/04/27.

Table 1: Major shareholders of the institutional shareholders: Not applicable.

Table 2: Major shareholders of Table 1 institutional shareholders: Not applicable.

Information of Directors and Supervisors (2)

Directors' qualification and independent directors' independence condition disclosure:

Criteria / Name	Professional qualification and experiences (Note 1 and Note 4)	Independence condition (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lee, Yi-Ren	Chairman of Hipro Elec. Co. (1990-2002) Chairman of Winmate Technologies Co., Ltd. (2003-2017) Chairman of Sysgration Ltd. (2003 to now)	Lee, Yi-Ren Chairman is assigned by the company and assumes affiliate enterprise's director, and himself, spouse or by nominee arrangement of others, holding of shares reach 11.80% of issued shares and is one of top 10 shareholders of the Company.	None
Hsieh, Tung-Fu	Vice president of Lite-On Technology Corp, Ltd. (1999-2010) Vice president of Altek Corporation (2010-2012) General Manager of Sysgration Ltd. (2013 to now)	Hsieh, Tung-Fu director is assigned by the company and assumes affiliate enterprise's director, and holds 0.44% of issued shares.	None
Lee, Cheng-Han	Vice president, product marketing, of Etasis Co., Ltd. (2010-2013) Vice president of Sysgration Ltd. (2013 to now)	Lee, Cheng-Han director is assigned by the company and assumes affiliate enterprise's director, and holds 0.38% of issued shares.	None
Tai, Feng-Yi	Chairman, Godex International Co., Ltd. (1994 to now)	Tai, Feng-Yi director holds 0.32% of issued shares.	None
Lin, Kuan-Chao	Certified Public Accountant (1980 to now) Chief of Accounting firm PKF, Taiwan (2011 to now)	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of 〝Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies〞, which is conformed to independence condition.	2
He, Ju-Hsiang	Internal audit manager of BNP Paris (1984-1989) Vice president of American Commercial Banks Advance Department (1989-1994) Special assistant for Chairman of Taiwan Life Insurance Co., Ltd. (2000-2016)	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of 〝Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies〞, which is conformed to independence condition.	1
Wei, Che-Chen	Chairman of TLG Asset Management Co., Ltd. (2009-2011) Special committee Member of Taiwan Life Insurance Co., Ltd. (2011-2015) Chief Operation Officer of He Ding Asset Management Co., Ltd.	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of 〝Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies〞, which is conformed to independence condition.	2

Note 1: Professional qualification and experience: describe individual director and supervisor's professional qualification and experience, and please also state the accounting or financial backgrounds of audit Committee members, if have. Furthermore, clarify whether the aforementioned persons having conditions that stated in the Company Acts Article 30.

Note 2: Please describe independent director's condition, including but not limited to himself or herself, spouse, relative within second degree of kinship, whether serving as the Company or its affiliate enterprise's director, supervisor or employees; number of shares and ratio of himself or herself, spouse, relative within second degree of kinship (or using the names of others); whether serving as director, supervisor or employee of any company which has specific relations with the Company (please refer to sub-item 5~8 of Item in Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies〞); the amount of reward he or she gets in recent 2 years from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.

Note 3: Please refer to the best practical reference example in Taiwan Stock Exchange Corporate Governance Center website for the manner of disclosure.

Note 4: All the aforesaid directors do not have conditions that stated in the Company Acts Article 30.

Diversification and independence of Board of Directors:

A. Diversity of the Board of Directors:

Our Corporate Governance Best-Practice Principles requires diversity in the composition of the Board of Directors, where no more than one-third of the total number of directors may serve concurrently as managers, and where all directors must possess the knowledge, skills, and competencies necessary for different professional backgrounds, job areas and performance of their duties. To achieve the ideals and goals of corporate governance, diversity and the following abilities are required for the Board of Directors:

1. Ability in operational judgment.
2. Ability in accounting and financial analysis.
3. Ability in business management.
4. Ability in crisis management.
5. Industrial knowledge.
6. An international market vision.
7. Leadership ability.
8. Decision-making ability.
9. Ability in risk management.
10. Experience in corporate governance.

Implementation of the policy for diversity of the members of the Board of Directors:

Title	Chairman	Director	Director	Director	Independent director	Independent director	Independent director
Name	Lee, Yi-Ren	Hsieh, Tung-Fu	Lee, Cheng-Han	Tai, Feng-Yi	Lin, Kuan-Chao	Wei, Che-Chen	He, Ju-Hsiang
Gender	Male	Male	Male	Male	Male	Male	Male
Age	61-70	51-60	31-40	61-70	71-75	61-70	71-75
An employee of Sysgration	✓	✓	✓				
Length of service as independent director					7-9	7-9	4-6
Education and Work Experience Background							
Accounting/Finance/Management	✓				✓	✓	✓
Electronics/Electromechanics/Technology	✓	✓	✓	✓			
International marketing	✓	✓	✓	✓			
Securities/Finance						✓	✓
CPA					✓		
Professional and Industrial Experience							
Ability in operational judgment	✓	✓	✓	✓	✓	✓	✓
Ability in accounting and finance	✓				✓	✓	✓
Ability in business management	✓	✓	✓	✓	✓	✓	✓
Ability in crisis management	✓	✓	✓	✓	✓	✓	✓
Industrial knowledge	✓	✓	✓	✓			
International market vision	✓	✓	✓	✓			
Leadership ability	✓	✓	✓	✓	✓	✓	✓
Decision-making ability	✓	✓	✓	✓	✓	✓	✓
Ability in risk management	✓	✓	✓	✓	✓	✓	✓
Ability in corporate governance	✓	✓	✓	✓	✓	✓	✓

Management goals and current status of achievement:

Members of the Board of Directors of Sysgration are nominated and elected pursuant to the Articles of Incorporation under a candidate nomination system, where the educational and work experience of each candidate will be evaluated in accordance with the diversity policy stipulated by the "Regulations for Election of Directors" and the "Corporate Governance Best-Practice Principles" to ensure diversity and independence regarding the professional and industrial experience of every director. The goals we have set for diversity of the Board of Directors are that there must be at least one director who is professional or experienced in each of the areas of industry, finance, accounting, business management and international market vision, and that all directors are required to possess abilities in operational judgment, crisis management, leadership, decision-making, risk management and corporate governance. We also aim for independent directors accounting for at least one-third of all directors.

Based on our current operational scale and developmental needs, we have elected seven directors (including three independent directors), who are experts with professional backgrounds including electronics, technology, finance, accounting and business management, fulfilling the policy of diversity in the composition of the members of the Board of Directors. The following is the status of achievement of the goals of diversity of the Board of Directors:

(1) All of the seven current members of the Board of Directors have experience in serving as directors and supervisors at TWSE/TPEx listed companies and possess abilities in operational judgment, crisis management, leadership, decision-making, risk management and corporate governance, in line with the goal of abilities required for directors.

(2) Chairman Lee Yi-Ren, and the independent directors Lin Kuan-Chao, Wei Che-Chen and He Ju-Hsiang have educational experience in accounting or business administration, with the independent director Lin Kuan-Chao holding a CPA license. All of them possess abilities in accounting and finance, fulfilling the original goal that there must be at least one director experienced in each of the areas of accounting and finance.

(3) Chairman Lee Yi-Ren and the directors Hsieh Tung-Fu, Lee Cheng-Han and Tai, Feng-Yi have over 15 years of experience in the electronics industry and used to serve as top managers for the relevant business. They are professional and experienced in the areas of business management ability and international market vision, thus fulfilling the goal that there must be at least one director experienced in each of the areas of business management ability and international market vision.

(4) Chairman Lee Yi-Ren and the directors Hsieh Tung-Fu, Lee Cheng-Han and Tai, Feng-Yi have educational experience in electromechanics and electronics, and they are professional and experienced in the industry and products of Sysgration, fulfilling the goal that there must be at least one director experienced in the area of industrial knowledge.

(5) Independent directors account for 43% of all directors, fulfilling the original goal of having independent directors accounting for at least one-third of all directors. One of the independent directors has served for 4–6 years, while the other two have served for 7–9 years.

(6) The directors Lee Yi-Ren, Hsieh Tung-Fu and Lee Cheng-Han are also the employees of Sysgration, accounting for 43% of all directors.

In the future, we will make timely amendment to the diversity policy depending on the operations of the Board of Directors and our operational pattern and developmental needs, and we will move toward the goals of having at least one female director and adding directors who are professional and experienced in sustainable development, occupational safety and health, labor rights and law in order to strengthen diversity and supervise how Sysgration responds to the international trend in sustainable development.

B. Independence of Board of Directors:

The Company's Board of Directors consists of 7 directors, namely 3 independent directors, which accounts 43% of the seats. Currently not more than 2 members of the Board are with spousal relationship or relative relationship within the second degree of kinship and none of circumstances stated in Article 26-3, paragraph 3, item 3 and item 4 of Securities and Exchange Act are existed among board members. The board of directors devotes to supervise the company to observe the laws, keep financial transparency, disclose important information in real time, and make objective and independent judgments on company financials and operations. The Board's members' qualifications are already in compliance with regulatory requirements at the time of election.

2.2 Management Team

Unit: share, % As of March 8, 2024

Title (Note1)	Nationality	Name	Gender	Date Effected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note2)	Other Position	Managers who are spouses or within second degrees of kinship			Remark (Note3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Strategy Officer	Taiwan	Lee, Yi- Ren	Male	20220510	12,880,210	6.77	2,782,097	1.46	6,804,673	3.58	MBA, JFK. Univ. Chairman, Hipro Elec. Co. Vice Chairman & General Manager, Chicony Elec. Co. Chairman, Winmate Inc.	Chairman, Sysgration (ZJ) Director, Sysgration (HZ) Director, Sysgration Int. Inc. Director, Sysgration America Corp.	V.P.	Lee, Cheng-Han	Father and son	None
General Manager	Taiwan	Hsieh, Tung-Fu	Male	20130102	844,892	0.44	0	0.00	0	0.00	Ph.D., EE of National Chiao Tung Univ. V.P., Altek Corp. V.P., Lite-On Tech. Corp	Supervisor, Sysgration (ZJ) Chairman, Sysgration (HZ) Director, Leadray Energy Co., Ltd.	None	None	None	None
V.P.	Taiwan	Lin, Shih-Chi (Note 4)	Male	20230901	46,000	0.02	98,000	0.05	0	0.00	Master of Engineering of National Central University. Sale Manager. Delta Elec. Inc. Ex-director general., Taiwan Smart Energy Industry Association.	Director, Leadray Energy Co., Ltd.	None	None	None	None
V.P.	Taiwan	Lee, Cheng-Han	Male	20160329	728,126	0.38	0	0.00	0	0.00	Master, Science in E.E., Univ. of Southern California Special Assistant of GM, Sysgration Ltd.	Director, Sysgration (ZJ) Supervisor, Sysgration (HZ)	Chairman	Lee, Yi-Ren	Father and son	None
V.P.	Taiwan	Yeh, Chia-Fu	Male	20170724	104,000	0.05	0	0.00	0	0.00	Bachelor, Chemistry NTU Director of Tongda Tech. Director, Lite-On Clean Energy Tech. Co.	President, Sysgration (ZJ)	None	None	None	None
V.P.	Taiwan	Li, Fang-Mao	Male	20101105	10,075	0.01	1,000	0.00	0	0.00	Bachelor, Mechanics NTU of Sci. & Tech. GM, Zyxel Corp.Wuxi Plant	Director and President, Sysgration (HZ)	None	None	None	None
V.P.	Taiwan	Hsing, Chien	Male	20190909	0	0.00	0	0.00	0	0.00	Bachelor, Info. Management, Ming Chuan Univ. V.P., Ubiqconn Tech. Inc. BU Head, Advantech Co. V.P., A.D. Tech. Co.	None	None	None	None	None
V.P.	Taiwan	Wang, Yen-Cheng	Male	20220401	0	0.00	0	0.00	0	0.00	Department of International Marketing, California State University, Fullerton Sr. Sales Director, Dexin Co. Vice President, Ancher Technology Inc.	None	None	None	None	None
Director Manager	Taiwan	Wang, Hua-Wei	Male	20110701	34,378	0.02	400	0.00	0	0.00	Bachelor of Mechanics, Hwa Hsia Univ. of Tech. R&D Director, Sysgration Ltd.	None	None	None	None	None

Title (Note1)	Nationality	Name	Gender	Date Effected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note2)	Other Position	Managers who are spouses or within second degrees of kinship			Remark (Note3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director Manager	Taiwan	Wu, Jeng-Ru	Male	20150101	66,000	0.03	0	0.00	0	0.00	Bachelor of Electronics, Hwa Hsia Univ. of Tech. R&D Director, Shanghai Liyao Energy Co. Sr. R&D Manager, Lite-On Tech. Corp.	None	None	None	None	None
Director Manager	Taiwan	Lo, Mei-Lien (Note 4)	Female	20220301	0	0.00	0	0.00	0	0.00	Department of Public Administration and Management, Chinese Culture University Director of Human Resources, Super Micro Computer, Inc. Director of Human Resources, Infortrend Technology, Inc.	None	None	None	None	None
Director Manager	Taiwan	Tsai, Hsiu-Mei	Female	20170717	90,000	0.05	0	0.00	0	0.00	MBA, Univ. of Washington CFO, Taiwan Chinsan Elec. Co. CFO, TaiSol Elec. Co.	None	None	None	None	None
Director Manager	Taiwan	Li, Mu- Sen	Male	20191216	21,000	0.01	0	0.00	0	0.00	Bachelor of E.E., National Taiwan Univ. of Sci.& Tech. R&D Director, Jorjin Tech. Inc. CTO Automotive Products, Sef Tech Co. Manager, Wistron	None	None	None	None	None
Director Manager	Taiwan	Li, Tzu-Kuang (Note 4)	Male	20220822	0	0.00	0	0.00	0	0.00	MBA, Royal Roads University Director of Quality Assurance, Inventec Deputy CQO, Boe Technology Group Co., Ltd. CQO, Admiral Oversea Corporation	None	None	None	None	None
Director Manager	Taiwan	Tu, Chin-Hsien (Note 4)	Male	20230502	0	0.00	0	0.00	0	0.00	MBA, University of Pittsburgh Account Director, Hanns Touch Holdings Company Purchase Director, Admiral Oversea Corporation.	None	None	None	None	None

Note 1: The data for the General Manager, V.P., Director, heads of departments and branches should be included, and those whose positions are equivalent to a General Manager, V.P., Director, regardless of title, should also be disclosed.
Note 2: If the experience is relevant to the current position, such as having worked in the auditor's CPA firm or an affiliated company during the previous reporting period, his/her title and position of responsibility should be stated.
Note 3: If the General Manager or equivalent position to the top manager and the Chairman are the same person or are spouses or relatives within the first degree of kinship, the company should explain the reasons, reasonability, necessity, and corresponding measures (such as increasing the number of independent directors and more than half of the directors should not be employees or managers, etc...)
Note 4: Mrs. Lo, Mei-Lien resigned on 2023/06/13, Mr. LI, Tzu-Kuang resigned on 2023/05/31, Mr. Lin, Shih-Chi appointed on 2023/09/01, and Mr. Tu, Chin-Hsien appointed on 2023/05/02.

2.3 If the Chairman and General Manager or the top manager are the same person or are spouses or relatives within the first degree of kinship, the Company should explain the reasons, reasonability, necessity, and corresponding measures:

The Company's Chairman and General Manager are not relatives within the first or second degree of kinship.

3 Remuneration Of Director, Supervisor, General Manager and Vice President In The Most Recent Years

3.1 Remuneration of general director and independent director (disclosure of individual name and remuneration method)

Unit: NT$1,000; %; For the Year 2023 ended December 31

Title	Name	Director Remuneration								Total Amount of Items A, B, C, D and Ratio to Net Profit After Tax		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount of Items A, B, C, D, F, G and Ratio to Net Profit After Tax		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit-Sharing of Employee Bonus (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Lee, Yi-Ren	60	60	0	0	0	0	0	0	60 0.02%	60 0.02%	8,432	8,432	0	0	0	0	0	0	8,492 3.32%	8,492 3.32%	0
Director	Hsieh, Tung-Fu	60	60	0	0	0	0	0	0	60 0.02%	60 0.02%	6,136	7,189	108	108	0	0	0	0	6,304 2.47%	7,357 2.88%	0
Director	Lee, Cheng-Han	60	60	0	0	0	0	0	0	60 0.02%	60 0.02%	3,965	3,965	108	108	0	0	0	0	4,133 1.62%	4,133 1.62%	0
Director	Chen, Chih-Pin	200	200	0	0	0	0	0	0	200 0.08%	200 0.08%	0	0	0	0	0	0	0	0	200 0.08%	200 0.08%	0
Director	Tai, Feng-Yi	408	408	0	0	0	0	0	0	408 0.16%	408 0.16%	0	0	0	0	0	0	0	0	408 0.16%	408 0.16%	0
Independent Director	Lin, Kuan-Chao	600	600	0	0	0	0	0	0	600 0.23%	600 0.23%	0	0	0	0	0	0	0	0	600 0.23%	600 0.23%	0
Independent Director	He, Ju- Hsiang	600	600	0	0	0	0	0	0	600 0.23%	600 0.23%	0	0	0	0	0	0	0	0	600 0.23%	600 0.23%	0
Independent Director	Wei, Che-Chen	600	600	0	0	0	0	0	0	600 0.23%	600 0.23%	0	0	0	0	0	0	0	0	600 0.23%	600 0.23%	0

Note 1: According to the Articles of Incorporation, regardless of any profit or loss, all directors performing duties for Sysgration may claim travel allowance and remuneration, which will be paid, as authorized, by the Board of Directors taking into account the standard in the industry. Among the current directors, those who are also employees will be paid a monthly amount of NTD5 thousand as remuneration. The ordinary and independent directors who are not employees will be paid a monthly amount of NTD50 thousand as remuneration due to the responsibilities and risks they bear and after giving consideration to the time they have invested in corporate governance and the fact that independent directors also serve as members of the Audit Committee and the Remuneration Committee, taking into account the standard in the industry.

Note 2: According to the Articles of Incorporation, where Sysgration has a profit in a year, it shall allocate no more than 3% thereof as the remuneration for directors, provided that an amount thereof is retained to offset any accumulated losses Sysgration still has. The remuneration for each director is based on the level of his/her participation in and his/her contribution to the operations of Sysgration. Pursuant to the "Regulations for Evaluation of the Performance of the Board of Directors," a performance evaluation is conducted each year to review the performance of directors comprehensively based on items including their understanding of the goals and missions of Sysgration, the awareness of their responsibilities, the level of their participation in the operations of Sysgration, management and communication regarding internal relationship, the professionalism and continuing training of directors, and internal control. In 2023, no profit-sharing bonus was distributed to directors. As resolved by the Remuneration Committee and the Board of Directors on February 26, 2024, the Company appropriated NT$8,000,000 as directors' remuneration, which was 2.73% of the imputed profit for the current period.

Note 3: Severance Pay was defined contribution amount allocated, not the actual amount paid.

Remuneration Scale Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the Consolidated Financial Statements H	The Company	Companies in the Consolidated Financial Statements I
Under NT$1,000,000	Lee, Yi-Ren / Hsieh, Tung-Fu / Lee, Cheng- Han / Chen, Chih-Pin / Lin, Kuan- Chao / He, Ju-Hsiang / Wei, Che-Chen/ Tai, Feng-Yi	Lee, Yi-Ren / Hsieh, Tung-Fu /Lee, Cheng- Han / Chen, Chih-Pin / Lin, Kuan- Chao/He, Ju-Hsiang/Wei, Che-Chen/ Tai, Feng-Yi	Chen, Chih-Pin / Lin, Kuan-Chao / He, Ju-Hsiang / Wei, Che-Chen/ Tai, Feng-Yi	Chen, Chih-Pin / Lin, Kuan-Chao / He, Ju-Hsiang / Wei, Che-Chen/ Tai, Feng-Yi
NT$1,000,000 ~ NT$2,000,000	None	None	None	None
NT$2,000,000 ~ NT$3,500,000	None	None	None	None
NT$3,500,000 ~ NT$5,000,000	None	None	Lee, Cheng-Han	Lee, Cheng-Han
NT$5,000,000 ~ NT$10,000,000	None	None	Lee, Yi-Ren Hsieh, Tung-Fu	Lee, Yi-Ren Hsieh, Tung-Fu
NT$10,000,000 ~ NT$15,000,000	None	None	None	None
NT$15,000,000 ~ NT$30,000,000	None	None	None	None
NT$30,000,000 ~ NT$50,000,000	None	None	None	None
NT$50,000,000 ~ NT$100,000,000	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	8	8	8	8

Note 1: Director names must be listed separately (corporate shareholder is listed separately with legal representative), as well as general director and independent director, with payments being disclosed in a summary sheet. If a director is also the general manager or vice president, please fill the table (3-1), or (3-2-1) and (3-2-2) below.

Note 2: It means the remuneration of the director in the most recent year (including the director's salary, duty increment, severance pay, various bonuses, incentive payments, etc.).

Note 3: The remuneration for the director in the most recent year approved by the Board of Directors.

Note 4: The relevant business execution expenses of the director in the most recent year (including the travel fees, special expenses, allowances, accommodation, vehicle distribution, etc.). In the case of the provision of housing, motor vehicles, and other means of transport or personal expenses, the disclosure shall be made of the nature and cost of the assets provided, according to actual or fair market rent, oil cost, and other payments. If there is a driver, please note the remuneration paid by the Company to the driver but not included in the director's remuneration.

Note 5: The salary, duty increment, severance payment, various bonuses, incentive payments, travel expenses, special expenses, allowances, accommodation, vehicle distribution, and other material supplies received by directors concurrently (including concurrently as president, vice president, managers, and employees) in recent years. In the case of the provision of housing, motor vehicles, and other means of transport or personal expenses, the disclosure shall be made of the nature and cost of the assets provided, according to actual or fair market rent, fuel cost, and other payments. If there is a driver, please note the remuneration is paid by the Company to the driver but not included in the director's remuneration. In addition, the salary expenses recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of an employee stock option certificate, restricted employee rights new shares, and participation in cash capital increase for shares shall also be included in the remuneration.

Note 6: The concurrent director (including concurrently as president, vice president, managers, and employees) getting the employee payment (including stocks and cash) in recent years, which should reveal the employee payment approved by the Board of Directors in the most recent fiscal year; if unable to estimate the amount, the proposed assigned amount in this year shall be calculated according to the actual assigned amount ratio of last year, and it should be included in the Attached Table 1-3.

Note 7: The total remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 8: The total remuneration paid to each director by the Company is disclosed in the class to which they belong.

Note 9: The total remuneration paid by all companies (including the Company) to each director of the Company in the consolidated report shall be disclosed. The names of the directors shall be disclosed in the classes to which they belong.

Note10: Net income refers to the net profit after tax for the most recent year. For those who have adopted IFRS, the net income refers to the net profit after tax of parent company only financial statement in the most recent year.

Note11:
a. This column shall clearly state the amount of remuneration received by the directors in connection with the transfer of investment other than from the subsidiary.
b. If a director of the Company receives any remuneration related to the reinvestment business other than from the subsidiaries, the remuneration received by the director of the Company from the reinvestment business other than from the subsidiaries shall be incorporated into Column I of the remuneration scale, and the domain name shall be changed to "all reinvestment businesses."
c. Remuneration means the remuneration, reward (including remuneration of employees, directors, and supervisors), business execution expenses, and other relevant remuneration received by the Company's directors as directors, supervisors, or managers of the business transferred other than from the subsidiaries.

* The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act. Therefore, the purpose of this form is for disclosure purposes only and not for taxation purposes.

3.2 Remuneration of the Supervisor: The Company has set up the audit committee, so there is no supervisor remuneration.

3.3 Remuneration of the General Manager and Vice President (individually disclose name and method of remuneration)

Unit: NT$1,000 ; For the Year 2023 ended December 31

Title	Name	Salary (A)		Severance Pay (B) (Note 2)		Bonuses and Allowances (C)		Profit Sharing - Employee Bonus (D)				Total Amount of Items A, B, C, D and Ratio to Net Profit After		Remuneration from an Invested Company Other than the Company's Subsidiary or the Parent Company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Strategy Officer	Lee, Yi-Ren	17,948	22,726	594	684	11,365	11,365	0	0	0	0	29,907 11.71%	34,775 13.61%	0
General Manager	Hsieh, Tung-Fu													
Vice President	Lin, Shih-Chi (Note 1)													
Vice President	Lee, Cheng-Han													
Vice President	Yeh, Chia-Fu													
Vice President	Li, Fang-Mao													
Vice President	Hsing, Chien													
Vice President	Wang, Yen-Cheng													

*Those whose positions are equivalent to general manager or vice president (e.g.: president, CEO, chief supervisor, etc.) must be disclosed.

Note 1: Mr. Lin, Shih-Chi appointed on 2023/09/01.

Note 2: Severance pay is defined contribution amount allocated, not the actual amount paid.

Note 3: The remuneration disclosed above is different from the concept of income in the Income Tax Law. Therefore, the information is only for disclosure purposes not for taxation purposes.

Note 4: A manager of Sysgration is responsible for managing its affairs based on the business policies and key matters determined by the Board of Directors, and his/her appointment and discharge shall be subject to a resolution of the Board of Directors according to the Articles of Incorporation. The remuneration for a manager includes a fixed salary and bonuses. The fixed salary is based on his/her job grade, experience, professional competence and length of service and the standard of peer companies, while bonuses are associated with our performance targets, including the set targets for our revenue and profit, individual KPI achievement, ESG targets accomplishment and will be paid based on his/her performance and his/her contribution to our overall operations, subject to review and recommendation by the Remuneration Committee and a resolution of the Board of Directors.

3.4 Remuneration of the top five executives (disclosure of individual names and remuneration methods)

Unit: NT$1,000 for the year 2023 ended December 31

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Profit Sharing - Employee Bonus (D)				Total Amount of Items A, B, C, D and Ratio to Net Profit After Tax		Remuneration from an Invested Company Other than The Company's Subsidiary or the Parent Company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Strategy Officer	Lee, Yi-Ren	4,843	4,843	0	0	3,589	3,589	0	0	0	0	8,432 3.30%	8,432 3.30%	0
General Manager	Hsieh, Tung-Fu	2,521	3,574	108	108	3,615	3,615	0	0	0	0	6,244 2.44%	7,297 2.86%	0
Vice President	Lee, Cheng-Han	2,851	2,851	108	108	1,114	1,114	0	0	0	0	4,073 1.59%	4,073 1.59%	0
Vice President	Yeh, Chia-Fu	1,252	3,235	54	108	660	660	0	0	0	0	1,966 0.77%	4,003 1.57%	0
Vice President	Hsing, Chien	2,731	2,731	108	108	662	662	0	0	0	0	3,501 1.37%	3,501 1.37%	0

Note 1: Severance pay is the allocation amount, not the actual amount paid.

Note 2: The remuneration disclosed in this table is different from the income concept under the Income Tax Law. Therefore, this table is for information disclosure purpose only, and is not for taxation purpose.

Note 3: A manager of Sysgration is responsible for managing its affairs based on the business policies and key matters determined by the Board of Directors, and his/her appointment and discharge shall be subject to a resolution of the Board of Directors according to the Articles of Incorporation. The remuneration for a manager includes a fixed salary and bonuses. The fixed salary is based on his/her job grade, experience, professional competence and length of service and the standard of peer companies, while bonuses are associated with our performance targets, including the set targets for our revenue and profit, individual KPI achievement and will be paid based on his/her performance and his/her contribution to our overall operations, subject to review and recommendation by the Remuneration Committee and a resolution of the Board of Directors.

Remuneration Scale Table

Range of Remuneration	Name of General	
	The Company	All companies in the consolidated financial statements
Under NT$1,000,000	None	None
NT$1,000,000 ~ NT$2,000,000	Yeh, Chia-Fu	Lin, Shih-Chi
NT$2,000,000 ~ NT$3,500,000	Wang, Yen-Cheng / Hsing, Chien / Li, Fang-Mao	Wang, Yen-Cheng / Hsing, Chien
NT$3,500,000 ~ NT$5,000,000	Lee, Cheng-Han	Lee, Cheng-Han / Yeh, Chia-Fu / Li, Fang-Mao
NT$5,000,000 ~ NT$10,000,000	Lee, Yi-Ren / Hsieh, Tung-Fu	Lee, Yi-Ren / Hsieh, Tung-Fu
NT$10,000,000 ~ NT$15,000,000	None	None
NT$15,000,000 ~ NT$30,000,000	None	None
NT$30,000,000 ~ NT$50,000,000	None	None
NT$50,000,000 ~ NT$100,000,000	None	None
Over NT$100,000,000	None	None
Total	7	8

Note 1： The names of General Manager and Vice President shall be listed separately, to disclose the payments in a summary manner. If a director serves as booth General Manager or Vice President for the Company, please fill the sheet below and above (1-1) or (1-2-1) and (1-2-2).

Note 2： The salary, duty increment, severance pay of the General Manager and Vice President in the most recent year.

Note 3： The salary, duty increment, severance payment, various bonuses, incentive payments, travel expenses, special expenses, allowances, accommodation, vehicle distribution, and other material supplies received by the General Manager and Vice President in recent years. In the case of the provision of housing, motor vehicles, and other means of transport or personal expenses, the disclosure shall be made of the nature and cost of the assets provided, according to actual or fair market rent, oil cost, and other payments. If there is a driver, please note the remuneration paid by the Company to the driver but not included in the 'director's remuneration. In addition, the salary expenses recognized in accordance with IFRS 2, "Share-based Payment", including the acquisition of employee stock option certificate, restricted employee rights new shares, and participation in cash capital increase for shares shall also be included in the remuneration.

Note 4：The employee payment (including stocks and cash) of the General Manager and Vice President in recent years, which approved by Board of Directors; if unable to estimate the amount, the proposed assigned amount in this year shall be calculated according to the actual assigned amount ratio of last year, and it should be included in the Attached Table 1-3. net income refers to the net profit after tax in the most recent year. For those who have adopted IFRS, the net income refers to the net profit after tax of parent company only financial statement in the most recent year.

Note 5: The total amount of remuneration paid to the General Manager and Vice President of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: The total amount of remuneration paid to each General Manager and Vice President by the Company is disclosed in the class to which they belong.

Note 7: The total amount of remuneration paid by all companies (including the Company in the consolidated report shall be disclosed, and the names of the General Manager and Vice President shall be disclosed in the classes to which they belong.

Note 8: Net income refers to the net profit after tax in the most recent year. For those who have adopted IFRS, the net income refers to the income of parent company only financial statement in the most recent year.

Note 9: a. This column shall clearly state the amount of remuneration received by the General Manager and Vice President in connection with the transfer of investment other than from the subsidiaries

b. If a General Manager and Vice President of the Company receives any remuneration related to the reinvestment business other than from the subsidiaries, the remuneration received by the General Manager and Vice President of the Company from the reinvestment business other than from the subsidiaries shall be incorporated into Column E of the remuneration scale. The domain name shall be changed to "all reinvestment businesses."

c. Remuneration means the remuneration, reward (including remuneration of employees, directors, and supervisors), business execution expenses, and other relevant remuneration received by the Company's General Manager and Vice President as directors, supervisors, or managers of the business transferred other than from the subsidiaries.

＊The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act. Therefore, the purpose of this form is for the disclosure purpose only and not for taxation purposes.

Profit Sharing of Employee Bonuses to Executive Officers

December 31, 2023

	Title	Name	Employee Bonuses - in stock	Employee Bonuses - in Cash	Total	Ratio of Total Amount to net Profit After Tax (%)
Executive Officers	Chief Strategy Officer	Lee, Yi-Ren (Note 6)	0	0	0	0
	General Manager	Hsieh, Tung-Fu				
	Vice President	Lin, Shih-Chi (Note 6)				
		Lee, Cheng-Han				
		Yeh, Chia-Fu				
		Li, Fang-Mao				
		Hsing, Chien				
		Wang, Yen-Cheng				
	Director Manager	Lo, Mei-Lien (Note 5)				
		Wang, Hua-Wei				
		Wu, Jeng-Ru				
		Tsai, Hsiu-Mei				
		Tu, Chin-Hsien (Note 6)				
		Li, Mu-Sen				
		LI, Tzu-Kuan (Note 5)				

Note 1: The individual names and titles should be disclosed, but the profit distribution may be disclosed in a summary manner.

Note 2: The amount of remuneration (including stock and cash) approved by the Board of Directors to the managers in the most recent year. If it is impossible to estimate, the proposed distribution for this year will be calculated in proportion to the actual distribution from last year. Net income means the net profit after tax in the most recent year; for those who have adopted IFRS, the net income refers to the net profit after tax of parent company only financial statement for the most recent year.

Note 3: The scope of application for managers is as follows, in accordance with the Letter TCZSZ No. 0920001301 dated March 27, 2003:

(1) President and equivalent level
(2) Vice President and equivalent level
(3) Director manager or equivalent level
(4) Supervisor of a financial department
(5) Supervisor of an accounting department
(6) Other person who has the right to manage and sign for the Company

Note 4: If directors, Vice President, and Vice Presidents receive the employee remuneration (including shares and cash), they should fill in this form in addition to Attached Table 1-2.

Note 5: Mr. LI, Tzu-Kuang resigned on 2023/05/31, and Mrs. Lo, Mei-Lien resigned on 2023/06/13.

Note 6: Mr. Tu, Chin-Hsien appointed on 2023/05/02, and Mr. Lin, Shih-Chi appointed on 2023/09/01.

3.5 Comparative analysis of the ratios of total remuneration paid to the Company's Directors, Supervisors, General Manager, and Vice Presidents by the Company and all the companies in the consolidated financial statements for the most recent two years to net profit after tax, and description of the policies, standards, and combinations of compensation, procedures for determining the compensation, and their relevance to business performance and future risks.

Unit: NT$1,000

Year	2023					2022				
Title	Total Remuneration		Net Profit After Tax	Ratio of Total Remuneration to Net Profit After Tax (%)		Total Remuneration		Net Profit After Tax	Ratio of Total Remuneration to Net Profit After Tax (%)	
	the Company	All companies in the consolidated financial statements		the Company	All companies in the consolidated financial statements	the Company	All companies in the consolidated financial statements		the Company	All companies in the consolidated financial statements
Directors	2,588	2,588	255,484	1.01	1.01	2,145	2,145	338,499	0.63	0.63
General Manager and Vice Presidents	29,907	34,775		11.71	13.61	25,928	28,264		7.66	8.35
Total	32,495	37,363		12.72	14.62	28,073	30,409		8.29	8.98

(1) According to the Articles of Incorporation, regardless of any profit or loss, all directors performing duties for Sysgration may claim travel allowance and remuneration, which will be paid, as authorized, by the Board of Directors taking into account the standard in the industry. Among the current directors, those who are also employees will be paid a monthly amount of NTD5 thousand as remuneration. The ordinary and independent directors who are not employees will be paid a monthly amount of NTD50 thousand as remuneration due to the responsibilities and risks they bear and after giving consideration to the time they have invested in corporate governance and the fact that independent directors also serve as members of the Audit Committee and the Remuneration Committee, taking into account the standard in the industry.

(2) According to the Articles of Incorporation, where Sysgration has a profit in a year, it shall allocate no more than 3% thereof as the remuneration for directors, provided that an amount thereof is retained to offset any accumulated losses Sysgration still has. The remuneration for each director is based on the level of his/her participation in and his/her contribution to the operations of Sysgration. Pursuant to the “Regulations for Evaluation of the Performance of the Board of Directors,” a performance evaluation is conducted each year to review the performance of directors comprehensively based on items including their understanding of the goals and missions of Sysgration, the awareness of their responsibilities, the level of their participation in the operations of Sysgration, management and communication regarding internal relationship, the professionalism and continuing training of directors, and internal control. In 2022, the Remuneration Committee, Audit Committee and Board of Directors approved that no remuneration was distributed to directors.

(3) The relevant remuneration received by any director who is also an employee will be based on his/her job grade, the scope of his/her business and the result of periodic evaluation of his/her performance, with the salary, bonus or other employee remuneration received by him/her subject to approval by the Remuneration Committee and the Board of Directors.

(4) A manager of Sysgration is responsible for managing its affairs based on the business policies and key matters determined by the Board of Directors, and his/her appointment and discharge shall be subject to a resolution of the Board of Directors according to the Articles of Incorporation. The remuneration for a manager includes a fixed salary and bonuses. The fixed salary is based on his/her job grade, experience, professional competence and length of service and the standard of peer companies, while bonuses are associated with our performance targets, including the set targets for our revenue and profit, and will be paid based on his/her performance and his/her contribution to our overall operations, subject to review and recommendation by the Remuneration Committee and a resolution of the Board of Directors.

(5) Remunerations paid to the Company's Directors, general manager, and vice presidents by the Company in 2023 was higher than in 2022 due to increase of management team members

4 Operation of Corporate Governance

4.1 Operation of the Board of Directors

(1) Board of Directors

In the most recent year (2023), the Board of Directors held eight (8) meetings (A). The attendance of the directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remark
Chairman	Lee, Yi-Ren	8	0	100	None
Director	Hsieh, Tung-Fu	8	0	100	None
Director	Lee, Cheng-Han	8	0	100	None
Director	Chen, Chih-Pin	1	1	50	dismissed on 2023/4/27 2 meetings to attend
Director	Tai, Feng-Yi	6	0	100	Elected and appointed on 2023/04/27 6 meetings to attend
Independent Director	Lin, Kuan-Chao	8	0	100	None
Independent Director	He, Ju-Hsiang	7	1	88	None
Independent Director	Wei, Che-Chen	8	0	100	None

Other items:

A. Matters listed in Article 14-3 of the Securities and Exchange Act and resolutions of the Board of Directors' meetings which are opposed or subject to qualified opinions by the Independent Directors and recorded or declared in writing, shall be stated with the date, sessions, contents of the motion, all Independent Directors' opinions, and the Company's response to the Independent Directors' opinions:

The Company's Board of Directors' meeting in 2023 motions relating to the matters set forth in Article 14-3 of the Securities and Exchange Act are as follows:

Meeting Date	Motion Content	Opinions of Independent Directors and Response
2023.01.09 The 19th Meeting of 14th Session	1. Approval of the record date for capital increase from conversion of employees' stock warrants to common shares and from exchange of the fourth issue of domestic secured convertible bonds for issuance of new shares. 2. Adopted amendment of "Articles of Incorporation ". 3. Adopted revision of "2022 ESOP Subscription Measurements".	Approved Unanimously by All Independent Directors in Attendance.

Meeting Date	Motion Content	Opinions of Independent Directors and Response
	4. Adopted evaluation of the independence and competence of the auditing CPAs. 5. Reelection of Directors' matters. 6. Approved non-assurance services provided by PWC accounting firm. 7. Adopted employees list of stock options.	
2023.03.09 The 20th Meeting of 14th Session	1. Adopted "Internal control system effectiveness assessment" and "Statement of internal control system" of 2022. 2. Adopted the Company's 2022 annual profit and loss appropriation proposal. 3. Adopted the Company's account receivables overdue over 3 months had no intention to be considered as loans to others. 4. Adopted 2022 distribution proposal of employees' remuneration and directors' remuneration. 5. Adopted pricing and subscription period of 2nd run private placement. 6. Adopted nominated list of directors. 7. Adopted proposal for releasing the non-compete restriction on directors. 8. Adopted split of the Company's Energy Storage Business Unit. 9. The Company may carry out the stock release to "Power Tank Energy Ltd." at different times and waive the right to participate in that company's cash capital increase projects within one year upon completion of the registration of split or change.	Approved Unanimously by All Independent Directors in Attendance.
2023.05.09 The 1st Meeting of 15th Session	1. Approval of the record date for capital increase from conversion of employees' stock warrants to common shares and from exchange of the fourth issue of domestic secured convertible bonds for issuance of new shares. 2. Adopted change of company's registered address. 3. Adopted the Company's account receivables overdue over 3 months had no intention to be considered as loans to others.	Approved Unanimously by All Independent Directors in Attendance.
2023.06.20 The 2nd Meeting of 15th Session	1. Adopted increase investment of USA subsidiary. 2. Adopted issuance plan of 5th unsecured convertible bond.	Approved Unanimously by All Independent Directors in Attendance.

Meeting Date	Motion Content	Opinions of Independent Directors and Response
2023.07.21 The 3rd Meeting of 15th Session	Adopted USA subsidiary, Sysgration America Corporation, plant acquisition.	Approved Unanimously by All Independent Directors in Attendance.
2023.08.08 The 4th Meeting of 15th Session	1. Approval of the record date for capital increase from conversion of employees' stock warrants to common shares and from exchange of the fourth issue of domestic secured convertible bonds for issuance of new shares. 2. Approved the establishment of the "Risk Management Committee" and the Risk Management Committee Charter. 3. Approved the appointment of the members of the Risk Management Committee.	Approved Unanimously by All Independent Directors in Attendance.
2023.11.08 The 5th Meeting of 15th Session	1. Approval of the 2024 audit plan. 2. Approval of the record date for capital increase from conversion of employees' stock warrants to common shares and from exchange of the fourth issue of domestic secured convertible bonds for issuance of new shares. 3. Approved the provision of endorsement and guarantees to the bank financing facilities for the subsidiary, Power Tank Energy Ltd. 4. Approval the appointment of chief information security officer.	Approved Unanimously by All Independent Directors in Attendance.

B. If directors withdraw motions in conflict of interest, state with the names of the directors, the content of the motion, the reasons for avoidance, and the voting result.

Meeting Date	Name of Director	Motion content	Reasons for Avoidance and Voting Result
2023/01/09 The 19th Meeting of 14th Session	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted employees list of stock options.	Except for Chairman Lee, Yi-Ren, Director Hsieh, Tung-Fu, and Director Lee, Cheng-Han, who had other interests and needed to withdraw from the discussion and voting, the acting chairman, Independent Director Wei, Che- Chen, asked the other directors present and approved the motion without objection.
	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted 2022 year-end bonus release for managers。	

Meeting Date	Name of Director	Motion content	Reasons for Avoidance and Voting Result
2023/03/09 The 20th Meeting of 14th Session	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted bonus release for managers.	Except for Chairman Lee, Yi-Ren, Director Hsieh, Tung-Fu, and Director Lee, Cheng-Han, who had other interests and needed to withdraw from the discussion and voting, the acting chairman, Independent Director Wei, Che- Chen, asked the other directors present and approved the motion without objection.
2023/05/09 The 1st Meeting of 15th Session	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted compensation of executive managers.	Except for Chairman Lee, Yi-Ren, Director Hsieh, Tung-Fu, and Director Lee, Cheng-Han, who had other interests and needed to withdraw from the discussion and voting, the acting chairman, Independent Director Wei, Che- Chen, asked the other directors present and approved the motion without objection.
	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted project bonus release for managers.	
	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted 2023Q1 bonus release for managers.	
2023/08/08 The 4th Meeting of 15th Session	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted 2023Q2 bonus release for managers.	Except for Chairman Lee, Yi-Ren, Director Hsieh, Tung-Fu, and Director Lee, Cheng-Han, who had other interests and needed to withdraw from the discussion and voting, the acting chairman, Independent Director Wei, Che- Chen, asked the other directors present and approved the motion without objection.
2023/11/08 The 5th Meeting of 15th Session	Lee, Yi-Ren Hsieh, Tung-Fu Lee, Cheng-Han	Adopted 2023Q3 bonus release for managers.	Except for Chairman Lee, Yi-Ren, Director Hsieh, Tung-Fu, and Director Lee, Cheng-Han, who had other interests and needed to withdraw from the discussion and voting, the acting chairman, Independent Director Wei, Che- Chen, asked the other directors present and approved the motion without objection.

C. Information on the Board of Directors' self-assessment (or peer assessment), the scope, method, and content of the assessment:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	January 1, 2023 to December 31, 2023	An evaluation of the performance of the Board of Directors, individual directors and the functional committees.	The methods of internal evaluation include the self-evaluation of directors, the internal self-evaluation of the Board of Directors and the functional committees, and the resolutions of the Board of Directors.	The scope of evaluation of the performance of the Board of Directors includes the following five aspects consisting of 40 items: 1.Level of participation in the operations of Sysgration. 2.Improvement of the quality of decision-making by the Board of Directors. 3.Composition and structure of the Board of Directors. 4.Election and continuing training of directors. 5.Internal control. The scope of evaluation of the performance of individual directors includes the following six aspects consisting of 23 items: 1.Understanding of the goals and missions of Sysgration. 2.Awareness of the responsibilities of a director. 3.Level of participation in the operations of Sysgration. 4.Management and communication regarding internal relationship. 5.Professionalism and continuing training of directors. 6.Internal control. The scope of evaluation of the performance of the Audit Committee and the Remuneration Committee includes, respectively, 22 and 20 items under the following five aspects: 1.Level of participation in the operations of Sysgration.

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
				2.Awareness of the responsibilities of the Audit Committee. 3.Improvement of the quality of decision-making by a committee. 4.Composition and election of members of a committee. 5.Internal control.

Results of comprehensive evaluation:
We have completed the self-evaluation of the performance of the Board of Directors for 2023, and the result of evaluation was submitted in a report to the Board of Directors on January 17, 2024 as a basis for review and improvement. The overall average score of the self-evaluation of the performance of the Board of Directors was 4.94 (out of 5), and the overall average score of the self-evaluation of the performance of individual directors was 4.97 (out of 5), indicating that the overall performance of the Board of Directors has been good.
The overall average scores of the self-evaluation of the performance of the Audit Committee and the Remuneration Committee were, respectively, 4.96 and 4.96 (out of 5), indicating that their overall performance has been good. For 2023, the results of the self-evaluation and comprehensive evaluation of the performance of the Board of Directors, individual directors and the functional committees were all at or above the level of "Excellent" and have met our expectations.

D. The objectives to strengthen the functioning of the Board of Directors (e.g., setting up the audit committee, improving the information transparency, etc.) in current and recent years, and the assessment of the implementation:
   a. The Board of Directors of the Company operates in accordance with the laws and regulations, the Articles of Incorporation of the Company, and the resolutions of Shareholders' meeting to exercise its functions and powers. In addition to having the professional knowledge, skills, and qualities necessary for performing their duties, all the directors shall follow the principle of loyalty, integrity, and duty of care to create the maximum benefits for all shareholders.
   b. The Company has set up the Audit Committee and Remuneration Committee to assist in performing the duties and supervision of the Board of Directors. To improve the supervision function and strengthen the management function, the "Rules of Procedure for Board of Directors' meeting" has been formulated, containing the main discussion contents, procedures, items to be stated, announcements, and other matters that should be followed to establish a good system for the Board of Directors.
   c. According to the Regulations for Evaluation of the Performance of the Board of Directors, an evaluation shall be conducted by an external independent professional organization or an external team of experts or academics at least every three years. Our most recent external evaluation of performance was conducted in 2022, when we engaged "Da Lih Financial Consulting Co., Ltd." to conduct an evaluation of the effectiveness (including performance) of the Board of Directors. The company and its experts had not engaged in any business dealing with us and were independent, and it issued a report on the evaluation

of the effectiveness of the Board of Directors on January 12, 2023. The result of the foregoing external evaluation was submitted in a report to the Board of Directors on March 9, 2023, and its implementation is detailed as follows:

(a) Period of evaluation: January 1 to December 31, 2022.

(b) Method of evaluation: The aforementioned company reviewed the required documents provided by us for the evaluation. On January 9, 2023, experts from the company arrived at Sysgration for a field visit, during which they interviewed the directors Lee Yi-Ren, Chen Chih-Pin and Lee Cheng-Han, the independent director Lin Kuan-Chao, the chief corporate governance officer and the chief auditor.

(c) Content and scope of evaluation: The evaluation reviewed the operations of the Board of Directors in seven aspects, i.e., the members and structure of the Board of Directors, the quality of decision-making by the Board of Directors, the authority of the Board of Directors, the supervision of the Board of Directors, communication and delivery of information by the Board of Directors, risk management, and other.

(d) Summary of the result of external evaluation of the performance of the Board of Directors

I. Conclusion:

1. There are seven directors, and such number is appropriate. All directors are men, without any female director. There are three independent directors, accounting for at least one-third of all directors. The directors are professional in the areas of finance, accounting, technology and industry. The directors possess diverse backgrounds and specialties in educational and job experience, which have a positive effect on the quality of decision-making by the Board of Directors.
2. During January to December 2022, the Board of Directors held six meetings based on actual operational needs and necessity, with an attendance rate of 95%.
3. Regarding the supervision of subsidiaries, The Board of Directors have regularly obtained relevant financial information for examination and review, or we have conducted audits of subsidiaries.
4. Sysgration has established functional committees including the Audit Committee and the Remuneration Committee to strengthen the operations of the Board of Directors.
5. To improve our risk control, Sysgration has introduced a corporate risk management mechanism (including an intellectual property rights management policy) and established the “Policy and Procedures for Risk Management.” . Sysgration also has established the Information Security Committee to ensure the confidentiality and security of our assets, and periodically reported to the Board of Directors regarding the status of risk management and information security.

Overall, the performance of the Board of Directors is excellent.

II. Recommendation: When an election is held upon expiration of the term of directors in the future, it is recommended that the election of a director with a background in law, technology or risk can be considered. In addition, for gender diversity in the Board of Directors, it is recommended that members of the next term of the Board of Directors consist of at least one woman.

III. Response: We will stay committed to increasing the proportion of female directors and diversity in the Board of Directors.

4.2 Operation of the Audit Committee:

The professional qualifications of the members of the Audit Committee are as follows:

Name	Professional Qualifications and Experience
Lin Kuan-Chao	Master of Accounting, National Chengchi University Taipei City Licensed CPA (since 1980) Chairman, PKF Taiwan (since 2001)
Wei Che-Chen	Bachelor, Department of Accounting, National Chengchi University Chairman, Taiwan Life Asset Management (2009 to 2011) Senior Specialist, Taiwan Life Insurance Co., Ltd. (2011 to 2015)
He Ju-Hsiang	MBA, Asia Management College Manager for Internal Audit, BNP Paribas Taiwan (1984 to 1989) Vice President for Loans, Bank of America in Taiwan (1989 to 1994) Special Assistant to the Chairman, Taiwan Life Insurance Co., Ltd. (2000 to 2016)

The Audit Committee is composed of three independent directors, all of whom have educational experience in accounting or financial management. Lin Kuan-Chao is a practicing CPA holding a CPA license. Wei Che-Chen used to be the Chairman of Taiwan Life Asset Management. He Ju-Hsiang served as the Vice President for Loans at Bank of America in Taiwan and the Manager for Internal Audit at BNP Paribas Taiwan. All three members possess the work experience and professional skills necessary for finance and accounting-related business as required by law.

The Audit Committee has been established for the purpose of strengthening the supervisory functions of the Board of Directors and is responsible for supervising the fair presentation of our financial statements, the appointment (discharge), independence and performance of CPAs, the effective implementation of our internal control system, compliance with applicable laws and regulations, and the control of existing or potential risks. The main powers of the Audit Committee include:

1. Establish or amend the internal control system in accordance with Article 14 (1) of the Securities and Exchange Act.
2. Assess the effectiveness of the internal control system.
3. Formulate or amend the procedures for the acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, endorsing or providing guarantees for others, and the procedures of major financial business activities in accordance with Article 36-1 of the Securities and Exchange Act.
4. Handle the matters involving the director’s interests.
5. Handle the material transaction of assets or derivatives.
6. Handle the loans, endorsements, or provide guarantees for material assets.
7. Raise, issue or place the private placement securities.
8. Appoint and dismiss auditors.
9. Appoint or dismiss the finance, accounting, or internal audit directors.
10. Approve the annual audited financial report and approve the second quarterly financial report if certified and audited by the accountant.
11. Address other major matters stipulated by the Company or the competent authority.

In the most recent year (2023), the Audit Committee has held 7 meetings (A). The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remark
Independent Director	Lin, Kuan-Chao	7	0	100	None
Independent Director	He, Ju-Hsiang	6	1	86	None
Independent Director	Wei, Che-Chen	7	0	100	None

Other matters:

1. If the operation of Audit Committee has any of the following circumstances, the meeting date, session and content of audit committee meeting, independent director's opposition or subject to qualified opinions or major suggestion, as well as audit committee's resolutions and the Company's response to the opinion of the Audit Committee shall be stated.
   (1) The matters listed in Article 14-5 of the Securities Exchange Act.
   (2) Other matters, other than those mentioned above, which have not been approved by the Audit Committee but have been approved upon by more than two-thirds of all the directors.

The motions of the Company's Audit Committee in 2023 related to Article 14-5 of the Securities Exchange Act are listed below. The Audit Committee had communicated with the relevant attended personnel on the relevant motions. All the motions were approved by the present members. There was no opposition or subject to qualified opinions, and there was also no motion not approved by the Audit Committee and subject to consent by more than two- thirds of all the directors.

Meeting Date	Motion Contents	Independent Director's opposition or subject to qualified opinions or major suggestion	Opinions of Committee and the Company's Response
2023/01/09 The16th Meeting of 2nd Session	1. Adopted revision of "2022 ESOP Subscription Measurements". 2. Adopted evaluation of the independence and competence of the auditing CPAs. 3. Approved non-assurance services provided by PWC accounting firm. 4. Adopted employees list of stock options.	None	Approved by all members in attendance.
2023/03/09 The 17th Meeting of 2nd Session	1. Adopted "Internal control system effectiveness assessment" and "Statement of internal control system." Of 2022. 2. Adopted the Company's 2022 audited financial statements and business report. 3. Adopted the Company's 2022 annual profit and loss appropriation proposal. 4. Adopted the Company's account receivables overdue over 3 months had no intention to be considered as loans to others. 5. Adopted 2022 distribution proposal of employees' remuneration and directors' remuneration. 6. Approved the engagement of an independent expert to provide an opinion on the reasonableness of the	None	Approved by all members in attendance.

Meeting Date	Motion Contents	Independent Director's opposition or subject to qualified opinions or major suggestion	Opinions of Committee and the Company's Response
	division of the Company's Energy Storage Business Unit. 7. Adopted split of the Company's Energy Storage Business Unit. 8. The Company may carry out the stock release to "Power Tank Energy Ltd." at different times and waive the right to participate in that company's cash capital increase projects within one year upon completion of the registration of split or change.		
2023/05/09 The 1st Meeting of 3rd Session	1. Adopted the Company's 2023Q1 consolidated financial statements. 2. Adopted the Company's account receivables overdue over 3 months had no intention to be considered as loans to others.	None	Approved by all members in attendance.
2023/06/20 The 2nd Meeting of 3rd Session	1. Adopted increase of USA subsidiary investment amount. 2. Adopted issuance plan of 5th convertible bond.	None	Approved by all members in attendance.
2023/07/21 The 3rd Meeting of 3rd Session	Adopted USA subsidiary, Sysgration America Corporation, Plant acquisition.	None	Approved by all members in attendance.
2023/08/08 The 4th Meeting of 3rd Session	Adopted the Company's 2023Q2 consolidated financial statements.	None	Approved by all members in attendance.
2023/11/08 The 5th Meeting of 3rd Session	1. Approval of the 2024 audit plan. 2. Adopted the Company's 2023Q3 consolidated financial statements. 3. Approved the provision of endorsement and guarantees to the bank financing facilities for the subsidiary, Power Tank Energy Ltd.	None	Approved by all members in attendance.

2. If Independent Directors withdraw motions in conflict of interest, shall state the Independent Director's name, content of the motion, reason for the withdrawal, and the voting situation: no such situation exists.
3. Communication between the Independent Directors and the internal audit supervisor, and the CPAs (including the key issues of financial and business status of the Company, methods, and results of the communication).

(1) The Audit Committee of the Company shall be composed of all independent directors. It shall hold at least one meeting a quarter and may be convened at any time as necessary.

(2) Communication between the internal audit supervisor and the Audit Committee:

The Company's Audit Committee maintains good communication with internal audit supervisor. The main communication and interactions are as follows:

A. The internal audit supervisor shall attend each Audit Committee and Board meeting to report on the findings of the audit and the improvement progress of abnormal matters during the period, reply to any questions raised by the Independent Directors, and strengthen the audit work according to the instructions, to ensure the effectiveness of the internal control system and give full play to the supervision function.

B. Internal audit supervisor shall regularly report on any abnormal matters found in the audit to the Audit Committee, review the internal rules and regulations, and moderately revise the relevant measures to continuously optimize the operating process.

C. The meeting dates and matters communicated by the Independent Directors and the internal audit supervisor through the Audit Committee in 2023 were as follows. In addition to providing the audit progress report and deficiency tracking report to the Independent Directors for reference, the internal audit supervisor also report and reply to any questions raised by the Independent Director make improvements and follow up according to the suggestions made by the Independent Directors.

Date	Attendants	Communication items	Results
2023/01/09 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	1. 2022Q4 internal audit report. 2. Mainland subsidiary's 2022Q4 internal audit report.	Approved without objection.
2023/03/09 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	Discussion on Effectiveness assessment on 2022 internal control system and statement.	Approved without objection.
2023/05/09 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	1.2023Q1 internal audit report. 2.Mainland subsidiary's 2023Q1 internal audit report.	Approved without objection.
2023/08/08 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	1.2023Q2 internal audit report. 2.Mainland subsidiary's 2023Q2 internal audit report.	Approved without objection.
2023/11/08 Project Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	1. 2024 Audit Plan. 2. Audit implementation for overseas subsidiaries.	Approved without objection.
2023/11/08 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Chief Auditor: Liu, Hsueh-Ju	1.2023Q3 internal audit reports. 2.Mainland subsidiary's 2023Q3 internal audit report. 3.The 2024 audit plan.	Approved without objection.

(3) Communication between the CPAs and the Audit Committee:

The Company has organized meetings for the independent directors and auditing CPAs regularly every year, to communicate at completion stage annually or semi-annually, and to report to the independent directors as for auditing procedures, internal control deficiency findings, significant adjustment, and other material communication matters in financial statements. Communication between the CPAs and the Audit Committee in 2023:

Date	Attendants	Communication items	Results
2023/01/09 Pre-meeting Conference	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	Description of the Audit Quality Indicators (AQIs) for the last three years.	No violation against CPAs' independence and suitability found, according to the audit results.
2023/01/09 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	1. Description of the Audit Quality Indicators (AQIs) for the last three years. 2. Assessment of the independence and competence of the engaged CPAs.	No violation of independence found.
2023/03/09 Pre-meeting Conference	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	1. Types of audit activities conducted with regard to each constituent entity, and the level and materiality of participation in the audit activities conducted by auditors with regard to each constituent entity. 2. The type of audit report issued in 2022 was one with unqualified opinions. 3. The assessment of key audit matters, audit procedures of the CPAs, and audit result. 4. Whether there is any material adjusting entry. 5. Other matters for communication.	The audit result was considered fair and approved without objection.
2023/03/09 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	CPA's audit results for the 2022 consolidated and parent company only financial statements.	Approved without objection.
2023/08/08 Pre-meeting Conference	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	1. Types of audit activities conducted in 2023Q2 with regard to each constituent entity, and the level and materiality of participation in the audit activities conducted by auditors with regard to each constituent entity. 2. The review report issued for 2023 Q2 was of an unqualified opinion. 3. The assessment of key audit matters, audit procedures of the CPAs, and audit result. 4. No material adjusting entry. 5. Other matters for communication.	The audit result was considered fair and approved without objection.
2023/08/08 Audit Committee Meeting	Independent Directors: Lin, Kuan-Chao Wei, Che-Chen He, Ju-Hsiang Auditor CPA Chih, Ping-Chiun	Report on CPA's review results for the 2023Q2 consolidated financial statements.	Approved without objection.

Note 1: Before the end of a year, and if any independent director resigns, shall note his or her term date, actual attendance (%), which is calculated by audit committee meeting frequencies and his or her engagements during the term of office in remark column.

Note 2: Before the end of a year, and if any independent director is reelected, shall list the former and present independent directors and note separately with reelection date in remark column, whose actual attendance (%) is calculated by audit committee meeting frequencies and his or her engagements during the term of office.

4.3 The difference between the operation of corporate governance and the Code of Practice on Corporate Governance for Listed Companies and the reasons

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Corporate Governance for Listed Companies
	Y	N	Explanation	
1. Has the Company established and disclosed the code of practice on corporate governance in accordance with the Code of Practice on Corporate Governance for Listed Companies?	✓		The Company has established and disclosed the code of practice on corporate governance on its website, as well as relevant regulations for shareholders' equity safeguard, board of directors' function reinforcement, perform of audit committee function, regard of interested parties' rights, and promotion of information transparency.	Compliance with the Code of Practice on Corporate Governance without significant differences.
2. Company's equity structure and shareholders' equity				
(1) Has the Company established the internal operating procedures to deal with shareholder suggestions, doubts, disputes, and lawsuits and implemented them in accordance with the procedures?	✓		The Company has various internal operating procedures. Shareholders may contact the Company at any time by telephone, e-mail, or mail correspondence if they have any suggestions or doubts. If any dispute or lawsuit is true, they may notify the Company in accordance with the legal procedures. The Company will request its appointed legal counsel to assist in managing the matter.	Compliance with the Code of Practice on Corporate Governance without significant differences.
(2) Does the Company keep a list of the major shareholders who control the Company and the ultimate controllers of the major shareholders?	✓		The Company keeps a list of the major shareholders and the ultimate controllers of the major shareholders and shall report relevant information according to the provisions.	Compliance with the Code of Practice on Corporate Governance without significant differences.
(3) Has the Company established and implemented the risk control and firewall mechanism with affiliated enterprises?	✓		The Company has also set up proper organizational control framework, to supervise and manage subsidiary's major financial and business operations at all times and make regular checks on its relevant affairs in accordance with internal control system for maintaining effective corporate risk control and firewall mechanism.	Compliance with the Code of Practice on Corporate Governance without significant differences.
(4) Has the Company adopted the internal regulations to prohibit its insiders from trading securities by undisclosed information in the market?	✓		We have established the "Procedures for Management of Material Internal Information" and the "Procedures Governing the Prevention of Insider Trading," which specifically prohibit insiders from using non-public market information to trade securities. On October 18, 2022, the Board of Directors approved an amendment to the "Procedures Governing the Prevention of Insider Trading," adding the requirement that none of our directors may trade our shares during the closure period 30 days prior to publication of an annual financial report or 15 days prior to publication of a quarterly financial report. We also organize relevant awareness training sessions and sending alert emails each year.	Compliance with the Code of Practice on Corporate Governance without significant differences.
3. Composition and duties of the Board of Directors				
(1) Has the Board of Directors drawn up and implemented a diversity policy on the composition of its members?	✓		The Company has formulated and implemented the "Code of Practice on Corporate Governance" to draw up and implement a diversity policy on the Board's membership. Furthermore, the nomination and selection of the Board members shall be conducted following the provisions of the Articles of Incorporation of the Company. In addition to assessing the candidates' academic experience and qualifications, the "Code of Practice on Corporate Governance" and the "Method for Election of Directors" shall be observed to ensure the diversity and independence of the directors. The Company's board of directors shall possess abilities of operation judgement, accounting and financial analysis, operating management, crisis management, industry knowledge, global market view, leadership, decision- making capacity, risk management, corporate governance experience, and etc. to implement company's diversity principles, including gradually add board of directors members with corporate governance, environment sustainability, enterprise social responsibility, legal aspects concepts and backgrounds for better supervising and guiding the company's development under international trend. Furthermore, the company's directors have achieved diversity requirements, and it will continuously review and strengthen during re-election to meet the needs of future development.	Compliance with the Code of Practice on Corporate Governance without significant differences.

<table>
<tr>
<td>(2) In addition to the Remuneration Committee and Audit Committee, does the Company voluntarily set up other functional committees?</td>
<td>✓</td>
<td></td>
<td>In addition to establishing the Remuneration Committee and the Audit Committee in accordance with the law, in order to actively promote and implement a risk management mechanism, the Company set up the Risk Management Committee on August 8, 2023. The current Committee consists of three members, two of whom are independent directors. All three members have more than 20 years of experience in business management and risk management. Their educational and professional experience, as well as risk management capabilities, are as follows:
<table>
<tr><th>Title</th><th>Name</th><th>Professional Ability</th></tr>
<tr><td>Convener</td><td>Director
Hsieh, Tung-Fu</td><td>Industrial knowledge, business management, purchasing ability, international market vision and ability in corporate governance.</td></tr>
<tr><td>Committee Member</td><td>Independent Director
Lin, Kuan-Chao</td><td>Finance, accounting, business management and ability in corporate governance.</td></tr>
<tr><td>Committee Member</td><td>Independent Director
Wei, Che-Chen</td><td>Securities, finance, accounting, business management and ability in corporate governance.</td></tr>
</table>
The primary responsibilities of the Risk Management Committee are as follows:
1. Reviewing risk management policies.
2. Reviewing the adequacy of the risk management framework.
3. Reviewing material risk management strategies, including risk appetite or tolerance.
4. Reviewing management reports on material risk issues and supervising improvement mechanisms.
5. Regularly reporting the implementation of risk management to the Board of Directors.
The Risk Management Committee convenes at least once a year and may also hold meetings at any time, as needed. In 2023, the Risk Management Committee convened one meeting, with an attendance rate of 100%. The resolutions adopted at the meeting are as follows:
<table>
<tr><th>Meeting Date</th><th>Motion Content</th></tr>
<tr><td>2023/11/06
The 1 Meeting of 1st Session</td><td>1. Risk management operations in 2023.
2. Information security management in 2023.
3. Ethical management in 2023.
4. Legal risk and intellectual property management in 2023.</td></tr>
</table>
The proposals referred to above were passed unanimously by the attending members without any dissenting or qualified opinion from any member recorded or stated in written form.</td>
<td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td>
</tr>
<tr>
<td>(3) Has the Company formulated the performance evaluation methods and evaluation measures, conducted the annual performance evaluation, and reported performance evaluation results to the Board of Directors for reference in the salaries and remuneration of individual directors and the nomination for renewal of office?</td>
<td>✓</td>
<td></td>
<td>On January 14, 2021, the Board of Directors adopted the “Regulations for Evaluation of the Performance of the Board of Directors,” requiring that an internal evaluation be conducted at least annually and an external evaluation be carried out every three years.
The results of self-evaluation of the performance of the Board of Directors and the functional committees and the actions taken for improvement in 2023:
1.Period of evaluation: January 1 to December 31, 2023.
2.The result of evaluation of the performance of individual directors: The performance of directors has met our expectations.
3.The result of evaluation of the overall performance of the Board of Directors and the functional committees: The overall performance of the Board of Directors, the Remuneration Committee and the Audit Committee has met our expectations.
4.The results of evaluation of the performance of the Board of Directors, the Remuneration Committee and the Audit Committee were submitted in a report to the Board of Directors on January 17, 2024.
External evaluation of the performance of the Board of Directors in 2022:
In 2022, we engaged “DALEE Finance Consulting Co., Ltd.” to conduct an external evaluation of the effectiveness (including performance) of the Board of Directors. The company and its experts had not engaged in any business dealing with us and were independent. A report on the external evaluation of the Board of Directors was submitted to the Board of Directors on March 9, 2023, for review of its result and suggestions for improvement.
The above results of evaluation will be used as reference for the remuneration for individual directors and their nomination for re-election.</td>
<td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td>
</tr>
</table>

(4) Does the Company regularly evaluate the independence of the auditing CPAs?	✓		The Company evaluates the independence and competence of the auditing CPAs appointed and submits to the Audit Committee and the Board of Directors for approval annually. On January 17, 2024 the Audit Committee and the Board of Directors evaluated the independence and competence of CPAs Chih, Ping-Chiun and Chiu, Chao-Hsien of PricewaterhouseCoopers Taiwan. The main assessment procedures include: 1. Company evaluation: The Company, in reference to the framework of the "Audit Quality Indicators" (AQI), evaluated 13 indicators covering 5 scopes: professionalism, quality control, independence, monitoring, and creativity of the CPA, had the audit firm communicate with and report to the Audit Committee with regard to relevant data covered: *A. Audit Professionals:* including experience, training and continuing education, manpower turnover and professional support. *B. Audit Quality:* including workload, use of the work of specialists, Audit firms' internal quality review and planning capability. *C. Independence*: including ratio of non-auditing service fee to auditing fee and familiarity with client. *D. Enforcement and litigation*: including regulatory compliance and enforcement, and record of monitoring and remediation. *E. Innovation*: including competence, project management and commitment. In addition, we reviewed whether each of those two attesting CPAs meets each of the 16 evaluation items stipulated in the "Evaluation Form for the Independence and Suitability of the Attesting CPA" of the Company, and submitted the forms and results to the Audit Committee and the Board of Directors for their review. ① Is currently employed by the client to perform routine work for which he or she receives a fixed salary, or currently serves as a director or supervisor thereof. ② Has previously served for the client as a director, supervisor, managerial officer, or an employee with material influence over attestation, and has been separated from the position for less than two years. ③ Has a financial and business relationship other than the CPA business with the client. ④ Is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the client. ⑤ Himself or herself, or the spouse or a minor child thereof, has invested in the client, or shares in financial gains therewith. ⑥ Himself or herself, or the spouse or a minor child thereof, possesses shares, corporate bonds, or other negotiable securities of the client. ⑦ Himself or herself, or the spouse or a minor child thereof, has lent or borrowed funds to or from the client. ⑧ Provides management consulting or other non-attestation services that affect his or her independence. ⑨ Other relationships with related persons pursuant to the applicable regulations governing the preparation of financial reports adopted by the competent authority for the relevant industry. ⑩ Other situations where, pursuant to the regulations of laws or as proven by factual evidence, either party directly or indirectly controls the personnel, financial, or business affairs of the other party. ⑪ Practices under the name of another CPA. ⑫ Takes advantage of one's position as a CPA to engage in improper industrial or commercial competition. ⑬ Solicits business in an improper means. ⑭ Discloses the Company's financial and business secrets, or disclose other attestation clients' financial and business secrets to the Company. ⑮ Was disciplined by the competent authority in the past two years such that it could tarnish his or her reputation. ⑯ Was involved in a pending or concluded lawsuit in the past two years that could tarnish his or her reputation. 2. Self-assessment by the accounting firm: Through the certified public accountant law and rule of internal independence of the accounting firm, the inspectors in charge of the self-assessment and accountants shall assess themselves in compliance with the independent provisions. The firm shall issue the written documents to verify the independence of the accountant with respect to its evaluation contents and the results and submit them to the Audit Committee and the Board of Directors as the basis for evaluation. After evaluation, the situation where the Company did not change the attesting CPA for 7 consecutive years or where the attesting CPA was disciplined or losing independence does not exist.	Compliance with the Code of Practice on Corporate Governance without significant differences.

<table>
<tr><th></th><th></th><th></th><th></th><th></th></tr>
<tr><td>4. Does the listed company configure the corporate governance personnel of competency and in the appropriate number, and specifies the corporate governance director responsible for corporate governance-related matters (including but not limited to providing required data for directors and supervisors to perform business, assisting the directors and supervisors in following the law, carrying out the matters related to the meeting of the Board of Directors and Shareholders in accordance with the law, and making the minute records for the meetings of Board of Directors and Shareholders, etc.)?</td><td>✓</td><td></td><td>On May 11, 2021, the Board of Directors approved the appointment of the CFO Tsai Hsiu-Mei as the chief corporate governance officer, the top manager responsible for corporate governance affairs. As the top manager responsible for corporate governance affairs, she has at least three years of experience in serving as the manager in charge of financial affairs and shareholder services at a public company and has thus met the criteria of qualification. Her main responsibilities include managing affairs for Board of Directors meetings and shareholders’ meetings as required by law, coordinating and directing the preparation of minutes for Board of Directors meetings and shareholders’ meetings, assisting directors in taking office and continuing training, providing the information required for directors to perform their duties, assisting directors in ensuring compliance, and other matters stipulated by the Articles of Incorporation or contracts.
The status of governance in 2023 is as follows:
1. She managed affairs for 8 Board of Directors meetings and the 2023 annual shareholders’ meeting as required by law, and promptly provided the minutes of the Board of Directors meetings and the shareholders’ meeting to all directors after the meetings.
2. Amended the Company’s “Articles of Incorporation,” established a Risk Management Committee, and formulated the “Risk Management Committee Organization Rules,” and “Regulations Governing Operations Related to Finance and Business Between Related Parties” to improve the strength of corporate governance.
3. Assisted 7 directors to take 54 hours of continuing education courses in 2023; these hours of c complied with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”.
4. Provided the information needed for the directors to perform their duties and assisted them in complying with laws and regulations. The Company’s corporate governance in 2023 was implemented in accordance with laws and regulations, and no violations of laws or regulations occurred.
The status of continuing training of the chief corporate governance officer in 2023:
<table>
<tr><th>Training institution</th><th>Date</th><th>Course title</th><th>Hours</th></tr>
<tr><td rowspan="2">Accounting Research and Development Foundation</td><td>2023/05/31</td><td>Common Deficiencies in "Financial Report Review" and Important Internal Control Regulations</td><td>6</td></tr>
<tr><td>2023/09/06</td><td>Common Deficiencies in the Preparation of Corporate Financial Reports and the Practice of Compliance with Internal Audit and Internal Control Regulations</td><td>6</td></tr>
</table></td><td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td></tr>
<tr><td>5. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and designated section for stakeholders on the Company website to respond to key CSR issues concerned by interested parties properly?</td><td>✓</td><td></td><td>The Company has a spokesperson and deputy spokesperson system, and a specific section for stakeholders on the Company website. Shareholders, employees, customers, suppliers, and any important corporate responsibility issues or opinions are responded to by dedicated personnel to serve as a channel for communication with stakeholders. Brief descriptions of stakeholders’ concerned issues and communication channels are as described in summary (12) below.</td><td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td></tr>
<tr><td>6. Does the Company appoint a professional shareholder service agency to handle the shareholders' affairs?</td><td>✓</td><td></td><td>The Company's stock affairs and matters related to the shareholders' meeting are entrusted to professional shareholder agency, Grand Fortune Securities Co., Ltd. to handle.</td><td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td></tr>
<tr><td colspan="5">7. Information disclosure</td></tr>
<tr><td>(1) Has the company set up a website to disclose the information on its financial standing and corporate governance?</td><td>✓</td><td></td><td>The Company has a website in both Chinese and English, where it discloses the financial, business, and corporate governance information related to the Company.</td><td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td></tr>
<tr><td>(2) Does the Company implement other ways of disclosing information (such as setting up an English website, assigning a special person to collect and disclose the Company's</td><td>✓</td><td></td><td>The Company sets an English website to disclose financial, business, as well as corporate governance information, and also designates specific persons to collect and disclose company information, with its own spokesperson to state company financial and business conditions to the outside. Besides, corporate briefing information is published on company website as prescribed for investors’ understanding.</td><td>Compliance with the Code of Practice on Corporate Governance without significant differences.</td></tr>
</table>

information, implementing a spokesman system, and webcasting investor conferences)？				
(3) Does the company announce and report its annual financial report within two months after the end of each fiscal year, and announce and report the financial report of the first, second, and third quarters and the operating situation of each month before the prescribed time？	✓		The Company’s 2023 financial statements were announced and reported on 02/26/2024.The Company publishes the financial reports for the first, second, and third quarters and the annual financial reports and the operating situation of each month within the prescribed time limit.	Compliance with the Code of Practice on Corporate Governance without significant differences.
8. Is there other important information that helps to understand the status of the corporate governance operation of the Company (including, but not limited to, the employees' rights and interests, employee care, relations of investors and suppliers, rights of stakeholders, directors’ and supervisors’ further education, risk management policy and execution of risk measurement, execution of customer policy, and purchase of liability insurance for directors and supervisors of the Company, etc.)？	✓		Other important information to help to understand the operation of corporate governance is described in the following summary.	Compliance with the Code of Practice on Corporate Governance without significant differences.

Summary：

(1) Employee rights and interests: The Company holds regular labor and management meetings so that the employees' opinions can be valued and communicated effectively.

(2) Employee care: The Company has established a good relationship of mutual trust with its employees through various welfare systems, including education and training, and various activities organized from time to time.

(3) Investor relations: The Company’s website indexes the public data observation station, through which the investors can understand the Company's relevant information, and it has a spokesperson and deputy spokesperson system as the way to contact the Company.

(4) Supplier relations: The Company communicates with suppliers smoothly and communicates with integrity.

(5) Rights of stakeholders: The Company lists relevant contact information and windows on its website to protect the rights and stakeholders and maintain smooth communication channels.

(6) Continuing education for Directors: To strengthen the implementation of corporate governance, the Company actively encourages the directors to participate in continuing their education and discloses the information in the corporate governance area of the Open Information Observatory. Continuing Education for Directors of the Company in the Most Recent Year.

Title	Name	Organizer	Training course	Training hours	Total training hours	In compliance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”?
Director	Lee, Yi-Ren	Taiwan Institute of Directors	A New Era of Global Conflicts: Strategic Change & Transformation for Taiwanese Companies.	3	6	Yes
		Corporate Operating and Sustainable Development Association	Regional Revitalization and Enterprise to Create a New Milestone for ESG	3		
Director	Hsieh, Tung-Fu	Taiwan Corporate Governance Association	Legal Risks and Responses to Enterprise Investment and Financing - From the Viewpoint of Corporate Directors' Responsibilities	3	6	Yes
			Corporate Governance and ESG new era	3		

Director	Li, Cheng- Han	Taiwan Institute of Directors	A New Era of Global Conflicts: Strategic Change & Transformation for Taiwanese Companies.	3	6	Yes
		Taiwan Investor Relations Institute	How to Use the Intellectual Property Management System to Improve Corporate Governance	3		
Director	Tai, Feng-Yi	Corporate Operating and Sustainable Development Association	Regional Revitalization and Enterprise to Create a New Milestone for ESG	3	6	Yes
		Corporate Operating and Sustainable Development Association	Legal regulations and risk responsibilities that directors, supervisors and insiders must know in corporate governance	3		
Independent Director	He, Ju- Hsiang	Corporate Operating and Sustainable Development Association	Regional Revitaliztion and Enterprise to Create a New Milestone for ESG	3	9	Yes
		Taiwan Corporate Governance Association	Corporate sustainable governance essentials: Externalities diversified management	3		
			Valuation Introduction & Associated topics	3		
Independent Director	Lin, Kuan- Chao	CPA Associations R.O.C. (Taiwan)	Legal Due Diligence in Mergers and Acquisitions	3	15	Yes
			The Study of Anti-money Laundering Laws/ Regulations and their Practices for CPAs in Taiwan	3		
			Introduction to Environmental, Social and Governance	3		
			Investment Grade of Environmental, Social and Governance	3		
			Greenhouse Gas Inventory and ISAE 3410	3		
Independent Director	Wei, Che- Chen	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3	6	Yes
			Corporate Governance and Securities Regulations	3		

(7) Implementation of risk management policies and risk measurement standards：

The Company's Board of Directors had adopted its risk management organizational framework and "Risk Management Policies and Procedures" on 2021/10/26. The Company reported its 2022 implementation of risk management to the Board of Directors on 2023/11/08 meeting.

In 2023, after identification, measurement and assessment, the primary sources and scope of possible risks include supply chain risks, operational risks, information security risks and management of intellectual property. The following measures have been taken for management of such risks:

A. Supply chain risks

Our primary measures include building safety stock with suppliers, keeping constant track of the status of production by suppliers, concluding purchase contracts and MOUs guaranteeing supplies, engaging in direct transactions, allocating materials for the factories in Taiwan and Mainland China on a flexible basis, and making early preparations according to customer needs. These measures, designed to ensure smooth supplies, keep stable purchase prices and control supply chain risks in response to the problems of raw materials shortage and rising costs faced by us, are described as follows:

1. Direct transactions: We establish a relationship with the main suppliers of key parts and components for direct transaction and acquisition of resources.
2. Ensuring stable supply of raw materials: To ensure smooth supplies, we conclude relevant contracts and MOUs guaranteeing supplies and, at the same time, search for alternative supply sources and market sources of available goods.
3. Ensuring stable prices of raw materials: To ensure stable prices of raw materials, we obtain customer commitments for stock or price difference with regard to materials of special specifications or high unit prices.
4. Building safety stock and placing early orders: For key parts and components and our main models, we maintain safety stock that lasts 1.5 to 2 months; for materials with a long delivery time, we place orders with our suppliers based on a forecast of demand for the next 3 to 6 months.
5. Keeping constant track of the status of production by suppliers: We follow up on daily output reports and coordinate with the customers and OEMs via periodic conference calls to ensure stable production.

B. Operational risks

1. Shortage of labor: We have continued to work with external employment agencies to employ short-term workers as a solution, and we have been seeking an additional workforce through various channels, e.g. the 104 Job Bank, government employment programs, cooperative education programs at universities, the labor market in Mainland China, referral by employees and indirect support from employees. Moreover, we

have gradually introduced automated production lines and made optimized adjustments to our salary structure and employee benefits to attract more talents, aiming to solve the problem of labor shortage with a multi-pronged approach.

2. Power interruption during peak hours：

①Establish a night shift mechanism to reduce the impact of power interruptions with flexible adjustment plans.

②Existing solar power planning and introduction for plant use.

③Energy storage cabinets are scheduled to be officially launched before the end of the year. These cabinets will store electricity at night off-peak hours for use during daytime peak hours.

C. Information security risks

Among other measures, implementation achievements in 2023 included, in addition to the Group's automatic backup and audit management of outgoing emails, introduction of a cloud environment, mobile storage device control, network behavior records and instant communication records, new cloud-based endpoint protection, the Group's unified anti-virus and anti-hack policy, and the establishment of a network backup mechanism. ISO 27001 is expected to be introduced in the future for asset protection, security control classification, group vulnerability scanning, simulation of external attacks, and regular inspections.
Additionally, we will patch hidden vulnerabilities on endpoints, and continue to rigorously refine information security management, to comprehensively strengthen the Company's information protection. In order to enhance employees' awareness of information security and reduce company security risks, the Company conducts regular information security education and awareness activities, continues to improve and maintain the Company's information security defense mechanisms, and strengthens the implementation of information security through education and training, in order to provide safer and more reliable services.
The implementation was as follows：

Information Security Management Items	Implementation Outcomes	Implementation
Systems and measures Educational training	1.Number of persons taking part in information security education and training (including online learning).	3 persons
	2.Promoted information security policy, regulations, information security awareness.	12 times
Network security protection	1. System breaches	No. of threats/infections： 7 / 0
	2. Effective blocking of threats of external breach	No. of threats/infections： 27 / 0
	3. Effective defense against office equipment/Mainframe system viruses	No. of threats/infections： 944 / 0
Disaster backup and contingency	1. Perform backup and recovery drills	2 times
	2. Backup and Recovery: Production and Operations Critical Systems	<4 hours
	3. Data loss	<4 hours

D. Management of intellectual property

To maintain the competitive advantages of our products and protect our R&D results, we have established a comprehensive set of intellectual property management system and R&D roadmap for our products in line with our operating goals. Through the implementation of an internal review mechanism and a reward system, the management of trademarks and the training of talents, we seek to protect our R&D results and keep our technologically leading position. As of the end of 2023, the cumulative number of patents approved worldwide is 700, along with 96 patent applications and 34 approved trademarks.

1. Through the Intellectual Property Committee, we have established a system for review and approval based on the quality of patent applications and the strategies of patent planning, enabling us to continue receiving high-quality patent protection and gradually create solid intellectual property rights.
2. To encourage bold attempts and innovations on the part of our employees, we have established the "Regulations for Patent Application and Reward" to offer timely rewards to patent applicants and employees who have received patents.
3. To ensure the validity of our trademark rights, we have categorized and created a list of all trademarks owned by us for periodic review of their relevant legal durations and their maintenance and assessment.
4. To increase our employees' awareness of trade secrets, information protection and patent rights and strengthen the management of our intellectual property, attendance in online or physical internal training sessions on intellectual property management had reached 767 person hours as of the end of 2023.

(8) Implementation of consumer protection policies: The Company has sale force team responsible for providing services to customers to ensure a timely response to customers' needs.

(9) Situation of the Company-purchased liability insurance for the directors: The Company has purchased the liability insurance for the directors.

Item	Insured Object	Insurance Company	Insured period
1	All the directors	Nan Shan General Insurance Company	From July 1, 2022, to July 1, 2023
2	All the directors	Nan Shan General Insurance Company	From July 1, 2023, to July 1, 2024

(10) Succession planning for the members of the Board of Directors and important management:

In 2023, to train officers who are likely to become future members of management, we organized training sessions for a total of 150 hours covering a variety of topics including sustainability, corporate governance, GHG management, business management, quality management, legal affairs, intellectual property rights, insider stock ownership and insider trading laws and regulations, trade secrets, information security, Code of Conduct for Responsible Business Associations, and health care management.

(11) Training of insiders on laws governing securities trading:

1. On September 13, 2023, we promoted the “Laws and Regulations and Requirements Applicable to the Change of Shareholding of Insiders” to directors and managers via email.
2. The Company’s “Procedures Governing the Prevention of Insider Trading” explicitly stipulates that none of our directors may trade our shares during the closure period 30 days prior to publication of an annual financial report or 15 days prior to publication of a quarterly financial report. The Company reminded the directors by e-mail before the announcement of the financial report that they should not trade during the closure period. There were no transactions by directors during the closure period in 2023.

(12) Information regarding communication with stakeholders was submitted in a report to the Board of Directors on November 8, 2023. The issues concerning each type of stakeholders and the channels of communication with them are described as follows:

Stakeholders	Issues of concern	Form and frequency of communication	Channels of communication	Our responses
Shareholders and Investors	1. Corporate Governance 2. Ethical Corporate Management 3. Economic Performance	1.Shareholders’ meeting (annual) 2.Investor conference (quarterly) 3.Publication of operating revenue (monthly) 4.Market Observation Post System (MOPS, real-time update) 5.Our website (real-time update) 6.Sustainability report	1.annual shareholders’ meeting held. 2. investor conferences held. 3.Our financial and business information is periodically disclosed on the MOPS and our website. 4.We have appointed a spokesperson and a deputy spokesperson to give timely responses regarding the issues concerning investors. 5.We have published the Chinese and English versions of the 2022 ESG report on the MOPS and our website. 6.Contact: Deputy Spokesperson Dai Yi-Ying Telephone: (02) 2790-0088 Email: sys5309@sysgration.com	1.We have continued to improve our operating performance. 2.We will continue to communicate our business growth strategies and prospects of profitability to investors at each quarterly investor conference. 3. 2022 ESG report was nominated 4 items and awarded the Bronze Medal of Asia’s Best SDG Reporting of 9th Asia Sustainability Report Awards(ASRA).
Customers	1.Customer Privacy and Information Security 2.Product Quality and Safety 3.Greenhouse Gas Emissions	1.Customer visits and review meetings (non-periodic) 2.Customer satisfaction survey (annual) 3.Our website (non-periodic) 4.Customer and supplier meeting (non-periodic)	1. We completed 1 annual survey of the satisfaction of important customers. 2. We disclose the latest product technologies on our website. 3. We attend the technology forums of important customers to give reports on our R&D results. 4. We regularly attend the customer and supplier meeting each year. 5. In accordance with the requirements and audits of our customers for products, environment and labor rights, we cooperate with them in preventing relevant risks and are committed to continually enhancing our ESG activities. 6. Contact: Telephone: (02) 2790-0088 Email: sales@sysgration.com	1.We will provide timely services for design, engineering and customization to help our customers quickly acquire complete, timely information. 2.We have added automated production lines to increase the production volume of our products and the stability of their quality. 4.We will continue to engage in R&D and enhance the protection of our product patents. 5.We will enhance our investment in and management of information security software and hardware to ensure proper protection of the privacy and information of our customers.
Employees	1.Employment Relations 2.Occupational Health and Safety 3.Training and Education	1.Labor–management committee meeting (quarterly) 2.Employee Welfare Committee meeting (non-periodic) 3.Training (non-periodic) 4.Communication with departments and working meetings (non-periodic) 5.Publication of internal information (non-periodic) 6.Employee complaint hotline (promptly) 7.Occupational Safety and Health Committee meeting (quarterly)	1.4 labor–management committee meetings were held. 2.8 regular Employee Welfare Committee meetings were held. 3.3,800 persons training sessions were organized for a total of 300 hours. 4.We held 49 weekly management meetings to understand our operations and improve the effectiveness of communication. 5.0 employee complaint call was received. 6.4 Occupational Safety and Health Committee meetings were held. 7.Contact: Telephone: (02) 2790-0088 ext.1830 Email: opinion@sysgration.com	1.We have strengthened our internal channels of communication for our employees to understand the prospects of our development. 2.We organize training sessions on health and safety and periodically provide information on health and healthcare to build a friendly workplace. 3.We periodically maintain equipment and conduct fire safety checks.
Suppliers/Contractors	1.Risk Management 2.Economic Performance 3.Supply Chain Management	1.Supplier audit (non-periodic) 2.Requirements of supplier code of conduct (annual) 3.Requirements of declaration on non-use of conflict minerals (non-periodic) 4.Supplier meeting (annual)	1.We hold a supplier meeting each year to communicate with our suppliers regarding the development of our operating strategies and our ESG goals in line with key requirements of major international brand manufacturers and the trend in their development. 2.We conduct supplier audits on a non-periodic basis. 3.100% of our suppliers have signed a declaration on non-use of conflict minerals. 4.1 supplier meeting was held. 5.Contact: Telephone: (02) 2790-0088 ext.2020 Email: scm@sysgration.com	1.We will improve the safety and health of the supply chain environment and honor outstanding suppliers. 2.We have planned digital courses and required our suppliers to complete the online training of “Courses on the Requirements of Supplier Code of Conduct” each year.
Government Agencies	1.Corporate Governance 2.Ethical Corporate Management 3.Regulatory Compliance	1.Responding to the requirements of government agencies with official documents (promptly) 2.Updating the information on our website and the MOPS (monthly) 3.Questionnaires and interviews (non-periodic) 4.Undergoing evaluation by government agencies (annual) 5.Participating in the activities of government agencies (non-periodic)	1.We periodically provide relevant reports and respond to questions in accordance with government laws and regulations. 2.Contact: Telephone: (02) 2790-0088 ext.1854 Email: sys5309@sysgration.com	1.In the 2022 corporate governance evaluation, Sysgration was ranked among the top 5% and top 5% TPEx-listed companies with market capitalization of $5 billion to $10 billion. 2.We will continue to strengthen information disclosure, with the goal of remaining in the top 5% benchmark companies.
Media	1.Economic Performance 2.Innovation and R&D 3.Customer Relationship Management	1.Investor conference (quarterly) 2.Investor interview (promptly) 3.Press release (promptly) 4.Media interview (non-periodic)	1.4 investor conferences were held. 2.15 interviews were conducted with 50 institutional investors. 3.12 press release issued. 4.4 media interviews. 5.Contact: Deputy Spokesperson Dai Yi-Ying Telephone: (02) 2790-0088 Email: sys5309@sysgration.com	1.We have continued to improve our operating performance. 2.We will continue to communicate our business growth strategies and prospects of profitability to investors at each quarterly investor conference.

Communities and Non-profit Organizations	Social Participation	1.Donation (non-periodic) 2.Social services (non-periodic)	1.We gave charitable donations totaling NTD620 thousand to 3 charitable organization. 2.A screening of the documentary, "Good Morni MIT" was held, to promote environmental awareness. Students from Taipei Family Support Center, their families, suppliers, and employees were invited to watch the documentary as a way to inspire social concern among local people. 3.Co-organized an event where the Family Support Center distributed supplies to families in need - once. 4.Contact: Telephone: (02) 2790-0088 ext.1830 Email: hr@sysgration.com	By providing funds, materials and services, we have engaged in charitable programs focusing on care for vulnerable groups and promotion of diversified education, and we will continue to invest resources in closing urban-rural gaps and improving the economic condition of vulnerable groups.
Schools	1.Low-carbon Green Products 2.Circular Economy 3.Social Participation	1.Industry–academia collaboration projects and progress meetings (non-periodic) 2.Presentation of the results of industry–academia collaboration (annual)	1.We engaged in industry–academia collaboration with 2 universities and provided a total of NTD5,200 thousand as R&D funds for joint R&D. 2.66 industry–academia collaboration meetings were held in 2023 for discussion of R&D, with 234 attendees from Sysgration and 395 attendees from universities. 3.Participated in the NTU International Mentorship Program, providing 3 internship opportunities for international students. 4.Contact: Telephone: (02) 2790-0088 ext.5214 Email: alierhsu@sysgration.com	In light of the latest technologies and trend of the industry, we will initiate collaboration with universities in technology, experiment and R&D, and we will continue to improve our automobile electronic and energy management activities in response to the challenge of climate change.

(13) Intellectual Property Management Policy:

The Company adheres to "quality and innovation" as its product development concept and establishes a complete management system of product intellectual property and a R&D road map combining company's goals to maintain its advanced technologies and differentiate from other products, thus maintaining competitiveness advantages of company product as well as R&D achievements. The Company reported to the Board of Directors on the protection of trade secrets and the strengthening of intellectual property management on May 9, 2023 and November 8, 2023.

Internal educations and trainings related to intellectual property management in 2023 are as below:

Date	Content	Training Hours	Employees Trained
2023/04/07	Introduction to patents.	1 hour	9 persons
2023/04/14	R&D BOM structure introduction.	1 hour	9 persons
2023/05/24	ATE program development and use.	1 hour	9 persons
2023/06/09	Introduction to low temperature injection molding and one-shot molding technology.	1.5 hours	9 persons
2023/06/15	Introduction to trade secrets protection and management.	1 hour	220 persons
2023/06/15	Advanced trade secrets protection and management.	2 hours	67 persons
2023/07/06	Protection and advocacy of the Personal Data Protection Act.	1 hour	213 persons
2023/07/06	Personal Data Protection Act Management and Practice.	2 hours	55 persons
2023/07/18	Special symbol recognition training.	0.5 hours	125 persons
2023/07/21	Project-specific training.	1.5 hours	15 persons
2023/07/25	TPMS wireless transmission type and Bluetooth transmission.	1 hour	10 persons
2023/07/25	Five tools for design and development.	1 hour	10 persons
2023/09/26	Circuit explanation education and training.	1.5 hours	8 persons
2023/10/19	DOE experimental design.	4 hours	8 persons

9. Please state the improved situation based on the corporate governance evaluation results released by the corporate governance center of the Taiwan Stock Exchange in the recent year and prioritize the improvement issues and measures for those who have not been improved.

Sysgration was ranked top 5% TPEX listed companies and top 5% market value between NT 5 – 10 billion of TWSE& TPEX listed company of 9th Corporate Governance Evaluation. We continue to strengthen the disclosure of our financials, business, and corporate governance through our website and public information observatory to comply with the Code of Practice on Corporate Governance.

Note: Operation conditions, check whether "Yes" or "No", shall describe in abstract field.

4.3 Composition, responsibilities, and operation of the Remuneration Committee

The Remuneration Committee of the Company is responsible for evaluating the salary and compensation of the directors and managers of the Company. It provides the Board of Directors with the performance evaluations and compensation decisions of the directors and managers. The composition and operation of the Remuneration Committee for the most recent year and up to the date of the Annual Report are as follows:

1. Professional qualifications and independence analysis of Remuneration Committee members

<u>Information on the members of the Remuneration Committee</u>

As of February 28, 2024

Identity (Note 1)	Qualification / Name	Professional Qualification and Experience (Note 2)	Independence Condition (Note 3)	Number of concurrent positions as members of the remuneration committee of other public offering companies
Convener	Wei, Che-Chen	Chairman, TLG Asset Management Co., Ltd. (2009-2011) Special committee member, Taiwan Life Insurance Co., Ltd. (2011- 2015)	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of Public Company Independent Director Provision and Compliance, which is conformed to independence. condition.	2
Committee Member	He, Ju-Hsiang	Internal audit manager, BNP Paris (1984-1989) Deputy general manager, American commercial Banks (1989-1994) Chairman Special assistant, Taiwan Life Insurance Co., Ltd. (2000- 2016)	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of Public Company Independent Director Provision and Compliance, which is conformed to independence. condition.	1
Committee Member	Lin, Kuan-Chao	Chief of Accounting Firm PKF, Taiwan (2011 to now)	Without items that stipulated in sub-item 1~9 of item 1 in Article 3 of Public Company Independent Director Provision and Compliance, which is conformed to independence. condition.	2

Note 1: Please state each remuneration committee member's period of service, professional qualification and experience as well as independence condition in the table, and remark if he or she is an independent director (if he or she is the convener, please note).
Note 2: Professional qualification and experience: describe individual remuneration committee member's professional qualification and experience.
Note 3: Please refer to the best practical reference example in Taiwan Stock Exchange Corporate Governance Center website for the manner of disclosure.

2. Operation of the Remuneration Committee
   (1) The Company's Remuneration Committee consists of three members.
   (2) The term of the current members: From April 27, 2023, to April 26, 2026.
   The Remuneration Committee held 5 meetings (A) in the most recent year. The attendance record of Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remark
Convener	Wei, Che-Chen	5	0	100	None
Committee member	He, Ju-Hsiang	4	1	80	None
Committee member	Lin, Kuan-Chao	5	0	100	None

Other items:

a. If the Board of Directors does not accept or amend the suggestion of the Remuneration Committee, it should state the meeting date of the Board of Directors, session, motion content, resolution of the Board of Directors, and response of the Company to the Remuneration Committee opinion (if the remuneration approved by the Board of Directors is superior to the suggestion of the Remuneration Committee, it shall state the difference and reason): No such situation exists.

b. Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: No such situation exists.

The Company's Remuneration Committee's resolutions and results of the most recent year and as of the annual report publication date are as follows: All the resolutions have been approved by the members present without objection or qualified opinion.

Meeting date	Motion content	Resolutions of the Remuneration Committee's meetings and response of the Company to the Remuneration Committee's opinions
2023/01/09 15th meeting of 4th Session	1.List of granted employees' stock warrants and amount of stock options. 2.Distribution of 2022 year-end bonuses to managers.	Approved by all committee members in attendance.
2023/03/09 16th meeting of 4th Session	1.Matters relating to the distribution of the remuneration of employees and directors of the Company for 2022. 2.Distribution of the operational bonuses to managers.	Approved by all committee members in attendance.
2023/05/09 1st meeting of 5th Session	1.Salaries for newly appointed managers. 2.Distribution of project bonuses to managers of the Company. 3.Distribution of operational bonuses to managers.	Approved by all committee members in attendance.
2023/08/08 2nd meeting of 5th Session	Distribution of 2023Q2 operational bonuses to managers.	Approved by all committee members in attendance.
2023/11/08 3rd meeting of 5th Session	1.Remuneration of the newly appointed information security officer. 2.Distribution of 2023Q3 operational bonuses to managers.	Approved by all committee members in attendance.
2024/01/17 4th meeting of 5th Session	1.Adjustment of the remuneration of the Company's managers. 2.Distribution of 2023 year-end bonuses to managers.	Approved by all committee members in attendance.
2024/02/26 5th meeting of 5th Session	1.Distribution of operational bonuses to managers. 2.2023 profit-sharing remuneration to employees and directors. 3.Distribution of remuneration to directors in 2023.	Approved by all committee members in attendance.

3. Responsibilities of the Remuneration Committee

The Remuneration Committee of the Company evaluates the remuneration and compensation policies and systems for the directors and executive managers of the Company professionally and objectively and makes recommendations to the Board for its decision making. The main responsibilities are as follows:

(1) To formulate and regularly review the policies, systems, standards, and structures of performance evaluation and the remuneration of directors and managers.

(2) To regularly evaluate and formulate the remuneration of directors and executive managers.

(3) To regularly evaluate the achievement of performance objectives of the directors and managers of the Company, and to determine the contents and amounts of their individual salaries and remuneration.

4.4 Promotion of sustainable development, differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, the reasons for such differences, and the climate-related information which must be disclosed by a company meeting certain criteria: Sysgration has not met the criteria required for disclosure of climate-related information.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td>1. Whether the Company has set up a sustainable development management structure, as well as relevant special (part- time) unit to follow up related matters under the supervision of executive managers authorized by Board of Directors.</td><td>✓</td><td></td><td>At Sysgration, the Board of Directors is responsible for supervising the promotion of sustainable development, and we have established an ESG organization that promotes sustainable development to be the department in charge of promoting and coordinating sustainability activities, with the President acting as the general coordinator and task forces formed according to relevant issues. Each task force consists of a leader and several members, with a total of 60 members.
The organization and responsibilities of the ESG task forces:
<table>
<tr><th>Name of task force</th><th>Work plan and responsibilities</th></tr>
<tr><td>Corporate Governance Team</td><td>Ethical management, organizational strategy and vision, risk management, compliance, protection of shareholders’ rights and interests, information transparency and economic performance.</td></tr>
<tr><td>Employee Care Team</td><td>Employee salary, employee welfare, competency management, labor–management relations, training, employment environment, human rights, compliance and complaint mechanism.</td></tr>
<tr><td>Social Care Task Team</td><td>Social care, community participation, charitable activities, corporate image, complaint</td></tr>
<tr><td>Environmental Sustainability Team</td><td>Environmental sustainability policies, management of corporate carbon reductions, promotion of environmental sustainability, management of raw materials/energy/water resources, greenhouse gas and other gas emissions, management of wastewater and waste, environmental investment expenditure.</td></tr>
</table></td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Customer Care Team</td><td>Confidentiality of customer information, protection of consumer rights, maintenance of customer relationship, compliance and complaint mechanism.</td></tr>
<tr><td>Supply Chain Team</td><td>Supplier management, ESG policy and management, supplier meeting, Non-use Conflict Minerals, RBA compliance.</td></tr>
<tr><td>TCFD Team</td><td>Policies and regulations, market research, and physical risk topics.</td></tr>
</table>
On September 27, 2023, we published the Chinese version of the 2022 sustainability report. On October 25, 2023, we published the English version of the sustainability report on the MOPS and our website. On November 8, 2023, we submitted a report to the Board of Directors and conducted a review regarding the plan and status of sustainability promotion at Sysgration in 2023, described as follows:
A. In 2023, the ESG task forces held 21 meetings, with a total of 1,110 person-hours participating in discussion and preparation of the report.
B. The plan and status of promotion:
1.The 2022 annual report in both English and Chinese was prepared in compliance with the GRI standards promulgated by the Global Reporting Initiative (GRI), the “Sustainability Accounting Standards - Electrical and Electronic Equipment and Components Industry” issued by the “Sustainability Accounting Standards Board”, “Recommendations for Climate-Related Financial Disclosures” issued by the Financial Stability Board, and “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”
</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			issued by the Taiwan Stock Exchange Corporation. The 2022 annual reports in both English and Chinese were verified in accordance with the Statement on Assurance Standards (SSA) No. 3,000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation (ARDF). 2.All of our factories have received the certifications of ISO 14001：2015 for environmental management system, ISO 9001：2015 for quality management system, IATF 16949：2016 for the quality management system of automotive-related industries, and IECQ QC 08000：2017 for hazardous substance management system. 3.We are actively involved in the research and development of green products. By the end of 2023, Sysgration (including subsidiaries) had total of 700 patents worldwide, with a total of 96 patent applications pending, and a total of 34 approved global trademarks. 4.We support the spirit and fundamental principles of human rights protection set forth in the "Universal Declaration of Human Rights," "UN Global Compact" and other international human rights conventions. 5.We have engaged in industry–academia collaboration with National Taipei University of Technology and Technology and National Taiwan University of Science and Technology for joint R&D of products to increase our social influence. 6.we have signed a contract with Pojen General Hospital for professional doctors and nurses to come to the Company and provide employee health consultation regularly, employees with routine health examinations every year, and ionizing radiation, hearing, and occupational disease special health examination for the personnel	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			engaged in special operations. 7.We constantly check the safety of the working environment, and all of our factories have received the certification of ISO 45001:2018 for occupational safety and health system. As of the end of 2023, there had been no case of occupational injury or illness. 8.We value customer privacy and information security. During the past three years, we had not received any complaint regarding the violation of customer privacy or the loss of customer information. 9.In the 2022 corporate governance evaluation, Sysgration was ranked among the top 5% of TPEx-listed companies. 10.We have established the “Ethical Corporate Management Best-Practice Principles,” the “Code of Ethical Conduct,” the “Procedures Governing the Prevention of Insider Trading” and relevant regulations for the Responsible Business Alliance Code of Conduct (RBA), and the Board of Directors, senior managers, the employees of our group and our suppliers are required to comply with them. 11.All members of the Board of Directors have signed the documents for ethical management. All of our employees have signed the “Commitment to Ethics, Integrity, Environmental Protection and Social Responsibilities.” All of our new suppliers have signed the “Supplier Code of Conduct for Corporate Social Responsibilities and the Environment,” the “Declaration on Non-use of Conflict Minerals” and the “Commitment of Supplier to Ethics, Integrity, Environmental Protection and Social Responsibilities.” 12.We conduct supplier evaluation and require our suppliers to fulfill their social responsibilities in relation to environmental sustainability, occupational safety and health, labor rights and ethical management. So far, Sysgration has not terminated cooperation with any supplier due to non-compliance with its requirements.	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			C. Supervision by the Board of Directors over sustainable development: 1.The Board of Directors hears periodic report from the management each quarter, while the management is required to propose strategies to the Board of Directors, which must assess the possibility of success of such strategies, regularly review their progress, and urge the management to make necessary adjustment. 2.The Board of Directors hears report and holds discussion on material issues of sustainability at least once each year, including: (1) The Company reported on the implementation of its GHG inventories on January 9, 2023, May 9, 2023, August 8, 2023, and November 8, 2023, according to the original plan. (2) We have contracted Pojen General Hospital for its professional physicians and nurses to visit Sysgration to provide periodic health consultation to our employees. In addition to providing routine employee health examination every year, special lung examinations are also provided for certain operational personnel. Employee health examination was provided in 2023. (3) In accordance with the Audit Quality Indicators (AQIs) and the internal assessment table for independence and suitability, the audit quality and the independence and suitability of the CPAs was evaluated on January 9, 2023. (4) The management team reported on the 2023 extremal evaluation results of the performance of the Board of Directors on March 9, 2023. (5) The management team reported on the status of 2023 legal risk management on May 9, 2023. (6) The management team reported on liability insurance of directors and managers on June 20, 2023. (7) The Risk Management Committee established, its organizational	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			charter and structure approved, and members of the first committee appointed on August 8, 2023. (8) The management team reported on the progress of sustainable development in the following aspects: ethical corporate management, information security management, intellectual property management, communication with stakeholders, and publication of the sustainability report in 2023 on November 8, 2023. (9) Approved the "Regulations Governing Operations Related to Finance and Business Between Related Parties" establishing written regulations on relationships between related parties in financial operations, including procedures for the management of purchases, sales, acquisitions, and disposal of assets and related significant transactions, strengthening the management of sustainable operations on November 8, 2023.	

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
2. Whether the Company has conducted risk assessments on operating environment, society and governance issues according to materiality principles, and stipulated relevant risk management policies or strategies?	✓		On October 26, 2021, the Board of Directors adopted the structure of the risk management organization and the “Risk Management Policy and Procedures,” which incorporate the operation-related risks of environmental, social and corporate governance issues into our operating strategy according to the materiality principle. On November 08, 2023, a report was given to the Board of Directors regarding the status of risk management in 2023. Our risk management seeks to clearly define the scope of operational risks through risk identification, risk assessment, risk measurement, risk monitoring, communication and other management processes, and take appropriate measures to efficiently allocate limited resources to relevant activities for management of operational risks. In order to define appropriate sources of possible risks and the primary scope of risk management, we have established operational risk indicators and a mechanism for reporting of operational risk events, compiled the information of all business activities, conducted independent analysis of relevant results and trends, and provided regular reports to the management on the monitoring of operational risks. 1. For the status of our risk management, see “(VII) Implementation of risk management policies and risk measurement standards” under the summary of “Implementation of corporate governance, differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences.” 2. For our risk management policies, see the detailed description in “(VII) Other important information useful for understanding the status of promotion of sustainable development” below.	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
3. Environmental issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		To protect the natural environment and maintain our policies of sustainable development and management, we have continued moving in an eco-friendly direction in terms of product design, R&D and production, and we have received the following certifications: 1. In January 2020, we passed the external certification of URS and received the certification of ISO 14001:2015 for environmental management system (validity period: January 8, 2020 to January 7, 2023 and January 8, 2023 to January 7, 2026), the scope of which covers all of our products. 2. We reduce or eliminate hazardous substances to ensure environmental sustainability. We passed the external certification of ARES and received certification for hazardous substance free process management system IECQ QC08000 (validity period: March 6, 2020 to March 5, 2023 and April 11, 2023 to April 10, 2026) with regard to the electrical and electronic parts and products of all organizations under the supply chain.	Conform to Code of Practice on Sustainable Development, without significant difference.
(2) Whether improve energy service efficiency and apply the low environmental load impact recycling materials?	✓		We strictly adhere to domestic environmental laws and have participated in international campaigns for green products. Currently, renewable or reusable materials are given priority to be used as our packaging materials to reduce environmental burden. Following an assessment by the relevant internal departments of the likelihood of occurrence and the level of impact of climate-related risks and opportunities, we have identified the risk issues and opportunities below:	Conform to Code of Practice on Sustainable Development, without significant difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td>(3) Whether the Company has evaluated potential influences and opportunities from climate change and adopted relevant countermeasures?</td><td>✓</td><td></td><td>Possible risks:
<table>
<tr><th>Aspect</th><th>Risk</th><th>Response</th></tr>
<tr><td rowspan="2">Environmental Laws</td><td rowspan="2">Waste management is increasingly difficult.</td><td>We promote waste reduction at sources and the recycling and reuse of materials or packaging materials.</td></tr>
<tr><td>We require the use of eco-friendly production materials, such as those complying with the RoHS.</td></tr>
<tr><td rowspan="4">Global Warming</td><td rowspan="4">Increased air conditioning load and power shortage</td><td>We have implemented measure for energy conservation and carbon reduction, including turning off lights during lunch break.</td></tr>
<tr><td>We give priority to the purchase of energy-efficient equipment.</td></tr>
<tr><td>We have set up planting areas to mitigate the effect of urban heat island.</td></tr>
<tr><td>We have participated in low-carbon initiative organizations and forums, where we have provided suggestions regarding green or renewable energy.</td></tr>
<tr><td rowspan="3">Extreme Weather</td><td rowspan="3">Loss of premises and increased cost caused by torrential rain and flood</td><td>We pay attention to weather reports and take precautionary measures in the event of a strong typhoon or torrential rain.</td></tr>
<tr><td>We have established an energy conservation plan.</td></tr>
<tr><td>We have participated in discussions held by low-carbon initiative organizations, where we have provided suggestions regarding green or renewable energy.</td></tr>
</table></td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

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<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>Possible opportunities:
<table>
<tr><th>Relevant opportunity</th><th>Response</th></tr>
<tr><td>Increased Demand for Products</td><td>As a supplier of green energy products, we have made investment in manufacturing and selling products of energy storage systems and battery modules since 2015, which will be the mainstream products in the future.</td></tr>
<tr><td rowspan="2">Market Expansion</td><td>We develop new types of customer bases for our business.</td></tr>
<tr><td>We develop low-carbon products as solutions to meet new customer demand.</td></tr>
<tr><td rowspan="2">Goodwill</td><td>We make plans for the green energy industry, cooperate with our customer and suppliers in common issues concerning eco-friendliness, and provide renewable energy.</td></tr>
<tr><td>To fulfill our corporate social responsibilities, we advocate green energy and promote waste reduction and the recycling, reuse and reduction of resources.</td></tr>
</table></td><td></td></tr>
<tr><td>(4) Whether the Company has counted greenhouse gas discharge amount, water consumption and total wastes amount of past two years, and formulated greenhouse gas and water consumption reduction or other wastes management policy?</td><td>✓</td><td></td><td>Greenhouse gas (GHG) emissions during the most recent three years:
<table>
<tr><th>GHG emission</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1 (tCO2e) (Note)</td><td>30.34</td><td>25.59</td><td>26.11</td></tr>
<tr><td>Scope 2 (tCO2e) (Note)</td><td>1,968.05</td><td>2,345.33</td><td>2,872.64</td></tr>
<tr><td>Total emission (tCO2e)</td><td>1,998.39</td><td>2,370.92</td><td>2,898.75</td></tr>
<tr><td>Emission intensity (tCO2e/revenue of NTD million)</td><td>0.81</td><td>0.69</td><td>0.88</td></tr>
</table>
Note: 1. For the calculation of GHG emissions, the method of operational control is adopted for inventory. The calculation uses the data of activities, with the values of emission factor based on the Table for Management of Greenhouse Gas Emission Factors published by the Environmental Protection Administration.
2. The scope of data includes the Taipei HQ, the Nankang Factory, and the Zhenjiang Factory and Huizhou Factory in Mainland China.

The calculation of our GHG emissions primarily focuses on Scope 2 (externally purchased power), accounting for 99% of the annual emission.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference</td></tr>
</table>

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
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			With expansion of the size of our operations during the most recent three years, our GHG emissions have increased despite the improvement and replacement of relevant equipment for energy conservation and carbon reduction. However, the emission intensity per revenue of NTD million has significantly decreased. Since Sysgration is concerned with the impact of climate change to its operations, we have set a target for GHG reduction, with 2021 as the base year, The short-term goal regarding GHG emission intensity is to reduce it by 10% in 2023, the medium-term goal is to reduce it by 20% by 2025, and the long-term goal is to reduce it by 50% by 2030. Sysgration has implemented a variety of GHG reduction measures, including promoting of a paperless office, purchasing green products and raw materials, encouraging employees to bring their own flatware, and introducing automated production lines with good energy efficiency and adopting optimized production to replace old equipment at the Nankang Factory and Huizhou Factory. By taking the foregoing measures and actions, we aim to gradually reduce GHG emissions. The greenhouse gas emission intensity of the Company in 2021 as the base year was 0.81 tons, with 0.69 tons and 0.88 tons in 2022 and 2023, respectively, which was a decrease of 14.8% and a slight increase due to pilot production runs for multiple automated production lines introduced in 2023, respectively, compared with the base year. It is expected that with the increase in revenue, the Company will continue to move towards the goal of greenhouse gas management. For the detailed information of our GHG management in 2020-2022, see pp. 69–70 of our 2021 sustainability report.	Conform to Code of Practice on Sustainable Development, without significant difference.

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<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>Waste management:
The waste currently generated by Sysgration consists of general industrial waste and hazardous industrial waste. General industrial waste mainly includes common office waste, wooden boxes used for international shipping of packaged parts and components, and electronic waste, while hazardous industrial waste= mainly includes waste circuit boards. Sysgration disposes of waste in accordance with the Waste Disposal Act and implements a recycling mechanism. Waste is disposed of through recycling and reuse by a qualified waste disposal company contracted by Sysgration. We sign a contract with a qualified disposal company to confirm the relevant requirements and methods of management, and the company will engage in periodic disposal of waste depending on its production. During the most recent year, the disposal company contracted by us had not violated the contract.

<table>
<tr><th>Categories of waste</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Hazardous industrial waste (tons)</td><td>0.92</td><td>2.28</td><td>4.26</td></tr>
<tr><td>Non-Hazardous industrial waste (tons)</td><td>126.31</td><td>138.00</td><td>80.05</td></tr>
<tr><td>Total waste disposed of (tons)</td><td>127.23</td><td>140.28</td><td>84.31</td></tr>
<tr><td>Waste intensity (tons/revenue of NTD million)</td><td>0.052</td><td>0.041</td><td>0.026</td></tr>
</table>
Note: For 2021, the statistics of waste only cover the data of the Nankang Factory, while no such statistics have been made for the Zhenjiang Factory and Huizhou Factory. For 2022 and 2023, such statistics include the data of the Nankang Factory, Zhenjiang Factory and Huizhou Factory.

We will reduce waste at sources through process design, technological enhancement and continued promotion of reuse of materials, with 2021 as the base year, to achieve the target of reducing waste intensity per revenue of NTD million by at least 50% within 2025. The measures implemented by us for waste reduction include:</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

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<tr><td></td><td></td><td></td><td>1. Implementing a recycling mechanism for factory waste as required by law.
2. Implementing a recycling mechanism for waste batteries, toner cartridges, bottles and paper.
3. Promoting the reduction of waste generated by all employees.

In 2022 and 2023, the waste intensity per NTD million revenue decreased from 0.052 tons in 2021 to 0.041 tons with a reduction of 21.1% and to 0.026 with a reduction of 50%, respectively, indicating good effectiveness of our waste reduction measures.
Water resources management:
Currently, all of our water comes from municipal water, and all water used by our factories is for domestic rather than industrial purposes. In accordance with local regulations, such water converges and is then discharged from the wastewater treatment plant in the industrial park where the relevant factory is located.

<table><tr><th>Year</th><th>Taipei HQ (tons)</th><th>Nankang Factory (tons)</th><th>Huizhou Factory (tons)</th><th>Zhenjiang Factory (tons)</th><th>Total Water Used (tons)</th><th>Water Use Intensity (tons /revenue of NTD million)</th></tr><tr><td>2021</td><td>2,756</td><td>6,994</td><td>6,659</td><td>1,918</td><td>18,327</td><td>7.47</td></tr><tr><td>2022</td><td>2,772</td><td>6,892</td><td>5,832</td><td>1,640</td><td>17,136</td><td>5.03</td></tr><tr><td>2023</td><td>2,723</td><td>4,977</td><td>4,926</td><td>1,502</td><td>14,128</td><td>4.30</td></tr></table>
In recent years, more frequent occurrence of extreme weather has led to a higher risk of shortage of water resources. Faced with the pressure of</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			external water environment and in response to global shortage of water resources, Sysgration aims to, with 2021 as the base year, reduce the water use intensity per revenue of NTD million by at least 50% within 2025, and has taken concrete actions for sustainable management of water resources through the following measures: 1. Posting slogans for water conservation to get everyone into the habit of turning off water at any time. 2. Installing sensor faucets to properly save water. 3. Equipping sinks with water-saving devices to prevent the waste of large amount of water released. In 2022 and 2023, our water use intensity per NTD million revenue decreased from 7.47 tons in 2021 to 5.03 tons with a reduction of 32.6% and to 4.30 tons with a reduction of 42.4%, respectively, showing a significant increase in the efficiency of our water use.	Conform to Code of Practice on Sustainable Development, without significant difference.
4. Social issues				
(1) Has the Company formulated relevant management policies and procedures under the relevant laws and regulations and international human rights conventions?	✓		Human rights policies: With reference to the spirit and fundamental principles of human rights protection set forth in the “Universal Declaration of Human Rights,” “UN Global Compact,” “International Labor Conventions,” “Responsible Business Alliance Code of Conduct” and other international human rights conventions, we strive to incorporate the principles and spirit of human rights into our values and culture as our commitment to human rights protection and to establish human rights policies applicable to Sysgration.	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
			In order to fully prevent actions infringing upon and violating human rights, we provide a reasonable and safe workplace and ensure our employees are treated in a reasonable and dignified way. Assessment of human rights: Each year, we regularly review our operations, value chains and business activities through attention to major social issues, data monitoring and investigation to identify and assess the groups facing risks and the potential human rights risks. We develop a plan for control of human rights issues based on the potential risks and continue to supervise and improve the result of implementation of the plan. In 2023, human rights review and assessment were completed at all of our operating locations, including the Taipei HQ, the Nankang Factory and the Zhenjiang Factory and Huizhou Factory in Mainland China. Also, our group organizes periodic training on human rights to promote awareness of issues including the prevention of discrimination and sexual harassment, the management of working hours and occupational health and safety, and all new employees are required to complete courses on human rights awareness and compliance when they come on board. Measures for mitigation of human rights risks: We are committed to reasonably ensuring the safety of our employees and the working environment, that our employees feel respected and dignified, and that our operations contribute to environmental protection and are in compliance with the law and ethics. To fulfill the commitment, with integrity as our basis, we respect our employees in a legal manner and have appointed specialized personnel to carry out occupational safety and health activities for our employees as required by law. In addition, we have continued to organize awareness and educational sessions to	Conform to Code of Practice on Sustainable Development, without significant difference.

<table>
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<tr><td></td><td></td><td></td><td>human rights policies in daily operations, and we have established reasonable complaint channels.

Our policies and specific plans for human rights management are summarized as follows:
<table>
<tr><th>Human rights management policy</th><th>Specific management plan</th></tr>
<tr><td>Providing a safe and healthy working environment</td><td>1. All companies under our group have received the certifications of ISO 14001 (environmental management system) and ISO 45001 (occupational safety and health management system), and are active in preventing pollution and protecting environmental safety to reasonably ensure a safe working environment.
2. We provide a safe and healthy working environment in accordance with the law, and we have established a department and a committee organization dedicated to occupational safety and health and engaged professional physicians and nurses. Moreover, we organize periodic training sessions on safety, health and fire safety, and we take necessary measures to prevent occupational accidents and reduce hazardous factors in the working environment.</td></tr>
<tr><td>Prohibition of child labor</td><td>1. We expressly prohibit the hiring of any employee under the age of 15. For recruitment, a job applicant is required to submit a basic information form indicating his/her birth date, and he/she must present an identity document at the time of his/her arrival to be verified by our human resources department to ensure accuracy of the information.
2. We have strictly adhered to the relevant requirements. No child labor was employed in 2023.</td></tr>
<tr><td>Prohibition of forced labor</td><td>We do not force or coerce any unwilling employee to engage in labor activities. All of our regulations governing the daily and weekly normal working hours and extended working hours, regular leave, annual leave and other types of leave for an employee are in compliance with the law. A function has been added in the attendance management system for any employee applying for overtime to be reminded that an overtime pay or compensatory leave will be provided after overtime work.</td></tr>
</table>
</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

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	Y	N	Explanation	
			(see below)	Conform to Code of Practice on Sustainable Development, without significant difference.

Prevention of discrimination and sexual harassment	In order to provide our employees with an equal and safe working environment, we strictly prohibit any act of sexual harassment at workplace, with the employee work rules and personnel regulations expressly setting out the relevant requirements. We organize non-periodic awareness sessions on prohibition of discrimination and sexual harassment, and we provide relevant channels including a complaint hotline, email and fax, through which cases will be handled by specialized personnel and referred to the Sexual Harassment Complaint Commission for investigation.
Assisting employees in maintaining physical and mental health and work-life balance	We provide funding to encourage our employees to participate in health activities, while our employees form clubs to build cohesion among them through club activities. Each year, we organize a year-end banquet, dinner parties and other events for our employees to relieve stress and build cohesion. We have also installed exercise and fitness equipment for our employees to use during break times.

In 2023, we organized the following training courses related to actions for human rights protection:

Training Field	Actions for human rights protection	Total hours	Total attendees
Health and safety	Including training on safety and health, quality management, emergency response and fire safety.	121 hours	1,939 persons
Human rights training	Including RBA training and human rights awareness.	15 hours	1,067 persons
Integrity and ethics	Educational and awareness sessions regarding the standards for daily behavior and ethics, including trade secrets, honest management and the prevention of short-swing trading and insider trading.	19 hours	1,053 persons
Corporate sustainability	Including relevant ESG awareness and training sessions on corporate governance, environmental protection and social responsibilities.	41 hours	1,301 persons
Patents and legal affairs	To increase patent and legal awareness and decrease the possibility of occurrence of relevant risks.	25 hours	1,016 persons

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<tr><td></td><td></td><td></td><td>

New employee training	Training sessions on compliance are organized for new employees, including the promotion of awareness of issues including the prevention of discrimination and sexual harassment, the management of working hours and occupational health and safety.	16 hours	103 persons

</td><td></td></tr>
<tr><td>(2) Has the Company set and implemented reasonable measures for employee welfare (including remuneration, leave, and other benefits) and properly reflected its business performance or results in employee remuneration?</td><td>✓</td><td></td><td>We not only actively implement humanized management and all kinds of welfare measures, but also are committed to the idea of sharing profit with our employees to attract and motivate outstanding talents, with the remuneration for employees determined based on the result of our operations.
1. Based on the idea of a diversified and equal workplace, female employees accounted for 40% out of 536 employees at Sysgration as of the end of 2023, with female senior managers accounting for 23%.
2. Based on the idea of sharing profit with our employees, the Article of Incorporation stipulates that where Sysgration has a profit in a year, it shall allocate 10% to 15% thereof as the remuneration for employees.
3. For a detailed description of our employee welfare measures, see “(V) Labor–management relations” under “Five. Overview of Operations.”</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td>(3) Does the Company provide employees with a safe and healthy working environment and regularly implement health and safety education for employees?</td><td>✓</td><td></td><td>1. We comply with the requirements of relevant local laws concerning occupational safety and health to provide our employees with relevant training on occupational safety and health, the scope of which includes a description of occupational safety and health operations, legal requirements, the use and management of hazardous chemicals, health management and other courses. In 2023, we organized training courses on employee safety and health and health-related issues for a total of 121 hours attended by 1,939 persons.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

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<tr><td></td><td>✓</td><td></td><td>2. With regard to the health of employees, we conduct a health examination for our employees each year, and we have contracted Pojen General Hospital and Dacunkuo Hospital for their professional physicians and nurses to visit Sysgration and its factories to provide health consultation for our employees and conduct services and awareness sessions for the maintenance of their health. To effectively prevent the occurrence of occupational illnesses and accidents, we supervise company-wide environmental safety and health and its improvement through internal and external audits. A zero-accident workplace is an indicator for our operations and management. For a detailed description of our measures for the protection of employee's physical safety and the working environment, see "V. Labor–management relations" under "Five. Overview of Operations" in this annual report.
3. To ensure the safety of the working environment, we have obtained the relevant certifications:
(1) The certification of ISO 14001 for environmental management system, covering all of our products.
(2) The certification of ISO 45001 for occupational safety and health system, covering all of our factories.
(3) The certification of IECQ QC 08000 for hazardous substance free process management system, covering the certification of the hazardous substance free process management system for the electrical and electronic parts and products of all organizations under the supply chain.
As of the end of 2023, there had been no case of occupational injury or illness at Sysgration.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
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(4) Does the Company establish an effective career development training program for employees?	✓		We encourage continuous training of our employees with the aim to nurture outstanding talents. In addition to organizing internal training, we also allow our employees to apply for external training to enhance their capabilities and develop their career skills. In 2023, we (including the subsidiaries under our group) organized training courses on topics including ESG, job skills, quality assurance, project management, patents, legal affairs, and management abilities for a total of 300 hours, with 3,800 attendees.	Conform to Code of Practice on Sustainable Development, without significant difference.
(5) Regarding customer health and safety, customer privacy, and the marketing and labeling of products and services, does the Company follow relevant laws and international standards and formulate relevant policies and complaint procedures to protect the rights and interests of consumers?	✓		Our products are those related to the industries of electronics, automobiles, and energy storage devices. All of our products are subject to strict requirements of international standards, and the marketing and labeling of our products fully conform to applicable laws and international standards. In addition, we have purchased product liability insurance for our products to protect consumer rights. If you have any question about our products, you may contact us by telephone or email, and we will appoint specialized personnel to understand, coordinate and properly handle the relevant matters.	Conform to Code of Practice on Sustainable Development, without significant difference.
(6) Does the Company have a supplier management policy requiring the suppliers to follow relevant standards in environmental protection, occupational health and safety, labor rights, and other issues, and what are the conditions of implementation?			We have established the "Instructions on the Management and Evaluation of Suppliers," and we require all suppliers dealing with us to sign the "Supplier Code of Conduct for Corporate Social Responsibilities and the Environment" and the "Commitment to Ethics, Integrity, Environmental Protection and Social Responsibilities," which require and promote that any supplier dealing with us work with us to fulfill corporate social responsibilities in regard to issues including environmental protection, occupational safety and health, labor rights and ethical management. We also evaluate our suppliers through daily interaction with and periodic assessment of them. If any supplier violates its corporate social	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	
	✓		responsibilities or causes significant environmental or social impact, our relationship with it will be terminated. If we receive any complaint, we will investigate and address it in a way that keeps confidentiality over the complainant.	Conform to Code of Practice on Sustainable Development, without significant difference.
5. Whether the Company has referred international standards or guidelines for the preparation of reports, sustainable development report and other disclosure reports for company's non-financial information? Whether the aforesaid report is certified or assured by a third verification unit?	✓		In accordance with the GRI Standards issued by the Global Reporting Initiative, we have completed preparation of the sustainability report, for which we have obtained an assurance report from the third-party PricewaterhouseCoopers Taiwan based on the performance indicators in the Standard on Assurance Engagements No. 1. The Chinese and English versions of the 2022 sustainability report are published on the MOPS and our website.	Conform to Code of Practice on Sustainable Development, without significant difference.
6. In case of the company has stipulated its sustainable development codes according to the Market Listed Corporate Code of Practice on Sustainable Development, please state its functions and differences: The Company has already stipulated "Sustainable Development Best Practice Principles" and discloses relative information on its website, and strictly abides by during daily operation.				
7. Other important information for understanding the Company's sustainable development implementation: (1) To promote sustainable development, except for the original environmental management levels, the company also adds labor safety and health risk assessments and measures, labor's right promotion, and encourages the balance of work and leisure. Besides, the company officially forbids the sexual harassment on staffs, maintains occupational safety and staff physical and mental health, as well as obeys commercial ethics, protects intellectual property, trade secrets, etc..				

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	

(2) The Company has obtained the following certificates:

Certification	Plant Site	Certificate number	Verification unit	Verification date	Due date
IATF 16949:2016	Nankang	44 111 202142	TUV NORD	2023/11/28	2026/11/27
	Huizhou	0430662	NQA	2021/10/21	2024/10/20
	Zhenjiang	44 111 160420	TUV NORD	2022/02/16	2025/02/15
ISO 9001:2015	Nankang	44 100 202142	TUV NORD	2023/11/28	2026/11/27
	Huizhou	45740	NQA	2021/12/20	2024/12/13
	Zhenjiang	44 100 160420	TUV NORD	2022/03/03	2025/02/15
ISO 14001:2015	Nankang	110255/A/0001/UK/En	URS	2023/01/08	2026/01/07
	Huizhou	U919119E30473R2M	Beijing Hangxing Quality Certification Center Co., Ltd.	2022/07/04	2025/07/03
	Zhenjiang	959-23-E-0587-ROM	LFHY	2023/10/08	2026/10/07
ISO 45001:2018	Nankang	110255/B/0001/UK/En	URS	2020/01/08	2023/01/07
	Huizhou	U9191122S30405R2M	Beijing Hangxing Quality Certification Center Co., Ltd.	2022/07/04	2025/07/03
	Zhenjiang	959-23-S-0587-ROM	LFHY	2023/10/08	2026/10/07
ISO 26262:2018	Nankang	ZP/C001-22	DEKRA	2022/01/14	2025/01/13
	Huizhou	ZP/C001-22	DEKRA	2022/01/14	2025/01/14
IECQ QC80000:2017	Nankang	IECQ-H ARES 23.0015	ARES	2023/04/11	2026/04/10
	Zhenjiang	IECQ-H NQAGB 23.0011	NQA	2023/01/31	2026/01/30
ANSI/ESD S20.20-2021	Nankang	TW23/00000114	SGS	2023/03/08	2024/03/07
ANSI/ESD S20.20-2021	Huizhou	E951 23 5662	TUV SUD AMERICA INC.	2023/03/10	2024/03/09
Quality Management System for Talent Development	Nankang	Organization – Bronze Medal	Workforce Development Agency, Ministry of Labor	2022/10/13	2024/10/12

Evaluation Item	Implementation Status			Situation and Reasons for Differences from Code of Practice on Sustainable Development for Listed Companies
	Y	N	Explanation	

(3) The Company's material risk issues and risk management strategies.

Major issues	Risk assessment items	Risk management strategies
Environment	Occupational safety	1. Provide safe and health working environment to employees. 2. Reduce employee disabling injuries frequency and severity ratio. 3. Achieve zero accident and prevent occupational diseases.
	Wastes management	Continue to promote waste reduction at the source and recycling.
	Climatic change	Continue to implement greenhouse gas reduction measures.
	Energy management	Develop green-energy product and continue to improve energy-saving performance.
Society	Talent development	Plan and organize talent development to achieve sustainable development.
	Human rights	1. Assist staff maintaining physical and psychological health and balance between work and life. 2. Provide multiple opinion channels for staff to create a harmonious labor-employer relationship.
Corporate Governance	Commercial ethics	Ethical management in all aspects of business.
	Supplier sustainable management	Conduct supplier sustainable management appraisal.
	Customer service	Continue to provide more competitive products.
	Regulatory Compliance	Continue to reify laws and decrees to company polices and offer training courses to employees.

Note 1: If "Yes" is ticked, please describe the major policies, strategies, measures adopted and implemented; if "No" is ticked, please explain the reasons and how the relevant policies, strategies, and measures will be implemented in the future.

Note 2: If the Company has prepared a corporate social responsibility report, the summary should indicate how to consult the corporate social responsibility report and the page number of the index instead.

Note 3: The materiality principle refers to an issue of environment, society, and corporate governance that significantly impacts investors and other interested parties of the Company.

4.5 Climate-related information implementation：

<table>
<tr><th>Evaluation Item</th><th>Implementation Status</th></tr>
<tr><td>1.Describe the monitoring and governance of climate-related risks and opportunities by the board of directors and management.</td><td>In order to effectively manage climate-related risks and opportunities, the ESG-TCFD Committee of Sysgration is convened by the General Manager and has set up three ESG-TCFD Executive Teams, Policy and Regulation Team, the Market Research Team, and the Physical Risk Assessment Team respectively, to identify and manage climate change risks and opportunities.
Every year, report the results of risk and opportunity identification and differentiation to the General Manager at the ESG-TCFD Committee Senior Executive Meeting, and formulate response strategies, and regularly report the major climate-related risks/opportunities and response strategies faced by Sysgration to the Board of Directors, so that the Board of Directors can fully supervise and review major climate-related risks and opportunities, and can further determine relevant response and management policies and review the implementation status.</td></tr>
<tr><td>2.Describe how the identified climate risks and opportunities affect the Company’s business, strategy and finance (short-, medium-, and long-term).</td><td>For our risk management policies, see the detailed description in “10. Other important information helpful for understanding the status of climate-related information implementation (1)”.</td></tr>
<tr><td>3.Describe the financial impact of extreme climate events and transformation actions.</td><td>For our financial impact of extreme climate events and transformation actions, see the detailed description in “10. Other important information helpful for understanding the status of climate-related information implementation (2)”.</td></tr>
<tr><td>4.Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>Climate Change Related Risks and Opportunities Identification and Assessment Process：
<table>
<tr><td>Filter out the climate-related risks and opportunities</td><td>Filter out the relevant climate-related risks and opportunities based on Sysgration's industrial characteristics and operating status.</td></tr>
<tr><td rowspan="2">Company internal training and inventory</td><td>Convene TCFD Team members to organize education and training and workshops, to understand the definition of climate-related risks and opportunities related to Sysgration, research and analyze domestic and international laws and regulations, market and technology trends.</td></tr>
<tr><td>Further conduct composite analysis on each issue, to understand the impact and influence of climate issues on Sysgration through factors of possibility, degree and period of impact.</td></tr>
<tr><td rowspan="2">Identify significant risks and opportunities</td><td>Summarize the Company's significant climate-related risks and opportunities based on the content of the research and analysis, and assess the significance according to the possibility of impact and the degree of impact.</td></tr>
<tr><td>Inventory information and management strategies related to climate-related risks and opportunities, and summarize corresponding control measures and action plans.</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td>
<table>
<tr><td>Senior Management Confirmation</td><td>In conclusion, the Senior Management reviews the identified results, confirms relevant climate-related risks and opportunities, and integrates them into the Company's risk management process for control.</td></tr>
</table>
</td></tr>
<tr><td>5.If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be explained.</td><td>
In order to implement the determination of climate risk management, Sysgration comprehensively introduced the climate-related risk and opportunity identification mechanism in 2022, established the Climate-related Risks and Opportunities Matrix according to the possible impact period of climate change, the affected operation factories, the probability of risk occurrence and the degree of impact on operations and through analysis and evaluation to fully inventory, assess and present the impact of various climate-related risk and opportunity issues on the Company's operations.
1. Identification mechanism and analysis factors
<table>
<tr><td rowspan="2">Analysis</td><td>Introduce the Climate-related risk and opportunity identification mechanism.</td></tr>
<tr><td>Identify climate-related risks and opportunities based on Sysgration's operation status and industry characteristics.</td></tr>
<tr><td>Inventory</td><td>Complete inventory and assess the impact of various climate-related risks and opportunities on the Company's operations.</td></tr>
<tr><td>Strategies</td><td>Propose corresponding control measures and action plans based on the impact of proposed climate-related risks and opportunities on the Company.</td></tr>
</table>
2. Impact on the operations of Sysgration
<table>
<tr><td rowspan="5">Risk Issues</td><td>Costs to transition to lower emissions technology.</td></tr>
<tr><td>Increased cost of raw materials.</td></tr>
<tr><td>Changing customer behavior.</td></tr>
<tr><td>Increased severity of extreme weather events as cyclones and floods.</td></tr>
<tr><td>Carbon pricing mechanism.</td></tr>
<tr><td rowspan="3">Opportunities Issues</td><td>Access to new markets.</td></tr>
<tr><td>Use of more efficient production and distribution processes.</td></tr>
<tr><td>Development and/or expansion of low emission goods and services.</td></tr>
</table>
</td></tr>
<tr><td>6.If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and objective to identify and manage physical risks and transformation risks.</td><td>
The Company has introduced a climate-related risk and opportunity identification mechanism to identify the substantive impacts and quantitative indicators of risk issues based on current operations and industry characteristics, and propose corresponding control measures and action plans.
（1） Physical Risk
① In response to flooding caused by extreme weather events, look for warehousing places in safe areas and OEMs to assist in production; choose the methods of shipping transportation that are least affected by extreme weather events.
</td></tr>
</table>

	② In the event of short-term power outages due to drought, diesel generators will be used for backup power generation during power outages, to maintain uninterrupted production and manufacturing and avoid work suspension or production interruptions. (2) Transition Risk Under effective management and control in past operations, there has been no production and logistics interruption or supply chain failure due to climate or natural disasters, and no impact on revenue for the time being. Sysgration is fully aware of the importance of climate risk management and actively establishes response measures for climate change. we followed the Task Force on Climate related Financial Disclosures (TCFD) to transparently disclose Sysgration's current management status of key climate change risks and opportunities according to four major frameworks of governance, strategy, risk management, metrics and targets, to achieve the goal of sustainable operation.
7.If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	The European Union will implement the CBAM Carbon Border Adjustment Mechanism starting October 1, 2023, with full implementation in 2026; Taiwan is expected to start collecting and introducing a carbon fee in 2024-2025.Although the Company is not the first wave of taxation objects, we still need to pay close attention to regulatory changes and updates. Sysgration introduced Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets. Continue to pay attention to Mainland China's carbon trading market policies, and Taiwan's carbon fee and carbon tax policies, conduct carbon inventory every year, set short-term, medium- and long-term carbon emission reduction targets and reviewed regularly, so as to cooperate with the government's relevant carbon reduction policies in the future and adjust the Company's carbon reduction strategies and action plans in a timely manner.
8.If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planning period, and progress each year should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve these goals, the source and amount of carbon reduction credits or RECs offset should be explained.	Sysgration pays attention to the impact of climate change on corporate operation. We have established the greenhouse gas reduction goal and set the year of 2021 to be the base year. The short-term goal is a 10% reduction in emissions by 2023, the medium-term goal is a 20% reduction in emissions by 2025, and the long-term goal is a 50% reduction by 2030. Scope 2 (Purchased electricity) is the main source of Sysgration's greenhouse gas emission calculation, accounting for more than 99% of the Company's emissions in the past three years. In 2023, the Group ' s total greenhouse gas emissions were 2,898.75 tCO_2e, and the emission intensity was 0.88 tCO_2e/ NT$ million in revenue. It is expected that with the increase in revenue, the Company will continue to move towards the goal of greenhouse gas management.

9.Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans.	
(1)Greenhouse gas inventory information： State greenhouse gas emissions volume (metric tons CO2e), intensity (metric tons CO2e/NTD million) and data coverage for the most recent two years.	Statistics of Sysgration Greenhouse Gas Emission Data in the Past Two Years： (see table below) Note: The greenhouse gas emission calculation adopts the operational control approach, and the emission is calculated by activity data*emission factors*GWP values (the source of coefficient refers to emission coefficient management table 6.0.4 announced by the Environmental Protection Administration (EPA) in 2019, and GWP value refers to IPCC fourth assessment report (2007). The greenhouse gas includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.
(2)Greenhouse Gas Assurance Information： Describe the status of assurance in the last 2 years, up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.	In order to achieve the net-zero goal of the Paris Agreement, the Taiwan government responded positively. First, it announced a Sustainable Development Roadmap for listed companies in 2022. In 2023, the "Climate Change Adaptation Act" was amended and passed. To achieve the net zero goal in 2050 and establish the carbon reduction goals, it is necessary to conduct inventory first. All international sustainability evaluations, such as CDP (Carbon Disclosure Project) and DJSI (Dow Jones Sustainability Index), require disclosure of climate information, clearly showing the importance of greenhouse gas emission data disclosure. As a global business citizen, Sysgration also attaches great importance to this issue, and plans to introduce ISO 14064-1 Greenhouse Gas Organization Inventory Response in the near future.
(3) Greenhouse gas reduction goals, strategies and concrete action plans： Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of reduction goals.	Greenhouse gas reduction goals, strategies and concrete action plans are described as follows： (see table below)

Greenhouse Gas Emissions	2022	2023
Scope 1(Note 1) (tCO2e)	25.59	26.11
Scope 2(Note 2) (tCO2e)	2,345.33	2,872.64
Total emission (tCO2e)	2,370.92	2,898.75
(tCO2e / NT$ million in revenue)	0.69	0.88

Metrics	Targets	Implementation Status
Low Carbon and Green Products	Set the year of 2022 as the base year for the Group's global energy storage installation capacity; the target is to grow by 5 times in 2025.	Sysgration has been committed to using advanced technology to produce and develop battery modules, providing solutions for electric vehicles, backup systems, and energy management. The uninterruptible power supply system has been delivered to Taiwan's firsttier manufacturers. The cumulative production of electric vehicle battery modules exceeds 2,000 sets, and the cumulative production of energy-related products exceeds 200MWh.

	GHG Management	Set the year of 2021 as the base year for the greenhouse gas emissions: 1. Short-term: 10% reduction in emissions by 2023. 2. Medium-term: 20% reduction in emissions by 2025. 3. Long-term: 50% reduction in emissions by 2030.	The calculation of greenhouse gas emissions is mainly based on Scope 2 (externally purchased electricity), accounting for 99% of the annual emissions. In 2023, the Group ' s total greenhouse gas emissions were 2,898.75 tCO2e, and the emission intensity was 0.88 tCO2e/ NT$ million in revenue. It is expected that with the increase in revenue, the Company will continue to move towards the goal of greenhouse gas management.
	Energy Saving Management	Set the year of 2021 as the base year for the power consumption management; the goal is to reduce the emission density of electricity consumption by at least 40% in 2026.	Energy Conservation and Green Energy Investment in 2023： 1. Replacing traditional light tubes: 33,840 KWH of power can be saved annually. 2. Introducing high-efficiency and energy-saving chillers: 97,500 KWH of power can be saved annually.

10.Other important information helpful for understanding the status of climate-related information implementation：

（1)Climate-related Risks and Opportunities Identification Results：

Type of Risks and Opportunities		Issue Definition	Company Impact Description	Impact Period	Impacted Factories	Response Strategy
Transition Risk	Policy and Legal Risk	Carbon pricing mechanism	The European Union will implement the CBAM Carbon Border Adjustment Mechanism starting October 1, 2023, with full implementation in 2026; Taiwan is expected to start collecting and introducing a carbon fee in 2024-2025. Although the Company is not the first wave of taxation objects, we still need to pay close attention to regulatory changes and updates. The national carbon emission trading market in	Medium-term (3~5 Years)	Company-wide	1. Establish the ESG Committee and set up a Sustainable Environment Task Force to promote and supervise energy conservation and carbon reduction measures, such as replacing equipment, promoting paperless and recycling paper reuse. In the past two years, replacing the lighting in the factories with LED energy-saving lamps has reached 65%, and 100% of the factories will be replaced with LED lamps in the next year. 2. Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based

			mainland China will be launched in 2021. The first industry to be included in the trading is the electric power industry, but it is still necessary to pay close attention to the policies and industries that are subject to regulation. In the future, when carbon emissions exceed the control value, an additional purchase is required. However, the price of carbon rights should be increased year by year, resulting in cost pressures on businesses.			Carbon Reduction initiative targets. 3. Continue to pay attention to Mainland China's carbon trading market policies, and Taiwan's carbon fee and carbon tax policies, conduct carbon inventory every year, set short-term, medium- and long-term carbon emission reduction targets and reviewed regularly, so as to cooperate with the government's relevant carbon reduction policies in the future and adjust the Company's carbon reduction strategies and action plans in a timely manner.
	Market Risk	Increased cost of raw materials	Natural disasters affect raw material suppliers, and increase the cost of purchasing raw materials, resulting in increased production costs. For example, due to supply chain interruptions, products fail to be delivered as scheduled; the manufacturing locations of automotive electronic components are also in Europe and the United States. For example, winter storms severely damage the power grid, resulting in power outages or production capacity crowding out after power is restored. All of this will increase the costs and increase the pressure on the Company's operating costs.	Short-term (0~3 Years)	Company-wide	1. Understand the production base of the upstream supply chain and provide predictive orders to facilitate production capacity planning and adjustment. 2. Disperse the proportion of materials used for electronic components through product design and supply chain management, not limited to one brand, and avoid production in the same area. 3. Improve research and development efforts, introduce green design, optimize production methods, and use a new recyclable integrated simple packaging design to reduce the waste of redundant packaging materials, reduce the cost of raw materials, reduce the weight of the whole machine, reduce transportation costs, to achieve energy saving carbon reduction. 4. Actively introduce raw material suppliers capable of implementing energy saving and carbon reduction.

		Changing customer behavior	In order to reduce the impact on the environment, many customers have requested changes in their product manufacturing or design requirements, such as replacing the battery from lead-acid batteries to lithium batteries. In addition to saving maintenance costs, it also reduces the impact of lead acid on the environment. To effectively reduce the tire wear of customer fleets, tire manufacturers propose changes by providing a Fleet Management System and integrating a Tire Pressure Monitoring System.	Medium-term (3~5 Years)	Company-wide	1. In the development and design of tire pressure monitoring, energy storage and automotive electronics, Sysgration works closely with chip manufacturers, with new chip integrated with the original wireless communication into the main chip, to reduce the PCB area and makes the overall chip size smaller and lighter, reducing the raw materials needed for production processes, and shortening the time required for manufacturing, achieving the carbon reduction benefits in the product life cycle. 2. Establish a complete customer communication channel, formulate relevant standards for compliance, and provide customer feedback procedures to instantly understand customer needs for product specifications; at the same time, visit customers regularly to discuss cooperation and integration business matters to increase customer value differentiation and assist customers in expanding low carbon product market.
	Technology Risk	Costs to transition to lower emissions technology	1. Customers have increased demand for low-carbon and green energy-designed products, such as Fleet Management System and Bluetooth Tire Pressure Monitoring System; and all countries have also begun to increase requirements for specific products and processes, such as Europe has required mandatory installation of Tire Pressure Monitoring	Short-term (0~3 Years)	Company-wide	1. Set up Research and Development Departments for different product lines and combine the expertise and advantages of supply chain manufacturers to continuously develop innovative technologies in the fields of Internet of Things, Internet of Vehicles, Energy Storage products, and Battery Energy. 2. The development of the new Bluetooth TPMS will reduce the weight of the vehicle, reduce fuel consumption, reduce the possibility of tires being scrapped early due to insufficient tire pressure, and

			System for trucks, hence, investment in product research and development and process improvement costs will increase. 2. The carbon emission requirements of the countries where each operation location is located, such as the carbon fee levied by Taiwan's Climate Change Response Act and the carbon trading in the test pilot of the carbon trading market in mainland China. If low-carbon technology transformation is not implemented, the cost of carbon fees will increase.			save fuel consumption while maintaining tire pressure. 3. Actively encourage employees to expand the research and development achievements completed on the job, accumulate the Company's intellectual property rights, and arrange relevant innovative research and development courses combined with environmental sustainability at the same time. 4. Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets.
Physical Risk	Acute Risk	Increased severity of extreme weather events as cyclones and floods	In recent years, the frequency of extreme weather events has increased and lasted longer. The factory buildings may be damaged by flooding, and employees may also suffer direct or indirect injuries; and the interruption of production may lead to interruption of the supply chain, obstruction of raw material delivery, and supply interruption. For example, when a typhoon strikes, it may directly affect the transportation, delay the delivery date and shipping schedule of the supply chain, and thus unable to meet the customer delivery schedule.	Long-term (More than 5 Years)	Nankang Plant, Zhenjiang Plant, Huizhou Plant	1. Formulate emergency response measures, prepare fire-fighting and emergency rescue equipment in advance, conduct typhoon emergency response drills at least once every year, and set up the Emergency Command Center to conduct overall emergency response management after disasters, including the immediate purchase of raw materials on the spot and emergency personnel recruitment. 2. In response to flooding caused by extreme weather events, look for warehousing places in safe areas and OEMs to assist in production; choose the methods of shipping transportation that are least affected by extreme weather events. 3. In the event of short-term power outages due to drought, diesel generators will be used for backup power generation during

						power outages, to maintain uninterrupted production and manufacturing and avoid work suspension or production interruptions. 4. Take out relevant insurance such as natural disaster insurance to reduce losses.
Opportunity	Market	Access to new markets	1 With the increase of customers' demand for Fleet Management System, Sysgration's Bluetooth TPMS can be easily integrated with the Fleet Management System, to effectively manage fleet tire wear and reduce fuel consumption and carbon emissions. And, in response to the mandatory installation of tire pressure monitoring systems for trucks in Europe, the demand has increased. 2 Climate change has prompted the global automobile market to rapidly shift to electric vehicles. Sysgration has experience in the development and production of automotive electronic products. The produced Internet of Things, Internet of Vehicles, Energy Storage products and Battery Energy technologies	Long-term (More than 5 Years)	Company-wide	1. Continue to expand and operate with major customers of European and American OE automobile manufacturers. 2. The upstream and downstream integration and comprehensive deployment of the energy storage industry chain to bring in capital, technology, and strategic investors. 3. Add new operating locations, to set up factories in the United States to win over and stabilize orders from local customers, which can also shorten the time and distance of shipping transportation and reduce carbon emissions. 4. Expect to divide the ESS department to establish the Power System Energy and expand the Energy Storage Equipment Construction market. 5. Research and analyze market, customer, region, society, national policies, laws and regulations, and climate-related trends, grasp the product aspect market environment and changes in policies and laws and regulations with advance deployment to increase and speed up research and development efforts, and accelerate product innovation.
	Resource Efficiency	Use of more efficient production and	Reduce the proportion of rework to increase the yield rate by increasing the proportion of automated production and	Long-term (More than 5 Years)	Company-wide	1. Increase and improvement of automation equipment. 2. Strengthen the integrity of generating big data collection.

		distribution processes	testing and use big data to analyze the causes of production yield rate to implement improvement and preventive measures.			3. Implement personnel education and training. 4. Nankang Plant is building a micro-grid in the factory, using the UPS System and Energy Storage System with EMS Energy Management System to effectively monitor and control the factory's power consumption, and then establish solar photovoltaics for self-generation and self-use. Using green electricity to reduce carbon can also reduce contract capacity and unit production costs.
	Energy Source	Development and/or expansion of low emission goods and services	1 Develop the distributed Energy Storage System, using lithium-ion batteries cooperated with solar photovoltaics. 2 Compared with the traditional technology of Radio Frequency, the low-power Bluetooth TPMS can reduce the installation of materials, shorten the installation time, and make it easy to integrate with the customer's device without the need to purchase a signal amplifier. 3 Develop smart glasses products, improve power saving and charging and discharging efficiency can effectively save energy, and turn to find ODM/OEM opportunities for smart glasses simultaneously.	Medium-term (3~5 Years)	Company-wide	1. Strengthen the collection and research and development of new specification power supplies and power-saving design data and increase the percentage of using energy saving parts. 2. Develop multiple technologies such as automatic positioning systems, to save customers installation time. 3. Use mechanism design analysis software to assess, including heat dissipation, turbulence, etc., estimate the weight and size of the product, and plan the heat conduction design aiming at the position where the heat energy occurs,

(2) Financial Impact Assessment of Significant Climate-related Risks and Opportunities：

Type of Risks and Opportunities		Issue Definition	Assessment Scope	Climate-related Scenarios	Impact Assessment Timeline	Financial Impact Assessment Results
Transition Risk	Market Risk	Increased cost of raw materials	Company-wide	According to the SSP5-8.5 scenario of IPCC AR6, analyze the impact of climate disasters on the disruption of system electricity production logistics and the inability of the supply chain of Sysgration is analyzed.	2046~2065 (mid-century)	Under effective management and control of the operations in past, there have been no interruptions in production logistics and supply chain inability to supply due to climate disasters, so there has been no impact on revenue temporarily.
	Technology Risk	Costs to transition to lower emissions technology		1 In the process of lower emissions technology transition, when Sysgration's products fail to meet the latest low carbon and energy-saving specifications of customers or the government, will be likely caused orders decline. 2 Based on the BAU (Business As Usual) and IEA-Net Zero scenarios (scenarios where global warming is expected to be controlled at 1.5°C), carbon fees or carbon trading expenses are levied on different operating factories to comply with the greenhouse gas emission policies of local authorities, and will be likely caused financial impact.	2025	1 If the product fails to lower emissions technology transition to meet the latest low-carbon energy-saving specifications of customers or the government, resulting in orders decline, the financial impact will account for 32.5% of the revenue. 2 The financial impact of carbon fees or carbon trading espenses levied on operating factories in order to comply with the greenhouse gas emission policies of local authorities: (1) BAU scenario: Financial impact accounts for 0.03% of the revenue. (2) Net Zero scenario: financial impact accounts for 0.09% of the revenue.
Opportunity	Market	Access to new markets		The planned and estimated growth scenario is based on Sysgration's entry into new markets such as Bluetooth TPMS, Internet of Vehicles, and Energy Storage products.	2026, 2030 (medium- and long-term)	Mid-term: Expected to the profit of NT$6.1 billion to new markets. Long-term: Expected to the profit of NT$7.3 billion to new markets.

4.6 Performance of ethical management and implementation measures:

Evaluation Item	Operation Condition			Situation and Reasons for Differences from Code of Integrity Management for Listed Companies
	Y	N	Explanation	
1. Establishment of a policy and plan of integrity management				
(1) Has the company formulated a policy of ethical management approved by the Board of Directors and clearly stated the policy and practice of ethical management in the rules and regulations and external documents, as well as the commitment of the Board of Directors and executive management to actively implement the business policy?	✓		The Company, based on integrity and ethical operation principle, has stipulated the "Ethical Management Guidelines" and "Code of Ethics" to as principles for its business, directors, senior managers, and group staffs to obey and build up good commercial operation modes. The" Ethical Management Guidelines" is disclosed on its website for reference to the public.	Conform to Code of Practice on Sustainable Development, without significant difference.
(2) Has the Company established a risk assessment mechanism for dishonest conduct, regularly analyzed and evaluated the business activities within the scope of business with a high risk of dishonest conduct, and based on this, formulated a plan to prevent dishonest conduct, which shall at least cover the preventive measures for the conduct in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The internal rules of the Company, such as the operating rules for preventing insider trading and the employee handbook, stipulate that all employees shall not engage in or be involved in any dishonest business activities, and the audit unit shall conduct regular audits and prevent such activities through internal reporting.	Conform to Code of Practice on Sustainable Development, without significant difference.
(3) Has the Company defined the operating procedures, conduct guidelines, punishment, and reporting system for violations to prevent dishonest acts and implement, and regularly reviewed the plan for revising and exposing the violations?	✓		The Company has a " Code of Ethics" and relevant internal measures and policies. The punishment and appeal system for violations has been defined, advocated, and implemented through internal education and training.	Conform to Code of Practice on Sustainable Development, without significant difference.
2. Implementation of ethical management				

Evaluation Item	Operation Condition			Situation and Reasons for Differences from Code of Integrity Management for Listed Companies
	Y	N	Explanation	
(1) Has the Company assessed the ethical record of its dealing parties and has included in the contracts entered into with its dealing parties a clause on ethical conduct?	✓		The Company requires its business associates to sign a "Letter of Commitment on Integrity, Environmental Protection, and Social Responsibility," which stipulates that the business associates shall abide by integrity and shall not grant or receive improper benefits to the employees of the Company. They also regularly assess the integrity of their business operations and whether they violate their ethical records to ensure that their business operations are transparent and fair.	Conform to Code of Practice on Sustainable Development, without significant difference.
(2) Does the Company set up a dedicated unit under the Board of Directors to promote the honest operation, and regularly (at least once a year) report to the Board of Directors its policy of honest operation and the plan to prevent dishonest behavior and supervise its implementation?	✓		The Human Resources Department is the coordinating unit for ethical management, which is responsible for implementing and supervising our ethical management policies and the activities for prevention of unethical behavior, while the audit department is tasked with daily supervision and audit of the implementation of ethical management by our operating departments to ensure compliance with our internal control system. On November 08, 2023, a report on the implementation of ethical management was submitted to the Board of Directors as follows: 1. We require all employees and new suppliers to sign the “Commitment to Ethics, Integrity, Environmental Protection and Social Responsibilities,” and 100% of them have done so. 2. We periodically assess whether any supplier has violated ethical requirements, and there was no such	Conform to Code of Practice on Sustainable Development, without significant difference.

Evaluation Item	Operation Condition			Situation and Reasons for Differences from Code of Integrity Management for Listed Companies
	Y	N	Explanation	
			violation in 2023. 3. We require all directors to sign the "Declaration on Non-violation of the Code of Ethics," and 100% of them have done so. 4. We have included ethical principles in the scope of evaluation of the performance of employees, and in 2023 we conducted four such evaluations. 5. On September 13, 2023, we promoted the "Laws and Regulations and Requirements Applicable to the Change of Shareholding of Insiders" to directors and managers via email. 6. The Company's "Procedures Governing the Prevention of Insider Trading" explicitly stipulates that none of our directors may trade our shares during the closure period 30 days prior to publication of an annual financial report or 15 days prior to publication of a quarterly financial report. The Company reminded the directors by e-mail before the announcement of the financial report that they should not trade during the closure period. There were no transactions by directors during the closure period in 2023. 7. In 2023, we organized relevant training courses for a total of 20 hours attended by 1,128 persons. For detailed information, see the description in (V).	Conform to Code of Practice on Sustainable Development, without significant difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Condition</th><th rowspan="2">Situation and Reasons for Differences from Code of Integrity Management for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td>(3) Has the Company formulated and implemented a policy to prevent conflict of interest and provided appropriate channels for presentation?</td><td>✓</td><td></td><td>The Company conducts all business activities in accordance with the law and will release important information in accordance with the law to achieve information transparency; if there is a conflict of interest in the vote of the Board of Directors, the person shall be withdrawn.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td>(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management? Has the internal audit unit drawn up relevant audit plans based on the assessment results of the risks of dishonest conduct and checked the compliance of the plan to prevent the dishonest conduct, or entrust an accountant to conduct he audit?</td><td>✓</td><td></td><td>The Company has established an effective accounting formulation and internal control system. The Company's internal audit unit shall conduct the audit according to the annual audit plan approved by the Board of Directors, submit the report to the Audit Committee, report the implementation of its audit to the Audit Committee and the Board of Directors, and report to the competent authority according to the relevant provisions.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td>(5) Does the Company regularly hold internal and external education and training on ethical management?</td><td>✓</td><td></td><td>The Company held external and internal training courses on the related subjects of ethical management in 2023, a total of 20 course hours and 1,128 head counts been trained.
<table>
<tr><th>Date</th><th>Contents</th><th>Hours</th><th>Attendees</th></tr>
<tr><td>2023/01/17</td><td>Introduction to the Company’s ESG Promotion</td><td>2</td><td>47</td></tr>
<tr><td>2023/04/13</td><td>ESG - Ethical Corporate Management and Supply Chain Management</td><td>2</td><td>14</td></tr>
<tr><td>2023/04/18</td><td>ESG - Energy Management and Environmental Sustainability Topics</td><td>2</td><td>7</td></tr>
<tr><td>2023/04/18</td><td>ESG - Product Quality and Safety, and Low-carbon Green Products</td><td>1</td><td>7</td></tr>
<tr><td>2023/06/15</td><td>Introduction to trade secrets protection and management</td><td>1</td><td>220</td></tr>
<tr><td>2023/06/15</td><td>Advanced trade secrets protection and management</td><td>2</td><td>67</td></tr>
</table></td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Condition</th><th rowspan="2">Situation and Reasons for Differences from Code of Integrity Management for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Date</th><th>Contents</th><th>Hours</th><th>Attendees</th></tr>
<tr><td>2023/07/06</td><td>Protection and advocacy of the Personal Data Protection Act</td><td>1</td><td>213</td></tr>
<tr><td>2023/07/06</td><td>Personal Information Law Management and Practice - Advanced</td><td>2</td><td>55</td></tr>
<tr><td>2023/07/13</td><td>Understanding Unlawful Infringement in the Workplace</td><td>1</td><td>235</td></tr>
<tr><td>2023/08/24</td><td>Laws and Regulations</td><td>1</td><td>12</td></tr>
<tr><td>2023/09/19</td><td>Recognition of occupational accidents and employer’s statutory responsibilities</td><td>3</td><td>2</td></tr>
<tr><td>2023/10/13</td><td>Employee Principles - Ethical Corporate Management, Anti-Corruption and Corporate Governance</td><td>2</td><td>249</td></tr>
</table></td><td></td></tr>
<tr><td>3. Operation of the Company's reporting system
(1) Has the Company formulated a specific reporting and reward system, established a convenient reporting channel, and designated an appropriate person in charge of handling the report?</td><td>✓</td><td></td><td>The Company has formulated relevant and specific whistleblowing system and was disclosed on the Company’s website, with proper officers for effectively perform the appeal. An informer may prosecute through letter, e-mail and telephone and etc., of which, whistleblowing on shareholders, investors or other stakeholders are accepted by spokesperson or deputy spokesperson, while that on internal employees, clients, or suppliers are processed by human resource department.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Condition</th><th rowspan="2">Situation and Reasons for Differences from Code of Integrity Management for Listed Companies</th></tr>
<tr><th>Y</th><th>N</th><th>Explanation</th></tr>
<tr><td>(2) Has the Company set the standard operating procedures to investigate complaints, the follow- up measures to be taken after the investigation is completed, and a relevant confidentiality mechanism?</td><td>✓</td><td></td><td>The company shall process whistleblowing events based on “Whistleblowing Procedures”, in which stipulated corresponding operating procedures and secrecy mechanism, to maintain informer’s rights and privacy.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td>(3) Has the Company taken measures to protect the informant from improper treatment due to reporting?</td><td>✓</td><td></td><td>The Company’s whistleblowing Procedures expressly stipulate that the accepting unit shall not disclose informer’s identity, to effectively maintain appeal system and prevent informer from improper treatments.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td>4. Strengthened information disclosure
(1) Does the Company disclose the content and effectiveness of its ethical management on its website and on its Open Information Observatory?</td><td>✓</td><td></td><td>The Company's Code of Ethical Management is disclosed on its website and on the Open Information Observatory.</td><td>Conform to Code of Practice on Sustainable Development, without significant difference.</td></tr>
<tr><td colspan="5">5. If the Company has its own code of ethical management based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please state the difference between its operation and the code:
No differences exist.</td></tr>
<tr><td colspan="5">6. Other important information that will help us to understand the ethical management operation of the Company:
The Company has an accounting system, internal audit, and other operations. It has formulated the “Corporate Governance Principles” and “Ethical Management Guidelines” for the Company's executive management and employees to follow. The internal auditors also regularly report to the Audit Committee and the Board of Directors on the Company's internal control system and various audits. In addition, the Audit Committee and the Board of Directors will be informed of any work or content revision that needs to be strengthened so that the ethical management system can be effectively implemented.</td></tr>
</table>

Evaluation Item	Operation Condition			Situation and Reasons for Differences from Code of Integrity Management for Listed Companies
	Y	N	Explanation	

4.7 If the Company has a corporate governance code and relevant regulations, it shall disclose its inquiry methods:

Please refer to the Company's website (www.sysgration.com) and the Open Information Observatory.

4.8 Other important information which is sufficient to enhance the understanding of the operation of corporate governance may be disclosed together:

In order to establish a good internal material information processing and disclosure mechanism, avoid the improper disclosure of information, and ensure the consistency and accuracy of the information published by the Company to the outside world, the Company hereby establishes the "Internal Material Information Processing Procedure."

4.9 Implementation of the internal control system

1. Statement of internal control

Sysgration Ltd.
Statement of the internal control system

Date: February 26, 2024

The Company's internal control system of 2023, based on the results of its own assessment, is hereby stated as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and the management team of the Company, and the Company has established such a system. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and asset safety, etc.), reliability, timeliness, transparency of reporting, and compliance with relevant regulations.
2. The internal control system has its innate limitations, no matter how perfect the design is. An effective internal control system can only provide a reasonable assurance for achieving the above three objectives. Moreover, due to the change in the environment, the effectiveness of the internal control system may change. However, The Company has a self-monitoring mechanism for its internal control system. Once any deficiencies are identified, the Company shall take corrective action.
3. The Company judges whether the design and implementation of the internal control system are effective or not according to the "Guidelines for Handling the Establishment of Internal Control System by Public Offering Companies" (hereinafter referred to as the "Guidelines for Handling"). The internal control system used in the "Guidelines for Handling" is the process of management control. The internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision operation. Each component includes several items. For the foregoing items, please refer to the "Guidelines for Handling."
4. The Company has adopted the above internal control system judgment items and evaluated the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the foregoing assessment, the Company considers that the internal control system of the Company as of December 31, 2023 (including the supervision and management of the subsidiaries), including an understanding of the effectiveness of operations and the extent to which efficiency objectives are achieved, and the report is reliable, timely, transparent, and in compliance with relevant codes and relevant regulations with relevant internal control systems, so the design and implementation are effective and can reasonably ensure that the above objectives are achieved.
6. This Statement will be the main content of the Company's annual report and prospectus and will be disclosed publicly. Any false or concealment of the above information will be subject to the legal liability of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement is approved by the Board of Directors of the Company on February 26, 2024. Among the seven directors present, there are no opposing opinions, and they agree with the contents of this Statement and hereby declare as such.

Sysgration Ltd.

Chairman: Lee, Yi-Ren

General Manager: Hsieh, Tung-Fu

2. If an accountant is entrusted with reviewing the internal control system professionally, the audit report of the accountant shall be disclosed: None.

4.10 In the most recent year, as of the publication date of the annual report, the Company and its internal personnel have been punished according to the law, or the Company has punished its internal personnel for violating the provisions of the internal control system. The punishment result may have a significant impact on the shareholders' rights and interests or securities prices. The content of the punishment, main deficiency, and improvement measures are as below: None.

4.11 Important resolutions from the shareholders' and the Board of Directors meeting in the most recent year, as of the publication date of the annual report:

1. Contents and implementation of material resolutions of the meeting of shareholders

Date	Material resolution of shareholders' meeting	Implementation
2023/04/27	1. Ratification of the 2022 business report, financial statements and consolidated financial statements.	The 2022 financial statements were approved by the shareholders' meeting and have been published on the MOPS as reference for investors.
	2. Ratification of the proposal to offset the losses in 2022.	Offsetting of losses has been completed pursuant to the resolution of the shareholders' meeting.
	3. Amendment to the "Articles of Incorporation".	Implemented in accordance with the amended Articles of Incorporation.
	4. Split of the Company's Energy Storage Business Unit.	Implemented pursuant to the resolution adopted at the shareholders' meeting.
	5. The Company may carry out the stock release to "Power Tank Energy Ltd." at different times and waive the right to participate in that company's cash capital increase projects within one year upon completion of the registration of split and change.	Implemented pursuant to the resolution adopted at the shareholders' meeting.
	6. Election of Directors.	After election, Director Li, Yi-Ren, Director Hsieh, Tung-Fu, Director Li, Cheng-Han, Director Tai, Feng-Yi and Independent Director Lin, Kuan-Chao, Independent Director He, Ju-Hsiang, and Independent Director Wei, Che-Chen were elected and appointed.

Date	Material resolution of shareholders' meeting	Implementation
	7. Proposal for releasing the non-compete restriction on Directors.	Resolution of the shareholders' meeting, Director Tai, Feng-Yi, Independent Director Lin, Kuan-Chao, Independent Director Wei, Che-Chen, and Independent Director He, Ju-Hsiang without prejudice to the interests of the Company, the non-competition restrictions shall be relieved if investing in or operating other companies with the same or similar business scope or acting as a director or manager.

2. Material resolutions of the Board of Directors

Date	Material Resolutions of the Board of Directors
2023/01/09	1.The 2023 operational plan and budget. 2.Determination of the record date for capital increase from conversion of employees' stock warrants to common shares and from exchange of the fourth issue of domestic secured convertible bonds for issuance of new share. 3.Amendment to certain provisions of the "Articles of Incorporation". 4.Amendment to the 2022 Regulations Governing the Issuance of Employees' Stock Warrants and the Subscription by Employees. 5.Periodic assessment of the independence of CPAs. 6.New election of all directors. 7.Convening of the 2023 annual shareholders' meeting. 8.Matters related to proposed advance approval of the provision of non-assurance services by CPAs. 9.List of employees to be issued employees' stock warrants proposed for distribution and the amount of stock options. 10.Distribution of 2022 year-end bonuses to managers.
2023/03/09	1. The "Evaluation of the Effectiveness of Internal Control System" and the "Statement of Internal Control System" of the Company for 2022. 2. The financial statements and business report of the Company for 2022. 3. The appropriation of profits and losses of the Company for 2022. 4. The proposal that accounts receivable from business dealings, which exceed the normal loan period for 3 months as of December 31, 2022 and are of significant amounts, are to be considered loan to others. 5. The credit limit of bank loans to Sysgration. 6. The distribution of the remuneration of employees and directors of the Company for 2022. 7. Matters relating to the determination of the price and payment period for the second private placement. 8. The nomination and resolution of the candidates of directors (including independent directors). 9. The approval of competing with the Company by newly elected directors.

Date	Material Resolutions of the Board of Directors
2023/03/09	10. The division of the Company's Energy Storage Business Unit 11. The proposal that the Company may carry out the stock release to "Power Tank Energy Ltd." at different times within one year of the completion date of registering the division and waive the right to participate in that company's project of capital injection by cash 12. Distribution of operational bonuses to managers. 13. Supplementary information regarding the date, place, methods, and subjects of the 2023 shareholders' meeting of the Company.
2023/04/27	1. Election of Chairman of 15th BOD. 2. Appointed members of Compensation Committee.
2023/05/09	1. Adopted the Company's 2023Q1 consolidated financial statements. 2. Adopted capital increase record date of employee stock option execution and conversion of the 4th secured convertible bonds. 3. Adopted change of company's registered address. 4. Adopted the Company's account receivables overdue over 3 months had no intention to be considered as loans to others. 5. Adopted investment of Leadray Energy Co. 6. Adopted hiring of executive manager. 7. Adopted compensation of executive managers. 8. Adopted project bonus release for managers. 9. Adopted 2023Q1 bonus release for managers.
2023/06/20	1. Adopted increase of USA subsidiary investment amount. 2. Adopted issuance plan of 5th convertible bond.
2023/07/21	1. Adopted USA subsidiary, Sysgration America Corporation, acquisition of plant. 2. Adopted bank loan credit. 3. Adopted investment of Rearwear Inc.
2023/08/08	1. Adopted the Company's 2023Q2 consolidated financial statements. 2. Adopted capital increase record date of employee stock option execution and conversion of 3. the 4th secured convertible bonds. 4. Adopted bank loan credit. 5. Approved the establishment of the "Risk Management Committee" and the Risk Management Committee Charter of the Company. 6. Adopted establishment of Risk Management Committee 7. Adopted 2023Q2 bonus release for managers.
2023/11/08	1. The 2023 audit plan. 2. The Company's 2022 "Modern Slavery Policy and Statement". 3. Adopted the Company's 2023Q3 consolidated financial statements. 4. Adopted capital increase record date of employee stock option execution and conversion of 5. the 4th secured convertible bonds. 6. Formulation of the Company's "Regulations Governing Operations Related to Finance and Business Between Related Parties". 7. Adopted bank loan credit. 8. Approved the provision of endorsement and guarantees for the bank financing facilities of the subsidiary, Power Tank Energy Ltd. 9. Chief Information Security Officer Appointment. 10. Remuneration to the newly appointed information security officer of the

Date	Material Resolutions of the Board of Directors
2024/01/17	1. The 2024 operational plan and budget. 2. Amendment to certain provisions of the "Articles of Incorporation". 3. Amendment to the Company's "Procedure for Loaning Funds to Others". 4. Periodic assessment of the independence of CPAs. 5. Adopted capital increase record date of employee stock option execution and conversion of 6. the 4th secured convertible bonds. 7. Lifting of the non-compete ban for managers. 8. Lifting of the non-compete restriction for directors. 9. The limit of bank loans to Sysgration. 10. Approved the provision of endorsement and guarantees for the bank financing facilities of the subsidiary, Power Tank Energy Ltd. 11. Convening of the 2024 annual shareholders' meeting. 12. Organizational restructuring of the Company. 13. Adjustment of the remuneration of the Company's managers. 14. Distribution of 2023 year-end bonuses to managers.
2024/02/26	1. The "Evaluation of the Effectiveness of Internal Control System" and the "Statement of Internal Control System" of the Company for 2023. 2. The financial statements and business report of the Company for 2023. 3. Proposal to amend certain provisions of the "Regulations for Evaluation of the Performance of the Board of Directors". 4. Proposal to acquire right-of-use assets from related parties. 5. The proposal for distribution of 2023 profits. 6. The limit of bank loans to Sysgration. 7. Updated matters for reporting in the reasons for convening the 2024 annual shareholders' meeting. 8. The distribution of the remuneration of employees and directors of the Company for 2023. 9. Details on the distribution of remuneration to directors in 2023. 10. Distribution of operational bonuses to managers.

3.12 In the most recent year, as of the publication date of the annual report, the directors or supervisors have different opinions on the adoption of material resolutions by the Board of Directors, and there is a record or written statement: None.

3.13 In the most recent year and up to the publication date of the annual report, the resignation of the Chairman, General Manager, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, and Research and Development Supervisor: None.

5 Information On CPA's Services Fees

5.1 Audit Services Fee

Unit: NT$ 1,000

Accounting Firm	Accountant name	Accountant audit period	Audit Fees	Non-Audit Fees	Total	Remark
PricewaterhouseCoopers	Chih, Ping-Chiun Chiu, Chao-Hsien	2023/01/01~2023/12/31	3,900	5,006	8,906	None.

Note: In 2023, we paid a total of NTD5,006 thousand as non-audit fees, including NTD195 thousand as fees for registration of change, GHG inventory guidance fee: NTD 127 thousand, NTD250 thousand as fees for transfer pricing report, Fees for the assurance and consulting on pro forma financial statements for the spin-off of the Energy Storage Business Unit: NTD 450 thousand, Sustainability report consulting service fees: NTD 3,496 thousand, and US company incorporation consulting services: NTD 488 thousand.

5.2 Where the accounting firm is changed and the amount of audit fees paid in the year of the change is less than that in the year before the change, the amount of audit fees and the reasons before and after the change shall be disclosed: None.

5.3 Where the audit fees have been reduced by more than 10% compared with the previous year, the amount, proportion, and reasons for the reduction of audit fees shall be disclosed: None.

6 Information of Replacement of CPA: None.

7 Information To Be Disclosed Regarding The Chairman, General Manager, Or Chief Manager In Charge Of The Financial Or Accounting Affairs Of The Company Who Has Worked For Auditing Accounting Firm Or Its Affiliated Companies Within The Last One Year: None.

8 Changes Of Shareholding And Pledge Of Directors, Supervisors, Executive Managers, And Shareholders Holding More Than 10% Of The Shares.

8.1 Changes in shareholding

Title	Name	2023		as of March 8, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Lee, Yi-Ren	700,000	0	0	0
Director	Lee, Cheng-Han	0	0	84,000	0
Director	Tai, Feng-Yi (Note 3)	600,000	0	0	0
Director /General Manager	Hsieh, Tung-Fu	45,000	0	0	0
Independent Director	Lin, Kuan-Chao	0	0	0	0
Independent Director	Wei, Che-Chen	0	0	0	0
Independent Director	He, Ju-Hsiang	0	0	0	0
Vice President	Wang, Yen-Cheng	0	0	0	0
Vice President	Yeh, Chia-Fu	70,000	0	0	0
Vice President	Lin, Shih-Chi (Note 3)	0	0	0	0
Vice President	Li, Fang-Mao	(115,000)	0	0	0
Vice President	Hsing, Chien	0	0	0	0
Director Manager	Wang, Hua-Wei	(27,000)	0	0	0
Director Manager	Wu, Jeng-Ru	66,000	0	0	0
Director Manager	Lin, Mu-Sen	(3,000)	0	0	0
Director Manager	Tu, Chin-Hsien (註3)	0	0	0	0
Director Manager	Tsai, Hsiu-Mei	27,000	0	0	0

Note 1: The shareholders holding more than 10% of the Company's total shares shall be marked as major shareholders and listed separately.

Note 2: If the relative person of shares transfer or pledged is a related party, the following table should be completed.

Note 3: Mr. Tai, Feng-Yi appointed on 2023/04/27, Mr. Lin, Shih-Chi appointed on 2023/09/01 and Mr. Tu, Chin-Hsien appointed on 2023/05/02.

8.2 Transfer of shares information: None.

8.3 Pledge of shares information: None.

9 Relationship Among The Top Ten Shareholders

As of March 8, 2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Second Degree of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Lee, Yi-Ren	12,880,210	6.77%	2,782,097	1.46%	6,804,673	3.58%	Wu, Cui-Ying	Spouse	None
Lin, Yu-Yeh	7,930,000	4.17%	702,000	0.37%	0	0.00%	None	None	None
Talent Investment Co., Ltd.	6,804,673	3.58%	0	0.00%	0	0.00%	Lee, Yi-Ren	Company representative	None
Baldwin Asset Management Co., Ltd.	5,187,000	2.73%	0	0.00%	0	0.00%	None	None	None
Representative: Wu, Pao-Shun	0	0.00%	0	0.00%	0	0.00%	Baldwin Asset Management Co., Ltd.	Company representative	None
Wu, Cui-Ying	2,782,097	1.46%	12,880,210	6.77%	0	0.00%	Lee, Yi-Ren	Spouse	None
Wu, Hsi-Kun	2,000,000	1.05%	0	0.00%	0	0.00%	None	None	None
Capital High-Tech Fund	2,000,000	1.05%	0	0.00%	0	0.00%	None	None	None
CTBC Venture Capital Co., Ltd	1,400,000	0.74%	0	0.00%	0	0.00%	Wang, Chih-Kang	Company representative	None
Representative: Wang, Chih-Kang	0	0.00%	0	0.00%	0	0.00%	CTBC Venture Capital Co., Ltd	Company representative	None
Well Hand Electronics Co., Ltd.	1,000,000	0.53%	0	0.00%	0	0.00%	Hu,Yao-Jen	Company representative	None
Representative: Hu,Yao-Jen	500,000	0.26%	0	0.00%	0	0.00%	Well Hand Electronics Co., Ltd.	Company representative	None
Fu Li Investment Co., Ltd.	1,000,000	0.53%	0	0.00%	0	0.00%	Chuang, Yung-Shun	Company representative	None
Representative: Chuang, Yung-Shun	0	0.00%	0	0.00%	0	0.00%	Fu Li Investment Co., Ltd.	Company representative	None

Note 1: All the top ten shareholders must be listed. The names of the corporate shareholders and the names of the representatives shall be listed if they are corporate shareholders.

Note 2: The calculation of the shareholding ratio refers to calculating the shareholding ratio in the name of oneself, spouse, minor child, and by nominee arrangement.

Note 3: The shareholders listed above, including the institutional shareholders and natural persons, shall disclose their relationships according to the issuer's financial statement reporting standards.

10 Ownership Of Shares In Affiliated Enterprises

Unit: share; %, as of December 31, 2023

Affiliated Enterprises (Note 2)	Ownership by the Company		Direct or Indirect Ownership by the Directors, Supervisors, and Executive Managers		Comprehensive Ownership	
	Shares	%	Shares	%	Shares	%
Power Tank Energy Ltd.	41,388,434	100%	0	0%	41,388,434	100%
Sysgration Technology (Samoa) Ltd.	0	0%	21,800,000	100%	21,800,000	100%
Sysgration (Samoa) Ltd.	15,938,000	100%	0	0%	15,938,000	100%
Sysgration USA. Inc.	300,000	100%	0	0%	300,000	100%
Sysgration International Inc.	15,000,000	100%	0	0%	15,000,000	100%
Sysgration America Corporation	3,000,000	100%	0	0%	3,000,000	100%
Leadray Energy Co., Ltd	11,617,791	35%	0	0%	11,617,791	35%
Sysgration Technology (Zhenjiang) Ltd.	Note1	0%	Note1	100%	Note1	100%
Sysgration Technology (Huizhou) Ltd.	Note1	0%	Note1	100%	Note1	100%

Note 1: No shares issued.

Note 2: Long-term investment by the Company using the equity method.

IV. Capital Overview

1. Capital And Shares

1.1 Source of capital

A. Capitalization information

Unit: NT$1,000; 1,000 shares

Year/Month	Par Value (NT$/share)	Authorized Capital		Paid-In Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2022/02	ESOP NT$10 Convertible bond : Conversion price NT$ 35	300,000	3,000,000	155,549	1,555,489	CB conversion $ 220 ESOP execution $ 776	No	ZSSJ No.11101015970
2022/05	ESOP NT$10	300,000	3,000,000	155,588	1,555,880	ESOP execution $ 39	No	ZSSJ No.11101087570
2022/09	ESOP NT$10 Convertible bond : Conversion price NT$ 35	300,000	3,000,000	156,334	1,563,340	CB conversion $ 680 ESOP execution $ 66	No	ZSSJ No.11101166310
2022/11	ESOP NT$10 Convertible bond : Conversion price NT$ 35	300,000	3,000,000	156,810	1,568,105	CB conversion $ 45 ESOP execution $ 431	No	ZSSJ No.11101208540
2022/11	Private placement price: NT$ 32	300,000	3,000,000	167,060	1,670,605	Private placement of common stock $10,250	No	ZSSJ No.11101216530
2023/02	ESOP NT$33.8/ NT$10 Convertible bond: Conversion price NT$ 35/ NT$ 34.5	300,000	3,000,000	168,023	1,680,232	CB conversion $ 136 ESOP execution $ 827	No	ZSSJ No.11230011760
2023/04	Private placement price: NT$ 35	300,000	3,000,000	180,623	1,806,232	Private placement of common stock $12,600	No	ZSSJ No.11230056000
2023/06	ESOP NT$33.8/ NT$10 Convertible bond : Conversion price NT$34.5	300,000	3,000,000	181,179	1,811,794	CB conversion $ 461 ESOP execution $ 95	No	ZSSJ No.11230087570
2023/08	ESOP NT$33.8/ NT$10 Convertible bond : Conversion price NT$34.1	300,000	3,000,000	182,558	1,825,577	CB conversion $ 1,194 ESOP execution $ 185	No	ZSSJ No.11230164590
2023/12	ESOP NT$33.8/ NT$10 Convertible bond : Conversion price NT$34.1	300,000	3,000,000	184,585	1,845,849	CB conversion $ 1,842 ESOP execution $ 185	No	ZSSJ No.11230220700
2024/02	ESOP NT$33.8/ NT$10 Convertible bond : Conversion price NT$34.1	300,000	3,000,000	190,179	1,901,786	CB conversion $ 5,507 ESOP execution $ 87	No	ZSSJ No.11330015850

Note 1: Information for the year as of the date of publication should be completed.
Note 2: The effective (approved) date and document number of the capital increase shall be noted.
Note 3: The shares issued under par value shall be marked in a prominent manner.
Note 4: If the monetary claims or technology are used as paid-in capital, it shall be stated clearly, and the types and amounts of such assets shall be noted.
Note 5: In the case of a private placement, it shall be marked in a prominent manner.
Note 6: During the period from January 1 to March 8, 2024, there were 150 thousand shares from exercised employee stock options. The total amount of outstanding shares was 190,329 thousand shares as of March 8, 2024. The registration of capital changes is expected to be done by the end of the first quarter of 2024.

B. Stock Type

Unit: share, As of February 29, 2024

Stock Type	Authorized Capital				Remark
	Outstanding Shares		Unissued Shares	Total	
	Listed	Unlisted			
Registered Common Stock	167,479,097	22,850,000	109,670,903	300,000,000	None

Note: There are 150,500 ordinary shares from excised employee stock options of which are not yet registered. The registration of capital changes is expected to be done by the end of the first quarter of 2024. The unlisted outstanding shares are common shares of private placement.

C. Information of Self Registration: None.

1.2 Shareholder structure

Unit: share; person As of March 8, 2024

Shareholder structure / Qty	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	1	8	202	60	45,589	45,860
Shareholding (shares)	21	2,611,875	18,022,689	2,398,717	167,295,795	190,329,097
Shareholding (%)	0.00%	1.37%	9.47%	1.26%	87.9%	100.00%

1.3 Shareholding distribution status

Unit: share; person As of March 8, 2024

Class of Shareholding (shares)	Number of shareholders	Shareholding (shares)	Shareholding (%)
1 - 999	24,385	1,726,961	0.91%
1,000 - 5000	17,006	34,680,149	18.22%
5,001 - 10,000	2,334	18,779,743	9.87%
10,001 - 15,000	666	8,681,528	4.56%
15,001 - 20,000	457	8,607,544	4.52%
20,001 - 30,000	377	9,851,256	5.18%
30,001 - 40,000	171	6,210,306	3.26%
40,001 - 50,000	124	5,814,281	3.06%
50,001 - 100,000	192	14,046,880	7.38%
100,001 - 200,000	73	10,031,792	5.27%
200,001 - 400,000	35	9,980,693	5.24%
400,001 - 600,000	17	9,051,524	4.76%
600,001 - 800,000	10	7,221,568	3.79%
800,001 - 1,000,000	5	4,660,892	2.45%
More than 1,000,000	8	40,983,980	21.53%
Total	45,860	190,329,097	100.00%

1.4 List of major shareholders

Unit: share As of March 8, 2024

Shares / Name of Shareholder	Shareholding	
	shares	%
Lee, Yi-Ren	12,880,210	6.77%
Lin, Yu-Yeh	7,930,000	4.17%
Talent Investment Co., Ltd.	6,804,673	3.58%
Baldwin Asset Management Co., Ltd.	5,187,000	2.73%
Wu, Cui-Ying	2,782,097	1.46%
Wu, Hsi-Kun	2,000,000	1.05%
Capital High-Tech Fund	2,000,000	1.05%
CTBC Venture Capital Co., Ltd	1,400,000	0.74%
Well Hand Electronics Co., Ltd.	1,000,000	0.53%
Fu Li Investment Co., Ltd.	1,000,000	0.53%

1.5 Market price, net worth, earnings, dividend, and related information for the last two years

Unit: NT$

Item / Year			2022	2023	Current year as of February 28, 2024
Market Price per Share (Note 1)	Highest		49.40	48.50	38.65
	Lowest		33.80	32.20	32.00
	Average		42.33	41.99	36.27
Net Worth per Share (Note 2)	Before Distribution		11.56	15.63	-
	After Distribution		11.56	15.63	-
Earnings per Share	Weighted Average Number of Shares		158,534,062	181,554,495	-
	Earnings per Shar e(Note 3)		2.14	1.41	-
Dividend per Share	Cash Dividend		0	0	0.7
	Stock Dividen	Retained Earnings Allotment	0	0	-
		Capital Reserve Allotment	0	0	-
	Accumulated Unpaid Dividend (Note 4)		0	0	-
Return on Investment	Price/Earnings Ratio (Note 5)		19.78	29.78	-
	Price/Dividend Ratio (Note 6)		N/A	N/A	-
	Cash Dividend Yield Rate (Note 7)		N/A	N/A	-

* If the retained earnings or capital reserves are distributed as dividends, the market price adjusted retroactively according to the number of shares issued and cash dividend information shall be disclosed.

Note 1: The data source is from the TPEx trading website.

Note 2: It shall list the highest and lowest market prices of each year and calculate the average market price of each year according to the transaction value and volume of each year.

Note 3: The earnings per share before and after adjustment should be shown in retroactive adjustment if stock dividends were distributed. Note 4: Accumulated unpaid accrued dividends of the current year shall be disclosed separately.

Note 5: Price/Earnings Ratio =Average Market Price/Earnings per share.

Note 6: Price/Dividends Ratio = Average Market Price/Cash Dividends per Share.

Note 7: Cash Dividend Yield Rate = Cash Dividend per Share/ Average Market Price.

Note 8: The net worth per share and earnings per share should be filled in the latest quarter as of the publication date of the annual report, which has been audited (reviewed) by CPAs.

1.6 Dividend policy and implementation status

A. Dividend policy stipulated in the Articles of Incorporation:

If there is a surplus in the annual gross final accounts of the Company, the taxes shall be withheld firstly, and previous losses shall be made up. The subsequent deduction of 10% shall be the statutory surplus reserve unless the statutory surplus reserve has reached the Company's paid-up capital. In addition, a special surplus reserve shall be set aside according to the operational needs of the Company and the provisions of laws and regulations. If there is still a surplus and the surplus has not been distributed at the beginning of the period, the Board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for resolution to distribute or keep the surplus. In order to meet the Company's long- term business development, future capital needs, and long-term business planning, no more than 90% of the distributable earnings shall be allocated annually as the distribution of dividends to shareholders, except that the accumulated distributable earnings are less than 5% of the paid-in capital. The cash dividend shall not be less than 10% of the total dividend, but if the amount of cash dividend allocated is less than NT$0.5 per share, it may be paid out in share dividend.

B. The proposed dividend distribution at this shareholders' meeting:

The current shareholders' meeting proposed to distribute a cash dividend of NTD 133,228,268, about NTD 0.7 per share, based on the number of the Company's issued shares, which was 190,326,097. The Company's Board of Directors has authorized the Chairman to determine the record date and carry out the distribution based on the number of shares held by shareholders recorded in the roster of shareholders on the record date after approval by the annual shareholders' meeting. If the number of outstanding shares is affected by a subsequent buyback of the Company's shares, issuance of stock options, or conversion of corporate bonds in accordance with issuance and conversion regulations, leading to a change to the shareholder payout ratio, it is proposed that the shareholders' meeting authorize the Chairman sto have full discretion to handle such matter and make adjustments.

1.7 Impact of proposed share dividends at this shareholders' meeting on the Company's operating performance and earnings per share

Not applicable, no share dividend allotment is proposed at this shareholders' meeting.

1.8 The remuneration of employees, directors, and supervisors

A. The percentage or scope of remuneration for employees, directors, and supervisors as set out in the Articles of Incorporation:

If the Company makes profits in the year, it shall allocate 10% to 15% for the remuneration of its employees and no more than 3% for the remuneration of its directors. However, if the Company still has accumulated losses, it shall reserve the amount to make up in advance.

The stock or cash payments to employees referred to in the preceding paragraph may include the employees of affiliated companies who meet certain conditions. The Board of Directors shall be authorized to determine the conditions and distribution methods.

B. The basis for estimating the profit-sharing remuneration distribution of employees, directors, and supervisors, and the accounting treatment in the event of any discrepancy between the actual amount allocated and the estimated amount:

(a) The estimation basis for the amounts of employees' and directors' remuneration for the current period: The amounts are estimated based on the current year's profit and certain percentages within the range specified in the Articles of Incorporation. The amounts appropriated for employees' and directors' remuneration are approved and put on record by the Board of Directors.

(b) The basis for calculating the number of shares to be distributed as stock dividends: Not applicable.

(c) In case of any difference between the actual distributed amount and the estimated amount: the difference is recognized as gains or losses for the following year.

C. Remuneration distribution approved by the Board of Directors:

(a) If there is any difference between the amount of cash or stock allotment as remuneration to employees and remuneration to directors and supervisors, and the annual estimated amount of recognized expenses, the amount of the difference, reasons for the difference, and treatment shall be disclosed:

In 2023, the Company estimated employees' remuneration at NT$ 30 million and directors' remuneration at NT$ 8 million and expected to distribute them in cash, which was approved by the Board of Directors on 02/26/2024.

(b) The ratio of employees' profit-sharing stock remuneration to net income of parent company only: Not applicable.

D. If there is any difference between the actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares allocated, the number of shares allocated, and the share price), and the recognized remuneration to employees, directors, and supervisors, the number of the difference, reasons for the difference, and treatment shall be stated as follows:

The Company's remuneration to employees and to directors in 2023 was NT$ 5 million and NT$ 0, respectively, and there was no difference between the actual distributed amount and the original estimate.

1.9 Buy-back of treasury stock: None.

2. Corporate Bonds

2.1 Information related to corporate bonds issued:

The Company applied for the issuance of the fourth domestic secured convertible corporate bonds, which the Financial Supervision Commission approved with Letter Jin- Guan-Zheng-Fa-Zi No. 1090357651 on September 29, 2020, with a total issuance amount of NT$500 million. The convertible corporate bonds were fully repaid on October 20, 2023. The Company applied for the issuance of the 5th domestic unsecured convertible corporate bonds, which the Financial Supervision Commission approved with Letter Jin- Guan-Zheng-Fa-Zi No. 1120348153 on July 20, 2023, with a total issuance amount of NT$500 million.

Type of Corporate Bond		The 4 th Domestic Secured Convertible Corporate Bonds	The 5 th domestic unsecured convertible corporate bonds
Issue Date		October 20, 2020	August 8, 2023
Face Value		NT$100,000 per voucher	NT$100,000 per voucher
Issuing and Trading Location		Domestic TPEx	Domestic TPEx
Issue Price		Issued at 100.2% of par value	Issued at 100.5% of par value
Total Issue Amount		NT$500 million	NT$500 million
Coupon Rate		0%	0%
Tenor		Three years. Maturity date: October 20, 2023	Three years. Maturity date: August 8, 2026
Guarantee Agency		Hua Nan Commercial Bank Ltd.	None.
Trustee		The Shanghai Commercial & Savings Bank, Ltd.	Hua Nan Commercial Bank Ltd.
Underwriter		Fubon Securities Co., Ltd.	President Securities Corporation.
Certified Lawyer		Handsom Attorney-at-law: Lawyer Qiu, Ya-Wen	Handsom Attorney-at-law: Lawyer Qiu, Ya-Wen
CPAs		PricewaterhouseCoopers Taiwan: Accountant Chiu, Chao-Hsien, Hsu, Ming-Chuan.	PricewaterhouseCoopers Taiwan: Accountant Chiu, Chao-Hsien, Hsu, Ming-Chuan.
Repayment Method		The term is three years; unless converted or redeemed according to the conversion method, the bond shall be repaid in a lump sum in cash at maturity according to the face value of the bond.	The term is three years; unless converted or redeemed according to the conversion method, the bond shall be repaid in a lump sum in cash at maturity according to the face value of the bond.
Un-Repaid Amount		None.	None.
Redemption or Early Repayment Clause		1. From the next day of issuance of the convertible corporate bonds (January 21, 2021) three months after and ending on the 40th day before the maturity date (September 11, 2023), if the closing price of the Company's common shares exceeds the then- conversion price by 30% for thirty consecutive business days (included), the Company may, within thirty business days thereafter, send by registered mail to the bondholders a "Notice of Recall" for the expiry of thirty days and request the TPEx for notice. 2. From the next day of issuance of the convertible corporate bonds (January 21, 2021) three months after and ending on the 40th day before the maturity date (September 11, 2023), if the circulating balance of the converted bonds is less than 10% of the total amount originally issued, the Company may, at any time thereafter, send by registered mail to the bondholders a "Notice of Recall" for the expiry of thirty days and request the TPEx for notice.	1. From the next day of issuance of the convertible corporate bonds (November 9, 2023) three months after and ending on the 40th day before the maturity date (June 29, 2026), if the closing price of the Company's common shares exceeds the then- conversion price by 30% for thirty consecutive business days (included), the Company may, within thirty business days thereafter, send by registered mail to the bondholders a "Notice of Recall" for the expiry of thirty days and request the TPEx for notice. 2. From the next day of issuance of the convertible corporate bonds (November 9, 2023) three months after and ending on the 40th day before the maturity date (June 29, 2026), if the circulating balance of the converted bonds is less than 10% of the total amount originally issued, the Company may, at any time thereafter, send by registered mail to the bondholders a "Notice of Recall" for the expiry of thirty days and request the TPEx for notice.
Restrictive Clause		1. If the holders of the convertible bonds request the conversion during January 1 of the current year to the 15th business days (excluded) prior to the date of the cessation of transfer of cash dividends required by the Company in the current year, they may participate in the cash dividend (stock dividend) distribution of the previous year decided on the shareholders' meeting of the current year. 2. From the 15th business days before the record date of cash dividends (included) to ex- dividend date (included), the conversion of the convertible corporate bonds shall be stopped. 3. If the holders of the convertible corporate bonds who request the conversion during the day following ex-dividend date to December 31 (included) of the current year, shall not be entitled to the cash dividend of the previous year by the resolution of the shareholders' meeting of the current year but may participate in the cash dividend (stock dividend) of the next year.	1. If the holders of the convertible bonds request the conversion during January 1 of the current year to the 15th business days (excluded) prior to the date of the cessation of transfer of cash dividends required by the Company in the current year, they may participate in the cash dividend (stock dividend) distribution of the previous year decided on the shareholders' meeting of the current year. 2. From the 15th business days before the record date of cash dividends (included) to ex- dividend date (included), the conversion of the convertible corporate bonds shall be stopped. 3. If the holders of the convertible corporate bonds who request the conversion during the day following ex-dividend date to December 31 (included) of the current year, shall not be entitled to the cash dividend of the previous year by the resolution of the shareholders' meeting of the current year but may participate in the cash dividend (stock dividend) of the next year.
Name of Credit Rating Agency, Rating Date, and		Not applicable.	Not applicable.
Other Rights Attached	Converted Amount as of the Publication Date 0f the Annual Report	The convertible corporate bonds were fully repaid on October 20, 2023.	NT$ 0
	Issuance and Conversion Method	Please refer to the bond issuance data in the bond information area of the Open Information Observatory.	Please refer to the bond issuance data in the bond information area of the Open Information Observatory.
Possible Dilution of shareholding due To Bond Issuance and Con-version, Exchange, Subscription, and Term; and Impact on Existing Shareholders' Equity.		None.	None.
Name of Custodian Institution For Exchanged Objective		Not applicable.	Not applicable.

2.2 Data of convertible corporate bonds

Type of Corporate Bonds(Note 1)		The 5 th domestic unsecured convertible corporate bonds	
Item / Year		2023	Current year ending on February 28, 2024 (Note 4)
Market price of the convertible corporate bond (Note 2)	Highest	112.00	112.00
	Lowest	105.95	116.35
	Average	107.51	108.66
Conversion price		39.70	39.70
Issue date and conversion price at issuance	August 8, 2023; NT$39.70		
Conversion methods (Note3)	Issue of new shares		

Note 1: Fields are adjusted according to actual transaction.

Note 2: If the overseas corporate bonds have more than one trading place, they shall list separately by trading places.

Note 3: Delivery of issued shares or issue of new shares.

Note 4: The information for the year ending the publication date of the annual report should be provided.

2.3 Data on exchangeable corporate bonds: None.

2.4 Information on shelf registration of corporate bonds: None.

2.5 Information on corporate bonds with warrants: None.

3. Preferred Stocks

None.

4. Overseas Depositary Receipts

None.

5. Employee Stock Options

Please refer to Page 104 to Page 105 for details.

6. New Restricted Employee Shares

None.

7. New Shares Issuance In Connection With Merger And Acquisition

None.

8. Implementation Of The Financing Plan

8.1 The 5 th domestic unsecured convertible corporate bonds in 2023 and its financial plan is described as follows:

A. Content of plan

(1) Approval date and document number by the competent authority: approved by the Financial Supervisory Commission (FSC) in Letter JGZFZ No. 1120348153 on July 20, 2023.

(2) Total fund required for this project: NT$502,500,000.

(3) Fund source of this fundraising plan: issue 5,000 coupons of the 5 th domestic unsecured convertible corporate bonds, with face value of NT$100,000 per coupon; the total amount of issue is NT$500 million, issue price according to 100.5% of the face value, and the tenor of issue is three years.

(4) Fund use: enrich the operating working capital of NT$502,500,000.

(5) Plan Schedule

unit: NT$1,000

Plan Item	Scheduled Completion Date	Total Fund Raised	Fund Use Schedule	
			2023Q3	2023Q4
Working Capital Injection	2023Q4	502,50	150,000	352,500
Tot		502,50	150,000	352,500

B. Implementation status

The Company issued the 5 th domestic unsecured convertible corporate bonds and completed fund raising in August 2023. As of the fourth quarter of 2021, the implementation status was as follows:

(1) Working capital Injection

Unit: NT$1,000

Plan item	Implementation		Amount	Reason for getting ahead or behind of schedule and the improvement
2023Q3	Used amount	Scheduled	150,000	The Company has appropriated the working capital in operation according to planned schedule of funding.
		Actual	150,000	
2023Q4	Used amount	Scheduled	352,500	
		Actual	352,500	

The Company issued the 5 th domestic unsecured convertible corporate bonds in 2023, which was expected to increase the long-term financial stability, enhance the Company's operational competitiveness, improve its financial structure and solvency, As of the fourth quarter of 2023, all funding plans were on schedule, and the related benefits were in line with expectations.

(2) Financial performance for the last three years. Unit: NT$ 1,000

ITEM	2021	2022	2023
Current Assets	2,223,738	2,761,541	3,583,983
Current Liabilities	1,532,011	1,389,195	1,083,346
Total Liabilities	1,695,792	1,626,590	1,797,472
Debt Ratio	58.43%	45.57%	37.66%
Shareholders’ Equity	1,206,120	1,942,771	2,975,094
Operating Revenue	2,454,678	3,404,355	3,278,708
Net Profit After Tax	95,347	338,499	255,484
Earning Per Share (in dollar)	0.62	2.14	1.41

8.2 The status of implementation of the fund usage plan for privately placed securities during the most recent year and as of the date of publication of the annual report is described as follows:

A. Content of plan:

(1) Content of the resolution of the shareholders’ meeting: On April 29, 2021, the shareholders’ meeting approved the issue of a maximum of 25,000,000 common shares.

(2) Number of shares issued and total amount of funds required for the current plan: 10,250,000 common shares were issued for the 1st private placement at NTD32 per share to raise a total of NT$328,000 thousand. 12,600,000 common shares were issued for the 2nd private placement at NTD35 per share to raise a total of NT$441,000 thousand.

(3) Use of funds: For repayment of bank loans and replenishment of working capital.

(4) Plan schedule:

Unit: NT 1,000

Plan Item	Scheduled Completion Date	Total Fund Raised	Fund Use Schedule		
			2022Q4	2023Q1	2023Q2
Bank Loan Repayment	2023Q2	55,000	15,000	20,000	20,000
Working Capital Injection	2023Q2	714,000	0	293,000	421,000
Total		769,000	15,000	313,000	441,000

B. Implementation:

The private placement of common shares was completed in April 2023, and the status of its implementation as of Q4 of 2023 is described as follows:

Unit: NTD thousand

Plan item	Implementation		Amount	Reason for getting ahead or behind of schedule and the improvement plan
Repayment of bank loans	Amount Used	Scheduled	55,000	According to the fund usage plan, the bank loans have been fully repaid in 2023Q2.
		Actual	55,000	
Replenishment of working capital	Amount Used	Planned	714,000	According to the fund usage plan, the bank loans have been fully repaid in 2023Q2.
		Actual	714,000	

Through the private placement of common shares in 2023, we are able to increase long-term funding stability, enhance our operational competitiveness, and improve our financial structure and solvency. As of the end of 2023, its implementation has been completed as planned. With additional working capital, we have recorded significant growth in our revenue and continued growth in our profit. All relevant benefits have met our expectations.

Employee stock options:

(1) The Company's unexpired employee stock options shall be disclosed for the status as of the publication date of the annual report and its impact on shareholders' equity.

Employee Stock Options

As of February 28, 2024

Type of Employee Stock Option	The 7th Employee Stock Option	The 8th Employee Stock Option
Approval Date	December 30, 2019	November 08, 2022
Grant Date	August 20, 2020	July 7, 2023
Shares Granted	4,731,000 shares	7,000,000 shares
The Ratio of Shares to be issued To the Total Outstanding Shares	2.49%	3.68%
Duration	Five years.	Five years.
Delivery Method	By issuing new shares.	By issuing new shares.
Vesting Condition and Schedule	40% vested after 2 years. 70% vested after 3 years. 100% vested after 4 years.	40% vested after 2 years. 70% vested after 3 years. 100% vested after 4 years.
Number of Shares Issued for Exercised Option	1,063,400 shares	0 shares
Total Amount of Options been Exercised	NT$ 35,942,920	NT$ 0
Outstanding Shares of Option to be Exercised	1,918,800 shares	6,246,000 shares
Exercise Price of the Outstanding Shares of Option to be Exercised	NT$33.80	NT$38.55
The Ratio of Outstanding Shares of Option to be Exercised to the Total Number of Shares Issued	1.01%	3.28%
Impact on Shareholders' Equity	The option grant is a five-year time-base vesting schedule with 2 years cliff, and is expected to have little impact on shareholders' equity.	The option grant is a five-year time-base vesting schedule with 2 years cliff, and is expected to have little impact on shareholders' equity.

Note 1: The employee stock options include an employee stock option of a public offering and private placement in process. The public offering employee stock option in process refers to those approved to be effective by the Commission; private equity employee stock option in process refer to those approved by the shareholders' meeting.

Note 2: Fields are adjusted according to actual transaction.

Note 3: Delivery of issued shares or issue of new shares should be indicated.

Note 4: Fill separately if issuing (handling) date is different.

Note 5: In the case of a private placement, it shall be marked in a prominent manner.

(2) List of executive managers and the Top ten employees been granted with stock option.

As of February 28, 2024

Category	Title	Name	Shares Granted (in thousands of shares)	The Ratio of Shares Granted to the Total Number of Shares Issued	Exercised: Shares Exercised (in thousands of shares)	Exercised: Exercise Price (in dollars)	Exercised: Amount (in thousands of NTD)	Exercised: The Ratio of Shares exercised of the Total Number of Shares Issued	Unexercised: Shares Exercised (in thousands of shares)	Unexercised: Exercise Price (in dollars)	Unexercised: Amount (in thousands of NTD)	Unexercised: The Ratio of Shares exercised of the Total Number of Shares Issued
Managers	C.S.O.	Lee, Yi-Ren										
	General Manager	Hsieh, Tung-Fu										
	V.P.	Yeh, Chia-Fu										
	V.P.	Li, Fang-Mao										
	V.P.	Lee, Cheng-Han	The seventh 800	0.42%	337	NT$ 33.80	NT$ 11,391	0.18%	463	NT$ 33.80	NT$ 15,649	0.24%
	V.P.	Hsing, Chien										
	V.P	Wang, Yen-Cheng										
	Director Mgr.	Wang, Hua-Wei										
	Director Mgr.	Tsai, Hsiu-Mei										
	Director Mgr.	Wu, Jeng-Ru	The eighth 2,125	1.12%	0	NT$ 38.55	NT$ 0	0.00%	1,945	NT$ 38.55	NT$ 74,980	1.02%
	Director Mgr.	Li, Mu-Sen										
	Director Mgr	Lo, Mei-Lien (Note 6)										
	Director Mgr	Li , Tzu-Kuang (Note 6)										
	information security officer	Hsieh, Chen-Chen										
Employee	Division Mgr.	Zhang, Jia-Lin										
	Division Mgr.	Huang, Bao- Long										
	Division Mgr.	Gu, Rui-Sheng										
	Division Mgr.	Xu, Bo-Wen										
	Division Mgr.	Dai, Yi-Zhen										
	Division Mgr.	Li, Pin-Ju										
	Senior Mgr.	Li, Cheng-Da	The seventh 424	0.22%	132	NT$ 33.80	NT$ 4,462	0.07%	292	NT$ 33.80	NT$ 9,870	0.15%
	Senior Mgr.	Yu, Chih-Wei										
	Manager	Zhuo, Shi-Qin										
	Manager	Yang, Pei-Rong										
	Assistant	Zhang, Jun-Jing	The eighth 838	0.44%	0	NT$ 38.55	NT$ 0	0.00%	774	NT$ 38.55	NT$ 29,838	0.41%
	Special Ass.	Dai, Yi-Ying										
	Assistant	Chen, Yan-Ling										
	Assistant	Jheng, Ming-Yao (Note 6)										

Note 1: Including the executive managers and employees (who have resigned or died should be indicated), individual names and titles should be disclosed, but their acquisition and subscription can be disclosed in a summary manner.

Note 2: The top 10 employees in terms of the number of shares to which the stock option granted refer to the employees other than executive managers.

Note 3: The total number of shares issued refers to the number of shares listed in the registration change information of the Ministry of Economic Affairs.

Note 4: The exercised employee stock option price shall be the exercise price at the time of execution.

Note 5: The unexercised employee stock option price shall be the exercise price after the calculation and adjustment in accordance with the issuance method.

Note 6: Mr. Li, Tzu-Kuang resigned on 2023/05/31, Mrs. Lo, Mei-Lien resigned on 2023/06/13, and Mr. Jheng, Ming-Yao resigned on 2023/10/31.

V. Operation

1. Business Content

1.1 Business scope

(1) The main contents of the Company's business:

The Company is committed to providing the best quality products for the IoT related and Internet of vehicles (IoV) solutions, and automotive electronics solutions, and power management solutions with advanced technology. By providing technology integration, we continue to assist customers in technology development, design and manufacturing, quality cost management, and certification of integrated solutions.

(2) Product Segmentation

Year 2023 Unit: NT$1,000

Product Category	Revenue Amount	Ratio of Segment Revenue To Total Revenue
Automotive electronics products	3,088,479	94.20%
Power management products	190,229	5.80%
Total	3,278,708	100.00%

(3) Current products (services) of the Company:

The Company's main business activities include tire pressure detection systems for vehicles, industrial vehicle information and communication products, and green industrial UPS backup system and energy storage systems.

(4) New products (services) planned to be developed:

(1) Automotive electronics:

(i) Embedded automotive computers.
(ii) IoV and autonomous driving applications.
(iii) Automotive monitoring and auxiliary systems.
(iv) Rugged portable industrial computers.
(v) Car networking device integration and cloud application.
(vi) VR/AR wearables.

(2) Tire pressure monitoring system:

(i) OE ULP Bluetooth BLE tire pressure monitor system.
(ii) Retrofit ULP Bluetooth BLE tire pressure monitor system for passenger car, motorbike, heavy truck, and motor bus.
(iii) Multi-frequency and single-machine replacement tire pressure monitor system.
(iv) Analysis and application of tire pressure monitor system and IoV Big Data.
(v) Tire pressure monitoring system and car networking cloud APP.

(3) Energy, electric power environmental protection products:

(i) Long delay and no-break powered office & household off-peak energy storage power supply.
(ii) Office & household off-peak energy storage power supply.
(iii) Medical backup power supply.
(iv) Green building backup power supply.
(v) Data Center BBS/BBU.
(vi) Battery systems for SMR power supply for 4G and 5G base station communication.

1.2 Industry overview

(1) Current situation and development of the industry

(1) Automotive electronics industry market

The automobile industry has developed over more than a hundred years. The complexity of the functional requirements of a car has also increased, and a large proportion of automotive electronics is attributed to sensors. Vehicle sensors must pass rigorous mechanical or physical verifications, including dust, humidity, salt, fuel additives, vibration, and severe impact. Therefore, strict standards are a necessity. Temperature is also an important consideration. Usually, the vehicle sensors need to withstand temperature variations from -40 ℃ to 120 ℃ and maintain a considerable degree of accuracy. There are few types of automobile components, but they are large in quantity and standardized, with the development and integration of communication, electronics, optoelectronics, and other technologies. The proportion of automotive electronic components and product applications in automobiles is increasing day by day. Most product demands have no common standard and show customization characteristics. To enhance the degree of differentiation, the development of automotive electronic products is a symbol of technical energy. The relative mode of production is based on the principle of variety and small quantities. The cost of automotive electronic products is high, and the compatibility is low. Reducing the production cost of the products will be a key determining factor in whether they can be introduced into the market in large quantities.

Automotive electronics is different from the general electronics industry. The operating temperature range, power consumption size, and noise resistance of automotive electronic products have specific requirements by each manufacturer, which must meet the stringent standards of each manufacturer. Manufacturers also require a basic technical capability in the field of automotive electronics. As the automobile electronic components usually go through a development time of several years, automobile electronic products have been.

extended from single- component products to systematic products in the past, combining the mechanical, optical, and electronic control system. The associated technologies are extensive, whose development processes must cooperate with the mechanical systems or control parameters of cars. The automobile electronic products have special properties, with excellent shock resistance, weather resistance, and reliability. Automotive electronic products are closely related to the safety of vehicles, so the development cost is high, and the product verification time is long. Automotive electronics require continuous onboard testing for tens of thousands of kilometers or very long periods to find problems in the ongoing testing process. When problems arise in the testing process, appropriate troubleshooting is required. Repeated testing and a large amount of verification time are the biggest characteristics of automotive electronic products.

(2) Automotive and Industrial Computers

Both the automotive computer market and the industrial computer market require computing reliability technology and domain knowledge-related technology. The automotive computer market can be classified as a special-purpose industrial computer market that, to an extremely large extent, requires industry knowledge. This type of markets is a niche market with long development time, a high entry threshold, continuous growth, and high value accumulation. At the same time, it is also an essential market.

Automotive electronics are different from general electronics. The operating temperature, power consumption, and anti-interference requirements for automotive computer products are very specific and can vary across types of vehicles. They must meet the strict standards of a variety carmakers and models. These are the basic technical capabilities required for automotive electronics manufacturers. Due to the booming development of electric vehicles, the Internet of Vehicles, and autonomous driving, automotive electronics have expanded from single sensor control components to high-performance computing system products that combine mechanical, optical, systems, and electronic control, etc., and there is a wide range of associated technologies. The development process must be aligned with vehicles' mechanical systems or control parameters. Automotive electronic products are specialized: they must have excellent shock resistance, weather resistance, and reliability. They also have high development costs and long product verification times. Automotive electronic products need to be tested on vehicles for long, continuous periods of time in order to find issues. Once an issue is discovered during testing, integrated troubleshooting must be done. Repeated and time-consuming testing and verification are among the biggest features of automotive electronic products.

(3) Tire pressure monitoring systems (TPMS)

A tire pressure monitoring system is an important safety device for automobiles. In addition to the United States, Europe, China, and other major passenger car sales areas which have fully equipped passenger vehicles, many countries around the world are also proposing that tire pressure monitoring system be listed as regulation standard accessories so that the global TPMS market will flourish, and OE is key for the future market. An important development trend in this market is to create a battery that has a long life but compact in size. On the other hand, with the compulsory and widespread application of TPMS in passenger vehicles, the safety awareness of users should be enhanced. In the future, TPMS will be able to be gradually introduced into the commercial vehicle sector, including logistics vehicles, heavy trucks, tractor-trailers, and buses, etc., and become a necessary safety component. Due to their much longer bodies and harsher weather conditions, the transmission distance, data acceptability, and reliability under high and low temperatures and humidity will be the fundamental focus of technology development. At the same time, compared to passenger vehicles whose owners are mostly individual car owners, commercial vehicle owners are mostly fleet companies, so this type of TPMS must also meet the needs of various fleet management, provide flexible pairing and big data management, and integrate the logistics services and other added values.

In Asia, Korea had stipulated to install TPMS onto passenger vehicles below 3.5 tons in 2014, while Taiwan had also incorporated M1 and N1 vehicle types into regulations in the half of 2016. With more attention is paid to the traffic safety around the world, the mainland China also required strictly in laws since 2017 that future's new vehicles must be installed with tire pressure monitoring system, which became the fifth country with TPMS after America, European Union, South Korea, and Taiwan. At present, the global TPMS shipment is about 300 million pieces a year, and if it was estimated by mainland China's annual vehicles output, namely more than 20 million, the demands for TPMS are about 100 million pieces, which reveals that the growth potential in the global market is amazing! Besides the mainland China, Japan, India, etc. had also finished their TPMS installation on new vehicles.

(4) Energy storage system

With the global spread of energy saving and carbon reduction initiatives, many countries have launched the new green deal. The deal entails promoting energy conservation and carbon reduction measures and using various green energy methods to reduce carbon dioxide emissions, leading to the rapid development of new energy technology. The electric power market demand for electricity storage is continuously expanding. The large-scale development of solar energy, electric vehicles, and new energy is closely related to the support of energy storage technology. Energy storage is seen as the future of the energy industry. The market of energy storage depends on the commercial, household, power policy, smart microgrid, and energy Internet growth.

Energy storage is the hard drive of energy; just as a computer hard drive is used to store data, energy storage is used to store energy. In order to make new energy, such as solar energy and wind energy, green and smart energy initiatives must be deployed as we have realized that smart energy management relies on energy storage. However, the sustainable development of an energy storage system needs to consider five aspects: safety, economy, reliability, high efficiency, and environmental friendliness. Among them, safety is the most important index, which is the basis for evaluating all energy storage systems. Safety considerations include electrical safety, battery safety, functional safety, transportation safety, electromagnetic compatibility, environmental protection, and grid-connected interface protection. In addition to understanding the different market applications and market subsidy policies in different countries, manufacturers need to ensure the safety and reliability of energy storage products.

The Renewable Energy Development Ordinance was amended in April 2019 to stipulate that large power users should set up a certain proportion of renewable energy, or replace it with energy storage, purchase of renewable energy certificates, and payment of vouchers, i.e., "Administrative Measures on Installation of Renewable Energy Power Generation Equipment for Power Users with a Contracted Capacity or Above." This is commonly known as the "Large Power User Clause" and expired on April 1, 2020; the implementation date has still not yet been determined. As the domestic electric power market grows steadily and domestic battery core capacity increases – leading to battery costs gradually declining – it will continue to improve the private enterprise procurement and construction of energy storage devices. In the future, as the green electricity market grows, the industry of renewable energy power generation and the sale of electric power will be able to sell or transfer green electricity to the user by direct supply or indirect supply. Users can also install green energy equipment and energy storage devices to participate in the auxiliary service system through a bidding mechanism and open up a new revenue source. According to the estimation of TaiPower, Taiwan still needs a 590MW energy storage system and 4GW capacity for an auxiliary service before 2025. At present, TaiPower has also planned to configure enough various kinds of auxiliary power services. 460MW is expected to be used as energy storage services from this industry.

(2) Relevance of upstream, midstream, and downstream products

Upstream	Product	Downstream
PCB factory, electronic parts, metal and plastic components, button batteries	Tire pressure monitoring system for vehicles	Auto factory, vehicle refitting factory, tire factory, wheel frame factory, vehicle accessory channel retailers
PCB factory, electronic parts, wire, LCD panel, loader	Automobile electronic system	Auto factory, vehicle refitting factory, tire factory, auto parts channel retailers, RV manufacturers
Positive electrode material, negative electrode material, electrolyte, and isolation module	Green energy and energy storage equipment	Battery module system assembly plant and terminal battery module application plant

(3) Product development trends and competition

(1) Automotive electronics industry

Electronic products for vehicles and vehicle laws and regulations have been complementary to each other. Using advanced technology to reduce traffic accidents is the focus of attention of all countries. However, the government's relevant regulations for vehicle electronic safety systems are becoming increasingly stricter and more complicated. Through the combination of cameras and a variety of sensors, automotive electronic products with both driving safety and comfort meet users' needs in a variety of situations to provide a safer driving experience. According to Gartner, in the automotive electronics market in 2018, the car body market had the largest value of US$7.37 billion. With the increasing demand for safe driving assistance, it is expected that the market value of Advanced Driver Assistance Systems (ADAS) will surpass the market value of audio-video entertainment multimedia (US$6.72 billion) to become the second-largest application in 2020, with a market value of US$7.75 billion. Moreover, in 2021, the market value of ADAS is expected to be US$10.95 billion, which will surpass the market value of car bodies of US$9.68 billion and become the largest product application market for automotive semiconductors. The market size of ADAS will also rise to US$16.69 billion by 2023. In addition, IEK estimates that the global automotive electronics market size will reach US$355 billion in 2023.

Automotive electronics refers to the electronic products used in automobiles, involving the application of machinery manufacturing, motors and electronics, information, communication, audio and video, sensing, network control, and other technologies. The current application of automotive electronics products is the "onboard audio-video navigation host," "backseat entertainment system," "road deviation warning system," "front vehicle collision avoidance warning system," "head-up display," "landscape detection system," "traffic recorder," "night vision function," "Bluetooth communication module," "digital TV module," "tire pressure monitoring system" and "power management system." In addition to the tire pressure monitor system product line, other major automotive electronic products of the Company are mainly based on the power management system and combined image identification, data collection and analysis, power integration management and Internet of Things (IoT) management, and other requirements. The aim is to integrate the original separate electronic products in the same host, considering the cost and the configuration of an appealing design. Through the process of parts integration, we can also achieve the purpose of reducing the cost and the efficiency of data analysis and convenient management. In addition, the new lifestyle in the post-epidemic era means that consumers buy the campers with suites or trail with cars or pickups to live in the wild and take vacations.

(2) Automotive and industrial computers

The transformation of automotive and industrial computing can be summarized into four major aspects, known as C.A.S.E: the Internet of Everything (Connected), autonomous driving (Autonomous), shared services (Shared), and electrification (Electrified). This has not only brought about a revolution in traditional industry but will also create unprecedented opportunities and business models for enterprises.

IoT (Connected): The Internet of Everything is not a new concept. Over the past decade, it has been oriented towards driving value through applications, data collection, remote assistance, asset tracking and management, process monitoring optimization, expert digitization, and more. Wired/wireless communication networking technology is the core technology, and special vehicle network communication, 5G, and WiFi 6E, are critical technologies.

Autonomous driving: The definition of autonomous driving varies for different vehicles. Generally, for passenger cars, self-driving is narrowly defined as autonomous or semi-autonomous road driving. However, work on developing the functions of autonomous/semi-autonomous vehicles is considered to be part of autonomous driving in general. Critical technologies for autonomous driving include precise positioning, millimeter wave radar, inertial measurement, and high-speed AI image recognition.

Shared and subscription services: In recent years, the sharing economy and subscription services have become very popular business models, and such models have also affected the automotive computer and industrial computer industries, such as HaaS & MaaS (Hardware/Mobility as a Service). In order to help meet the demand for such business models, it is necessary to design products for easy refurbishment and configuration, and the core technology for modular systems design must be able to meet the requirements of rapid refurbishment and reconfiguration.

(3) Tire pressure monitoring system for vehicles

The tire pressure monitoring system (TPMS) is an electronic system that monitors the air pressure inside inflatable tires of various types of vehicles and provides tire pressure information to the driver timeously through an instrument diagram or simple low-pressure warning light to avoid the occurrence of traffic accidents caused by an under-inflated tire. Based on the consideration of vehicle safety, various countries have legislated that TPMS should be installed as a necessary device for new cars, and it has become the standard equipment for new cars. The United States is the first country in the world to legislate TPMS as standard equipment. The legislation was passed in 2005, and since September 2007, the four-wheel commercial vehicles and passenger vehicles must be equipped with TPMS. Apart from the US market, tire pressure monitoring systems have been made standard for all vehicle models in the EU since the end of 2014. With 10 million new cars sold in the EU every year, it is estimated that the market demand for Original Equipment Manufacturing (OEM) will be about 40 million. According to Frost & Sullivan's research report, the market size of TPMS in the EU will reach €532 million by 2020 with an annual compound growth rate of 30.40%.

In Asia, South Korea stipulated in 2014 that passenger vehicles under 3.5 tons must be installed with TPMS, while Taiwan began to include the new types of small vehicles (minibuses and pickup trucks) in its TPMS installation regulations in the second half of 2016. With increased international attention to vehicle safety performance, Mainland China also legislated in 2017 that from 2020, new cars must be equipped with TPMS, becoming the fifth region in the world after the United States, the European Union, South Korea, and Taiwan to require the new cars to be equipped with TPMS. In the future, Japan, India, and other countries will also begin to regulate the installation of TPMS on new cars, which will drive market opportunities. According to QY Research, the global market for tire pressure monitor systems is expected to reach US$3,630.65 million by 2024.

TPMS batteries are non-replaceable disposable batteries. The ideal design is 10 years of service life, but the actual situation will depend on the owner's driving conditions. Under different driving environments, the general service life falls between 5 and 7 years. After the United States and the European Union made TPMS a standard accessory in 2007 and 2012, respectively, the replacement peak period will be after 2017. The global installation demand for used vehicles and the rising market demand in Mainland China will drive the rapid expansion of TPMS demand. Since each tire pressure monitoring system has a special ID number, the driving computer can identify the installation position and device information such as tire pressure and temperature; however, it needs to readjust after replacement because the ID number is different. The Company develops a universal type TPMS, which can copy the ID number in the driving computer to a new detector, applicable to the specific models, and it has successfully occupied the sales market in the United States.

In recent years, the Company has been committed to the development of tire pressure monitoring systems of vehicle safety components. In addition to actively expanding the RF Replacement market in the United States and Europe, the world's first Bluetooth tire pressure monitoring system (BLE TPMS) with many patents has also successfully entered the automotive OE market (Original Equipment). It has been successively produced in large quantities to the world-famous vehicle manufacturers. Additionally, we will continue to expand the RF Replacement parts market in the US and Europe and continue to expand BLE TPMS application in the OE market in the US, Europe, and Japan, including the fleet management applications of vehicles, motorcycles, pickup trucks, heavy trucks, and buses. Since the Chinese government has made the tire pressure monitoring system a standard part of passenger cars, and the United States is considering the mandatory installation of tire pressure sensors on trucks and large vehicles, the TPMS market has considerable room for development in the future.

1.3 Technology and research overview

(1) The technical level and research development of the business

To maintain a high level of competitiveness in the market, the Company has been actively recruiting outstanding R&D personnel. It has also invested in developing new products and breakthroughs in key technologies, thus gradually expanding the R&D organization. At present, the R&D department is divided into the automotive electronics, power management, IoT products, and battery storage management units. the Company also has the layout of links between mobile devices and intelligent devices and even an intelligent network of the Internet of Vehicles, developing the low-power Bluetooth module and low-power WIFI modules.

(2) Education background of R&D personnel

As of the end of February 2024, the Company has a total of 98 R&D personnel, including 91 persons with college degrees or above, accounting for 93% of the total number of R&D personnel. Their educational backgrounds are as follows:

As of February 28, 2024

Education background	Master's Degree	College Degree	High School Graduate	Total
Number of people	31	60	7	98
Ratio	31.6%	61.2%	7.2%	100.0%

(3) R&D expenses in the last two years

Unit: NT$1,000

Year	2022	2023
R&D expenses	201,626	256,264
Ratio to revenue	5.92%	7.82%

(4) Important R&D achievements

The Company's R&D department has many important achievements in new products and technologies, including the research and development of hardware circuits, software programs, product appearance, mechanism improvement, reliability testing, and design of production and testing equipment. Since the company's establishment, the R&D department has been the key department, and its R&D results include several domestic and foreign patents and inventions, which ensures the Company's competitiveness in the industry. The successfully developed products are as follows:

(1) Important achievements in the research and development of environmental- protection energy and power equipment:

(i) Online 3KV to 1,000 KVA uninterrupted power equipment.

(ii) Battery systems for distributed power supply and 4G and 5G communications power supply.

(2) Tire pressure monitor system:

(i) Multi-frequency standalone universal tire pressure monitoring system
(ii) Retrofit low-power Bluetooth BLE tire pressure monitoring system for passenger cars, motorcycles, heavy trucks, and buses.
(iii) Front-loaded OE tire pressure monitoring system installed in the car factory.
(iv) Big data analysis and application of tire pressure monitoring system and Internet of Vehicles

(3) Energy storage system products

(i) New energy sources are used in power battery system products for electric vehicles in transportation, construction, farming, etc., including passenger cars, buses, and logistics vehicles.
(ii) Industrial solar and wind energy storage cabinets and lithium battery management system.
(iii) Power plant frequency and amplitude modulation management system.
(iv) Battery backup system for Cloud Data Center.

1.4 Long-term and short-term business development plans

(1) short-term development plan

A. Product strategy

(i) Develop a thin, compact, and long-acting electric tire pressure monitoring system and integrate with big data analysis application and APP to expand the depth and breadth of research and development of tire pressure detection products more comprehensively.
(ii) Focus on the battery pack’s weight, systematization, and modularization to reduce the cost and shorten the development period by creative or functional integration, improving the product functional quality, and creating product competitiveness.

B. Production strategy

(i) Improve the ability of self-made automated test equipment to increase the production yield and quality and effectively control the inventory.
(ii) According to the needs of different customers, provide a new vehicle battery pack design, research and development in line with different models and prices, and organize the processing and production, supplemented by the early warning system extending from ERP to KPI, to timeously detect the anomalies, prevent unexpected events, and effectively control the inventory. Expand the leading distance ahead of competitors of the same industry and form an absolute competitive advantage.
(iii) Strengthen the diversified modular production, shorten the production cycle to meet the short lead-time needs of customers, and improve operation turnover.

C. Marketing strategy

(i) Provide the production process advantages to conform to RoHS and other environmental protection requirements, win cooperation with large factories, and expand the market share. Using technology, quality, innovation, product differences, and patent protection to provide customers with competitive products and maintain a long-term relationship with customers.

(i) Based on the existing product line, actively explore potential customers, and develop the third-world markets.

(ii) Provide more value-added services to customers based on the original products and services and actively understand customers' needs and pain points to achieve customer satisfaction.

(iii) Establish the marketing dealer alliance in Europe, America, and China, make full use of the existing distribution channels to create well-known products, strive for cooperation with big factories, and expand the market share.

(2) Long-term development plan

A. Product strategy`

(i) Tire pressure monitoring system products for vehicles:

(a) 1Expand the application of tire pressure monitoring systems for vehicles and extend the product application from the current passenger cars and large commercial vehicles to the general locomotive and heavy locomotive groups.

(b) Move towards lightweight, thin, and long-lasting battery products for wide application to meet the specifications of different vehicle types.

(c) Develop multifrequency standalone replacement tire pressure monitoring system products.

(d) Reach out to Retrofit and AM markets to improve the awareness and popularity of the Company's products.

(e) Retain the excellent R&D personnel, improve the technology and innovation capabilities, and strengthen the depth and breadth of existing product lines, to provide for greater market demands.

(ii) Automotive and industrial computers.

(a) Continue research and development of high-performance computing platforms and communication control technologies, expand knowledge of various vehicle industries, and introduce IoV solutions to all types of vehicles.

(b) Combine low-power, high-performance platforms and miniaturization technologies to gradually expand from industrial portable computing to industrial wearable computing devices.

(iii) Battery packs and energy storage products using new energy sources.

(a) Continue to develop high-density and high-capacity battery packs and provide customers with high-quality and high-performance products at reasonable prices.

(b) Utilize existing power management and battery pack technology to develop energy storage products suitable for commercial and household use.

(c) Use lithium-ion batteries in energy storage products to extend backup power time and effectively manage peak and off-peak power and electricity bills.

B. Production strategy

(i) Vertically integrate the key raw materials, increase the proportion of automation production in the factory, and shorten the supplier's material delivery time for comprehensive cost control and quality improvement.

(ii) Consider the safety and quality of the product's design, continue to improve the production process, adopt a pipelined production mode, enhance the proportion of automation production in the factory, and shorten the supplier material delivery time for comprehensive cost control and quality improvement.

C. Digital media system services

(i) Continue to open up new sales areas and cultivate the market intensively.

(ii) Provide the high quality and low-cost products to achieve a win-win situation for the Company and customers.

(iii) Seek suitable marketing partners in major overseas marketing regions, make full use of their understanding of local markets and customers, and quickly expand the sales points and areas of products.

2. Overview Of The Market, Production, And Marketing

2.1 Market analysis

(1) Sales Region

Unit: NT$1,000

Sales Regions	2022		2023	
	Amount	%	Amount	%
Taiwan	388,213	11.40%	191,085	5.83%
Asia	1,298,142	38.13%	1,334,305	40.70%
North America	1,596,346	46.89%	1,517,792	46.29%
Others	121,654	3.58%	235,526	7.18%
Total	3,404,355	100.00%	3,278,708	100.00%

(2) Market share and growth of the market

(a) Market share

Since the Company is currently engaged in precision OEM product design and manufacturing, such as power supply and UPS products, automotive electronic products, power products, and energy storage system products, the key product component suppliers are scattered. The one-stop processing manufacturers such as PCB factory, wire material, injection molding, and transformers are limited. In addition, there is very complicated processing and assembly of the end products, so there are no complete and objective market share statistics for reference.

(b) Future supply and demand and growth of the market

In terms of automotive electronics, IC Insight predicts that the market share of automotive electronics in global electronic system products will continue to grow slowly over the next few years, with automotive electronics accounting for 9.8% of global electronic system sales by 2021. IC Insights also predicts that industrial electronic systems will be the second- fastest-growing application category through 2021, with an average CAGR of 4.6%.

In terms of tire pressure monitoring system products, the major sales areas of the United States, Mainland China, Europe, Japan, and India have included TPMS in their specifications. In addition to the current TPMS regulations in various countries in the new car market, with the mandatory requirements of TPMS as standard equipment as the market demand, the future replacement demand in the new car market and the existing vehicle additional installation AM market will also be the future growth of TPMS operators, so the future TPMS market has considerable potential.

In terms of new vehicle energy battery packs and energy storage products, the global battery pack market is expected to double from US$2.02 billion in 2017 to US$8.73 billion in 2023, with a compound annual growth rate (CAGR) of 27.6%, due to the booming electric vehicle market and the rise of in-place energy storage applications. According to the statistics of Germany TÜ V Rhein land, by the end of 2017, the cumulative installation scale of energy storage projects in operation worldwide was 175.4GW, with an annual growth rate of 3.9%. In the future, energy storage has great development space and infinite potential, and the price is key to the commercial application of energy storage. Researched by Germany TÜ V Rhein land, with the improvement of subsidy policies in various countries and a cost reduction, once the cost of energy storage batteries and systems is reduced, renewable energy and traditional petrochemical energy will have the opportunity to achieve parity competition. Especially with the rapid development of new energy, Germany, the United States, Japan, Australia, and other countries have introduced preferential subsidy policies to encourage the development and utilization of new energy power generation combined with energy storage technology. With the support of energy storage policies in various countries, the future growth of energy storage products is positive.

Driven by the development of the Industrial IoT and Industry 4.0, the output value of the global industrial computer market has been rising year on year recently. According to KBV Research, an industry research institute, the output value of the global industrial computer market will grow at a compound annual rate of 8.3% and will reach USD 7.2 billion by 2027. According to market research companies in various fields, the compound annual growth rate of the market for autonomous, semi-autonomous and partially autonomous vehicles will reach 17% in the next decade.

(3) Competition

(i) The Company focuses on the field of ODM/OEM and establishes direct contact channels with existing international manufacturers. Through the interaction with customers, we can understand future product development and the market demand trend of customers.

(ii) The Company sets up research and development departments for different product lines. Also, it has research and development engineering teams in Huizhou and Zhenjiang of Mainland China to continuously improve the existing products and reduce design costs, to accelerate product development speed and timeously respond to the diverse needs and changes of the market and customers.

(iii) The Company has manufacturing plants in Taiwan and Mainland China and combined with the special expertise and characteristics of the supply chain manufacturers on the two shores, it can effectively control the cost, quality, and delivery time of products. It can also adjust the place of production according to the location and requirements of customers to enhance the price and service competitiveness of the Company.

(4) Favorable and unfavorable factors and countermeasures of development prospects

A. Favorable factors

(i) Vehicle electronics

Auto after-sales service market pays increasingly more attention to the automotive component balance between quality and price, as consumers become more attentive to vehicle driving comfort and security. Additionally, the increasing proportion of automotive electronic components to the whole vehicle cost must be considered because car manufacturers want to reduce the manufacturing costs and increase differentiation. Thus, the global automotive electronic components will continue to grow moderately.

Emerging regions, such as Mainland China and India, are witnessing rapid growth in the auto market, conducive to the company's growth of automotive electronic components. In addition, the industrial structure of domestic electronics and the IC semiconductor industry is complete, with the close coordination of upstream, midstream, and downstream systems, and the industrial supply chain is also complete. Under the complete cluster effect of this industry, the Company will have access to abundant resources and strong support for technological development. Also, the domestic electronics industry has always been world-famous for innovation and cost control. In the highly competitive automobile market, the company's speed of product research and development should be accelerated.

(ii)Power supply products and energy storage systems

In recent years, the awareness of environmental protection has risen. Energy conservation and carbon reduction, development of new energy, and improvements in energy efficiency have become a global trend. The development of the green energy industry is also born in response, making the battery technology related to the green energy industry the last industry to attract attention. Lithium-ion batteries are the best alternative to lead-acid batteries, which are well known to be dangerous but have few countermeasures.

B. Unfavorable factors and countermeasures:

(i) The delivery time of some key parts is lengthy.

(ii) Mainland China manufacturers are competitive in price.

(iii) The shortage of workers and rising wages of Mainland China. (iv) The electronic component industry has entered a mature period.

(v) As the component suppliers embrace the Internet of Vehicles, the demand for initial parts exceeds the supply in the short- and medium-term.

Countermeasures:

Actively simplify the design; adopt modular production and mass procurement to reduce costs; improve processes and equipment and improve the automation and capacity to balance the impact of increased labor costs; strategically make alliances with major suppliers, to create a win-win partnership; facilitate the cost control and development of high value-added products, to improve profit margins.

Expand the overseas marketing base; quickly grasp the customer demand and market development trends; serve customers nearby and cooperate with upstream and downstream manufacturers; and improve efficiency. Focus on reducing the costs, improving R&D capabilities and market share to increase the barriers for competitors to enter the market.

2.2 Application and the manufacturing process of main products

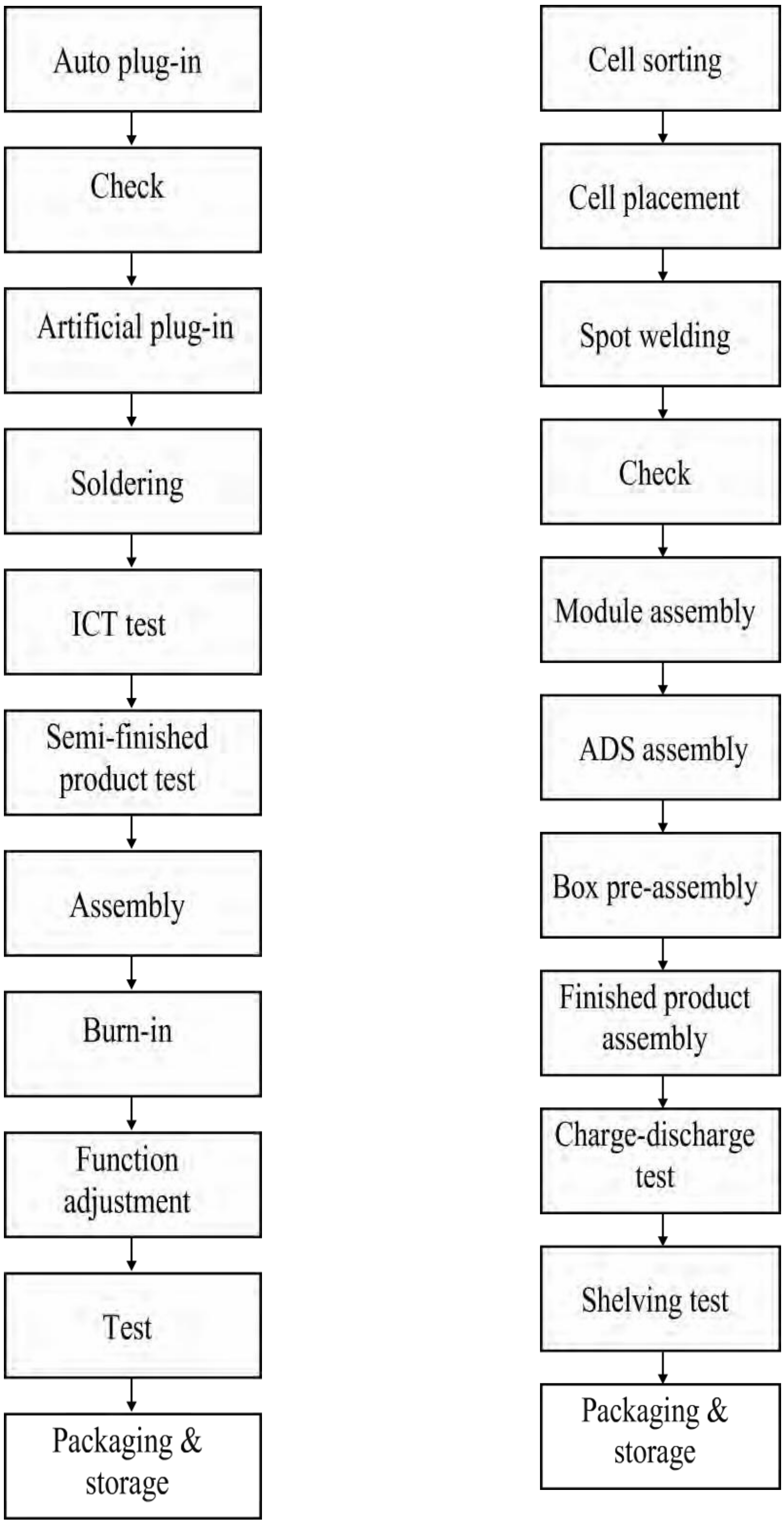
(1) Scope of application of main products

Products	Scope of application	Key function
Automotive and industrial computers	Various types of vehicles and industrial computing.	Automotive communication, monitoring and control, autonomous driving assistance, and data collection and analysis for the IoV; data collection, real-time computing, and data analysis for industrial fields.
Tire pressure monitoring systems	Passenger cars, trucks, trailers, locomotives, etc.	Detection of tire pressure and tire temperature during driving.
Industrial backup battery and energy storage system products	Semiconductor plants, factories, communications base stations, cloud data centers, community and industrial energy storage.	Provision of backup power and electricity.

Production process

Automotive product

Energy Management product



2.3 Supply status of main raw materials

The Company's main source of raw materials is mainly obtained from the place of production. Under the policy of abundant sources and maintaining at least 2 suppliers, the Company promotes supplier coordination, quality improvement, and stable and reasonable prices.

2.4 Data of suppliers and customers accounting for more than 10% of the total purchases (sales) in the last two years

(1) Information of major suppliers in the last two years

Unit: NT$1,000

Item	2022				2023			
	Name	Amount	Ratio to annual net purchases (%)	Relation with issuer	Name	Amount	Ratio to annual net purchases (%)	Relation with issuer
1	Supplier A	297,641	14.23	None	Supplier C	514,367	25.48	None
2	Supplier B	232,154	11.10	None	Supplier B	310,304	15.37	None
3	Others	1,561,297	74.67	None	Others	1,194,427	59.15	None
	Net Purchase	2,091,092	100.00		Net Purchase	2,019,098	100.00	

Note 1: List the supplier's name and purchase amount and proportion with more than 10% of the net purchase amount in the last two years, but if the supplier's name shall not be disclosed due to contractual agreement or the transaction object is an individual and is not a related person, it can be the codename.

Note 2: If the most recent financial information of a company listed or whose shares have been traded at the securities exchange as of the date of the publication of the annual report has been audited or reviewed by CPAs, it shall also be disclosed.

(2) Information of major customers in the last two years

Unit: NT$1,000

Item	2022				2023			
	Name	Amount	Ratio to annual net sales (%)	Relation with issuer	Name	Amount	Ratio to annual net sales (%)	Relation with issuer
1	Customer A	964,478	28.33	None	Customer A	1,253,022	38.22	None
2	Customer B	954,165	28.03	None	Customer B	922,207	28.13	None
3	Others	1,485,712	43.64	None	Others	1,103,479	33.65	None
	Net sales	3,404,355	100.00		Net sales	3,278,708	100.00	

Note 1: List the customer's name and sales amount and proportion with more than 10% of the net sales amount in the last two years, but if the customer's name shall not be disclosed due to contractual agreement or the transaction object is an individual and is not a related person, it can be the codename.

Note 2: If the most recent financial information of a company listed or whose shares have been traded at the securities exchange as of the date of the publication of the annual report has been audited or reviewed by CPAs, it shall also be disclosed.

2.5 Production in the last two years

Unit: 1,000 pcs, 1,000 sets, NT$1,000

Year / Production Quantity / Products	2022			2023		
	capacity	Output Quantity	Output Amount	capacity	Output Quantity	Output Amount
Automotive Electronics Products	19,000	15,452	1,814,469	19,000	15,132	2,057,699
Power Management Products	150	114	880,966	150	18	217,361
Total	19,150	15,566	2,695,435	19,150	15,150	2,275,060

Note 1: 2020 automotive electronics products output including OEM.

Note 2: Some product lines share multiple equipment, the production capacity includes multiple production capacities, and the personnel is also deployed among the lines, so the production capacity is substitutable among the lines. The production capacity cannot be calculated because it contains several products.

2.6 Sales in the last two years

Unit: 1,000 pcs, 1,000 sets, NT$1,000

Year / Sales / Products	2022				2023			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Automotive Electronics Products	158	51,549	16,368	2,625,977	716	72,312	16,679	3,016,167
Power Management Products	222	336,664	27,222	390,165	174	118,773	227	71,456
Total	380	388,213	43,590	3,016,142	890	191,085	16,906	3,087,623

3. Human Resource

Year		2022	2023	Current year ended at 02/28/2024
Number of Employees	Direct labor	178	166	167
	Indirect labor	192	187	190
	Other staff	171	171	176
	Total	541	524	533
Average age		37.55	38.22	38.57
Average service years		4.51	5.20	5.22
Educational background distribution ratio	Ph.D.	0.6	0.2	0.2
	Master's degree	11.3	13.6	13.7
	College degree	45.3	44.5	44.3
	High school graduate	26.0	28.0	28.3
	Below high school	16.8	13.7	13.5

4. Environmental protection expenditure information

In the most recent fiscal year and up to the publication date of the annual report, the losses caused by environmental pollution (including compensation) and total disposal, and explaining its future response strategies (including improvements) and possible expenditures (including the estimated amount of potential losses, penalties, and compensations for failure to take countermeasures; if unable to estimate reasonably, it shall state the fact of unable to estimate reasonably): No such situation exists.

5. Labor Relation

5.1 List the Company's employee welfare, further education, training, and retirement system and their implementation, as well as the agreements between employers and employees and maintenance measures to protect the employees' rights and interests.

We not only actively implement humanized management and all kinds of welfare measures, but also are committed to the idea of sharing profit with our employees to attract and motivate outstanding talent, with the remuneration of employees determined based on the result of our operations. The Articles of Incorporation stipulates that where Sysgration has a profit in a year, 10% to 15% thereof shall be allocated as the remuneration of employees. The Company has always treated its employees with integrity. Through the welfare system that provides a satisfying and stable life for its employees and regular labor and management meetings, the Company has established a good relationship of mutual trust and mutual reliance with its employees. Therefore, although there is no union organization, the Company's employees can still display a team spirit, coordinate with the Company in making decisions, and cooperate with each other, to impregnate an atmosphere of harmony between labor and management.

(a) Employee welfare measures and their implementation

The Company has set up an Employee Welfare Committee in accordance with the Employee Welfare Fund Regulations and allocate the welfare fund to handle welfare matters. The current welfare system includes labor insurance and national health insurance, group insurance and employee dependent insurance, birthday gifts or coupons, employee wedding and funeral allowance, travel allowance, employee car parking allowance, birthday celebrations, and year-end party, etc.

(b) Status of advanced study and training and their implementation

The Company arranges educational training from time to time according to the needs of the heads and employees of each department. In order to promote and develop human resources, in addition to orientation provided to new employees, vocational training is also provided according to different functions to cultivate employees' professional skills. In 2023, the Company held training courses covering the scope of ESG, work skills, quality assurance, project management, intellectual property, and legal and management skills, totaling 300 hours and involving 3,800 employees.

(c) Retirement system and its implementation

(1) Percentages and status of contribution under the new and old systems:

In 2023, the old retirement system was not applicable to any of our employees, and thus no contribution of pension under the old system was made. For any employee who has met the pension requirements under the new system, we will make a contribution equal to 6% of his/her monthly salary according to the "Labor Pension Act," while the employee may, based on his/her personal will, voluntarily allocate 0%–6% thereof as pension and deposit into a personal pension account. Our factories in Mainland China will take out pension insurance for their employees in accordance with local regulations and make sufficient contributions. The percentage of the employees of our group participating in retirement plans is 100%. In 2023, the total amount of pension allocated by our group was NT$ 25.25 million.

(2) Criteria of application for retirement: In accordance with the "Labor Pension Act."

① Any of our employees who has met any of the following criteria may voluntarily apply for retirement:

A. He/She has served for at least 15 years and is at the age of 55 or older.
B. He/She has served for at least 25 years.
C. He/She has been employed for at least 10 years and is at the age of 60 or older.

② Any of our employees who has met any of the following criteria may be subject to mandatory retirement:

A. He/She is at the age of 65 or older.
B. He/She is not suitable for work due to mental insanity or physical disability.

(3) Procedures for retirement application and benefits:

Any employee who has met the above criteria for retirement application must fill out a retirement application form and go through the retirement process after approval of the form.

(d) Agreement between labor and employer and maintenance measures to protect employees' rights and interests:

The Company adheres to the concept of "integration of labor and management," holds regular labor meetings, establishes smooth communication channels, maintains good relations between labor and management, jointly creates productivity, shares profits, and establishes stable and harmonious relations between labor and management. In addition, the Employee Welfare Committee of the

Company is responsible for handling various employee welfare issues. It holds various activities from time to time to enhance the harmonious working atmosphere and cohesion between the Company and the employees, as explained below:

(1) Regularly hold departmental communication meetings to communicate with colleagues about the Company and department's operation plan, business overview, and market conditions.

(2) Formulate sexual harassment prevention measures, complaints, and disciplinary measures to maintain a good working relationship and interaction between the sexes and avoid gender discrimination or harassment.

(3) Set up labor and management meetings, hold regular labor and management meetings for communication and consultation and promote harmonious labor and management relations.

(4) Set up the staff welfare committee, organize regular league health activities, and handle welfare matters.

(5) Set up a flexible working hour system to benefit the work-life balance of employees.

(6) On top of the basic protection of labor health insurance, the Company provides group of insurance for the employees additionally so that the life safety, medical treatment, and family of employees can obtain greater protection.

(e) Measures for protection of the working environment and the safety of employees:

We have engaged in long-time efforts in environmental protection, energy conservation and employee care, hoping that we are able to fulfill social responsibilities as our company grows to move toward sustainable management. In addition to compliance with applicable laws, the following measures have been implemented:

(1) We have received the following international certifications to ensure the safety of our employees:

<table>
<tr><th>Certification item</th><th>Plant Site</th><th>Validity Period</th></tr>
<tr><td rowspan="3">ISO 14001:2015</td><td>Nankang</td><td>2020/01/08 - 2023/01/07
2023/01/08 - 2026/01/07</td></tr>
<tr><td>Huizhou</td><td>2022/07/04 - 2025/07/03</td></tr>
<tr><td>Zhenjiang</td><td>2020/05/28 - 2023/05/27
2023/10/08 - 2026/10/07</td></tr>
<tr><td rowspan="3">ISO 45001:2018</td><td>Nankang</td><td>2020/01/08 -2023/01/07
2023/01/08 - 2026/01/07</td></tr>
<tr><td>Huizhou</td><td>2022/07/04 -2025/07/03</td></tr>
<tr><td>Zhenjiang</td><td>2020/05/28 - 2023/05/27
2023/10/08 - 2026/10/07</td></tr>
<tr><td rowspan="2">IECQ QC80000:2017</td><td>Nankang</td><td>2020/03/06 - 2023/03/05
2023/04/11 - 2026/04/10</td></tr>
<tr><td>Zhenjiang</td><td>2023/01/31 - 2026/01/30</td></tr>
</table>

(2) Focusing on source management

At the time of installation of equipment and facilities, we think about how to prevent all possible hazards. Based on the characteristics of our manufacturing processes and important safety specifications, we have established safety requirements for machines and equipment. For the safety of on-site operation during the phase of their operation, the best feasible method and technology are adopted following identification and assessment of hazards to carry out hazard prevention and risk control activities to protect the safety of employees at work.

In 2023, we organized training sessions on health and safety for a total of 121 hours attended by 1,939 persons.

(3) Promotion of a safety culture

We have continued to promote a safety culture, hoping that our employees will play their respective safety roles in different positions to actually integrate safety awareness into their work and life to achieve the vision of a zero-accident team.

(4) Strengthening of communication and training regarding hazard prevention

In order to effectively enhance the safety and health awareness of our employees, we have planned relevant courses for our employees at all levels concerning topics including environmental protection, safety and health, emergency response, management system, risk management, social responsibilities and green products, with the expectation that our employees will be able to become aware of hazards and implement the standard safety procedures. Besides training, a mechanism of departmental officers for environmental safety has been established for periodic collection of employees' on-job safety and health needs and the communication of measures and information of safety and health management to ensure good two-way communication.

In 2023, we organized communication and training sessions on the strengthening of hazard prevention for a total of 193 hours attended by 2,315 persons.

(5) Promotion of employee health

We have contracted Pojen General Hospital and Dacunkuo Hospital for their professional physicians and nurses to visit Sysgration to provide periodic health consultation for our employees and conduct annual health examination for them, while mailing weekly magazines covering medical and health information on a semi-monthly basis to plan for a comprehensive health management program. In response to the possible impact of contagious diseases in recent years to Sysgration and its employees, we have not only continued to monitor relevant information, but also established comprehensive response organizations and procedures to carry out pandemic prevention or disaster mitigation activities, protect the health of our employees and prevent impact to our operations.

In 2023, we organized a health examination attended by 418 persons and a health consultation attended by 140 persons. We also sent 40 articles for promotion of health management to all employees via email.

(6) Establishment of a framework for emergency response

In order to prevent any emergency accident from causing major impact to our operations, aside from daily arrangements and training for emergency response, an organization of emergency response center has been established for us to keep constant track of the situation in our factories. We have established a comprehensive emergency response plan, the scope of which includes the emergency preparations and plans for fire, chemical leakage, earthquake, flood and other accidents. We have also conducted relevant exercises to familiarize our employees with relevant procedures so that we are able to lessen the impact to personnel and property in the event of an emergency accident.

In 2023, we conducted exercises concerning emergency response to accidents for a total of 22 hours attended by 1,802 persons.

(7) Continuous monitoring and auditing

With regard to the status of environmental safety at our factories, we have conducted environmental inspections and measurement of the working environment of our employees, and we have established comprehensive auditing procedures. In addition to conducting daily inspections, checks of high-risk activities and manager-led inspections, we have set up environmental safety management organizations at company-wide and factory levels, whose meetings are convened by senior managers or the top managers of factories for periodic review of environmental safety matters, review of their operations and determination of relevant targets and directions in order to ensure continuous improvement and enhance environmental safety performance.

In 2023, we held 4 meetings of the Occupational Safety and Health Committee for review of its operations and continued improvement of environmental safety.

(f) Succession plan for key management:

The identification and development of successors for the management is critical to the sustainable management of a company. A succession plan aims to keep business management in pace with the times and provide the human resources necessary for the sustainable management of a company. When developing a succession plan, we in particular focus on the requirements for a successor to possess outstanding executive skills and for his/her values and personal traits to meet our expectations, including integrity and innovation. Outstanding employees will continue to have their adaptability and management abilities tested in different business areas and locations on a non-periodic basis.

The training of planned successors to senior management focuses on the development of comprehensive management abilities, professional competencies and personal development plan, with the training schedule customized based on personal job requirements and learning condition. Through training on professional competencies and all relevant aspects, a trainee will learn the integrated use of the foregoing to develop his/her abilities in decision-making and judgment.

In 2023, to train officers who are likely to become members of the management in the future, we organized training sessions for a total of 300 hours covering a variety of topics including sustainable development, quality management, legal affairs, patent rights, insiders' shareholdings, trade secrets, cyber security and the Responsible Business Alliance Code of Conduct.

(g) Gender equality and a diversified and friendly workplace

Sysgration is committed to providing its employees with a dignified and safe working environment. We have implemented policies on diversity in employment and fairness in remuneration and promotion opportunities to ensure no employee will be discriminated, harassed or treated unequally as a result of his/her race, gender, religion, age or political orientation or under any other circumstances protected by applicable laws. Junior employees employed in the same type of position are given equal treatment. For persons with relevant professional and job experience, treatment is determined based on the educational and job experience, specialties and certificates of those employed. No one will be treated differently due to his/her gender or ethnicity.

Indicator for gender equality and diversity		Percentage
Female employees among all employees		40.2%
Female senior managers among all senior managers		22.8%
ROC (Taiwan) nationals among all employees		83.2%
Foreign nationals among all employees		16.8%
Employees with disabilities among all employees		1.4 %
Age (years old)	< 30	16.8 %
	30 ~ 50	59.8 %
	> 50	23.4 %
	Total	100.0 %

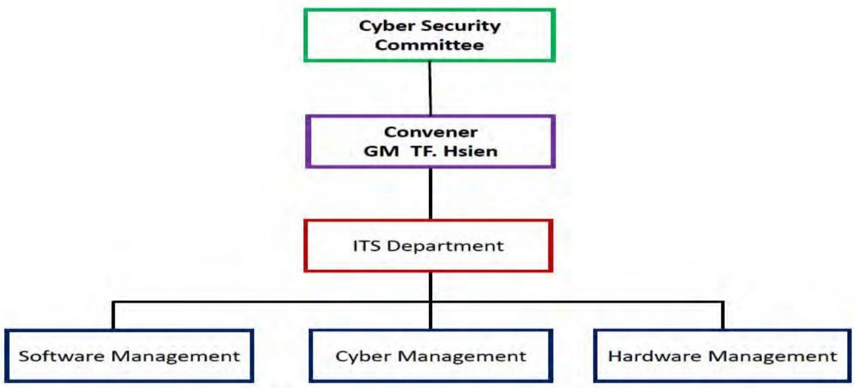
Committed to the care for female employees and enabling them to live up to their full potential, we hope to create a "gender-friendly workplace." We have set up lactation rooms at the workplace for the convenience of female employees and to demonstrate the importance we have placed on the "protection of maternal health," making sure female employees can actually enjoy a comfortable and healthy work environment. Valuing employee diversity, we have hired 5 employees with physical or mental disabilities. Regarding foreign employees, we respect their cultures and customs, provide them with recreational and sports areas, arrange for consultants to visit them at the factories, and organize year-end dinner parties for them. No violation of their working rights and human rights has occurred.

5.2 List the losses suffered from labor disputes in the most recent year and up to the date of the publication of the annual report, and disclose the current and future estimates of the amount and measures to be taken in response to the disputes. If it cannot be reasonably estimated, it shall state the fact that they cannot be reasonably estimated: No such situation exists.

6. Cyber Security Management

6.1 State cyber security management structure, policies, detailed management schemes and resources invested on cyber security, etc.

(a) Cyber security management structure



(b) Cyber security management policies:

(i) Set up cyber asset supervisory and control mechanism, and all staffs are responsible for protecting relevant cyber properties, to maintain the confidentiality, validity, and availability of company's information security assets.

(ii) Staffs' job duties must be appropriately differentiated and authorize limited access to information required by work only.

(iii) Employed staffs must be verified with relevant signed hob specifications, to maintain and guarantee cyber security management during daily work.

(iv) Establish business continuing operation management mechanism, to maintain its serviceability.

(v) The Company's cyber security management measures shall conform to legal norms and information security policy; and establishment and modification of all cyber security management standards or procedures must follow information safety management system.

(vi) Ensure internal data protection, proper storage and safety, and prevent improper intentions and illegal conditions.

(vii) If an accident happened to cause damage of the rights and interests, make timely and proper response and treatment.

(c) Detailed implementation measures:

The Company had reported 2023 implementation of security management to the Board of Directors on November 8, 2023.

(i) Set up independent backup network segment, to automatically back up and recover each service host data.

(ii) PC operating system upgrade to cloud OS.

(iii) Automatic backup for outgoing emails and check to verify before sending out. Replace latest defense system and include PC and service host into control.

(iv) Mobile storage control: except for special application, it is prohibited to use external storage device.

(v) Record individual's external website behaviors.

(vi)Prohibit to send files by using real-time communication software.

(vii)Conducting a group-wide awareness session on information security by email each month.

(viii)Virtualization of servers to eliminate the interruption of system services caused by any external attack or hardware failure.

(ix) Controlling desktops remotely to address the problems of personal computers at all locations in a prompt and secure manner.

(d) Resources invested in information and communication security:

Attaching great importance to information and communication security, we have continued to plan for more information security personnel and increase investment in software and hardware related to the framework of information and communication security protection. We currently have 6 cyber security personnel, and in 2023 we invested a total of approximately NTD27.24 million in software and hardware related to information security, indicating the level of importance we have placed on information and communication security.

6.2 As of the publication date of the annual report, any damages, possible influences, and countermeasures due to significant cyber security events, which are unable to estimated reasonably, shall state the facts:

The Company had no significant cyber security event occurred.

7. Significant contracts:

None.

VI. Financial Overview

1. Financial Information

1.1 Five-year financial summary

A. Summary of consolidated balance sheets

(a) Consolidated balance sheets – based on IFRSs

Unit: NT$1,000

Item \ Year		Financial information for the last five years				
		2019	2020	2021	2022	2023
Current assets		1,092,713	1,489,122	2,223,738	2,761,541	3,583,983
Property, Plant and Equipment		404,507	418,464	418,033	453,061	554,777
Intangible assets		13,931	12,698	14,650	19,843	26,628
Other assets		212,197	259,117	245,491	334,916	607,178
Total assets		1,723,348	2,179,401	2,901,912	3,569,361	4,772,566
Current liabilities	Before distribution	536,406	518,436	1,532,011	1,389,195	1,083,346
	After distribution	536,406	518,436	1,532,011	1,389,195	1,083,346
Non-current liabilities		75,821	594,353	163,781	237,395	714,126
Total liabilities	Before distribution	612,227	1,112,789	1,695,792	1,626,590	1,797,472
	After distribution	612,227	1,112,789	1,695,792	1,626,590	1,797,472
Equity attributable to owner of		1,094,560	1,066,612	1,206,120	1,942,771	2,975,094
Share capital	Ordinary share	1,511,547	1,524,847	1,545,534	1,670,605	1,845,849
	Advance receipts for share capital	0	15,958	9,956	9,627	57,337
Capital surplus		96,653	135,896	160,349	310,036	899,048
Retained earnings	Before distribution	(413,949)	(514,164)	(418,817)	44,968	301,185
	After distribution	(413,949)	(514,164)	(418,817)	44,968	301,185
Other equity interest		(99,691)	(95,925)	(90,902)	(92,465)	(128,325)
Treasury stock		0	0	0	0	0
Non-controlling interest		16,561	0	0	0	0
Total equity	Before distribution	1,111,121	1,066,612	1,206,120	1,942,771	2,975,094
	After distribution	1,111,121	1,066,612	1,206,120	1,942,771	2,975,094

Note: The financial information of each year has been audited by CPAs.

(b) Parent company only balance sheets – based on IFRSs

Unit: NT$1,000

Item \ Year		Financial information for the last five years				
		2019	2020	2021	2022	2023
Current assets		822,364	1,209,276	1,714,068	2,463,105	2,624,547
Property, Plant and Equipment		277,970	288,449	291,046	300,506	336,101
Intangible assets		13,282	9,177	11,356	16,442	23,684
Other assets		486,291	581,867	582,884	759,590	1,819,812
Total assets		1,599,907	2,088,769	2,599,354	3,539,643	4,804,144
Current liabilities	Before distribution	496,968	448,069	1,243,439	1,366,382	1,127,035
	After distribution	496,968	448,069	1,243,439	1,366,382	1,127,035
Non-current liabilities		8,379	574,088	149,795	230,490	702,015
Total liabilities	Before distribution	505,347	1,022,157	1,393,234	1,596,872	1,829,050
	After distribution	505,347	1,022,157	1,393,234	1,596,872	1,829,050
Interests attributable to owner of parent		1,094,560	1,066,612	1,206,120	1,942,771	2,975,094
Share capital	Ordinary share	1,511,547	1,524,847	1,545,534	1,670,605	1,845,849
	Advance receipts for share capital	0	15,958	9,956	9,627	57,337
Capital surplus		96,653	135,896	160,349	310,036	899,048
Retained earnings	Before distribution	(413,949)	(514,164)	(418,817)	44,968	301,185
	After distribution	(413,949)	(514,164)	(418,817)	44,968	301,185
Other equity interest		(99,691)	(95,925)	(90,902)	(92,465)	(128,325)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,094,560	1,066,612	1,206,120	1,942,771	2,975,094
	After distribution	1,094,560	1,066,612	1,206,120	1,942,771	2,975,094

Note: The financial information of each year has been audited by the CPAs.

B. Summary of consolidated statements of comprehensive income

(a) Consolidated statements of comprehensive income – based on IFRSs

Unit: NT$1,000

Item \ Year	Financial information for the last five years				
	2019	2020	2021	2022	2023
Operating revenue	1,042,284	1,326,691	2,454,678	3,404,355	3,278,708
Gross profit from operations	94,368	262,699	488,525	804,551	810,868
Operating profit (loss)	(356,582)	(101,844)	83,561	304,122	193,758
Non-operating income and expenses	2,286	1,761	11,786	34,377	61,975
Profit (loss) before income tax	(354,296)	(100,083)	95,347	338,499	255,733
Net profit (loss) from operations of continued segment	(357,779)	(100,083)	95,347	338,499	255,484
Net profit (loss) from operations of discontinued segment	0	0	0	0	0
Profit (loss) for the year	(357,779)	(100,083)	95,347	338,499	255,484
Other comprehensive income(loss) for the year, net of tax	(17,400)	1,866	5,023	1,024	(35,127)
Total comprehensive income(loss) for the year, net of tax	(375,179)	(98,217)	100,370	339,523	220,357
Profit (loss) attributable to owner of the parent	(284,759)	(98,315)	95,347	338,499	255,484
Profit (loss) attributable to non-controlling interest	(73,020)	(1,768)	0	0	0
Total comprehensive income (loss) attributable to owner of the parent	(301,928)	(96,449)	100,370	339,523	220,357
Total comprehensive income (loss) attributable to non-controlling interest	(73,251)	(1,768)	0	0	0
Earnings (Losses) per share (in NT dollars)	(1.88)	(0.64)	0.62	2.14	1.41

Note: The financial information of each year has been audited by the CPAs.

(b) Parent company only statements of comprehensive income – based on IFRSs

Unit: NT$1,000

Item \ Year	Financial information for the last five years				
	2019	2020	2021	2022	2023
Operating revenue	799,997	1,298,610	2,120,074	3,189,385	3,223,292
Gross profit from operations	58,391	199,057	363,854	648,213	717,127
Operating profit (loss)	(208,780)	(109,539)	49,395	239,521	216,123
Non-operating income and expenses	(72,520)	11,224	45,952	98,978	39,361
Profit (loss) before income tax	(281,300)	(98,315)	95,347	338,499	255,484
Net profit (loss) from operations of continued segment	(284,759)	(98,315)	95,347	338,499	255,484
Net profit (loss) from operations of discontinued segment	0	0	0	0	0
Profit (loss) for the year	(284,759)	(98,315)	95,347	338,499	255,484
Other comprehensive income (loss) for the year, net of tax	(17,169)	1,866	5,023	1,024	(35,127)
Total comprehensive income (loss) for the year, net of tax	(301,928)	(96,449)	100,370	339,523	220,357
Profit (loss) attributable to owner of the parent	(284,759)	(98,315)	95,347	338,499	255,484
Profit (loss) attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income (loss) attributable to owner of the parent	(301,928)	(96,449)	100,370	339,523	220,357
Total comprehensive income (loss) attributable to non-controlling interest	0	0	0	0	0
Earnings (Losses) per share (in NT dollars)	(1.88)	(0.64)	0.62	2.14	1.41

Note: The financial information of each year has been audited by CPAs.

1.2 Auditor’s opinions in the last 5 years

Year	Name of accountant	Accounting firm	Audit opinion
2019	Chiu, Chao-Hsien Hsu, Ming-Chuan	PricewaterhouseCoopers Taiwan	Unqualified opinion
2020	Chiu, Chao-Hsien Hsu, Ming-Chuan	PricewaterhouseCoopers Taiwan	Unqualified opinion
2021	Chiu, Chao-Hsien Hsu, Ming-Chuan	PricewaterhouseCoopers Taiwan	Unqualified opinion
2022	Chih, Ping-Chiun Chiu, Chao-Hsien	PricewaterhouseCoopers Taiwan	Unqualified opinion
2023	Chih, Ping-Chiun Chiu, Chao-Hsien	PricewaterhouseCoopers Taiwan	Unqualified opinion

2. Five-Year Financial Analysis

2.1 Consolidated financial analysis – based on IFRSs

Analysis item / Year			2019	2020	2021	2022	2023
			Financial information for the last five years				
Financial structure	Debt Ratio (%)		35.53	51.06	58.44	45.57	37.66
	Ratio of long-term capital to property, plant, and equipment (%)		270.59	390.71	321.51	479.04	658.19
Solvency	Current ratio (%)		203.71	287.23	145.15	198.79	330.83
	Quick ratio (%)		168.46	249.51	103.23	163.15	293.36
	Interest coverage ratio (times) (%)		(4,560.56)	(3,026.62)	1,418.95	4,095.50	2,048.44
Operating performance	Accounts receivable turnover (times)		4.51	4.38	5.12	4.41	3.46
	Average collection days (days)		81	83	71	83	105
	Inventory turnover (times)		3.74	6.08	5.39	5.09	5.78
	Accounts payable turnover (times)		4.46	3.63	3.56	3.81	4.01
	Average days of sales (days)		98	60	68	72	63
	Property, plant, and equipment turnover (times)		2.66	3.22	5.87	7.82	6.51
	Total assets turnover (times)		0.58	0.68	0.97	1.05	0.79
Profitability	Return on total assets (%)		(15.50)	(4.91)	3.98	10.55	6.38
	Return on shareholders' equity (%)		(22.90)	(9.10)	8.39	21.50	10.39
	Ratio of paid-in capital (%)	Operating income to paid- in capital (%)	(23.59)	(6.61)	5.37	18.10	10.18
		profit before tax to paid- in capital (%)	(23.44)	(6.50)	6.13	20.15	13.44
	Net profit ratio (%)		(27.32)	(7.41)	3.88	9.94	7.79
	Earnings (Losses) per share (in NT$)		(1.88)	(0.64)	0.62	2.14	1.41
Cash flow	Cash flow ratio (%)		(13.57)	(0.71)	(1.94)	12.60	50.25
	Cash flow adequacy ratio (%)		(112.52)	(78.78)	(5.83)	4.80	65.79
	Cash reinvestment ratio (%)		(4.49)	(0.24)	(1.83)	6.65	13.10
Leverage	Operating Leverage		0.70	0.16	2.12	1.38	1.79
	Financial Leverage		0.98	0.97	1.09	1.01	1.07

Please state the cause of change on each financial ratio within the latest two years. (if such change not achieving 20%, analysis is not necessary):

1. Ratio of long-term capital to property, plant, and equipment (%)：increased in 2023 relative to 2022, due to increase of total equity.
2. Current ratio (%)：increased in 2023 relative to 2022, due to increase of cash and cash equivalents, and accounts receivables.
3. Quick ratio (%) ：increased in 2023 relative to 2022, due to increase of cash and cash equivalents and accounts receivables.
4. Interest coverage ratio (times) (%) ：decreased in 2023 relative to 2022, due to decrease of net profit before income tax.
5. Accounts receivable turnover (times) ：decreased in 2023 relative to 2022, due to increase of accounts receivables.
6. Average collection days (days) ：increased in 2023 relative to 2022, due to decrease of accounts receivable turnover.
7. Total assets turnover (times) ：decreased in 2023 relative to 2022, due to increase of average total assets.
8. Return on total assets (%) ：decreased in 2023 relative to 2022, due to increase of average total assets.
9. Return on shareholders' equity (%) ：decreased in 2023 relative to 2022, due to increase of average total shareholders' equity.
10. Operating income to paid-in capital (%) ：decreased in 2023 relative to 2022, due to decrease of Operating income and increase of paid-in capital.
11. Profit before tax to paid-in capital (%) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax and increase of paid-in capital.
12. Net profit ratio (%) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
13. Earnings (Losses) per share (in NT$) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
14. Cash flow ratio (%) ：increased in 2023 relative to 2022, due to increase of net cash inflows from operating activities and decrease of current liabilities.
15. Cash flow adequacy ratio (%) ：increased in 2023 relative to 2022, due to increase of net cash inflows from operating activities.
16. Cash reinvestment ratio (%) ：increased in 2023 relative to 2022, due to increase of net cash inflows from operating activities.
17. Operating leverage: increased in 2023 relative to 2022, due to decrease of operating profit.

Note 1: The above financial information of each year has been audited by the CPAs.

Note 2: The calculation formula is as follows:

1. Financial structure
   (1) Debt Ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable arising from the operation) = net sales / average balance of accounts receivable for each period (including accounts receivable and notes receivable arising from the operation).
   (2) Average collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales / average inventory.
   (4) Accounts payable turnover (including accounts payable and notes payable for operations) = cost of sales / balance of average accounts payable for each period (including accounts payable and notes payable for operations).
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover = net sales / average net property, plant, and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (after-tax profit and loss + interest expense × (1 - tax rate)) / average total assets.
   (2) Return on shareholders' equity = after-tax profit and loss / average total shareholders' equity.
   (3) Net profit ratio = after-tax profit and loss / net sales.
   (4) Earnings (losses) per share = (profit and loss attributable to owner of the parent - dividend of special shares)/ weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow of operating activities in the last five years / recent five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant, and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
   (2) Financial leverage = operating interest / (operating interest - interest expense).

2.2 Parent company only financial analysis – based on IFRSs

Analysis item		Year	2019	2020	2021	2022	2023
			Financial information for the last five years				
Financial structure	Debt ratio (%)		31.59	48.94	53.60	45.11	38.07
	Ratio of long-term capital to property, plant, and equipment (%)		393.77	566.82	461.78	722.24	1,086.43
Solvency	Current ratio (%)		165.48	269.89	137.85	180.26	232.87
	Quick ratio (%)		148.32	252.22	112.00	159.06	216.46
	Interest coverage ratio (times) (%)		(14,200.97)	(7,071.04)	5,889.13	4,340.25	2,118.68
Operating performance	Accounts receivable turnover (times)		4.34	4.46	4.92	4.61	3.57
	Average collection days (days)		84	82	74	79	102
	Inventory turnover (times)		6.81	10.97	8.43	8.05	9.91
	Accounts payable turnover (times)		2.93	3.89	4.15	4.40	4.01
	Average days of sales (days)		54	33	43	45	37
	Property, plant, and equipment turnover (times)		2.97	4.59	7.32	10.78	10.13
	Total assets turnover (times)		0.47	0.70	0.90	1.04	0.77
Profitability	Return on total assets (%)		(16.61)	(5.27)	4.12	11.24	6.37
	Return on shareholders' equity (%)		(22.90)	(9.10)	8.39	21.50	10.39
	Ratio of paid-in capital (%)	Operating income to paid-in capital (%)	(13.81)	(7.11)	3.18	14.26	11.36
		profit before tax to paid-in capital (%)	(18.61)	(6.38)	6.13	20.15	13.42
	Net profit ratio (%)		(35.60)	(7.57)	4.50	10.61	7.93
	Earnings (losses) per share (in NT$)		(1.88)	(0.64)	0.62	2.14	1.41
Cash flow	Cash flow ratio (%)		(37.97)	(2.05)	(2.00)	12.61	36.39
	Cash flow adequacy ratio (%)		(32.69)	(46.27)	(10.30)	(0.56)	71.56
	Cash reinvestment ratio (%)		(14.29)	(0.58)	(1.70)	7.07	10.48
Leverage	Operating Leverage		0.79	0.53	2.16	1.30	1.44
	Financial Leverage		0.99	0.99	1.03	1.03	1.06

Please state the cause of change on each financial ratio within the latest two years. (if such change not achieving 20%, analysis is not necessary)

1. Ratio of long-term capital to property, plant, and equipment (%): increased in 2023 relative to 2022, due to increase of total equity.
2. Current ratio (%) ：increased in 2023 relative to 2022, due to increase of cash and cash equivalents, and accounts receivables.
3. Quick ratio (%) ：increased in 2023 relative to 2022, due to increase of cash and cash equivalents, and accounts receivables.
4. Interest coverage ratio (times) (%) ：decreased in 2023 relative to 2022, due to decrease of net profit before income tax.
5. Accounts receivable turnover (times) ：decreased in 2023 relative to 2022, due to decrease of average balance of accounts receivable.
6. Average collection days (days) ：increased in 2023 relative to 2022, due to decrease of Accounts receivable turnover.
7. Inventory turnover (times) ：increased in 2023 relative to 2022, due to decrease of average inventory.
8. Total assets turnover (times) ：decreased in 2023 relative to 2022, due to increase of average total assets.
9. Return on total assets (%) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
10. Return on shareholders' equity (%) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
11. Operating income to paid-in capital (%) ：decreased in 2023 relative to 2022, due to decrease of operating profit and increase of paid-in capital.
12. Profit before tax to paid-in capital (%) ：decreased in 2023 relative to 2022, due to decrease of profit before income tax and increase of paid-in capital.
13. Net profit ratio (%) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
14. Earnings (Losses) per share (in NT$) ：decreased in 2023 relative to 2022, due to decrease of net profit after tax.
15. Cash flow ratio (%) ：increased in 2023 relative to 2022, due to increase net cash inflows from operating activities.
16. Cash flow adequacy ratio (%) ：increased in 2023 relative to 2022, due to increase of net cash inflows from operating activities.
17. Cash reinvestment ratio (%) ：increased in 2023 relative to 2022, due to increase of net cash inflows from operating activities.

Note 1: The above financial information for each year has been audited and approved by CPAs.

Note 2: The calculation formula is as follows:

1. Financial structure
   (1) Debt ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = profit before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable arising from the operation) = net sales / average balance of accounts receivable for each period (including accounts receivable and notes receivable arising from the operation).
   (2) Average collection days = 365 / accounts receivables turnover.
   (3) Inventory turnover = cost of sales / average inventory.
   (4) Accounts payable turnover (including accounts payable and notes payable for operations) = cost of sales / balance of average accounts payable for each period (including accounts payable and notes payable for operations).
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover = net sales / average net property, plant, and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (after-tax profit and loss + interest expense × (1 - tax rate)) / average total assets.
   (2) Return on shareholders' equity = after-tax profit and loss / average total shareholders' equity.
   (3) Net profit ratio = after-tax profit and loss / net sales.
   (4) Earnings(losses) per share = (profit and loss attributable to owner of the parent - dividend of special shares) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow of operating activities in the last five years / recent five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant, and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
   (2) Financial leverage = operating interest / (operating interest - interest expense).

3. Audit Committee Review Report

Audit Committee's Review Report

The Company's 2023 Business Report, Financial Statements, and Profit Appropriation Proposal have been prepared by the Board of Director and have been audited by PWC Taiwan and issued with an audit report. The Audit Committee reviewed the aforementioned Business Report, Financial Statements, and Profit Appropriation Proposal and found no inconsistence, which is hereby reported in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Sysgration Ltd.

Convenor of the Audit Committee: Lin, Kuan-Chao

February 26, 2024

4. Consolidated Financial Statements For The Most Recent Year Including Auditors' Report, Balance Sheet, Consolidated Income Statement, Statement Of Changes In Equity, Statement Of Cash Flow And Notes Or Attached Tables For Two Years.

   Please refer Appendix I for details.

5. Parent Company Only Financial Statements For The Most Recent Year Which Has Been Audited By CPAs, But Does Not Contain The Detailed List Of Important Accounting Items.

   Please refer Appendix II for details.

6. If The Company And Its Affiliated Enterprises Have Financial Turnover Difficulties In The Most Recent Year And Up To The Date Of The Publication Of The Annual Report, The Company Shall State Its Impact On The Financial Situation Of The Company.

   No such situation exists.

VII. Review of the Financial Status and Financial Performance and Risk Management

1. Analysis Of The Financial Status

1.1 Comparative analysis of financial performance

Unit: NT$1,000

Item \ Year	2022	2023	Variance	
			Amount	%
Current assets	2,761,541	3,583,983	822,442	29.78
Non-current assets	807,820	1,188,583	380,763	47.13
Total assets	3,569,361	4,772,566	1,203,205	33.71
Current liabilities	1,389,195	1,083,346	(305,849)	(22.02)
Non-current liabilities	237,395	714,126	476,731	200.82
Total liabilities	1,626,590	1,797,472	170,882	10.51
Share Capital	1,670,605	1,845,849	175,244	10.49
Advance receipts for share capital	9,627	57,337	47,710	495.59
Capital surplus	310,036	899,048	589,012	189.98
Retained earnings	44,968	301,185	256,217	569.78
Other equity interest	(92,465)	(128,325)	(35,860)	(38.78)
Interest attributable to owner of the parent	1,942,771	2,975,094	1,032,323	53.14
Total equity	1,942,771	2,975,094	1,032,323	53.14

Note: If the change ratio is more than 20% and the change amount is more than NT$10,000 thousand, the reasons for the change shall be analyzed.

1.2 The main causes of major changes in assets, liabilities, and shareholders' equity in the last two years and their impacts. If the impact is significant, the future response plans should be provided.

(1) Increase in current assets: due to increase in cash and cash equivalents and net accounts receivable.

(2) Increase in non-current assets: due to increase in property, plant and equipment.

(3) Decrease in current liabilities: due to decrease in long-term liabilities, current portion.

(4) Increase in non-current liabilities: due to increase in bonds payable.

(5) Increase in capital surplus: due to increase in capital surplus from private placement of common shares.

(6) Increase in interest attributable to owner of the parent: due to increase in retained earnings.

2. Review Of Financial Performance

2.1 Analysis of financial performance

Unit: NT$1,000

Item \ Year	2022	2023	Variance	
			Amount	%
Operating revenue	3,404,355	3,278,708	(125,647)	(3.69)
Gross profit from operations	804,551	810,868	6,317	0.79
Operating profit	304,122	193,758	(110,364)	(36.29)
Non-operating income and expenses	34,377	61,975	27,598	80.28
Profit before income tax	338,499	255,733	(82,766)	(24.45)
Profit attributable to owner of the parent	338,499	255,484	(83,015)	(24.52)
Other comprehensive income(loss) for the year	1,024	(35,127)	(36,151)	(3,530.37)
Total comprehensive profit (loss) attributable to owner of the parent	339,523	220,357	(119,166)	(35.10)

2.2 If the variance is more than 20% and the change amount is more than NT$10,000 thousand the reasons for the change shall be analyzed.

(1) Decrease in operating profit: due to decrease in operating revenue and increase in operating expenses in 2023.

(2) Increase in non-operating income and expenditure: due to increase in interest income in 2023.

(3) Decrease in profit before income tax and profit attributable to owner of the parent: due to decrease in operating revenue and increase in operating expenses in 2023.

(4) Decrease in Other comprehensive income(loss) for the year: due to decrease in exchange differences on translation in 2023.

(5) Decrease in comprehensive profit attributable to owner of the parent: due to decrease in operating revenue and increase in operating expenses in 2023.

2.3 Expected sales volume and its basis, possible impact on the Company's future financial business, and a response plan.

Looking forward to 2024, based on the existing customers of tire pressure monitoring systems, we will actively expand the tire pressure monitoring system replacement market beyond the

United States, Europe, and Japan. At the same time, we will develop a standalone dual-frequency tire pressure monitoring system that is compatible with the original manufacturers of American, European, and Japanese cars and further expand to the OE market. In addition, we will accelerate our Retrofit market in Mainland China and the United States, increase our dealer channels in Mainland China, and continue to expand the application of low power Bluetooth (BLE) TPMS in the market for general passenger cars, motorcycles, heavy trucks, pickup trucks, and buses.

The Chinese government has specified tire pressure monitoring systems as the standard configuration of general passenger vehicles. The Company is actively planning to accelerate the development of tire pressure monitoring systems for special vehicles in Mainland China to seize the opportunity in the front assembly market of car manufacturers in Mainland China. The TPMS will inevitably become standard equipment of automobiles. With 100 million new cars shipped out of the factory every year and 100 million old cars needing to replace the TPMS every year, it is estimated that the global market will have a demand of nearly 800 million TPMS every year. The market size is large, and future revenue growth should be prosperous.

Sysgration Integrates IoT experience and technology and applies it in the automotive electronics industry to successfully develop Recreation Vehicles' internal central control system. This system can assist users in controlling all electrical appliances and equipment in the car through the cloud, mobile phone, and central control panel. At present, the system has been successfully integrated with two major camping vehicle factories in the United States and successfully introduced into mass production. In addition to seeking cooperation with other camping vehicle manufacturers in the United States, we are also actively expanding our market share in Europe, Australia, and Japan. Furthermore, the Company also uses its original energy storage and management technology to develop special solar power storage and an uninterrupted power system for camping vehicles to expand revenue.

In the area of energy management, the Company will continue to develop uninterrupted power systems. Based on the original product, there are upgrades from low-level manufacturing to high-capacity and high-end UPS to meet customer needs in specific markets. In addition, we also assist customers in introducing the lithium-ion battery application technology to replace the original lead-acid battery used in UPS. The Company has developed a battery backup power system for industrial use and has made good progress. The Company also plans to use existing technology to develop solar energy storage systems suitable for use in ordinary homes, buildings, or remote areas. The Company will continue to invest the manpower and resources. In addition to developing various battery modules for industrial or factory use, it will also extend its business scope to the Battery Management System with the marketing of battery packs to enhance the added value and expand the market niche. With the increase of market application, it is expected that it can improve the market space of products.

3. Cash Flow

Unit: NT$1,000

Balance of cash and cash equivalent at beginning of the year	Annual net cash flow from operating activities	Annual cash inflow (outflow)	Cash surplus (deficiency)	Remedy for cash deficiency	
				Investment plan	Financial plan
1,228,963	544,404	935,362	2,164,325	None	None

(1) Analysis of cash flow changes this year:

a. Net cash inflow from operating activities is NT$544,404 thousand: due to decrease in profit and inventories in 2023.

b. Net cash outflow from investment activities is NT$337,558 thousand: due to increase of equity method investment and acquisition of property, plant and equipment.

c. Net cash inflow from financing activities is NT$753,407 thousand: due to proceeds from issuance of bonds in 2023 and cash capital increase.

(2) Remedy for cash deficiency and liquidity analysis: The Company has sufficient cash in operation and has no shortage of cash.

(3) Analysis of cash liquidity in the coming year: It is expected that the operating cash will still

4. Impact Of Significant Capital Expenditure On Financial Operations In The Most Recent Year.

The Company has no significant capital expenditures in the most recent year.

5. Reinvestment Policy For The Most Recent Year, Main Reasons For Profit Or Loss, Improvement Plan, And Investment Plan For The Next Year.

Unit: NT$1,000

Description / Item	Profits (losses) recognized in the most recent year	Policy	Main reasons for profit or loss	Improvement plan	Other future investmen
POWER TANK ENERGY LTD.	(43,851)	Spin-off energy storage products business	Mainly due to the recognition of the losses of the invested company in Mainland China, Sysgration (Zhenjiang) Ltd., and the need to develop operations due to the initial spin-off.	We actively develop different markets for our products, and increase the production of energy storage products with existing technologies and production capacity to improve operations.	None

SYSGRATION TECHNOLOGY (SAMOA) LTD.	(24,059)	Overseas holding	Mainly recognized the losses from its invested Sysgration Ltd. (Zhenjiang) in mainland China.	We actively develop different markets for our products, and increase the production of energy storage products with existing technologies and production capacity to improve operations.	None
SYSGRATION (SAMOA) LTD.	54,968	Overseas holding	Mainly recognized the profits from its invested Sysgration Ltd. (Huizhou) in mainland China.	None	None
SYSGRATION USA INC.	60	North America area marketing and after-sales service	The Company recognized reinvestment profit for current year.	None	None
SYSGRATION INTERNATIONAL INC.	2,358	Overseas holding	Mainly recognized the profits from its invested Sysgration America Corporation. in mainland USA.	None	None
SYSGRATION AMERICA CORPORATION	533	Manufacturing and selling of electronic products.	The Company recognized reinvestment profit for current year.	None	None
LEADRAY ENERGY LTD.	(2,717)	Complementarity of businesses in the industry chain to achieve operating synergy.	The Company recognizes investment gains (losses) in proportion to the shareholding ratio.	Synergize companies' advantages in industrial resources to increase market share.	None

6. Risk Assessment For The Most Recent Year And As Of The Publication Date Of The Annual Report

6.1 Impact of interest rate, exchange rate change, and inflation on the Company's profit and loss, and future countermeasures:

Unit: NT$1,000

Item	2023
Net interest income (expense)	9,113
Net exchange gain (loss)	33,166
Ratio of net interest income (expense) to operating revenue	0.28%
Ratio of net interest income (expense) to profit (loss) before tax	3.56%
Ratio of net exchange gain (loss) to operating revenue	1.01%
Ratio of net exchange gain (loss) to profit (loss) before tax	12.97%

(1) Impact of the interest rate change on profit and loss of the Company and future countermeasures:

a. Impact on profit and loss of the Company: By the end of 2023, the Company's short-term borrowings subject to interest rate changes were NT$ 0 thousand. If the market interest rate changes, the effective interest rate of such financial commodities will also change. A 1% increase in the market interest rate will increase the Company's annual interest expense by NT$ 0 thousand.

b. Future countermeasures: Since the Company's cash and financial assets minus liabilities are the net part, the increase in interest rates will be more beneficial to the Company's short-term fund application. In the future, the Company will continue to pay attention to the interest rate changes of various currencies and increase the fixed deposits of currencies favorable to the Company.

(2) Impact of an exchange rate change:

a. Impact on profit and loss of the Company: The Company has the capital transactions in foreign currency-denominated import and export business. Exchange rate fluctuations affect the foreign currency-denominated assets and liabilities. At the end of 2023, the financial assets and liabilities of USD to NTD subject to the risk of exchange rate fluctuations are USD30,878 thousand and USD6,792 thousand; the financial assets and liabilities of USD to RMB are USD884 thousand and USD9,758 thousand, respectively; the financial assets of HKD to NTD are HKD1,295 thousand, and the financial liabilities of HKD to RMB are HKD3,321 thousand. The change in the market exchange rate will change the fair value of such financial assets or liabilities. A 1% appreciation in the market exchange rate of the US dollar will increase the Company's profit by approximately NT$4,592 thousand.

b. Future countermeasures: The specific measures taken by the Company in response to exchange rate fluctuations are to refer to relevant correspondent banks with information on exchange rate fluctuations and take the hedging pre-sale forward foreign exchange measures for the Company's foreign currency assets and liabilities. When quoting customers, the business units should consider the price adjustment caused by exchange rate fluctuations to reduce the impact of exchange rate fluctuations on the Company.

(3) Impact of inflation:

a. Impact on profit and loss of the Company: The Group's main sources of purchase are Taiwan and Mainland China. In recent years, Taiwan's inflation rate is about 2.5% in 2023 according to the statistics of DGBAS, so the inflation risk has a limited impact on the Company's profit and loss. In addition, since the Company is engaged in the related industries of electronics and automobile power components, the electronic products and raw materials are characterized by long-term price decline. The Company will continue to carry out stricter cost and expense control to reduce the risks caused by possible inflation.

b. Future countermeasures: In addition to grasping the price changes of the upstream raw materials, we will pay close attention to the cost control and quotation and timeously adjust the product price and raw materials inventory, to reduce the impact of inflation on the rise of raw materials cost.

6.2 Policies for engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement guarantees and derivative commodity trading, main causes of profits or losses, and future countermeasures.

(1) The Company did not engage in high-risk and highly leveraged investments in the past year, and all investments were executed after careful evaluation.

(2) The Company's capital lending to others and endorsement guarantee in this year were subject to the subsidiary of reinvestment and were handled in accordance with the Company's "Operation Procedures for Lending Funds to Others" and "Endorsement Guarantee Operation Procedures."

(3) The Company adheres to the principle of the conservative and prudent policy of engaging in derivatives trading, mainly focusing on the forward foreign exchange to avoid the risk of changes in real foreign exchange rates. It handles in accordance with the "Procedures for Handling the Acquisition or Disposal of Assets" and the "Procedures for Handling Derivatives Trading" set by the Company. And to timely and correctly announce all trading information according to the law and regulations, there is no loss this year.

6.3 Future R&D plan and estimated R&D expenditure

Aiming at the current development of the Company's products, the Company will continue to actively cultivate and recruit the R&D talents, to not only commit to improve the product quality to meet international demands and obtain the certification according to the national rules and regulations, and also enhance the ability of product design, including the application of new technology, development of wireless communication software and mobile phone APP, etc., to meet the customer demand, create value for customers, and enhance own competitiveness.

(1) Continue to optimize the hardware design of universal tire pressure monitoring systems, including thin and compact, long-distance wireless transmission, minimum power consumption, and reduction in the number of parts. Software development focuses on the humanization and intelligence of man-machine interface and seamless system integration with mobile phones, clouds, and big data.

(2) Cooperate with third parties to establish independent software development tools and strengthen the market competitiveness of replacement.

(3) Develop the US truck fleet management system by cooperating with customers through wireless transmission of tire pressure monitoring systems via Bluetooth.

(4) Use solar energy charging technology to develop special energy storage and a power generation system for camping vehicles.

(5) Continue developing the battery pack management system to improve battery life and reduce the battery's internal temperature to reduce accidents such as battery combustion and explosion.

(6) Continue to develop energy storage power generation systems to improve the power supply efficiency.

The actual R&D expenditure in 2023 was NT$256,264 thousand, accounting for about 7.82% of the annual revenue. In 2024, according to the new product development plan, it is estimated to invest NT$250 million - 270 million in research and development.

6.4 Impact of major domestic and foreign policy and legal changes on the Company's financial business and countermeasures

The Company has internally set up chairman office, general manager office, accounting department and legal affairs unit, to keep close to the policies and decrees that may influence company's financial business. In addition, the company's internal operating procedures are in strict performance of relevant acts and regulations, to ensure its business and financial operations rightful. The tariff issue in 2019 Sino-US trade and COVID - 19 outbreak of latest years have also influenced a lot on its electronics industry corporations in mainland China, as well as the Company's products in there. Therefore, only the Company's Nankang Factory in Taiwan can replace the original mainland factories' production and export to America, which mitigates against the impacts of the two issues mentioned above.

6.5 Impact of technological change and industrial change on financial business of the Company and countermeasures

The Company has committed to product research and development to meet the market demand, and provide its clients with full-scale and professional OEM and manufacturing services. It also quickly responses to technology demands and changes, so as to reduce market risk and maintain the long-term and stable development of company financial business. Furthermore, it also commits to strengthen with manpower and resources to protect client data and prevent any improper human attempts and illegal acts.

6.6 Impact of corporate image change on corporate crisis management and countermeasures

(1) The Company has been established for more than 45 years. It has always adhered to regular operation, committed to R&D and innovation, and maintained a good credit relationship and reputation review. In the most recent year, as of the date of publication, there were no incidents in which the Company faced crisis management due to an image change.

(2) The Company also has a crisis management team which is organized by its chairman office, general manager office and legal affairs unit, to take countermeasures for possible crisis.

6.7 Expected benefits, possible risks, and countermeasures of a merger and acquisition:

None.

6.8 Expected benefits, possible risks, and countermeasures of plant expansion:

None.

6.9 Risks and countermeasures faced in purchasing or selling concentratedly:

None

6.10 Impact of large shares transfers or replacements by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company, risks, and countermeasures:

None .

6.11 Impact of management change on the Company, risks, and countermeasures:

None

6.12 For the litigation or non-litigation, the Company and its directors, supervisors, President, substantive persons in charge, major shareholders holding more than 10% of the shares of the Company and its affiliated companies have been determined by judgment or are still under the jurisdiction of major litigation, non-litigation or administrative dispute litigation, shall be listed. Should the outcome be likely to have a material impact on shareholders' equity or securities prices. In that case, it shall disclose the facts of the dispute, the target amount, the commencement date of the lawsuit, the principal parties involved, and the disposition as of the publication date of the annual report:

On August 6, 2018, the Company received a notification of civil court from the Taiwan Taipei District Court as Tsuzuki Denki Co., Ltd. (Tsuzuki Denki) filed a civil litigation with the Taiwan Taipei District Court. Tsuzuki Denki claimed that the quality problem of tablet computers which were purchased from the Company caused damage to Tsuzuki Denki Co., Ltd. It claimed for a return of the full price of inventories and compensation amounting to US$5,306 thousand and JPY$1,225 thousand, respectively. The Company has appointed lawyers to handle the case to protect the rights of the Company and its shareholders. The Company's appointed lawyer's comments are as follows: 'The counterparty complained that there were flaws in the inventory and deferred payment, but refused to return the inventory which should have been repaired by the Company, therefore, the counterparty's claim is not reasonable. In addition, it is reasonable that the Company took counteraction to claim the payment for inventory and rework expenses in the total amount of US$996 thousand, because the Company had completed the work and delivered the said inventories.' As of December 31, 2021, the case is still under trial with the Taiwan Taipei District Court. The Company has accounts receivable from Tsuzuki Denki Co., Ltd. in the amount of $19,370 which was provisioned for impairment at full amount.

6.13 Description of information security risk assessment and analysis:

Information security policies:

(1) The information asset monitoring and control mechanism shall be established. All personnel shall have the responsibility and obligation to protect relevant information assets for which they are responsible and ensure the confidentiality, correctness, and availability of the important information assets of the Company.

(2) The duties of the employees shall be properly segregated, and only the necessary authority

and information shall be granted to the employees to complete the work.

(3) Necessary assessment should be carried out, and relevant operation specifications should be signed in order to understand that each employee must maintain and ensure information security, which should be implemented in their daily work.

(4) It shall establish a business continuity management mechanism to maintain its applicability.

(5) The Company's information security measures shall comply with the legal norms and the Company's information security policy requirements. All information security specifications or procedures shall be established and modified following the information security management system.

Information security objectives:

(1) Comply with the requirements of laws and regulations, orders of competent authorities, and customer contracts or professional responsibilities.

(2) Safeguard and preserve customer data to prevent improper and illegal events.

(3) Ensure the accuracy and completeness of the data provided.

(4) When the information security incident causes the rights and interests of relevant parties (interested parties) to be damaged, it shall respond and be dealt with appropriately.

Specific implementation measures:

The Company actively plans and deploys the information security measures, improves the information security environment, reduces the information security risks, and technically deploys the network firewall, email security system, and combines with the risk management system, firewall information security equipment update, internal audit process, and other management measures, to achieve perfect information security protection.

6.14 Other major risks and countermeasures: None.

7. Other Important Matters

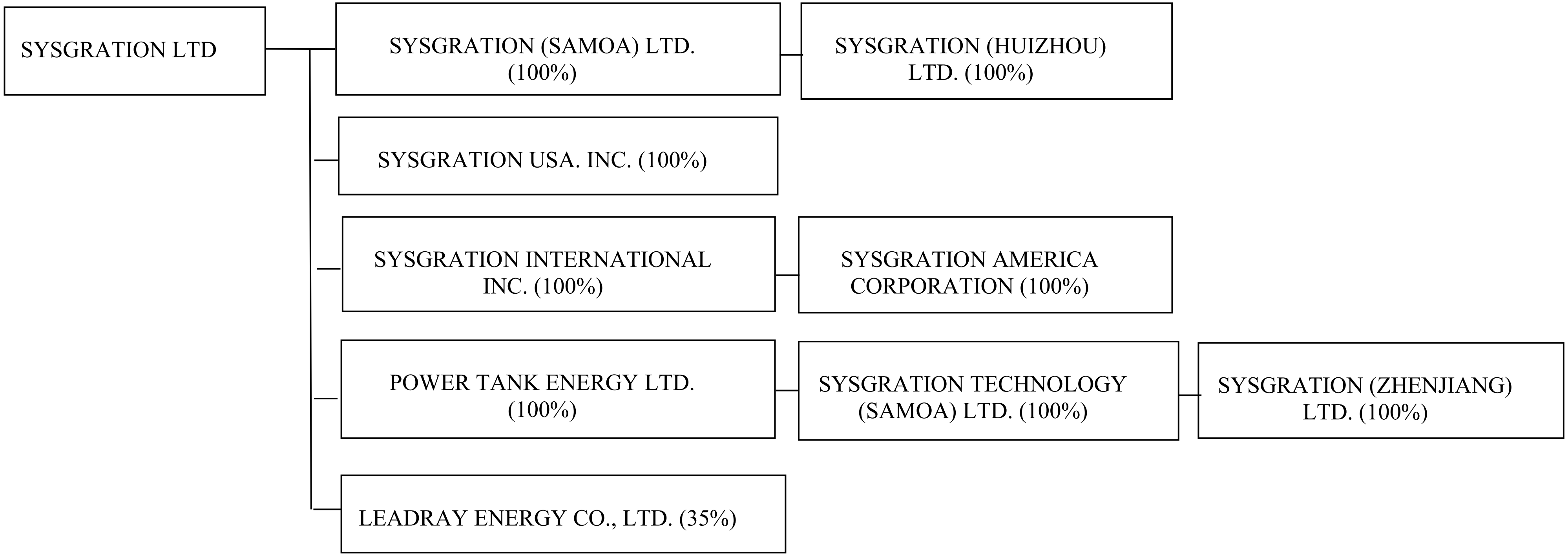
None

VIII. Special Disclosure

Sysgration Ltd.
2023 Consolidated Business Report of Affiliated Enterprises

1. Related Information Of Affiliated Enterprises

1.1 Organization profile of affiliated enterprises



1.2 Basic information of affiliated enterprises

Unit: NT$1,000 As of December 31, 2023

Name of enterprise	Date of Incorporation	Address	Paid-in capital	Major business or products
Sysgration Ltd.	1977/10/14	6F., No. 1, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	1,901,786	Manufacturing and selling of electronic products.
Power Tank Energy Ltd.	2023/05/04	3F-1., No. 1, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	413,884	Manufacturing and selling of energy storage. products.
Sysgration Technology (Samoa) Ltd.	2012/10/29	Offshore Chambers, P.O. Box 217, Apia, SAMOA	218,659	Overseas holding company.
Sysgration (Samoa) Ltd.	1998/09/29	Offshore Chambers, P.O. Box 217, Apia, SAMOA	505,131	Overseas holding company.
Sysgration USA. Inc.	2003/01/15	1043 Segovia Circle, Placentia, CA 92870, USA	10,062	Electronic product trading.
Sysgration International Inc.	2023/03/28	3524 Silverside Road, Suite 35B, Wilmington, DE 19810	USD 15,000	Overseas holding company.
Sysgration America Corporation.	2023/07/07	5301 Southwest Parkway STE 400, Austin, TX 78735	USD 3,000	Manufacturing and selling of electronic products.
Leadray Energy Co., Ltd	1999/04/08	No. 101, Gongye Rd., Toufen City, Miaoli County., Taiwan (R.O.C.)	127,796	Manufacturing and selling of lighting equipment.
Sysgration Technology (Zhenjiang) Ltd.	2013/01/08	Floor 2, No. 5, Aerospace Industrial Park, No. 33, Yangtze Road, Dagang New Area, Zhenjiang	663,228	Manufacturing and selling of energy storage products.
Sysgration Technology (Huizhou) Ltd.	2015/08/01	Floor 3, Yuxin Science and Technology Park, Longshan 7th Road, Xiangshui River Industrial Zone, Daya Bay, Huizhou	113,609	Manufacturing and selling of electronic products.

1.3 Same shareholder information of presumable control and subordination relation:

None.

1.4 Industry covered by the business of overall affiliated enterprises.

The Company and its affiliated enterprises mainly engage in the manufacturing, processing, and trading of electronic products, automotive electronic battery packs, and energy storage products. A small number of affiliated enterprises also engage in the investment business. As a whole, the Company and its affiliated enterprises achieve mutual benefits and maximize the profits of the Group through the mutual assistance of technology, manufacturing, marketing, and service.

1.5 Information of the Director, Supervisor, and General Manager of each affiliated enterprise

Unit: NT$1,000; share; % As of December 31, 2023

Name of enterprise	Title	Name or representative	Shareholding	
			Shares	%
Power Tank Energy Ltd.	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	41,388,434	100%
	Director	Sysgration Ltd. Representative: Hsieh, Tung-Fu		
	Director	Sysgration Ltd. Representative: Lee, Cheng-Han		
	Supervisor	Hu Han-Ming		
Sysgration Technology (Samoa) Ltd.	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	21,800,000	100%
Sysgration (Samoa) Ltd.	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	15,938,000	100%
Sysgration USA. Inc.	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	300,000	100%
Sysgration International Inc.	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	15,000,000	100%
Sysgration America Corporation	Director	Sysgration Ltd. Representative: Lee, Yi-Ren	19,000,000	100%
Leadray Energy Co., Ltd	Director	Sysgration Ltd. Representative: Hsieh, Tung-Fu	11,617,791	35%
	Director	Sysgration Ltd. Representative: Lin, Shih-Chi		
Sysgration Electronics Technology (Zhenjiang) Ltd.	Chairman	Sysgration Ltd. Representative: Lee, Yi-Ren	0	100%
	Director	Yeh, Chia-Fu	0	0%
	Director	Lee, Cheng-Han	0	0%
	Supervisor	Hsieh, Tung-Fu	0	0%
	President	Yeh, Chia-Fu	0	0%
Sysgration Electronics Technology (Huizhou) Ltd.	Chairman	Sysgration Ltd. Representative: Hsieh, Tung- Fu	0	100%
	Director	Li, Fang-Mao	0	0%
	Director	Lee, Yi-Ren Lee	0	0%
	Supervisor	Lee, Cheng-Han Li,	0	0%
	President	Li, Fang-Mao	0	0%

1.6 Operation profile of affiliated enterprises

Unit: NT$1,000; As of December 31, 2023

Name of enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Profit (Loss) From Operations	Profit (Loss) After Tax	Earnings Per Share (NT$)
Power Tank Energy Ltd.	413,884	416,519	54,015	362,504	31,125	(53,413)	(43,851)	(1.06)
Sysgration Technology (Samoa) Ltd.	218,659	190,553	0	190,553	0	(54)	(45,115)	N/A
Sysgration (Samoa) Ltd.	505,131	275,134	0	275,134	0	(47)	54,968	N/A
Sysgration USA. Inc.	10,062	4,395	64	4,331	1,208	60	60	N/A
Sysgration International Inc.	643,746	616,634	735	615,899	0	0	2,358	N/A
Sysgration America Corporation	97,650	92,780	140	92,640	0	0	533	N/A
Leadray Energy Co., Ltd	332,037	510,598	181,699	328,899	222,358	(11,996)	(14,515)	(0.44)
Sysgration Electronics Technology (Zhenjiang) Ltd.	663,228	213,689	23,860	189,829	124,679	(58,266)	(45,068)	N/A
Sysgration Electronics Technology (Huizhou) Ltd.	113,609	762,620	548,318	214,302	1,311,512	47,989	56,120	N/A

1.7 Consolidated financial statements of affiliated enterprises.

For the year 2023 (from January 1, 2023, to December 31, 2023), according to the "Affiliated Enterprises' Consolidation Business Report, Consolidated Financial Statements, and Guidelines for Report Preparation of Affiliated Enterprises," the enterprises to which the Consolidated Financial Statement of Affiliated Enterprises are incorporated are the same enterprises to which the Consolidated Financial Statement of the Parent Company and Subsidiaries are incorporated in accordance with IAS 10. Relevant information to be disclosed in the Consolidated Financial Statement of Affiliated Enterprises has been disclosed in the Consolidated Financial Statement of Parent Company and Subsidiaries previously disclosed. Thus, the Consolidated Financial Statement of Affiliated Enterprises shall not be prepared separately. The Company Consolidated Financial Statement is outlined in Appendix 1 of this Annual Report.

1.8 Relationship report

The Company is not a subsidiary of the other company stipulated in the affiliated enterprise chapter of Company Law, so it is not required to prepare the relationship report with the controlling company.

2. Private Placement of Securities:

Item	1st private placement of 2022 Date of issue: December 2, 2022	2nd private placement of 2022 Date of issue: April 25, 2023
Type of privately placed securities	Common shares	Common shares
Shareholders' meeting approval date and amount approved	On April 29, 2022, the shareholders' meeting approved the issue of a maximum of 25,000,000 common shares in two installments. 10,250,000 common shares were issued for the 1st private placement.	On April 29, 2022, the shareholders' meeting approved the issue of a maximum of 25,000,000 common shares in two installments. 12,600,000 common shares were issued for 2nd private placement.
Basis and reasonableness of the price determined	1. The price for the current private placement must be no less than 80% of the higher of the prices calculated on the following bases: (1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the determination date of price, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction; or (2) The simple average closing price of the common shares of the Company for the 30 business days before the determination date of price, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction. 2. Using the pricing method above and setting October 18, 2022 as the pricing date, the simple arithmetic average of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date are NTD36.55, NTD35.93 and NTD36.43 respectively, and the simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date is NTD39.25. The reference price for the current private placement is thus NTD39.25, the higher of the aforementioned prices. The actual price for private placement is set to NTD32, which is 81.53% of the reference price and not less than 80%, the minimum percentage determined by the annual shareholders' meeting.	1. The price for the current private placement must be no less than 80% of the higher of the prices calculated on the following bases: (1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the determination date of price, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction; or (2) The simple average closing price of the common shares of the Company for the 30 business days before the determination date of price, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction. 2. Using the pricing method above and setting March 9, 2023 as the pricing date, the simple arithmetic average of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date are NTD44.2, NTD43.75 and NTD43.17 respectively, and the simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date is NTD43.17. The reference price for the current private placement is thus NTD43.17, the higher of the aforementioned prices. The actual price for private placement is set to NTD35, which is 81.07% of the reference price and not less than 80%, the minimum percentage determined by the annual shareholders' meeting.
Method for selection of specific persons	On April 29. 2022, the shareholders' meeting gave full authorization to the Chairman for the selection of specific persons, whose scope is limited to specific persons meeting the requirements of Article 43-6 of the Securities and Exchange Act and Order (2002) Tai-Cai-Zheng-Yi-Zi No. 0910003455 dated June 13, 2002 from the Financial Supervisory Commission and insiders and related parties, and where no significant change in management has occurred.	
Reasons necessary for private placement	Considering the timeliness, feasibility and cost of issue for capital raising and the requirement that privately placed securities may not be freely transferred within three years, we will be able to ensure the long-term shareholding relationship between us and subscribers. Moreover, we will effectively increase the flexibility and adaptability of capital raising by authorizing the Board of Directors to engage in private placement depending on the actual needs of our operations. Therefore, we propose to issue shares through private placement instead of public offering.	
Date of completion of share price payment	October 31, 2022	March 21 2023
ZSSJ No	ZSSJ No. 11101216530	ZSSJ No. 11230056000

<table>
<tr><td>Subscriber information</td><td>
<table>
<tr><th>Subscriber</th><th>Eligibility</th><th>Number of shares purchased</th><th>Relationship with Sysgration</th><th>Participation in the management of Sysgration</th></tr>
<tr><td>Lin,Yu-Yeh</td><td rowspan="9">The criteria under subparagraph 2, paragraph 1, Article 43-6 of the Securities and Exchange Act</td><td>5,400,000</td><td>None</td><td>None</td></tr>
<tr><td>Well Hand Electronics Co., Ltd.</td><td>1,000,000</td><td>None</td><td>None</td></tr>
<tr><td>Hu,Yao-Jen</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Wu,Chung-Chieh</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Lin, Mei-Na</td><td>600,000</td><td>None</td><td>None</td></tr>
<tr><td>Chen, Hsin-An</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Tseng, Pai-Yu</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Chen, Jui-Chang</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>JBA Global Fund SPC – JBA Global Master SP</td><td>750,000</td><td>None</td><td>None</td></tr>
</table>
</td><td>
<table>
<tr><th>Subscriber</th><th>Eligibility</th><th>Number of shares purchased</th><th>Relationship with Sysgration</th><th>Participation in the management of Sysgration</th></tr>
<tr><td>Lee, Yi-Ren</td><td rowspan="16">The criteria under subparagraph 2, paragraph 1, Article 43-6 of the Securities and Exchange Act</td><td>700,000</td><td>Chairman</td><td>Chairman</td></tr>
<tr><td>Dai, Yi-Ying</td><td>500,000</td><td>Employee</td><td>None</td></tr>
<tr><td>Lee, Cheng-Ta</td><td>200,000</td><td>Employee</td><td>None</td></tr>
<tr><td>Chang, Ching-Chuan</td><td>300,000</td><td>None</td><td>None</td></tr>
<tr><td>Wu, Hsi-Kun</td><td>2,000,000</td><td>None</td><td>None</td></tr>
<tr><td>Tai, Feng-Yi</td><td>600,000</td><td>None</td><td>None</td></tr>
<tr><td>Chen, Wen-Shu</td><td>700,000</td><td>None</td><td>None</td></tr>
<tr><td>Sung, Fang-Pei</td><td>250,000</td><td>None</td><td>None</td></tr>
<tr><td>Sung, Ping-Chung</td><td>250,000</td><td>None</td><td>None</td></tr>
<tr><td>Wu, Chung-He</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Liu, Hsiao-Lan</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Hsueh, Nai-Jen</td><td>200,000</td><td>None</td><td>None</td></tr>
<tr><td>Wu, Kun-Yang</td><td>300,000</td><td>None</td><td>None</td></tr>
<tr><td>Baldwin Asset Management Co., Ltd.</td><td>3,200,000</td><td>None</td><td>None</td></tr>
<tr><td>CTBC Venture Capital Co., Ltd.</td><td>1,400,000</td><td>None</td><td>None</td></tr>
<tr><td>Fu Li Investment Co., Ltd.</td><td>1,000,000</td><td>None</td><td>None</td></tr>
</table>
</td></tr>
<tr><td>Actual purchase price</td><td>NTD32 per share.</td><td>NTD35 per share.</td></tr>
<tr><td>Difference between the actual purchase price and the reference price</td><td>The actual purchase price is NTD32 per share, which is 81.53% of the reference price.</td><td>The actual purchase price is NTD35 per share, which is 81.07% of the reference price.</td></tr>
<tr><td>The effect of private placement on shareholders' equity</td><td colspan="2">The funds we acquire through private placement of common shares for capital increase by cash will be used to replenish working capital, repay bank loans, reduce interest expenses and improve our financial structure, with a positive effect on shareholders' equity.</td></tr>
<tr><td>The use of private placement funds and implementation of the plan</td><td>The total amount for the plan is NTD328,000 thousand. The fund was used to replenish working capital and repay part of our bank loans after completion of its raising according planning schedule.</td><td>The total amount for the current plan is NTD441,000 thousand, which will be used to replenish working capital and repay part of our bank loans after raising.</td></tr>
<tr><td>Significance of the benefits of private placement</td><td colspan="2">The funds raised in the current private placement will be used to repay bank loans and replenish working capital, achieving the benefits of strengthening our financial structure and reducing interest expense.</td></tr>
</table>

3. Holding Or Disposing Of The Shares Of The Company By The Subsidiaries In The Most Recent Year And As Of The Publication Date Of The Annual Report.

None.

4. Other Necessary Additional Notes

None.

5. For The Most Recent Year And Up To The Date Of The Publication Of The Annual Report, The Occurrence Of Events That Have A Material Impact On Shareholders' Equity Or Securities Prices As Provided For In Paragraph 2, Item 2, Article 36 Of Securities Exchange Act.

None.

IX. Appendix

Appendix I :
2023 Annual CPA Audit Report and Consolidated Financial Statements

SYSGRATION LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

SYSGRATION LTD.

DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 11
4. Consolidated Balance Sheets	12 ~ 13
5. Consolidated Statements of Comprehensive Income	14 ~ 15
6. Consolidated Statements of Changes in Equity	16
7. Consolidated Statements of Cash Flows	17 ~ 18
8. Notes to the Consolidated Financial Statements	19 ~ 81
(1) History and Organization	19
(2) The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorisation	19
(3) Application of New Standards, Amendments and Interpretations	19 ~ 20
(4) Summary of Significant Accounting Policies	20 ~ 32
(5) Critical Accounting Judgments, Estimates and Key Source of Assumptions Uncertainty	32 ~ 33
(6) Details of Significant Accounts	33 ~ 65

Contents	Page

(7)	Related Party Transactions	65 ~ 66
(8)	Pledged Assets	66
(9)	Significant Contingent Liabilities and Unrecognized Contract Commitments	67
(10)	Significant Disaster Loss	67
(11)	Significant Events after the Balance Sheet Date	67
(12)	Others	67 ~ 78
(13)	Supplementary Disclosures	78
(14)	Segment Information	79 ~ 81

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Sysgration Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Sysgration Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Existence and occurrence of revenue

Description

Please refer to Note 4(31) for accounting policies on revenue recognition and Note 6(24) for details of sales revenue.

The Group is primarily engaged in the manufacture and sales of automobile electronics products and power management products. Revenue is the main indicator of whether the Group achieves its business and financial goals, and existence and occurrence of revenue have a significant impact on financial reports. Thus, we considered the existence and occurrence of revenue as a key audit matter.

How our audit addressed the matter

The key audit procedures performed in respect of the above included the following:

A. Obtained an understanding of and tested the internal control procedures of recognition of revenue and tested the effectiveness in exercising internal controls in relation to sales revenue.
B. Obtained the details of revenue and verified customers' orders, delivery orders and sales invoices to confirm whether the sales revenue transactions indeed occurred.

C. Examined the content and related supporting documents of sales returns and discounts after the balance sheet date and checked the subsequent collection to confirm the existence of sales revenue.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for allowance for inventory valuation losses. As at December 31, 2023, the Group's inventories and allowances for inventory valuation losses were NT$396,500 thousand and NT$26,374 thousand, respectively.

The Group is primarily engaged in the manufacture and sale of automobile electronics products and power management products. Because of the rapid change in development of electronic products, there is a higher risk of incurring inventory valuation losses or having obsolete inventory.

The Group's inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories. The material's net realisable value is calculated based on the latest purchase price, and the net realisable values of work in process and finished goods are measured at the last sales price as well as taken into consideration of the operating expense ratio.

The industry technology is rapidly changing, and the net realisable value of inventories involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter:

The key audit procedures performed in respect of the above included the following:

A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.
B. Obtained an understanding of the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
C. Obtained an understanding of the policy on inventory aging report and the logic of inventory aging report program. Selected samples to verify the accuracy of inventory aging report.
D. Verified the reasonableness of inventory valuation basis, including test sampling the latest purchase price, purchase invoice, the latest sales price and sales invoices in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion, with an other matter paragraph, on the parent company only financial statements of Sysgration Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chih, Ping-Chiun Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,164,325	45	$ 1,228,963	34
1110	Financial assets at fair value through profit or loss - current	6(2)	121	-	139	-
1136	Current financial assets at amortised cost	6(1)(4) and 8	-	-	100,501	3
1150	Notes receivable, net	6(5) and 12(2)	4,447	-	2,521	-
1170	Accounts receivable, net	6(5) and 12(2)	970,522	20	918,035	26
1200	Other receivables		24,907	1	12,317	-
1220	Current income tax assets	6(31)	705	-	185	-
130X	Inventories	6(6)	370,126	8	423,002	12
1470	Other current assets		48,830	1	75,878	2
11XX	**Current assets**		3,583,983	75	2,761,541	77
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	25,103	-	12,460	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	231,456	5	148,952	4
1535	Non-current financial assets at amortised cost	6(1)(4) and 8	16,700	-	20,700	1
1550	Investments accounted for using equity method	6(7)	127,494	3	-	-
1600	Property, plant and equipment	6(8), 7 and 8	554,777	12	453,061	13
1755	Right-of-use assets	6(9)	71,114	1	29,955	1
1760	Investment property - net	6(10)	3,888	-	4,025	-
1780	Intangible assets	6(11)	26,628	1	19,843	1
1840	Deferred income tax assets	6(31)	40,941	1	30,851	1
1900	Other non-current assets		90,482	2	87,973	2
15XX	**Non-current assets**		1,188,583	25	807,820	23
1XXX	**Total assets**		$ 4,772,566	100	$ 3,569,361	100

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ -	-	$ 8,816	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	3,250	-	-	-
2130	Current contract liabilities	6(24)	6,209	-	10,112	-
2150	Notes payable		936	-	1,724	-
2170	Accounts payable		638,169	14	589,317	17
2200	Other payables	6(16)(33)	243,288	5	179,322	5
2220	Other payables - related parties	7	195	-	-	-
2250	Current provisions	6(19)	39,323	1	21,246	1
2280	Current lease liabilities		35,601	1	20,834	1
2320	Long-term liabilities, current portion	6(14)(15) and 8	100,953	2	542,374	15
2399	Other current liabilities, others		15,422	-	15,450	-
21XX	**Current liabilities**		1,083,346	23	1,389,195	39
	Non-current liabilities					
2530	Bonds payable	6(14)	469,333	10	-	-
2540	Long-term borrowings	6(15) and 8	207,078	4	227,589	7
2570	Deferred income tax liabilities	6(31)	1,000	-	-	-
2580	Non-current lease liabilities		36,000	1	9,608	-
2600	Other non-current liabilities		715	-	198	-
25XX	**Non-current liabilities**		714,126	15	237,395	7
2XXX	**Total liabilities**		1,797,472	38	1,626,590	46
	Equity attributable to owners of the parent					
	Share capital	6(20)				
3110	Ordinary shares		1,845,849	39	1,670,605	47
3130	Certificate of entitlement to new shares from convertible bonds		55,073	1	1,360	-
3140	Advance receipts for share capital		2,264	-	8,267	-
	Capital surplus	6(21)				
3200	Capital surplus		899,048	19	310,036	8
	Retained earnings	6(22)				
3310	Legal reserve		4,497	-	-	-
3320	Special reserve		1,563	-	-	-
3350	Retained earnings		295,125	6	44,968	1
	Other equity interest	6(23)				
3400	Other equity interest		(128,325)	(3)	(92,465)	(2)
31XX	**Equity attributable to owners of the parent**		2,975,094	62	1,942,771	54
3XXX	**Total equity**		2,975,094	62	1,942,771	54
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 4,772,566	100	$ 3,569,361	100

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24)	$ 3,278,708	100	$ 3,404,355	100
5000	Operating costs	6(6)(17)(18)(29) (30) and 7	(2,467,840)	(75)	(2,599,804)	(76)
5900	Gross profit from operations		810,868	25	804,551	24
	Operating expenses	6(17)(18)(29) (30)				
6100	Selling expenses		(124,505)	(4)	(97,912)	(3)
6200	Administrative expenses		(229,743)	(7)	(198,567)	(6)
6300	Research and development expenses		(256,264)	(8)	(201,626)	(6)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(6,598)	-	(2,324)	-
6000	Total operating expenses		(617,110)	(19)	(500,429)	(15)
6900	Operating profit		193,758	6	304,122	9
	Non-operating income and expenses					
7100	Interest income	6(4)(25)	22,238	1	3,488	-
7010	Other income	6(7)(26)	12,679	-	5,532	-
7020	Other gains and losses	6(2)(13)(27)	36,308	1	33,829	1
7050	Finance costs	6(9)(12)(14)(15) (28)	(13,125)	-	(8,472)	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	6,592	-	-	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(2,717)	-	-	-
7000	Total non-operating income and expenses		61,975	2	34,377	1
7900	**Profit before income tax**		255,733	8	338,499	10
7950	Income tax expense	6(31)	(249)	-	-	-
8200	**Profit for the year**		$ 255,484	8	$ 338,499	10

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss	6(3)(23)(31)				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		($ 16,833)	-	($ 14,372)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,513	-	2,874	-
8310	Total other comprehensive loss that will not be reclassified to profit or loss, net of tax		(13,320)	-	(11,498)	-
	Components of other comprehensive income that will be reclassified to profit or loss	6(23)(31)				
8361	Exchange differences on translation		(27,259)	(1)	15,652	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,452	-	(3,130)	-
8360	Total other comprehensive (loss) income that will be reclassified to profit or loss, net of tax		(21,807)	(1)	12,522	-
8300	**Other comprehensive (loss) income for the year, net of tax**		($ 35,127)	(1)	$ 1,024	-
8500	**Total comprehensive income for the year**		$ 220,357	7	$ 339,523	10
	Profit, attributable to:					
8610	Owners of the parent		$ 255,484	8	$ 338,499	10
			$ 255,484	8	$ 338,499	10
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 220,357	7	$ 339,523	10
			$ 220,357	7	$ 339,523	10
	Basic earnings per share	6(32)				
9750	Basic earnings per share		$ 1.41		$ 2.14	
	Diluted earnings per share	6(32)				
9850	Diluted earnings per share		$ 1.32		$ 1.99	

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Share capita			Capital surplus	Retained earnings			Other equity interest		
	Notes	Ordinary shares	Certificate of entitlement to new shares from convertible bonds	Advance receipts for share capital	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2022											
Balance at January 1, 2022		$ 1,545,534	$ -	$ 9,956	$ 160,349	$ -	$ 35,953	($ 454,770)	($ 64,048)	($ 26,854)	$ 1,206,120
Profit for the year		-	-	-	-	-	-	338,499	-	-	338,499
Other comprehensive (loss) income for the year	6(23)	-	-	-	-	-	-	-	12,522	(11,498)	1,024
Total comprehensive income (loss)		-	-	-	-	-	-	338,499	12,522	(11,498)	339,523
Share-based compensation cost	6(18)(20)(21)	-	-	-	10,834	-	-	-	-	-	10,834
Convertible bonds	6(20)(21)	7,257	1,360	-	21,144	-	-	-	-	-	29,761
Exercise of employee stock options	6(20)(21)	15,314	-	(1,689)	14,908	-	-	-	-	-	28,533
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	-	2,587	-	(2,587)	-
Capital surplus used to offset accumulated deficit	6(21)	-	-	-	(122,699)	-	-	122,699	-	-	-
Special reserve used to offset accumulated deficit		-	-	-	-	-	(35,953)	35,953	-	-	-
Cash capital increase	6(20)	102,500	-	-	225,500	-	-	-	-	-	328,000
Balance at December 31, 2022		$ 1,670,605	$ 1,360	$ 8,267	$ 310,036	$ -	$ -	$ 44,968	($ 51,526)	($ 40,939)	$ 1,942,771
Year 2023											
Balance at January 1, 2023		$ 1,670,605	$ 1,360	$ 8,267	$ 310,036	$ -	$ -	$ 44,968	($ 51,526)	($ 40,939)	$ 1,942,771
Profit for the year		-	-	-	-	-	-	255,484	-	-	255,484
Other comprehensive loss for the year	6(23)	-	-	-	-	-	-	-	(21,807)	(13,320)	(35,127)
Total comprehensive income (loss)		-	-	-	-	-	-	255,484	(21,807)	(13,320)	220,357
Share-based compensation cost	6(18)(20)(21)	-	-	-	16,851	-	-	-	-	-	16,851
Convertible bonds	6(14)(20)(21)(33)	36,320	53,713	-	216,853	-	-	-	-	-	306,886
Exercise of employee stock options	6(20)(21)	12,924	-	(6,003)	10,223	-	-	-	-	-	17,144
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	-	733	-	(733)	-
Cash capital increase	6(20)	126,000	-	-	315,000	-	-	-	-	-	441,000
Recognition of share option in issuance of convertible bonds		-	-	-	30,085	-	-	-	-	-	30,085
Appropriations of net income for 2022	6(22)										
Legal reserve appropriated		-	-	-	-	4,497	-	(4,497)	-	-	-
Special reserve appropriated		-	-	-	-	-	1,563	(1,563)	-	-	-
Balance at December 31, 2023		$ 1,845,849	$ 55,073	$ 2,264	$ 899,048	$ 4,497	$ 1,563	$ 295,125	($ 73,333)	($ 54,992)	$ 2,975,094

SSYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	Year ended December 31 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 255,733	$ 338,499
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(13)(27)	(3,148)	878
Expected credit impairment loss	12(2)	6,598	2,324
(Gain on reversal) loss on decline for inventory in market value	6(6)	(9,727)	18,019
Depreciation	6(8)(9)(10)(29)	130,426	98,567
Amortisation	6(11)(29)	23,074	16,722
Share of profit of associates accounted for using equity method	6(7)	2,717	-
Gain on disposal of property, plant and equipment	6(27)	(174)	2,362
Interest expense	6(9)(12)(14)(15)(28)	13,125	8,472
Interest income	6(25)	(22,238)	(3,488)
Dividend income	6(26)	(2,836)	(1,105)
Share-based payments	6(18)	16,851	10,834
Profit from lease modification	6(27)	(4)	-
Gain recognised in bargain purchase transaction	6(26)	(2,415)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,946)	2,872
Accounts receivable		(58,983)	(303,327)
Other receivables		(10,940)	1,901
Inventories		62,603	107,467
Other current assets		27,048	20,620
Changes in operating liabilities			
Contract liabilities		(3,903)	(11,086)
Notes payable		(788)	738
Accounts payable		48,852	(184,343)
Other payables		39,078	39,776
Other payables - related parties		49	-
Current provisions		18,077	14,067
Other current liabilities		(28)	(6,433)
Cash inflow generated from operations		527,101	174,336
Interest received		20,588	3,101
Interest paid		(4,714)	(3,457)
Income tax paid		(1,407)	(101)
Dividend received		2,836	1,105
Net cash flows from operating activities		544,404	174,984

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 105,981)	($ 80,786)
Acquisition of financial assets at fair value through profit or loss		(9,000)	(12,000)
Acquisition of investments accounted for using equity method	6(7)	(127,796)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		6,644	13,500
Decrease in financial assets at amortised cost		104,501	4,100
Acquisition of property, plant and equipment	6(33)	(133,933)	(107,036)
Proceeds from disposal of property, plant and equipment		21,177	423
Acquisition of intangible assets	6(11)	(29,910)	(21,865)
Increase in refundable deposits		(6,144)	(1,351)
Increase in prepayments for business facilities		(55,551)	(45,612)
Increase in other non-current assets		(1,565)	(1,603)
Net cash flows used in investing activities		(337,558)	(252,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(34)	(8,862)	-
Proceeds from long-term borrowings	6(34)	87,801	196,530
Repayment of long-term borrowings	6(34)	(90,769)	(72,186)
Proceeds from issuance of bonds	6(34)	497,300	-
Repayments of bonds	6(34)	(154,900)	-
Exercise of employee share options	6(20)	17,144	28,533
Payments of lease liabilities	6(34)	(35,824)	(28,866)
Increase in guarantee deposits received		517	-
Cash capital increase	6(20)	441,000	328,000
Net cash flows from financing activities		753,407	452,011
Effect of exchange rate changes on cash and cash equivalents		(24,891)	13,411
Net increase in cash and cash equivalents		935,362	388,176
Cash and cash equivalents at beginning of year	6(1)	1,228,963	840,787
Cash and cash equivalents at end of year	6(1)	$ 2,164,325	$ 1,228,963

SYSGRATION LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) SYSGRATION LTD. (the 'Company') was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 14, 1977, and the Company's shares have been approved by Securities and Futures Commission, Ministry of Finance to be officially traded on Taipei Exchange from December 1995. The Company and its subsidiaries (the 'Group') are primarily engaged in the manufacture and sale of automobile electronics products and power management products.

(2) On April 27, 2023, the Company's shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. Refer to Note 6(35) for details.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, ' Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Note
SYSGRATION LTD.	SYSGRATION USA INC.	Sale of electronic products	100	100	
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	Investment holding of overseas companies	100	100	
SYSGRATION LTD.	POWER TANK ENERGY LTD.	Manufacturing and sale of energy storage products	100	-	Note 1
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	Investment holding of overseas companies	100	-	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	Manufacturing and sale of electronic products	100	-	
POWER TANK ENERGY LTD. / SYSGRATION LTD.	SYSGRATION TECHNOLOGY (SAMOA) LTD.	Investment holding of overseas companies	100	100	Note 2
SYSGRATION TECHNOLOGY (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	100	100	
SYSGRATION (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	100	100	

Note 1: On June 30, 2023, the effective date of the spin-off, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off. The aforementioned spin-off transaction pertains to a reorganisation.

Note 2: On June 19, 2023, POWER TANK ENERGY LTD. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) to accept the equity interest of SYSGRATION (SAMOA) LTD. and SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) <u>Leasing arrangements (lessor) – operating leases</u>

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) <u>Inventories</u>

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) <u>Investments accounted for using equity method / associates</u>

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2～55	years
Machinery	2～20	years
Maintenance equipment and tools	2～5	years
Office equipment	2～30	years
Transportation equipment	4～5	years
Leasehold improvements	3～5	years or lease period (whichever is shorter)
Others	2～3	years

(17) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Intangible assets

Intangible assets, mainly computer software and patent rights, are amortised on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable or as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(26) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(29) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which cases the tax is recognised in other comprehensive income.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(30) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(31) Revenue recognition

Sales of goods

A. The Group manufactures and sells automobile electronics products and power management products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 802	$ 879
Checking accounts and demand deposits	820,128	648,084
Time deposits	1,343,395	580,000
	$ 2,164,325	$ 1,228,963

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, cash and cash equivalents amounting to $16,700 and $121,201, respectively, were pledged to others as collateral on short-term and long-term borrowings and were classified as financial assets at amortised cost.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	$ 121	$ 139
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private equity fund	$ 21,000	$ 12,000
Valuation adjustment	4,103	460
	$ 25,103	$ 12,460

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	$ 3,643	$ 460
Derivatives	(16)	(1,338)
	$ 3,627	($ 878)

B. As of December 31, 2022, derivatives are call options of the convertible bonds issued by the

Company.

C. As of December 31, 2023, the non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2023	
Derivative instrument	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 1,000 thousands	2023.12.21-2024.1.22

D. The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of export proceeds (buy RMB/sell USD). However, these forward foreign exchange contracts are not accounted for under hedge accounting.

E. The Group had no financial assets at fair value through profit or loss pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	$ 12,042	$ 21,514
Emerging stocks	60,786	-
Unlisted stocks	229,216	180,459
	302,044	201,973
Valuation adjustment	(70,588)	(53,021)
	$ 231,456	$ 148,952

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. For the years ended December 31, 2023 and 2022, the Company has disposed stock of the investee company. Realised gain has been transferred to retained earnings from other equity.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 16,833)	($ 14,372)
Cumulative gains reclassified to retained earnings due to derecognition	$ 733	$ 2,587
Dividend income recognised in profit or loss		
Held at end of period	$ 2,836	$ 1,105

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $231,456 and $148,952 as at December 31, 2023 and 2022, respectively.

E. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged time deposits	$ -	$ 100,501
Non-current items:		
Pledged time deposits	$ 16,700	$ 20,700

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2023	2022
Interest income	$ 12,003	$ 2,041

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were $16,700 and $121,201, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,492	$ 2,546
Less: Allowance for uncollectible accounts	(45)	(25)
	$ 4,447	$ 2,521
Accounts receivable	$ 981,587	$ 924,849
Less: Allowance for uncollectible accounts	(11,065)	(6,814)
	$ 970,522	$ 918,035

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 706,447	$ 4,447	$ 707,880	$ 2,521
Up to 30 days	89,906	-	79,956	-
31 to 120 days	165,400	-	130,170	-
121 to 180 days	274	-	29	-
Over 180 days	8,495	-	-	-
	$ 970,522	$ 4,447	$ 918,035	$ 2,521

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $646,615.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable were $4,447 and $2,521, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable were $970,522 and $918,035, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 262,573	($ 21,590)	$ 240,983
Work in progress	80,484	-	80,484
Finished goods	53,443	(4,784)	48,659
	$ 396,500	($ 26,374)	$ 370,126

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 237,084	($ 21,964)	$ 215,120
Work in progress	114,183	-	114,183
Finished goods	106,070	(12,371)	93,699
	$ 457,337	($ 34,335)	$ 423,002

The cost of inventories recognised as expense for the period:

	2023	2022
Cost of goods sold	$ 2,477,567	$ 2,581,785
(Gain on reversal) loss on decline in market value	(9,727)	18,019
	$ 2,467,840	$ 2,599,804

A. The Group had no inventories pledged to others as collateral.

B. The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the continuous clearance of inventory.

(7) Investments accounted for using equity method

	2023	2022
At January 1	$ -	$ -
Addition of investments accounted for using equity method	130,211	-
Share of profit or loss of investments accounted for using equity method	(2,717)	-
At December 31	$ 127,494	$ -

	December 31, 2023	December 31, 2022
Associates:		
Leadray Energy CO., LTD	$ 127,494	$ -

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2023	December 31, 2022		
Leadray Energy CO., LTD	R.O.C.	35%	-	Strategic Investment	Equity method

(b) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2023, the carrying amount of the Group's individually immaterial associates amounted to $127,494.

	Year ended December 31, 2023
Loss for the period from continuing operations	($ 2,717)
Total comprehensive loss	($ 2,717)

(c) The consideration for the Group's acquisition of 35% equity interest of Leadray Energy Co., Ltd. was lower than the Company's share of fair value of identifiable net assets acquired, resulting in a gain recognised in bargain purchase transaction in the amount of $2,415 (shown as 'other income'). The above was assessed based on the appraisal reports from independent experts.

(d) The Group is the single largest shareholder of Leadray Energy CO., Ltd. Given that other shareholders hold more shares than the Group and considering the past records of the number of voting rights held by other shareholders on the major proposals in the shareholders' meeting, both of which indicate that the Group has no substantial ability to direct the operating and financial decisions, the Group has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	2023								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	$ 18,807	$ 306,326	$ 355,523	$ 16,639	$ 151,184	$ 18,134	$ 23,769	$ 23,081	$ 913,463
Accumulated depreciation and impairment	-	(133,870)	(188,672)	(12,311)	(81,622)	(7,431)	(20,577)	(15,919)	(460,402)
	$ 18,807	$ 172,456	$ 166,851	$ 4,328	$ 69,562	$ 10,703	$ 3,192	$ 7,162	$ 453,061
Opening net book amount as at January 1	$ 18,807	$ 172,456	$ 166,851	$ 4,328	$ 69,562	$ 10,703	$ 3,192	$ 7,162	$ 453,061
Additions	-	10,479	124,255	4,146	6,632	2,831	721	9,941	159,005
Disposals	-	-	(19,713)	(7)	(1,283)	-	-	-	(21,003)
Transfer	-	-	60,267	-	303	-	-	181	60,751
Depreciation charge	-	(9,568)	(49,623)	(2,867)	(22,935)	(3,382)	(1,754)	(5,066)	(95,195)
Net exchange differences	-	-	(835)	(33)	(870)	(72)	(32)	-	(1,842)
Closing net book amount as at December 31	$ 18,807	$ 173,367	$ 281,202	$ 5,567	$ 51,409	$ 10,080	$ 2,127	$ 12,218	$ 554,777
At December 31									
Cost	$ 18,807	$ 312,056	$ 505,858	$ 20,336	$ 145,574	$ 20,780	$ 23,802	$ 32,947	$ 1,080,160
Accumulated depreciation and impairment	-	(138,689)	(224,656)	(14,769)	(94,165)	(10,700)	(21,675)	(20,729)	(525,383)
	$ 18,807	$ 173,367	$ 281,202	$ 5,567	$ 51,409	$ 10,080	$ 2,127	$ 12,218	$ 554,777

	2022								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	$ 18,807	$ 307,249	$ 327,779	$ 25,421	$ 100,641	$ 11,944	$ 20,944	$ 18,249	$ 831,034
Accumulated depreciation and impairment	-	(129,295)	(157,950)	(20,010)	(69,379)	(4,758)	(18,838)	(12,771)	(413,001)
	$ 18,807	$ 177,954	$ 169,829	$ 5,411	$ 31,262	$ 7,186	$ 2,106	$ 5,478	$ 418,033
Opening net book amount as at January 1	$ 18,807	$ 177,954	$ 169,829	$ 5,411	$ 31,262	$ 7,186	$ 2,106	$ 5,478	$ 418,033
Additions	-	976	33,564	2,705	54,626	6,115	2,821	5,202	106,009
Disposals	-	-	(1,734)	(735)	(316)	-	-	-	(2,785)
Depreciation charge	-	(6,474)	(36,222)	(3,121)	(16,440)	(2,621)	(1,770)	(3,518)	(70,166)
Net exchange differences	-	-	1,414	68	430	23	35	-	1,970
Closing net book amount as at December 31	$ 18,807	$ 172,456	$ 166,851	$ 4,328	$ 69,562	$ 10,703	$ 3,192	$ 7,162	$ 453,061
At December 31									
Cost	$ 18,807	$ 306,326	$ 355,523	$ 16,639	$ 151,184	$ 18,134	$ 23,769	$ 23,081	$ 913,463
Accumulated depreciation and impairment	-	(133,870)	(188,672)	(12,311)	(81,622)	(7,431)	(20,577)	(15,919)	(460,402)
	$ 18,807	$ 172,456	$ 166,851	$ 4,328	$ 69,562	$ 10,703	$ 3,192	$ 7,162	$ 453,061

A. The significant components of buildings and structures include main plants and structure improvements, which are depreciated over 55 and 2~45 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. The Group's property, plant and equipment were for self-use.

(9) Leasing arrangements－lessee

A. The Group leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes and sublet without agreement.

B. Short-term leases with a lease term of 12 months or less comprise offices. On December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to $1,731 and $5,007, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Buildings	$	65,383	$	24,827
Transportation equipment		5,731		5,128
	$	71,114	$	29,955

	2023		2022	
	Depreciation charge		Depreciation charge	
Buildings	$	32,635	$	25,677
Transportation equipment		2,459		2,587
	$	35,094	$	28,264

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $76,777 and $7,871, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	783	$	611
Expense on short-term lease contracts		1,731		5,007
Gains arising from lease modifications	(	4)		-
	$	2,510	$	5,618

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $35,824 and $28,866, respectively.

(10) Investment property

	2023	2022
	Buildings	Buildings
At January 1		
Cost	$ 7,000	$ 7,000
Accumulated depreciation	(2,975)	(2,838)
	$ 4,025	$ 4,162
Opening net book amount as at January 1	$ 4,025	$ 4,162
Depreciation charge	(137)	(137)
Closing net book amount as at December 31	$ 3,888	$ 4,025
At December 31		
Cost	$ 7,000	$ 7,000
Accumulated depreciation and impairment	(3,112)	(2,975)
	$ 3,888	$ 4,025

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Rental income from investment property	$ 250	$ 288
Direct operating expenses arising from the investment property that generated rental income during the period	$ 137	$ 137

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 were all $7,000, which was based on the trading prices of similar prices in the neighboring areas.

C. The Group had no investment property pledged to others as collateral.

(11) Intangible assets

	2023		
	Patent right	Software	Total
At January 1			
Cost	$ 17,901	$ 66,188	$ 84,089
Accumulated amortisation and impairment	(17,712)	(46,534)	(64,246)
	$ 189	$ 19,654	$ 19,843
Opening net book amount as at January 1	$ 189	$ 19,654	$ 19,843
Additions－acquired separately	-	29,910	29,910
Amortisation charge	(49)	(23,025)	(23,074)
Net exchange differences	(3)	(48)	(51)
Closing net book amount as at December 31	$ 137	$ 26,491	$ 26,628
At December 31			
Cost	$ 485	$ 95,914	$ 96,399
Accumulated amortisation and impairment	(348)	(69,423)	(69,771)
	$ 137	$ 26,491	$ 26,628

	2022		
	Patent right	Software	Total
At January 1			
Cost	$ 17,894	$ 44,188	$ 62,082
Accumulated amortisation and impairment	(17,659)	(29,773)	(47,432)
	$ 235	$ 14,415	$ 14,650
Opening net book amount as at January 1	$ 235	$ 14,415	$ 14,650
Additions－acquired separately	-	21,865	21,865
Amortisation charge	(50)	(16,672)	(16,722)
Net exchange differences	4	46	50
Closing net book amount as at December 31	$ 189	$ 19,654	$ 19,843
At December 31			
Cost	$ 17,901	$ 66,188	$ 84,089
Accumulated amortisation and impairment	(17,712)	(46,534)	(64,246)
	$ 189	$ 19,654	$ 19,843

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	$ 3,859	$ 1,577
Selling expenses	1,411	1,742
Administrative expenses	7,759	5,524
Research and development expenses	10,045	7,879
	$ 23,074	$ 16,722

(12) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	$ 8,816	3.65%	None

A. Aforementioned borrowings were from short-term financing contracts which the Company entered into with financial institutions. Each contract has different restrictions on the Company's capital maintenance and the purpose of capital in the borrowing period.

B. Interest expense recognised in profit or loss amounted to $87 and $209 for the years ended December 31, 2023 and 2022, respectively.

(13) Financial liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Derivative instruments	$ 3,250	$ -

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Financial assets designated as at fair value through profit or loss		
Derivative instruments	($ 479)	$ -

B. Derivatives are call options of the convertible bonds issued by the Company.

(14) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 500,000	$ 462,100
Less: Discount on bonds payable	(30,667)	(3,136)
	469,333	458,964
Less: Current portion or exercise of put options	-	(458,964)
	$ 469,333	$ -

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

i. The Company issued $500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 20, 2020 ~ October 20, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 20, 2020.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of The Company during the period from the date after 3 months (January 21, 2021) of the bonds issue to the maturity date(October 20, 2023), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT$34.1 (in dollars) per share.

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of December 31, 2023, the convertible bonds totaling NTD$345,100 (face value) had been converted into 10,087,888 common shares, of which 5,507,306 common shares were resolved by the Board of Directors on January 17, 2024 for the effective date on January 17, 2024, and the registration of changes of the common shares had been completed.

(c) The terms of the fifth domestic secured convertible bonds issued by the Company are as follows:

i. The Company issued $500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 8, 2023 ~ August 8, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 8, 2023.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (November 9, 2023) of the bonds issue to the maturity date(August 8, 2026), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT$39.7 (in dollars) per share.

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026).

vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the non-equity conversion options, call options, put options and conversion price resetting options embedded in bonds payable were separated from their host contracts which was classified as 'capital surplus—share options' amount to $30,085 and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 2.4894%.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.75%	None.	$ 23,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.66%	None.	11,695
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	2%	Note	31,220
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2%	None.	9,854
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.945%	Note	16,433
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.695%	None.	29,900
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.65%	Note	32,000
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.93%	Note	54,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.5%	Note	17,566

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	$ 21,293
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	29,723
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable monthly.	1.85%	Note	30,680
				308,031
Less: Current portion				(100,953)
				$ 207,078

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Unsecured borrowings	Borrowing period is from May 20, 2020 to May 20, 2023; interest is repayable monthly.	1.77%	None.	$ 2,777
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.5%	None.	35,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.41%	None.	17,797
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	44,600
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.82%	None.	23,233
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	14,077
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.445%	None.	39,100
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.525%	Note	41,600

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.805%	Note	70,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.375%	Note	22,148
				310,999
Less: Current portion				(83,410)
				$ 227,589

Note: Information about the assets that were pledged to long-term borrowings as collaterals is provided in Note 8.

A. For the years ended December 31, 2023 and 2022, interest expense recognised in profit or loss amounted to $4,589 and $3,232, respectively.

B. Aforementioned borrowings from financial institutions are guaranteed by related parties as joint guarantor, please refer to Note 7 for details.

(16) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 129,886	$ 120,707
Payables for machinery and equipment	30,067	5,141
Others	83,335	53,474
	$ 243,288	$ 179,322

(17) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The second-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD. and the second-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD. have defined contribution pension plans under local regulations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $23,168 and $18,602, respectively.

(18) Share-based payment

A. On November 12, 2019 and December 27, 2016, the Board of Directors of the Company resolved to issue employees' options of 5,000 units (every unit can purchase 1,000 shares of the

Company’s common share, the total number of common shares which can be purchased was 5,000,000 shares with the exercise price of $33.80 (in dollars)) and 4,500 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 4,500,000 shares with the exercise price of $10.00 (in dollars)), except for the 4,731 units were issued out of 5,000 units on August 20, 2020, others were issued 5,000 units on October 15, 2018. The exercise price under the aforementioned stock-based employee compensation plan is at least the closing price of the Company’s common stock at the grant date. There will be adjustment to the exercise price in accordance with specific formula if there is any change in the Company’s ordinary shares or distribution of cash dividend after the issuance of stock options. The life of the option is 5 years. After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

B. To attract and retain talents, encourage employees and strengthen coherence of the Company, the Board of Directors at their meeting on October 18, 2022 resolved to issue employees’ stock options of 10,000 units. The issuance had been approved by the competent authority and could be issued over several installments within two years. The first issuance of 7,000 units was on July 7, 2023 (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 7,000,000 shares with exercise price of $38.55 (in dollars)).

C. For the years ended December 31, 2023 and 2022, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2018.10.15	4,500	5 years	2 ~ 4 years' service
Employee stock options	2020.08.20	4,731	5 years	2 ~ 4 years' service
Employee stock options	2023.07.07	7,000	5 years	2 ~ 4 years' service

D. Details of the share-based payment arrangements are as follows:

(a). Employees' options which were issued in 2023

	2023	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	7,000	$ 38.55
Options granted	-	-
Options exercised	-	-
Options forfeited (Note)	(754)	-
Options outstanding at the end of the period	6,246	$ 38.55
Options exercisable at the end of the period	-	

Note: Due to employees' retirement or termination.

(b). Employees' options which were issued in 2020

	2023		2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,424	$ 33.80	3,493	$ 33.80
Options granted	-	-	-	-
Options exercised	(429)	33.80	(626)	33.80
Options forfeited (Note)	(68)	-	(443)	-
Options outstanding at the end of the period	1,927	$ 33.80	2,424	$ 33.80
Options exercisable at the end of the period	1,050		608	

Note: Due to employees' retirement or termination.

(c). Employees' options which were issued in 2018

	2023		2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	336	$ 10.00	1,182	$ 10.00
Options granted	-	-	-	-
Options exercised	(263)	10.00	(736)	10.00
Options forfeited (Note)	(73)	-	(110)	-
Options outstanding at the end of the period	-	$ -	336	$ 10.00
Options exercisable at the end of the period	-		336	

Note: Due to employees' retirement or termination.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2018.10.15	2023.10.14	-	$ 10.00	336	$ 10.00
2020.08.20	2025.08.19	1,927	33.80	2,424	33.80
2023.07.07	2028.07.06	6,246	38.55	-	-

F. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.10.15	$10.00	43.64% ~44.73%	3.5~4.5 years	0%	0.69% ~0.73%	$ 1.90 ~2.19
Employee stock options	2020.08.20	33.80	49.75% ~53.32%	3.5~4.5 years	0%	0.28% ~0.31%	13.02 ~13.74
Employee stock options	2023.07.07	38.55	46.02%	3.5~4.5 years	0%	1.07% ~1.10%	13.33 ~15.04

G. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	$ 16,851	$ 10,834

(19) Provisions

	2023	2022
	Warranty	Warranty
At January 1	$ 21,246	$ 7,179
Additional provisions	28,804	20,535
Used during the period	(10,727)	(6,468)
At December 31	$ 39,323	$ 21,246

The Group gives warranties on automobile electronics products sold. Provision for warranty is estimated based on historical warranty data of the product. It is expected that provision will be used within the next year.

(20) Share capital

A. As of December 31, 2023, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,845,849 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023 (Note)	2022 (Note)
At January 1	167,061	154,553
Employee stock options exercised	1,292	1,532
Conversion of convertible bonds	3,632	726
Cash capital increase-private placement	12,600	10,250
At December 31	184,585	167,061

Note: Expressed in thousands of shares.

B. To increase the Company's working capital, the shareholders at their meeting on April 29, 2022 resolved to conduct private placements of common shares with a par value at $10 (in dollars) per share, and the total number of shares issued shall not exceed 25,000 thousand shares which would be issued over several installments within one year from the date of the shareholders' meeting resolution. On October 18, 2022, the Board of Directors resolved the first effective date of capital increase through private placement was set on November 1, 2022 and total number of private ordinary shares amounted to 10,250 thousand with an issuance price of NT$32 (in dollars) per share. The total amount of private placement was NTD 328,000 thousand and the registration of changes had been completed. On March 9, 2023, the Board of Directors resolved the second effective date of capital increase through private placement was set on March 23, 2023 and total number of private ordinary shares amounted to 12,600 thousand with an issuance price of NT$35 (in dollars) per share. The total amount of private placement was NTD 441,000 thousand and the registration of changes had been completed. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. On January 18, 2022, the Company’s board of directors resolved to issue 775.6 thousand shares with a subscription price of NT$10.The subscription base date was determined by the board of directors to be January 18, 2022, the registration of changes had been completed.

D. On May 10, 2022, the Company’s board of directors resolved to issue 39 thousand shares with a subscription price of NT$10.The subscription base date was determined by the board of directors to be May 10, 2022, the registration of changes had been completed.

E. On August 9, 2022, the Company’s board of directors resolved to issue 66 thousand shares with a subscription price of NT$10.The subscription base date was determined by the board of directors to be August 9, 2022, the registration of changes had been completed.

F. On October 18, 2022, the Company’s board of directors resolved to issue 430.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be October 18, 2022, the registration of changes had been completed.

G. On January 9, 2023, the Company’s board of directors resolved to issue 826.7 thousand shares of which 631.1 thousand shares with a subscription price of NT$10 and 195.6 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be January 9, 2023, the registration of changes had been completed.

H. On May 9, 2023, the Company’s board of directors resolved to issue 95.3 thousand shares of which 7.5 thousand shares with a subscription price of NT$10 and 87.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be May 9, 2023, the registration of changes had been completed.

I. On August 8, 2023, the Company’s board of directors resolved to issue 184.8 thousand shares of which 90 thousand shares with a subscription price of NT$10 and 94.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be August 8, 2023.

J. On November 8, 2023, the Company’s board of directors resolved to issue 185.6 thousand shares of which 86.1 thousand shares with a subscription price of NT$10 and 99.5 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be November 8, 2023.

K. On January 17, 2024, the Company’s board of directors resolved to issue 86.4 thousand shares of which 79 thousand shares with a subscription price of NT$10 and 7.4 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be January 17, 2024.

(21) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to offset accumulated deficit unless the legal reserve is insufficient.

B. Movements of the Company's capital surplus are as follows:

	2023			
	Share premium	Employee stock options	Share options	Total
At January 1	$ 257,567	$ 41,977	$ 10,492	$ 310,036
Employee stock options exercised	12,579	(2,356)	-	10,223
Exercise of conversion right of convertible bonds	227,140	-	(10,287)	216,853
Share-based compensation cost	-	16,851	-	16,851
Cash capital increase-private placement	315,000	-	-	315,000
Recognition of share option in issuance of convertible bonds	-	-	30,085	30,085
At December 31	$ 812,286	$ 56,472	$ 30,290	$ 899,048

	2022					
	Share premium	Employee stock options	Share options	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
At January 1	$ 74,352	$ 56,488	$ 17,162	$ 2,654	$ 9,693	$ 160,349
Employee stock options exercised	10,253	4,655	-	-	-	14,908
Exercise of conversion right of convertible bonds	21,814	-	(670)	-	-	21,144
Capital surplus used to offset loss	(74,352)	(30,000)	(6,000)	(2,654)	(9,693)	(122,699)
Share-based compensation cost	-	10,834	-	-	-	10,834
Cash capital increase-private placement	225,500	-	-	-	-	225,500
At December 31	$ 257,567	$ 41,977	$ 10,492	$ -	$ -	$ 310,036

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.

B. For the long-term business development of the Company, the needs of capital in the future and long-term business plan, the distributable earnings can be distributed no higher than 90% as shareholders' bonus every year. However, the distributable earnings may not to be distributed if the accumulated distributable earnings lower than 5% of paid-in capital. The cash dividend cannot be lower than 10% of total dividends. However, when the cash dividend per share is lower than $0.5, it can be distributed in stock dividend at full amount.

C. The Company's shareholders' meeting resolved the profit and loss appropriation for the year of 2022 on April 27, 2023. After offsetting losses from previous years, setting aside a legal reserve of 10% of the remaining profits of $4,497 and a special reserve of $1,563. The shareholders' meeting resolved the deficit compensation for the year of 2021 on April 29, 2022. Details of the resolution of deficit compensation are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(23) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	($ 40,939)	($ 51,526)	($ 92,465)
Revaluation adjustment	(13,320)	-	(13,320)
Disposal of financial assets at fair value through other comprehensive income	(733)	-	(733)
Currency translation differences	-	(21,807)	(21,807)
At December 31	($ 54,992)	($ 73,333)	($ 128,325)

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	($ 26,854)	($ 64,048)	($ 90,902)
Revaluation adjustment	(11,498)	-	(11,498)
Disposal of financial assets at fair value through other comprehensive income	(2,587)	-	(2,587)
Currency translation differences	-	12,522	12,522
At December 31	($ 40,939)	($ 51,526)	($ 92,465)

(24) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	$ 3,278,708	$ 3,404,355

A. Disaggregation of revenue from contracts with customers.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Year ended December 31, 2023	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	$ 4,410,462	$ 250,999	$ 1,208	$ 4,662,669
Inter-segment revenue	(1,321,983)	(60,770)	(1,208)	(1,383,961)
Revenue from external customer contracts	$ 3,088,479	$ 190,229	$ -	$ 3,278,708

Year ended December 31, 2022	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	$ 3,761,052	$ 1,139,668	$ 909	$ 4,901,629
Inter-segment revenue	(1,083,526)	(412,839)	(909)	(1,497,274)
Revenue from external customer contracts	$ 2,677,526	$ 726,829	$ -	$ 3,404,355

B. Contract assets and liabilities

The Group has not recognised the revenue-related contract assets as of December 31, 2023, December 31, 2022 and January 1, 2022, and the Group has recognised the following contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities – Advance sales receips	$ 6,209	$ 10,112	$ 21,198

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 8,500	$ 20,020

(25) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	$ 10,234	$ 1,446
Interest income from financial assets measured at amortised cost	12,003	2,041
Other interest income	1	1
	$ 22,238	$ 3,488

(26) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Government grant revenues	$ 3,430	$ 1,275
Dividend income	2,836	1,105
Gain recognised in bargain purchase transaction	2,415	-
Rent income	1,351	1,386
Other income, others	2,647	1,766
	$ 12,679	$ 5,532

(27) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gains (losses) on disposals of property, plant and equipment	$ 174	($ 2,362)
Foreign exchange gains	33,166	37,193
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	3,148	(878)
Gains arising from lease modifications	4	-
Other losses	(184)	(124)
	$ 36,308	$ 33,829

(28) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	$ 4,676	$ 3,573
Interest expense on lease liabilities	738	611
Interest expense on convertible bonds	7,711	4,288
	$ 13,125	$ 8,472

(29) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	$ 543,415	$ 512,327
Depreciation charges on property, plant and equipment	95,195	70,166
Depreciation charges on right-of-use assets	35,094	28,264
Depreciation charges on investment property	137	137
Amortisation charges on intangible assets	23,074	16,722
	$ 696,915	$ 627,616

(30) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 433,829	$ 425,712
Employee stock options	16,851	10,834
Labour and health insurance fees	34,329	31,326
Pension costs	23,168	18,602
Other personnel expenses	35,238	25,853
	$ 543,415	$ 512,327

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between

10%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $30,000 and $5,000, respectively; while directors' remuneration was accrued at $8,000 and $0, respectively.

C. The employees' compensation and directors' remuneration were estimated and accrued based on 10.22% and 2.73% of distributable profit of current year for the year ended December 31, 2023.

D. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 374	$ -
Total current tax	$ 374	$ -
Deferred tax:		
Origination and reversal of temporary differences	(125)	-
Total deferred tax	(125)	-
Income tax benefit	$ 249	$ -

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Changes in fair value of financial assets at fair value through other comprehensive income	$ 3,513	$ 2,874
Currency translation differences	5,452	(3,130)
	$ 8,965	($ 256)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (note)	$ 37,569	$ 84,496
Expenses disallowed by tax regulation	1,331	438
Temporary differences not recognised as deferred tax assets	10,559	(14,273)
Use tax losses not recognised in prior years	(66,922)	(70,162)
Taxable loss not recognised as deferred tax assets	17,712	(499)
Income tax expense	$ 249	$ -

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax assets:				
-Temporary differences:				
Allowance for obsolescence and market value decline	$ 5,685	($ 1,176)	$ -	$ 4,509
Unrealised foreign exchange loss	1,082	2,120	-	3,202
Exchange differences on translation of foreign financial statements	12,884	-	5,452	18,336
Valuation of financial assets measured at fair value through other comprehensive income	10,603	-	3,513	14,116
Others	597	181	-	778
Total	$ 30,851	$ 1,125	$ 8,965	$ 40,941
—Deferred tax liabilities:				
Investment income	-	(483)	-	(483)
Unrealised foreign exchange gain	-	(517)	-	(517)
	$ -	($ 1,000)	$ -	($ 1,000)
	$ 30,851	$ 1,125	$ 8,965	$ 39,941

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax assets:				
-Temporary differences:				
Allowance for obsolescence and market value decline	$ 2,265	$ 3,420	$ -	$ 5,685
Unrealised foreign exchange loss	2,174	(1,092)	-	1,082
Exchange differences on translation of foreign financial statements	16,014	-	(3,130)	12,884
Valuation of financial assets measured at fair value through other comprehensive income	7,729	-	2,874	10,603
Others	2,925	(2,328)	-	597
	$ 31,107	$ -	($ 256)	$ 30,851

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	210,051	71,018	71,018	2029
2020	267,968	267,968	267,968	2030

December 31, 2022				
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 253,720	$ 75,560	$ 75,560	2027
2018	89,287	89,287	89,287	2028
2019	210,051	210,051	210,051	2029
2020	267,968	267,968	267,968	2030

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 734,867	$ 672,987

F. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2023				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
Basic earnings per share					
Earnings attributable to ordinary shareholders of the parent	$	255,484	181,554	$	1.41
Diluted earnings per share					
Earnings attributable to ordinary shareholders of the parent		255,484	181,554		
Assumed conversion of all dilutive potential ordinary shares					
Convertible bonds		6,169	15,656		
Employee stock options		-	24		
Employees' compensation		-	860		
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	261,653	198,094	$	1.32

	Year ended December 31, 2022				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
Basic earnings per share					
Earnings attributable to ordinary shareholders of the parent	$	338,499	158,534	$	2.14
Diluted earnings per share					
Earnings attributable to ordinary shareholders of the parent		338,499	158,534		
Assumed conversion of all dilutive potential ordinary shares					
Convertible bonds		3,431	13,203		
Employee stock options		-	235		
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	341,930	171,972	$	1.99

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 159,005	$ 106,009
Add: Opening balance of payable on equipment	5,141	6,168
Less: Ending balance of payable on equipment	(30,213)	(5,141)
Cash paid during the period	$ 133,933	$ 107,036

B. Financing activities with no cash flow effects

	Year ended December 31, 2023	Year ended December 31, 2022
Convertible bonds being converted to capital stocks	$ 306,886	$ 29,761

(34) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	$ 8,816	$ 310,999	$ 30,442	$ 458,964	$ 809,221
Changes in cash flow from financing activities	(8,862)	(2,968)	(35,824)	342,400	294,746
Changes in other non-cash items	-	-	77,036	(332,031)	(254,995)
Impact of changes in foreign exchange rate	46	-	(53)	-	(7)
At December 31	$ -	$ 308,031	$ 71,601	$ 469,333	$ 848,965

	2022			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 8,688	$ 186,655	$ 50,451	$ 245,794
Changes in cash flow from financing activities	-	124,344	(28,866)	95,478
Changes in other non-cash items	-	-	7,871	7,871
Interest expense on lease liabilities	-	-	611	611
Impact of changes in foreign exchange rate	128	-	375	503
At December 31	$ 8,816	$ 310,999	$ 30,442	$ 350,257

(35) Reorganisation

On April 27, 2023, the Company's shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. The assets and liabilities for POWER TANK ENERGY LTD. are as follows:

	Amount
Other receivables due from related parties	$ 178,164
Inventories	4,328
Other current assets	128
Investments accounted for using equity method	218,624
Property, plant and equipment	3,029
Other non-current assets	1,742
Liabilities	(2,131)
Net Assets	$ 403,884

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Lee, Yi-Ren	The Company's Chairman
Leadray Energy CO., LTD	Other related parties

(3) Significant related party transactions

A. Operating costs

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	$ 40	$ -

B. Property transactions:

(a) Acquisition of property, plant and equipment:

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	$ 146	$ -

C. Other receivables from related parties:

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	$ 195	$ -

(4) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	$ 36,747	$ 29,131
Post-employment benefits	594	675
Share-based payments	984	567
	$ 38,325	$ 30,373

(5) Endorsements and guarantees provided by related parties

As of December 31, 2023 and 2022, the Company borrowed from financial institutions. Lee, Yi-Ren is the guarantor, and the aforementioned financing facilities which were provided by related parties were $2,594,200 and $2,136,840, respectively.

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Time deposit (classified as financial assets at amortised cost)	$ 16,700	$ 121,201	Short-term, long-term borrowings and issuance of convertible bonds
Land	18,807	18,807	
Buildings and structures	153,491	158,548	
Machinery	5,304	7,655	
	$ 194,302	$ 306,211	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

On August 6, 2018, the Company received a notification of civil court from the Taiwan Taipei District Court as Tsuzuki Denki Co., Ltd. (Tsuzuki Denki) filed a civil litigation with the Taiwan Taipei District Court. Tsuzuki Denki claimed that the quality problem of tablet computers which were purchased from the Company caused damage to Tsuzuki Denki Co., Ltd. It claimed for a return of the full price of inventories and compensation amounting to US$5,306 thousand and JPY$1,225 thousand, respectively. The Company has appointed lawyers to handle the case to protect the rights of the Company and its shareholders. The Company's appointed lawyer's comments are as follows: 'The counterparty complained that there were flaws in the inventory and deferred payment, but refused to return the inventory which should have been repaired by the Company, therefore, the counterparty's claim is not reasonable. In addition, it is reasonable that the Company took counter-action to claim the payment for inventory and rework expenses in the total amount of US$996 thousand, because the Company had completed the work and delivered the said inventories.' As of December 31, 2023, the case is still under trial with the Taiwan Taipei District Court. The Company has accounts receivable from Tsuzuki Denki Co., Ltd. in the amount of $19,370 which was provisioned for impairment at full amount.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 491,280	$ -

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. On February 26, 2024, the Board of Directors of the Company resolved to distribute cash dividends of $133,228 after setting aside a legal reserve of 10% of the remaining profits of $25,622 and a special reserve of $74,768.

B. Please refer to Note 6(20) for the related information.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares, issue convertible bonds or sell assets to reduce debt.

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,797,472	$ 1,626,590
Total equity	2,975,094	1,942,771
Total capital	$ 4,772,566	$ 3,569,361
Gearing ratio	38%	46%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 25,224	$ 12,599
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	231,456	148,952
Financial assets at amortised cost		
Cash and cash equivalents	2,164,325	1,228,963
Financial assets at amortised cost	16,700	121,201
Notes receivable	4,447	2,521
Accounts receivable	970,522	918,035
Other receivables	24,907	12,317
Refundable deposits	15,623	9,479
	$ 3,453,204	$ 2,454,067
Financial liabilities		
Financial liabilities designated as at fair value through profit or loss	$ 3,250	$ -
Short-term borrowings	-	8,816
Notes payable	936	1,724
Accounts payable	638,169	589,317
Other payables	243,288	179,322
Other payables - related parties	195	-
Bonds payable (including current portion)	469,333	458,964
Long-term borrowings (including current portion)	308,031	310,999
Guarantee deposits received	715	198
	$ 1,663,917	$ 1,549,340
Lease liabilities	$ 71,601	$ 30,442

B. Financial risk management policies

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2) and Note 6(13).

iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 30,878	30.71	$ 948,102	1%	$ 9,481
HKD:NTD	1,295	3.93	5,090	1%	51
USD:RMB	884	7.10	27,154	1%	272
Financial liabilities					
Monetary items					
USD:NTD	$ 6,792	30.71	$ 208,551	1%	$ 2,086
USD:RMB	9,758	7.10	299,618	1%	2,996
HKD:RMB	3,321	0.91	13,049	1%	130

	December 31, 2022				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 34,859	30.71	$ 1,070,518	1%	$ 10,705
HKD:NTD	786	3.94	3,094	1%	31
USD:RMB	1,218	6.97	37,401	1%	374
Financial liabilities					
Monetary items					
USD:NTD	$ 6,339	30.71	$ 194,676	1%	$ 1,947
USD:RMB	7,375	6.97	226,486	1%	2,265
HKD:RMB	3,649	0.89	14,370	1%	144

vi. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $33,166 and $37,193, respectively.

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group’s investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax (loss) profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $202 and $101, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,315 and $1,490, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group’s main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Group’s borrowings at variable rate were mainly denominated in New Taiwan dollars and RMB Dollars.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, (loss) profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,464 and $2,559, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions with no recent major defaults are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company assumes that if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; if past due over 360 days, a default has been occurred.

iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.

v. The following indicators are used to determine whether the credit impairment of debt instruments have occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2023 and 2022, the provision matrix and loss rate methodology is as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.3%	$ 713,134	($ 2,240)
Up to 30 days	1%	90,840	(934)
31 to 120 days	1%~5%	167,615	(2,215)
121 to 180 days	10%	305	(31)
Over 180 days	40%~100%	14,185	(5,690)
		$ 986,079	($ 11,110)

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.3%	$ 712,573	($ 2,172)
Up to 30 days	1%	80,770	(814)
31 to 120 days	1%~5%	134,020	(3,850)
121 to 180 days	10%	32	(3)
Over 180 days	40%~100%	-	-
		$ 927,395	($ 6,839)

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	$ 6,814	$ 25
Provision for impaiment loss	6,578	20
Write-offs	(2,245)	-
Effect of foreign exchange	(82)	-
At December 31	$ 11,065	$ 45

	2022	
	Accounts receivable	Notes receivable
At January 1	$ 24,512	$ 31
Reversal of impaiment loss	2,330	(6)
Write-offs	(20,381)	-
Effect of foreign exchange	353	-
At December 31	$ 6,814	$ 25

The Group recognised an expected credit gain for the year ended December 31, 2023 due to the recovery of $6,592 of accounts receivable previously written off and recognised as bad debts.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, capital-guaranteed income-based wealth management products, forward foreign exchange contracts, and convertible bonds (classified as current financial assets at fair value through profit or loss), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of $2,163,253 and $1,228,084, respectively, and capital-guaranteed income-based wealth management products and derivatives from convertible bonds (classified as current financial assets at fair value through profit or loss) of $0 and $139, respectively, derivative instrument (classified as current financial assets at fair value through profit or loss) of $121 and $0, respectively, and private equity fund (classified as non-current financial assets at fair value through profit or loss) of $25,103 and $12,460, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. As at December 31, 2023 and 2022, the Group has the undrawn borrowing of $1,430,309 and $1,344,607, respectively.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 936	$ -	$ -	$ -
Accounts payable	638,169	-	-	-
Other payables	243,288	-	-	-
Other payables - related parties	195	-	-	-
Lease liabilities	35,601	22,160	13,840	-
Bonds payable	-	-	469,333	-
Long-term borrowings	100,953	100,718	106,360	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 8,816	$ -	$ -	$ -
Notes payable	1,724	-	-	-
Accounts payable	589,317	-	-	-
Other payables	179,322	-	-	-
Lease liabilities	20,834	8,438	1,170	-
Bonds payable	458,964	-	-	-
Long-term borrowings	83,410	81,972	145,617	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds and forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and financial assets mandatorily measured at fair value through profit or loss are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, and other payables (including related parties) which not measured at fair value are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss-non-current				
Derivative instruments	$ -	$ 121	$ -	$ 121
Private equity fund	-	-	25,103	25,103
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	34,586	131,847	65,023	231,456
Liabilities				
Financial assets at fair value through profit or loss-non-current				
Derivative instruments	-	3,250	-	3,250
	$ 34,586	$ 135,218	$ 90,126	$ 259,930

December 31, 2022	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss-current				
Derivative instruments	$ -	$ 139	$ -	$ 139
Private equity fund	-	-	12,460	12,460
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	32,809	-	116,143	148,952
	$ 32,809	$ 139	$ 128,603	$ 161,551

(b)The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	
	Equity instrument	Debt instrument
At January 1	$ 116,143	$ 12,460
Gains recognised in profit or loss	-	3,643
Losses recognised in other comprehensive income	(76,989)	-
Acquired in the period	105,982	9,000
Transfers into level 3	156	-
Transfers out from level 3	(80,269)	-
At December 31	$ 65,023	$ 25,103

	2022	
	Equity instrument	Debt instrument
At January 1	$ 60,593	$ -
Gains recognised in profit or loss	-	460
Gains recognised in other comprehensive income	(9,149)	-
Acquired in the period	80,786	12,000
Sold in the period	(16,087)	-
At December 31	$ 116,143	$ 12,460

G. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of external financial instruments entrusted by finance segment.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value At December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 65,023	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	25,103	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 116,143	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	12,460	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

I. External financial instruments entrusted by finance segment assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	No open market saleability discount	±1%	$ -	$ -	$ 650	($ 650)
Debt instrument	Net asset value method	±1%	$ 251	($ 251)	$ -	$ -

	Input	Change	December 31, 2022: Recognised in profit or loss: Favourable change	Recognised in profit or loss: Unfavourable change	Recognised in other comprehensive income: Favourable change	Recognised in other comprehensive income: Unfavourable change
Financial assets						
Equity instrument	No open market saleability discount	±1%	$ -	$ -	$ 1,161	($ 1,161)
Debt instrument	Net asset value method	±1%	$ 125	($ 125)	$ -	$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing and sale of automobile electronic products and power management products from a product type perspective. On the manufacturing and sale of products, the Group divided them into two main segments which include automobile electronics business and power management business.

As the nature, production and sales mode of the 2 segments differ from each other, also the Group's management performs the financial management and assesses operating performances separately, these 2 main segments are summarised as the reportable segments in the operating segment information.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on operating revenue and net operating profit (loss) (excluding administration costs). All operating segments apply the same accounting policies. Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2023	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	$ 3,088,479	$ 190,229	$ -	$ -	$ 3,278,708
Inter-segment revenue	1,321,983	60,770	1,208	(1,383,961)	-
Total segment revenue	$ 4,410,462	$ 250,999	$ 1,208	($ 1,383,961)	$ 3,278,708
Segment income (loss)	$ 483,774	($ 66,285)	$ 1,208	$ 11,402	$ 430,099
Company general income					79,118
Company general expense					(240,359)
Interest expense					(13,125)
Profit from continuing operations before tax					$ 255,733

Year ended December 31, 2022	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	$ 2,677,526	$ 726,829	$ -	$ -	$ 3,404,355
Inter-segment revenue	1,083,526	412,839	909	(1,497,274)	-
Total segment revenue	$ 3,761,052	$ 1,139,668	$ 909	($ 1,497,274)	$ 3,404,355
Segment income (loss)	$ 529,913	($ 15,250)	$ 909	($ 10,560)	$ 505,012
Company general income					9,020
Company general expense					(167,061)
Interest expense					(8,472)
Profit from continuing operations before tax					$ 338,499

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

B. Details of the adjusted consolidated total profit (loss) and reconciliation for profit before tax of reportable segment for the current period are provided in Note 14(3).

(5) Information on products and services

Information on products for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Automobile electronic products	$ 3,088,479	$ 2,677,526
Power management products	190,229	726,829
	$ 3,278,708	$ 3,404,355

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 191,085	$ 541,941	$ 388,213	$ 387,877
Asia regions	1,334,305	179,320	1,298,142	197,501
American regions	1,517,792	16,888	1,596,346	-
European region	230,776	-	-	-
Others	4,750	-	121,654	-
	$ 3,278,708	$ 738,149	$ 3,404,355	$ 585,378

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	$ 1,253,022	Automobile electronic products	$ 964,478	Automobile electronic products
B	922,207	Automobile electronic products	954,165	Automobile electronic products
C	249,652	Power management products	95,810	Power management products

(BLANK)

SYSGRATION LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Other receivables	Y	$ 68,993	$ 64,783	$ 64,783	-	Having business relationship	$ 1,324,229	-	$ -	None	$ -	$ 1,324,229	$ 1,190,038	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on April 30, 2020, the ceiling on total loans granted and to individuals of the Company's were as follows:

(1) The ceiling on total loans granted to others is 40% of the Company's net assets.

(2) Loans granted to a single party for business transactions: Limit on loans granted to a single party for business transactions is the total value of business transactions in 1 year or 12 months. The value of business transactions refers to the higher of purchase or sales.

SYSGRATION LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	SYSGRATION LTD.	SYSGRATION LTD.	1	$ 892,528	$ 3,000	$ 3,000	$ 656	$ -	0.10%	$ 1,338,792	N	N	N	
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	2	892,528	88,900	-	-	-	-	1,338,792	Y	N	Y	
0	SYSGRATION LTD.	POWER TANK ENERGY LTD.	2	892,528	172,800	172,800	-	-	5.81%	1,338,792	Y	N	N	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: In accordance with the Company’s amended “Procedures for Provision of Loans” as approved by the shareholders on June 14, 2019, the limit on endorsements/guarantees provided for subsidiaries whose 50% of the shares are directly and indirectly held is 30% of the Company’s net assets and the ceiling on total amount of endorsements/guarantees provided is 45% of the Company’s net assets based on the Company’s latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

SYSGRATION LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value	
SYSGRATION LTD.	SINTRONIC TECHNOLOGY INC.	None	Financial assets at fair value through other comprehensive income - non-current	53,399	$ 156	0%	$ 156	
SYSGRATION LTD.	ARCHERS INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	-	3%	-	
SYSGRATION LTD.	NEXTRONICS ENGINEERING CORP.	None	Financial assets at fair value through other comprehensive income - non-current	447,100	32,996	1%	32,996	
SYSGRATION LTD.	ORO TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	256,000	-	9%	-	
SYSGRATION LTD.	GOMORE INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,216,865	774	5%	774	
SYSGRATION LTD.	EXCELLENCE OPTOELECTRONICS INC.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	1,590	0%	1,590	
SYSGRATION LTD.	IMEIER GREEN TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	2,000,000	19,260	8.8%	19,260	
SYSGRATION LTD.	ION ELECTRONIC MATERIALS CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	1,126,894	131,847	3%	131,847	
SYSGRATION LTD.	ADAT TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	800,000	6,112	4%	6,112	
SYSGRATION LTD.	BIOMEDICA CORPORATION	None	Financial assets at fair value through other comprehensive income - non-current	156,225	9,738	3%	9,738	
SYSGRATION LTD.	REALWEAR INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,545,955	28,983	1%	28,983	
SYSGRATION LTD.	FUYOU PRIVATE EQUITY	None	Financial assets at fair value through profit or loss - non-current	2,100,000	25,103	3%	25,103	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SYSGRATION LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Subsidiary	Purchases	$ 1,324,229	62%	120 days	Note	Note	($ 386,731)	61%	

Note: Based on the mutual agreement since no similar transaction can be compared with.

SYSGRATION LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	Subsidiary	$ 386,731	3.55	$ -	-	$ -	$ -
POWER TANK ENERGY LTD.	SYSGRATION LTD.	Subsidiary	118,164	-	-	-	-	-

SYSGRATION LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Accounts receivable	$ 386,731	Note 6	8%
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Sales of goods	1,324,229	Note 6	40%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Transaction amount that did not reach NT$100 million or 20% of paid-in capital or more will not be disclosed. Additionally, the counter related parties’ of the transaction will also not be disclosed.

Note 4: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 5: The loans granted and endorsement and guarantees between the Company and subsidiaries, please refer to table 1 and 2.

Note 6: There are no comparable transaction to non-related parties. The conditions of transactions are agreed upon by both parties.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
SYSGRATION LTD.	POWER TANK ENERGY LTD.	TAIWAN	Manufacturing and sale of energy storage products	$ 413,884	$ -	41,388,434	100%	$ 372,088	($ 43,851)	($ 43,851)	Note 3
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA)	SAMOA	Investment holding of overseas companies	218,659	671,762	21,800,000	100%	200,137	(24,059)	(24,059)	Note 4
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	505,131	505,131	15,938,000	100%	276,947	54,968	54,968	
SYSGRATION LTD.	SYSGRATION USA INC.	U.S.A.	Sale of electronic products	10,062	10,062	300,000	100%	4,330	60	60	
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	U.S.A.	Investment holding of overseas companies	643,746	-	15,000,000	100%	616,424	2,358	2,358	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	U.S.A.	Manufacturing and sale of electronic products	97,650	-	3,000,000	100%	92,640	533	533	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	TAIWAN	Manufacturing and sale of lighting equipments	127,796	-	11,617,791	35%	127,494	(14,515)	(2,717)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2)The ‘Net profit (loss) of the investee for the year ended December 31, 2023’ column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3：On June 30, 2023, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off.

Note 4：SYSGRATION TECHNOLOGY (SAMOA) LTD was owned by the Company at the end of last year and was transferred to POWER TANK ENERGY LTD. on June 19, 2023, with the permission of the Department of Investment Review, MOEA, SYSGRATION TECHNOLOGY (SAMOA) LTD's investment profits and losses from January 1 to June 30, 2023 are recognized by the Company, while those from July 1 to December 31, 2023 are recognized by POWER TANK ENERGY LTD.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 5)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note5) — Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 5)	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	$ 663,228	2	$ 215,604	-	-	$ 215,604	($ 45,068)	100%	($ 45,068)	$ 189,830	-	Note 6
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	113,609	2	113,609	-	-	113,609	56,120	100%	56,120	214,304	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3, and Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)	Footnote
POWER TANK ENERGY LTD.	$ 215,604	$ 215,604	$ 223,253	
SYSGRATION LTD.	113,609	113,609	1,785,056	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.

C. Others.

Note 3: The Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10100477000, No.10200372350, No.10300319430, No.1040023080, No.10500055360 and No.10500105990. Because the Company split its energy storage business segment to newly established company through a spin-off, the Company reinvested in 'SYSGRATION TECHNOLOGY (SAMOA) LTD. 'and 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.'through 'POWER TANK ENERGY LTD.' which was approved by Jing-Shen-II-Zi No.11200074130 and No.11200124140.

Additionally, the Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.' through 'SYSGRATION (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10400006240, No.10400023090, No.10400163350, No.10400251280 and No.10500072680.

Note 4: The ceiling is NT$80 million and 60% of the net assets or consolidated net assets, whichever is higher.

Note 5: It was translated to NTD at the exchange rate on December 31, 2023.

Note 6: Through SYSGRATION TECHNOLOGY (SAMOA) LTD..

Note 7: Through SYSGRATION (SAMOA) LTD..

Note 8: Under the approval of Jing-Shen-II-Zi No.11200124140, POWER TANK ENERGY LTD. reinvested in the net value at the spin-off of 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.''s through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.', therefore, it is different from the remitted amount.

SYSGRATION LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Other accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest for the year ended December 31, 2023	Others
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	($ 1,324,229)	62%	$ -	-	($ 386,731)	61%	$ 64,854	84%	Note	Note	$ 68,993	$ 64,783	-	$ -	

Note: Please refer to table 2.

SYSGRATION LTD.

Major shareholders information

December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership
LEE, YI-REN	12,880,210	6.77%

Appendix II :

2023 Annual CPA Audit Report and Parent Company Only Financial Statements

SYSGRATION LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

SYSGRATION LTD.

DECEMBER 31, 2023 AND 2022 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page/Number/Index
1. Cover Page	1
2. Table of Contents	2 ~ 4
3. Independent Auditors' Report	5 ~ 11
4. Parent Company Only Balance Sheets	12 ~ 13
5. Parent Company Only Statements of Comprehensive Income	14
6. Parent Company Only Statements of Changes in Equity	15
7. Parent Company Only Statements of Cash Flows	16 ~ 17
8. Notes to the Parent Company Only Financial Statements	18 ~ 78
(1) History and Organization	18
(2) The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorisation	18
(3) Application of New Standards, Amendments and Interpretations	18 ~ 19
(4) Summary of Significant Accounting Policies	19 ~ 30
(5) Critical Accounting Judgments, Estimates and Key Source of Assumptions Uncertainty	30
(6) Details of Significant Accounts	30 ~ 64

Contents	Page/Number/Index

(7)	Related Party Transactions	64 ~ 67
(8)	Pledged Assets	67
(9)	Significant Contingent Liabilities and Unrecognized Contract Commitments	67 ~ 68
(10)	Significant Disaster Loss	68
(11)	Significant Events after the Balance Sheet Date	68
(12)	Others	68 ~ 78
(13)	Supplementary Disclosures	78
(14)	Segment Information	78
9.	Statements of Major Accounting Items	
	Statement of Cash and Cash Equivalents	Form 1
	Statement of Accounts Receivable	Form 2
	Statement of Inventories	Form 3
	Statement of Right-of-Use Assets	Form 4
	Statement of Lease Liabilities	Form 5
	Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-Current	Form 6
	Changes in Investments Accounted for under the Equity Method	Form 7
	Statement of Long-Term Borrowings	Form 8
	Statement of Bonds Payable	Form 9
	Statement of Operating Revenue	Form 10
	Statement of Operating Costs	Form 11

Contents	Page/Number/Index

Statement of Manufacturing overhead	Form 12
Statement of Selling Expenses	Form 13
Statement of Administrative Expenses	Form 14
Statement of Research and development expenses	Form 15
Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortisation Expenses By Function	Form 16

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sysgration Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Sysgration Ltd. as at December 31, 2023 and 2022, and the related parent company only balance statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sysgration Ltd. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only 2023 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 financial statements are stated as follows:

Existence and occurrence of revenue

Description

Please refer to Note 4(30) for accounting policies on revenue recognition and Note 6(23) for details of sales revenue.

Sysgration Ltd. is engaged in the manufacture and sales of automobile electronics products and power management products. Revenue is the main indicator of whether the Company achieves its business and financial goals, and existence and occurrence of revenue have a significant impact on financial reports. Thus, we considered the existence and occurrence of revenue as a key audit matter.

How our audit addressed the matter

The key audit procedures performed in respect of the above included the following:

A. Obtained an understanding of and tested the internal control procedures of recognition of revenue and tested the effectiveness in exercising internal controls in relation to sales revenue.
B. Obtained the details of revenue and verified customers' orders, delivery orders, sales invoices, bill of lading and receipt of customers to confirm whether the sales revenue transactions indeed occurred.
C. Examined the content and related supporting documents of sales returns and discounts after the balance sheet date and checked the subsequent collection to confirm the existence of sales revenue.

Valuation of allowance for inventory valuation losses

Description

Sysgration Ltd. is primarily engaged in the manufacture and sale of automobile electronics products and power management products. Because of the rapid change of electronic products, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Sysgration Ltd.'s inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories. The material's net realisable value is calculated based on the latest purchase price, and the net realisable values of work in process and finished goods are measured at the last sales price as well as taken into consideration of the operating expense ratio.

The industry technology is rapidly changing, and the net realisable value involves subjective judgement result in an uncertainty when assessing the obsolete or slow-moving inventories. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

Refer to Note 4(12) for accounting policy on inventory, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for detailed information on allowance for inventory valuation losses.

How our audit addressed the matter:

The key audit procedures performed in respect of the above included the following:

A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Sysgration Ltd.'s operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.

B. Obtained an understanding of the Sysgration Ltd.'s warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
C. Obtained an understanding of the policy on inventory aging report and the logic of inventory aging report program. Selected samples to verify the accuracy of inventory aging report.
D. Verified the reasonableness of inventory valuation basis, including sampled the latest purchase price, purchase invoice, the latest sales price and sales invoices in order to verify that the inventory was measured at the lower of cost and net realisable value.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

B. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

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

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

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

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chih, Ping-Chiun Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

SYSGRATION LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,408,258	29	$ 1,132,693	32
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	139	-
1136	Current financial assets at amortised cost	6(4) and 8	-	-	100,501	3
1150	Notes receivable, net	6(5) and 12(2)	4,447	-	2,521	-
1170	Accounts receivable, net	6(5) and 12(2)	942,230	20	848,505	24
1180	Accounts receivable-related parties	7	1,322	-	5,002	-
1200	Other receivables		12,616	-	11,786	1
1210	Other receivables-related parties	7	64,854	2	68,418	2
1220	Current tax assets	6(30)	1,583	-	185	-
130X	Inventories	6(6)	174,993	4	282,236	8
1470	Other current assets		14,244	-	11,119	-
11XX	**Current assets**		2,624,547	55	2,463,105	70
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	25,103	1	12,460	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	231,456	5	148,952	4
1535	Non-current financial assets at amortised cost	6(4) and 8	16,700	-	20,700	1
1550	Investments accounted for using equity method	6(7)	1,397,283	29	468,566	13
1600	Property, plant and equipment	6(8) and 8	336,101	7	300,506	9
1755	Right-of-use assets	6(9)	41,220	1	16,065	-
1760	Investment property, net	6(10)	3,888	-	4,025	-
1780	Intangible assets	6(11)	23,684	-	16,442	-
1840	Deferred tax assets	6(30)	40,299	1	30,851	1
1900	Other non-current assets		63,863	1	57,971	2
15XX	**Non-current assets**		2,179,597	45	1,076,538	30
1XXX	**Total assets**		$ 4,804,144	100	$ 3,539,643	100

(Continued)

SYSGRATION LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2120	Current financial liabilities at fair value through profit or loss	6(12)	$ 3,250	-	$ -	-
2130	Current contract liabilities	6(23)	5,499	-	7,674	-
2150	Notes payable		936	-	1,723	-
2170	Accounts payable		250,406	5	238,324	7
2180	Accounts payable-related parties	7	386,731	8	371,530	11
2200	Other payables	6(15)(32)	188,880	4	153,019	4
2220	Other payables-related parties	7	120,124	3	1,911	-
2250	Current provisions	6(18)	39,323	1	21,246	1
2280	Current lease liabilities		16,299	-	13,547	-
2320	Long-term liabilities, current portion	6(13)(14) and 8	100,953	2	542,374	15
2399	Other current liabilities, others		14,634	-	15,034	1
21XX	**Current liabilities**		1,127,035	23	1,366,382	39
	Non-current liabilities					
2530	Bonds payable	6(13)	469,333	10	-	-
2540	Long-term borrowings	6(14) and 8	207,078	4	227,589	6
2570	Deferred tax liabilities	6(30)	483	-	-	-
2580	Non-current lease liabilities		25,121	1	2,703	-
2600	Other non-current liabilities		-	-	198	-
25XX	**Non-current liabilities**		702,015	15	230,490	6
2XXX	**Liabilities**		1,829,050	38	1,596,872	45
	Equity					
	Share capital	6(19)				
3110	Ordinary share		1,845,849	38	1,670,605	47
3130	Certificate of entitlement to new shares from convertible bonds		55,073	1	1,360	-
3140	Advance receipts for share capital		2,264	-	8,267	-
	Capital surplus	6(20)				
3200	Capital surplus		899,048	19	310,036	9
	Retained earnings	6(21)				
3310	Legal reserve		4,497	-	-	-
3320	Special reserve		1,563	-	-	-
3350	Retained earnings		295,125	6	44,968	1
	Other equity interest	6(22)				
3400	Other equity interest		(128,325)	(2)	(92,465)	(2)
3XXX	**Equity**		2,975,094	62	1,942,771	55
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 4,804,144	100	$ 3,539,643	100

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	$ 3,223,292	100	$ 3,189,385	100
5000	Operating costs	6(6)(16)(17)(28)(29) and 7	(2,506,165)	(78)	(2,541,172)	(79)
5900	Gross profit from operations		717,127	22	648,213	21
	Operating expenses	6(16)(17)(28)(29) and 7				
6100	Selling expenses		(106,442)	(3)	(81,691)	(3)
6200	Administrative expenses		(187,806)	(6)	(166,846)	(5)
6300	Research and development expenses		(204,514)	(6)	(154,294)	(5)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(2,242)	-	(5,861)	-
6000	Operating expenses		(501,004)	(15)	(408,692)	(13)
6900	Net operating income		216,123	7	239,521	8
	Non-operating income and expenses					
7100	Interest income	6(4)(24)	18,613	-	3,141	-
7010	Other income	6(3)(7)(10)(25) and 7	8,435	-	3,517	-
7020	Other gains and losses	6(2)(9)(12)(26)	33,855	1	30,368	1
7050	Finance costs	6(9)(13)(14)(27)	(12,656)	-	(7,983)	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	4,355	-	-	-
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	(13,241)	-	69,935	2
7000	Non-operating income and expenses		39,361	1	98,978	3
7900	**Profit before income tax**		255,484	8	338,499	11
7950	Income tax expense	6(30)	-	-	-	-
8200	**Profit for the year**		$ 255,484	8	$ 338,499	11
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss	6(3)(22)(30)				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		($ 16,833)	-	($ 14,372)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,513	-	2,874	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(13,320)	-	(11,498)	-
	Components of other comprehensive income that will be reclassified to profit or loss	6(22)(30)				
8361	Exchange differences on translation		(27,259)	(1)	15,652	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,452	-	(3,130)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(21,807)	(1)	12,522	-
8300	**Other comprehensive (loss) income for the year, net of tax**		($ 35,127)	(1)	$ 1,024	-
8500	**Total comprehensive income for the year**		$ 220,357	7	$ 339,523	11
	Basic earnings per share	6(31)				
9750	Basic earnings per share		$	1.41	$	2.14
	Diluted earnings per share	6(31)				
9850	Diluted earnings per share		$	1.32	$	1.99

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Share capital			Capital surplus	Retained earnings			Other equity interest		
	Notes	Ordinary share	Certificate of entitlement to new shares from convertible bonds	Advance receipts for share capital	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2022											
Balance at January 1, 2022		$ 1,545,534	$ -	$ 9,956	$ 160,349	$ -	$ 35,953	($ 454,770)	($ 64,048)	($ 26,854)	$ 1,206,120
Profit for the year		-	-	-	-	-	-	338,499	-	-	338,499
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	-	-	12,522	(11,498)	1,024
Total comprehensive income (loss)		-	-	-	-	-	-	338,499	12,522	(11,498)	339,523
Share-based compensation cost	6(17)(19)(20)	-	-	-	10,834	-	-	-	-	-	10,834
Convertible bonds	6(19)(20)	7,257	1,360	-	21,144	-	-	-	-	-	29,761
Exercise of employee stock options	6(19)(20)	15,314	-	(1,689)	14,908	-	-	-	-	-	28,533
Proceeds from disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	-	-	2,587	-	(2,587)	-
Capital surplus used to offset accumulated deficit	6(20)	-	-	-	(122,699)	-	-	122,699	-	-	-
Special reserve used to offset accumulated deficit		-	-	-	-	-	(35,953)	35,953	-	-	-
Cash capital increase	6(19)	102,500	-	-	225,500	-	-	-	-	-	328,000
Balance at December 31, 2022		$ 1,670,605	$ 1,360	$ 8,267	$ 310,036	$ -	$ -	$ 44,968	($ 51,526)	($ 40,939)	$ 1,942,771
Year 2023											
Balance at January 1, 2023		$ 1,670,605	$ 1,360	$ 8,267	$ 310,036	$ -	$ -	$ 44,968	($ 51,526)	($ 40,939)	$ 1,942,771
Profit for the year		-	-	-	-	-	-	255,484	-	-	255,484
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	-	-	(21,807)	(13,320)	(35,127)
Total comprehensive income (loss)		-	-	-	-	-	-	255,484	(21,807)	(13,320)	220,357
Share-based compensation cost	6(17)(19)(20)	-	-	-	16,851	-	-	-	-	-	16,851
Convertible bonds	6(19)(20)	36,320	53,713	-	216,853	-	-	-	-	-	306,886
Exercise of employee stock options	6(19)(20)	12,924	-	(6,003)	10,223	-	-	-	-	-	17,144
Proceeds from disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	-	-	733	-	(733)	-
Cash capital increase	6(19)	126,000	-	-	315,000	-	-	-	-	-	441,000
Recognition of share option in issuance of convertible bonds		-	-	-	30,085	-	-	-	-	-	30,085
Appropriations of net income for 2022	6(21)										
Legal reserve appropriated		-	-	-	-	4,497	-	(4,497)	-	-	-
Special reserve appropriated		-	-	-	-	-	1,563	(1,563)	-	-	-
Balance at December 31, 2023		$ 1,845,849	$ 55,073	$ 2,264	$ 899,048	$ 4,497	$ 1,563	$ 295,125	($ 73,333)	($ 54,992)	$ 2,975,094

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 255,484	$ 338,499
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets and financial liabilities at fair value through profit or loss	6(2)(12)(26)	(3,025)	878
Expected credit impairment loss	12(2)	2,242	5,861
Depreciation	6(8)(9)(10)(28)	73,352	56,211
Amortisation	6(11)(28)	22,238	16,084
(Gain on reversal) loss on decline for inventory in market value	6(6)	(6,421)	17,099
Profit from lease modification	6(26)	(4)	-
Gain recognised in bargain purchase transaction	6(25)	(2,415)	-
Gain on disposal of property, plant and equipment	6(26)	(48)	(2)
Share of profit of subsidiaries and associates for using the equity method	6(7)	13,241	(69,935)
Interest expense	6(9)(13)(14)(27)	12,656	7,983
Interest income	6(24)	(18,613)	(3,141)
Dividend income	6(25)	(2,836)	(1,105)
Share-based compensation cost	6(17)	16,851	10,834
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,946)	535
Accounts receivable		(95,947)	(331,454)
Accounts receivables - related parties		3,680	(2,159)
Other receivables		(1,025)	(3,361)
Other receivables - related parties		(174,600)	(9)
Inventories		109,336	10,095
Other current assets		(3,253)	2,286
Changes in operating liabilities			
Current contract liabilities		(2,175)	1,092
Notes payable		(787)	737
Accounts payable		12,082	(26,933)
Accounts payable-related parties		15,201	95,437
Other payables		35,329	37,259
Other payables-related parties		118,213	1,823
Current provisions		18,077	14,067
Other current liabilities, others		(400)	(6,836)
Cash inflow generated from operations		394,487	171,845
Interest paid		(4,628)	(3,246)
Interest received		18,808	2,754
Dividend received		2,836	1,105
Income tax paid		(1,398)	(101)
Net cash flows from operating activities		410,105	172,357

(Continued)

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 9,000)	($ 12,000)
Acquisition of financial assets at fair value through other comprehensive income		(105,981)	(80,786)
Proceeds from disposal of financial assets at fair value through other comprehensive income		6,644	13,500
Proceeds from disposal of investments accounted for using the equity method		(781,542)	-
Increased in financial assets at amortised cost		104,501	4,100
Acquisition of property, plant and equipment	6(32)	(40,292)	(48,140)
Proceeds from disposal of property, plant and equipment		73	37
Acquisition of intangible assets	6(11)	(29,480)	(21,170)
Increase in refundable deposits		(2,458)	(921)
Increase in prepayments for business facilities		(52,324)	(37,656)
Decrease in other current assets		(2,294)	(2,448)
Net cash flows used in investing activities		(912,153)	(185,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	6(33)	87,801	196,530
Repayment of long-term borrowings	6(33)	(90,769)	(72,186)
Proceeds from convertible bond issuance	6(13)(33)	497,300	-
Repayments of bonds	6(33)	(154,900)	-
Proceeds from exercise of employee stock options	6(19)	17,144	28,533
Payments of lease liabilities	6(9)(33)	(19,765)	(18,970)
Increase in guarantee deposits received		(198)	-
Cash capital increase	6(19)	441,000	328,000
Net cash flows from financing activities		777,613	461,907
Net increase in cash and cash equivalents		275,565	448,780
Cash and cash equivalents at beginning of year	6(1)	1,132,693	683,913
Cash and cash equivalents at end of year	6(1)	$ 1,408,258	$ 1,132,693

SYSGRATION LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) SYSGRATION LTD. (the 'Company') was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 14, 1977, and the Company's shares have been approved by Securities and Futures Commission, Ministry of Finance to be officially traded on Taipei Exchange from December 1995. The Company is primarily engaged in the manufacture and sale of automobile electronics products and power management products.

(2) On April 27, 2023, the Company's shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. Refer to Note 6(34) for details.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income.

(d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

Investments in foreign operations resulting in exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using the equity method - subsidiaries, associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the parent company only financial statements.

G. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

H. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

I. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

J. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2～55	years
Machinery	2～20	years
Maintenance equipment and tools	2～5	years
Office equipment	2～30	years
Transportation equipment	5	years
Leasehold improvements	4～5	years or lease period (whichever is shorter)
Others	2～3	years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(18) Intangible assets

Intangible assets, mainly computer software, are amortised on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds or are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable or and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable or as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Provisions

Provisions (including warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Revenue recognition

Sales of goods

A. The Company manufactures and sells of automobile electronic products and power management products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 759	$ 813
Checking accounts and demand deposits	647,499	551,880
Time deposits	760,000	580,000
	$ 1,408,258	$ 1,132,693

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, cash and cash equivalents amounting to $16,700 and $121,201, respectively, as short-term and long-term borrowings were pledged to others as collateral, and were classified as financial assets at amortised cost.

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

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	$ -	$ 139

	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private equity fund	$ 21,000	$ 12,000
Valuation adjustment	4,103	460
	$ 25,103	$ 12,460

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	$ 3,643	$ 460
Derivatives	(139)	(1,338)
	$ 3,504	($ 878)

B. Derivatives are call options of the convertible bonds issued by the Company.

C. The Company had no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	$ 12,042	$ 21,514
Emerging stocks	60,786	-
Unlisted stocks	229,216	180,459
	302,044	201,973
Valuation adjustment	(70,588)	(53,021)
	$ 231,456	$ 148,952

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $231,456 and $148,952 as at December 31, 2023 and 2022, respectively.

B. For the years ended December 31, 2023, and 2022, the Company has disposed stock of the investee company. Realised gain has been transferred to retained earnings from other equity.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 16,833)	($ 14,372)
Cumulative gains reclassified to retained earnings due to derecognition	$ 733	$ 2,587
Dividend income recognised in profit or loss		
Held at end of period	$ 2,836	$ 1,105

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $231,456 and $148,952, respectively.

E. The Company had no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial asse&ts at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
pledged time deposits	$ -	$ 100,501
Non-current items:		
pledged time deposits	$ 16,700	$ 20,700

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	$ 12,003	$ 2,041

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $16,700 and $121,201, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,492	$ 2,546
Less: Allowance for uncollectible accounts	(45)	(25)
	$ 4,447	$ 2,521
Accounts receivable	$ 948,268	$ 854,566
Less: Allowance for uncollectible accounts	(6,038)	(6,061)
	$ 942,230	$ 848,505

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 697,878	$ 4,447	$ 674,494	$ 2,521
Up to 30 days	77,871	-	70,541	-
31 to 120 days	165,253	-	103,470	-
121 to 180 days	-	-	-	-
Over 180 days	1,228	-	-	-
	$ 942,230	$ 4,447	$ 848,505	$ 2,521

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $525,968.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable was $4,447 and $2,521, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was $942,230 and $848,505, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 136,853	($ 16,478)	$ 120,375
Work in progress	43,413	-	43,413
Finished goods	14,886	(3,681)	11,205
	$ 195,152	($ 20,159)	$ 174,993

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 133,640	($ 16,103)	$ 117,537
Work in progress	78,408	-	78,408
Finished goods	98,504	(12,321)	86,183
Inventory in transit	108	-	108
	$ 310,660	($ 28,424)	$ 282,236

The cost of inventories recognised as expense for the year :

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	$ 2,512,586	$ 2,524,073
(Gain on reversal) loss on decline in market value	(6,421)	17,099
	$ 2,506,165	$ 2,541,172

A. The Company had no inventories pledged to others as collateral.

B. The Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the continuous clearance of inventory.

(7) Investments accounted for using equity method

	2023	2022
At January 1	$ 468,566	$ 382,979
Addition of investments accounted for using equity method	1,187,841	-
Share of profit or loss of investments accounted for using equity method	(13,241)	69,935
Reclassifications (note)	(218,624)	-
Changes in other equity items	(27,259)	15,652
At December 31	$ 1,397,283	$ 468,566

	December 31, 2023	December 31, 2022
Subsidiaries:		
POWER TANK ENERGY LTD. (note)	$ 372,088	$ -
SYSGRATION TECHNOLOGY (SAMOA) LTD. (note)	-	240,592
SYSGRATION (SAMOA) LTD.	276,947	223,702
SYSGRATION USA INC.	4,330	4,272
SYSGRATION INTERNATIONAL INC.	616,424	-
Associates:		
LEADRAY ENERGY CO., LTD.	127,494	-
	$ 1,397,283	$ 468,566

For the years ended December 31, 2023 and 2022, share of profit (loss) for using the equity method are as follows:

	December 31, 2023	December 31, 2022
Subsidiaries:		
POWER TANK ENERGY LTD. (note)	($ 43,851)	$ -
SYSGRATION TECHNOLOGY (SAMOA) LTD. (note)	(24,059)	30,617
SYSGRATION (SAMOA) LTD.	54,968	39,273
SYSGRATION USA INC.	60	45
SYSGRATION INTERNATIONAL INC.	2,358	-
Associates:		
LEADRAY ENERGY CO., LTD.	(2,717)	-
	($ 13,241)	$ 69,935

Note: On June 30, 2023, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off. POWER TANK ENERGY LTD. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) to accept the equity interest of SYSGRATION (SAMOA) LTD. and SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2023	December 31, 2022		
LEADRAY ENERGY CO., LTD.	R.O.C	35%	-	Strategic Investment	Equity method

(b) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2023, the carrying amount of the Company's individually immaterial associates amounted to $127,494 and $0, respectively.

	Year ended December 31, 2023	Year ended December 31, 2022
Loss for the period from continuing operations	($ 2,717)	$ -
Total comprehensive loss	($ 2,717)	$ -

C. The consideration for the Company's acquisition of 35% equity interest of Leadray Energy Co., Ltd. was lower than the Company's share of fair value of identifiable net assets acquired, resulting in a gain recognised in bargain purchase transaction in the amount of $2,415 (shown as 'other income'). The above was assessed based on the appraisal reports from independent experts.

D. The Company is the single largest shareholder of Leadray Energy CO., LTD. Given that other shareholders hold more shares than the Company and considering the past records of the number of voting rights held by other shareholders on the major proposals in the shareholders' meeting, both of which indicate that the Company has no substantial ability to direct the operating and financial decisions, the Company has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	2023								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	$ 18,807	$ 306,325	$ 198,446	$ 4,427	$ 27,097	$ 8,251	$ 400	$ 23,081	$ 586,834
Accumulated depreciation and impairment	-	(133,870)	(108,168)	(3,751)	(21,641)	(2,579)	(400)	(15,919)	(286,328)
	$ 18,807	$ 172,455	$ 90,278	$ 676	$ 5,456	$ 5,672	$ -	$ 7,162	$ 300,506
Opening net book amount as at January 1	$ 18,807	$ 172,455	$ 90,278	$ 676	$ 5,456	$ 5,672	$ -	$ 7,162	$ 300,506
Additions	-	10,479	22,021	-	3,064	-	-	7,430	42,994
Disposals	-	-	(25)	-	-	-	-	-	(25)
Transfers	-	-	45,513	-	320	2,602	-	1,007	49,442
Transfers- spin-off	-	-	(47)	-	(183)	-	-	(2,799)	(3,029)
Depreciation charge	-	(9,567)	(32,591)	(675)	(4,336)	(1,911)	-	(4,707)	(53,787)
Closing net book amount as at December 31	$ 18,807	$ 173,367	$ 125,149	$ 1	$ 4,321	$ 6,363	$ -	$ 8,093	$ 336,101
At December 31									
Cost	$ 18,807	$ 312,056	$ 254,194	$ 4,231	$ 22,555	$ 10,853	$ 400	$ 28,463	$ 651,559
Accumulated depreciation and impairment	-	(138,689)	(129,045)	(4,230)	(18,234)	(4,490)	(400)	(20,370)	(315,458)
	$ 18,807	$ 173,367	$ 125,149	$ 1	$ 4,321	$ 6,363	$ -	$ 8,093	$ 336,101

	2022								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	$ 18,807	$ 307,249	$ 168,279	$ 7,666	$ 24,534	$ 6,019	$ 693	$ 18,249	$ 551,496
Accumulated depreciation and impairment	-	(129,295)	(90,736)	(6,298)	(19,665)	(1,003)	(682)	(12,771)	(260,450)
	$ 18,807	$ 177,954	$ 77,543	$ 1,368	$ 4,869	$ 5,016	$ 11	$ 5,478	$ 291,046
Opening net book amount as at January 1	$ 18,807	$ 177,954	$ 77,543	$ 1,368	$ 4,869	$ 5,016	$ 11	$ 5,478	$ 291,046
Additions	-	976	33,564	580	4,357	2,232	-	5,202	46,911
Disposals	-	-	-	-	(35)	-	-	-	(35)
Depreciation charge	-	(6,475)	(20,829)	(1,272)	(3,735)	(1,576)	(11)	(3,518)	(37,416)
Closing net book amount as at December 31	$ 18,807	$ 172,455	$ 90,278	$ 676	$ 5,456	$ 5,672	$ -	$ 7,162	$ 300,506
At December 31									
Cost	$ 18,807	$ 306,325	$ 198,446	$ 4,427	$ 27,097	$ 8,251	$ 400	$ 23,081	$ 586,834
Accumulated depreciation and impairment	-	(133,870)	(108,168)	(3,751)	(21,641)	(2,579)	(400)	(15,919)	(286,328)
	$ 18,807	$ 172,455	$ 90,278	$ 676	$ 5,456	$ 5,672	$ -	$ 7,162	$ 300,506

A. The significant components of buildings and structures include main plants and structure improvements, which are depreciated over 55 and 2~45 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. The Company’s property, plant and equipment were for self-use.

(9) Leasing arrangements－lessee

A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes and sublet without agreement.

B. Short-term leases with a lease term of 12 months or less comprise offices. On December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to $2,933 and $1,038, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	Year ended December 31, 2023	December 31, 2022	Year ended December 31, 2022
	Carrying amount	Depreciation charge	Carrying amount	Depreciation charge
Buildings	$ 38,019	$ 17,056	$ 10,937	$ 16,071
Transportation equipment	3,201	2,372	5,128	2,587
	$ 41,220	$ 19,428	$ 16,065	$ 18,658

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $45,058 and $7,871, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 356	$ 331
Expense on short-term lease contracts	2,933	1,038
Profit from lease modification	(4)	-
	$ 3,285	$ 1,369

F. For the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases were $19,765 and $18,970, respectively.

(10) Investment property

	2023 Buildings		2022 Buildings
At January 1		At January 1	
Cost	$ 7,000	Cost	$ 7,000
Accumulated depreciation	(2,975)	Accumulated depreciation	(2,838)
	$ 4,025		$ 4,162
Opening net book amount as at January 1	$ 4,025	Opening net book amount as at January 1	$ 4,162
Depreciation charge	(137)	Depreciation charge	(137)
Closing net book amount as at December 31	$ 3,888	Closing net book amount as at December 31	$ 4,025
At December 31		At December 31	
Cost	$ 7,000	Cost	$ 7,000
Accumulated depreciation	(3,112)	Accumulated depreciation	(2,975)
	$ 3,888		$ 4,025

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Rental income from investment property	$ 250	$ 288
Direct operating expenses arising from the investment property that generated rental income during the year	$ 137	$ 137

B. The fair value of the investment property held by the Company as at December 31, 2023 and 2022 was both $7,000, which was based on the trading prices of similar prices in the neighboring areas.

C. The Company had no investment property pledged to others as collateral.

(11) Intangible assets

	2023		
	Patent right	Software	Total
At January 1			
Cost	$ -	$ 56,141	$ 56,141
Accumulated amortisation and impairment	-	(39,699)	(39,699)
	$ -	$ 16,442	$ 16,442
Opening net book amount as at January 1	$ -	$ 16,442	$ 16,442
Additions	-	29,480	29,480
Amortisation charge	-	(22,238)	(22,238)
Closing net book amount as at December 31	$ -	$ 23,684	$ 23,684
At December 31			
Cost	$ -	$ 36,160	$ 36,160
Accumulated amortisation and impairment	-	(12,476)	(12,476)
	$ -	$ 23,684	$ 23,684

	2022		
	Patent right	Software	Total
At January 1			
Cost	$ 17,407	$ 34,971	$ 52,378
Accumulated amortisation and impairment	(17,407)	(23,615)	(41,022)
	$ -	$ 11,356	$ 11,356
Opening net book amount as at January 1	$ -	$ 11,356	$ 11,356
Additions	-	21,170	21,170
Amortisation charge	-	(16,084)	(16,084)
Closing net book amount as at December 31	$ -	$ 16,442	$ 16,442
At December 31			
Cost	$ -	$ 56,141	$ 56,141
Accumulated amortisation and impairment	-	(39,699)	(39,699)
	$ -	$ 16,442	$ 16,442

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	$ 3,859	$ 1,577
Selling expenses	1,405	1,742
Administrative expenses	7,091	4,972
Research and development expenses	9,883	7,793
	$ 22,238	$ 16,084

(12) Financial liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Derivative instruments	$ 3,250	$ -

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	December 31, 2023	December 31, 2022
Financial assets designated as at fair value through profit or loss		
Derivative instruments	($ 479)	$ -

B. Derivatives are call options of the convertible bonds issued by the Company.

(13) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 500,000	$ 462,100
Less: Discount on bonds payable	(30,667)	(3,136)
	469,333	458,964
Less: Current portion or exercise of put options	-	(458,964)
	$ 469,333	$ -

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

i. The Company issued $500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 20, 2020 ~ October 20, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 20, 2020.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (January 21, 2021) of the bonds issue to the maturity date(October 20, 2023), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT$34.1 (in dollars) per share.

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

vi.. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of December 31, 2023, the convertible bonds totaling NTD$345,100 (face value) had been converted into 10,087,888 common shares, of which 5,507,306 common shares were resolved by the Board of Directors on January 17, 2024 for the effective date on January 17, 2024, and the registration of changes of the common shares had been completed.

(c) The terms of the fifth domestic secured convertible bonds issued by the Company are as follows:

i. The Company issued $500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 8, 2023 ~ August 8, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 8, 2023.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 month (November 9, 2023) of the bonds issue to the maturity date(August 8, 2026), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT$39.7 (in dollars) per share.

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026).

vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the non-equity conversion options, call options, put options and conversion price resetting options embedded in bonds payable were separated from their host contracts which was classified as 'capital surplus—share options' amount to $30,085 and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 2.4894%.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable	1.75%	None	$ 23,000
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable	1.66%	None	11,695
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	2%	Note	31,220
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2%	None	9,854
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.945%	Note	16,433
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.695%	None	29,900
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.65%	Note	32,000
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.93%	Note	54,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.5%	Note	17,566

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	$ 21,293
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	29,723
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable	1.85%	Note	30,680
				308,031
Less: Current portion				(100,953)
				$ 207,078

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 20, 2020 to May 20, 2023; interest is repayable monthly.	1.77%	None	$ 2,777
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.5%	None	35,000
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.41%	None	17,797
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	44,600

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.82%	None	$ 23,233
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	14,077
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.445%	None	39,100
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.525%	Note	41,600
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.805%	Note	70,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.375%	Note	22,148
				310,999
Less: Current portion				(83,410)
				$ 227,589

Note: Information about the assets that were pledged to long-term borrowings as collateral is provided in Note 8.

A. For the years ended December 31, 2023 and 2022, interest expense were recognised in profit or loss amounted to $4,589 and $3,232, respectively.

B. Aforementioned borrowings from financial institutions are guaranteed by related parties as joint guarantor, please refer to Note 7 for details.

(15) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 110,904	$ 106,060
Payables for machinery and equipment	5,068	2,366
Others	72,908	44,593
	$ 188,880	$ 153,019

(16) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were $14,852 and $13,151, respectively.

(17) Share-based payment

A. On November 12, 2019 and December 27, 2016, the Board of Directors of the Company resolved to issue employees' options of 5,000 units (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 5,000,000 shares with the exercise price of $33.80 (in dollars)) and 4,500 units (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 4,500,000 shares with the exercise price of $10.00 (in dollars)), except for the 4,731 units were issued out of 5,000 units on August 20, 2020, others were issued 5,000 units on October 15, 2018. The exercise price under the aforementioned stock-based employee compensation plan is at least the closing price of the Company's common stock at the grant date. There will be adjustment to the exercise price in accordance with specific formula if there is any change in the Company's ordinary shares or distribution of cash dividend after the issuance of stock options. The life of the option is 5 years. After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

B. To attract and retain talents, encourage employees and strengthen coherence of the Company, the Board of Directors at their meeting on October 18, 2022 resolved to issue employees' stock options of 10,000 units. The issuance had been approved by the competent authority and could be issued over several installments within two years. The first issuance of 7,000 units was on July 7, 2023 (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 7,000,000 shares with exercise price of $38.55 (in dollars)).

C. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2018.10.15	4,500	5 years	2 ~ 4 years'service
Employee stock options	2019.08.20	4,731	5 years	2 ~ 4 years'service
Employee stock options	2023.07.07	7,000	5 years	2 ~ 4 years'service

D. Details of the share-based payment arrangements are as follows:

i. Employees' options which were issued in 2023

	2023	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	7,000	$ 38.55
Options granted	-	-
Options exercised	-	-
Options forfeited (Note)	(754)	-
Options outstanding at the end of the year	6,246	$ 38.55
Options exercisable at the end of the year	-	

ii. Employees' options which were issued in 2020

	2023		2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,424	$ 33.80	3,493	$ 33.80
Options granted	-	-	-	-
Options exercised	(429)	33.80	(626)	33.80
Options forfeited (Note)	(68)	-	(443)	-
Options outstanding at the end of the year	1,927	$ 33.80	2,424	$ 33.80
Options exercisable at the end of the year	1,050		608	

Note: Due to employees' retirement or termination.

iii. Employees' options which were issued in 2018

	2023		2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	336	$ 10.00	1,182	$ 10.00
Options granted	-	-	-	-
Options exercised	(263)	10.00	(736)	10.00
Options forfeited (Note)	(73)	-	(110)	-
Options outstanding at the end of the year	-	$ -	336	$ 10.00
Options exercisable at the end of the year	-		336	

Note: Due to employees' retirement or termination.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2018.10.15	2023.10.14	-	$ 10.00	336	$ 10.00
2020.08.20	2025.08.19	1,927	33.80	2,424	33.80
2023.07.07	2028.07.06	6,246	38.55	-	-

F. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.10.15	$10.00	43.64% ~44.73%	3.5~4.5 years	0%	0.69% ~0.73%	1.90 ~2.19
Employee stock options	2020.08.20	33.80	49.75% ~53.32%	3.5~4.5 years	0%	0.28% ~0.31%	13.02 ~13.74
Employee stock options	2023.07.07	38.55	46.02%	3.5~4.5 years	0%	1.07% ~1.10%	13.33 ~15.04

G. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	$ 16,851	$ 10,834

(18) Provisions

	2022	2021
	Warranty	Warranty
At January 1	$ 21,246	$ 7,179
Additional provisions	28,804	20,535
Used during the year	(10,727)	(6,468)
At December 31	$ 39,323	$ 21,246

The Company gives warranties on automotive electronic products sold. Provision for warranty is estimated based on historical warranty data of automotive electronic products. It is expected that provision for warranty will be used in the following one year.

(19) Share capital

A. As of December 31, 2023, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,845,849 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023(Note)	2022(Note)
At January 1	$ 167,061	$ 154,553
Employee stock options exercised	1,292	1,532
Conversion of convertible bonds	3,632	726
Cash capital increase-private placement	12,600	10,250
At December 31	$ 184,585	$ 167,061

Note: Expressed in thousands of shares.

B. To increase the Company's working capital, the shareholders at their meeting on April 29, 2022 resolved to conduct private placements of common shares with a par value at $10 (in dollars) per share, and the total number of shares issued shall not exceed 25,000 thousand shares which would be issued over several installments within one year from the date of the shareholders' meeting resolution. On October 18, 2022, the Board of Directors resolved the first effective date of capital increase through private placement was set on November 1, 2022 and total number of private ordinary shares amounted to 10,250 thousand with an issuance price of NT$32 (in dollars) per share. The total amount of private placement was NTD 328,000 thousand and the registration of changes had been completed. On March 9, 2023, the Board of Directors resolved the second effective date of capital increase through private placement was set on March 23, 2023 and total number of private ordinary shares amounted to 12,600 thousand with an issuance price of NT$35 (in dollars) per share. The total amount of private placement was NTD 441,000 thousand and the registration of changes had been completed. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. On January 18, 2022, the Company's board of directors resolved to issue 775.6 thousand shares with a subscription price of NT$10. The subscription base date was determined by the board of directors to be January 18, 2022, the registration of changes had been completed.

D. On May 10, 2022, the Company's board of directors resolved to issue 39 thousand shares with a subscription price of NT$10. The subscription base date was determined by the board of directors to be May 10, 2022, the registration of changes had been completed.

E. On August 9, 2022, the Company's board of directors resolved to issue 66 thousand shares with a subscription price of NT$10. The subscription base date was determined by the board of directors to be August 9, 2022, the registration of changes had been completed.

F. On October 18, 2022, the Company's board of directors resolved to issue 430.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be October 18, 2022, the registration of changes had been completed.

G. On January 9, 2023, the Company's board of directors resolved to issue 826.7 thousand shares of which 631.1 thousand shares with a subscription price of NT$10 and 195.6 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be January 9, 2023, the registration of changes had been completed.

H. On May 9, 2023, the Company's board of directors resolved to issue 95.3 thousand shares of which 7.5 thousand shares with a subscription price of NT$10 and 87.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be May 9, 2023, the registration of changes had been completed.

I. On August 8, 2023, the Company's board of directors resolved to issue 184.8 thousand shares of which 90 thousand shares with a subscription price of NT$10 and 94.8 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be August 8, 2023, the registration of changes had been completed.

J. On November 8, 2023, the Company's board of directors resolved to issue 185.6 thousand shares of which 86.1 thousand shares with a subscription price of NT$10 and 99.5 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be November 8, 2023, the registration of changes had been completed.

K. On January 17, 2024, the Company's board of directors resolved to issue 86.4 thousand shares of which 79 thousand shares with a subscription price of NT$10 and 7.4 thousand shares with a subscription price of NT$33.8. The subscription base date was determined by the board of directors to be November 8, 2023, the registration of changes had been completed.

(20) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements of the Company's capital surplus in 2023 and 2022 are as follows:

	2023			
	Share premium	Employee stock options	Share options	Total
At January 1	$ 257,567	$ 41,977	$ 10,492	$ 310,036
Employee stock options exercised	12,579	(2,356)	-	10,223
Exercise of conversion right of convertible bonds	227,140	-	(10,287)	216,853
Share-based compensation cost	-	16,851	-	16,851
Cash capital increase-private placement	315,000	-	-	315,000
Recognition of share option in issuance of convertible bonds	-	-	30,085	30,085
At December 31	$ 812,286	$ 56,472	$ 30,290	$ 899,048

	2022					
	Share premium	Employee stock options	Share options	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
At January 1	$ 74,352	$ 56,488	$ 17,162	$ 2,654	$ 9,693	$ 160,349
Employee stock options exercised	10,253	4,655	-	-	-	14,908
Exercise of conversion right of convertible bonds	21,814	-	(670)	-	-	21,144
Capital surplus used to offset loss	(74,352)	(30,000)	(6,000)	(2,654)	(9,693)	(122,699)
Share-based compensation cost	-	10,834	-	-	-	10,834
Cash capital increase-private placement	225,500	-	-	-	-	225,500
At December 31	$ 257,567	$ 41,977	$ 10,492	$ -	$ -	$ 310,036

(21) Unappropriated retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.

B. For the long-term business development of the Company, the needs of capital in the future and long-term business plan, the distributable earnings can be distributed no higher than 90% as shareholders' bonus every year. However, the distributable earnings may not to be distributed if the accumulated distributable earnings lower than 5% of paid-in capital. The cash dividend can not be lower than 10% of total dividends. However, when the cash dividend per share is lower than $0.5, it can be distributed in stock dividend at full amount.

C. The Company's shareholders' meeting resolved the profit and loss appropriation for the year of 2022 on April 27, 2023. After offsetting losses from previous years, setting aside a legal reserve of 10% of the remaining profits of $4,497 and a special reserve of $1,563. The shareholders' meeting resolved the deficit compensation for the year of 2021 on April 29, 2022. Details of the resolution of deficit compensation are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(22) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	($ 40,939)	($ 51,526)	($ 92,465)
Revaluation adjustment	(13,320)	-	(13,320)
Disposal of financial assets at fair value through other comprehensive income	(733)	-	(733)
Currency translation differences	-	(21,807)	(21,807)
At December 31	($ 54,992)	($ 73,333)	($ 128,325)

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	($ 26,854)	($ 64,048)	($ 90,902)
Revaluation adjustment	(11,498)	-	(11,498)
Disposal of financial assets at fair value through other comprehensive income	(2,587)	-	(2,587)
Currency translation differences	-	12,522	12,522
At December 31	($ 40,939)	($ 51,526)	($ 92,465)

(23) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	$ 3,223,292	$ 3,189,385

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

Year ended December 31, 2023	Automobile electronic products	Power management products	Total
Total segment revenue	$ 3,105,050	$ 118,242	$ 3,223,292
Inter-segment revenue	-	-	-
Revenue from external customer contracts	$ 3,105,050	$ 118,242	$ 3,223,292

Year ended December 31, 2022	Automobile electronic products		Power management products		Total	
Total segment revenue	$	2,702,385	$	487,000	$	3,189,385
Inter-segment revenue		-		-		-
Revenue from external customer contracts	$	2,702,385	$	487,000	$	3,189,385

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023		December 31, 2022		January 1, 2022	
Contract liabilities:						
Contract liabilities – Advance sales receips	$	5,499	$	7,674	$	6,582

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31, 2023		Year ended December 31, 2022	
Revenue recognised that was included in the contract liability balance at the beginning of the year				
Advance sales receipts	$	7,157	$	5,189

(24) Interest income

	Year ended December 31, 2023		Year ended December 31, 2022	
Interest income from bank deposits	$	6,609	$	1,099
Interest income from financial assets measured at amortised cost		12,003		2,041
Other interest income		1		1
	$	18,613	$	3,141

(25) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Rent income	$ 1,351	$ 1,386
Dividend income	2,836	1,105
Gain recognised in bargain purchase transaction	2,415	-
Government grant revenues	149	-
Other income, others	1,684	1,026
	$ 8,435	$ 3,517

(26) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Foreign exchange gains	$ 30,778	$ 31,269
Gains on disposals of property, plant and equipment	48	2
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	3,025	(878)
Profit from lease modification	4	-
Other losses	-	(25)
	$ 33,855	$ 30,368

(27) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	$ 4,589	$ 3,364
Interest expense on lease liabilities	356	331
Interest expense on convertible bonds	7,711	4,288
	$ 12,656	$ 7,983

(28) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	$ 438,939	$ 408,931
Depreciation charges on property, plant and equipment	53,787	37,416
Depreciation charges on right-of-use assets	19,428	18,658
Depreciation charges on investment property	137	137
Amortisation charges on intangible assets	22,238	16,084
	$ 534,529	$ 481,226

(29) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 349,379	$ 339,588
Employee stock options	16,851	10,834
Labour and health insurance fees	30,416	27,021
Pension costs	14,852	13,151
Other personnel expenses	27,441	18,337
	$ 438,939	$ 408,931

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 10%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $30,000 and $5,000, respectively; while directors' remuneration was accrued at $8,000 and $0, respectively.

C. The employees' compensation and directors' remuneration were estimated and accrued based on 10.22% and 2.73% of distributable profit of current year for the year ended December 31, 2023.

D. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Income tax expense	$ -	$ -

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Changes in fair value of financial assets at fair value through other comprehensive income	$ 3,513	$ 2,874
Exchange differences on translation of foreign financial statements	5,452	(3,130)
	$ 8,965	($ 256)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 51,097	$ 67,700
Expenses disallowed by tax regulation	1,331	438
Temporary differences not recognised as deferred tax assets	6,348	(14,273)
Use tax losses not recognised in prior years	(58,776)	(53,366)
Change in assessment of realisation of deferred tax assets	-	(499)
Income tax expense	$ -	$ -

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for obsolescence and market value decline	$ 5,685	($ 1,653)	$ -	$ 4,032
Valuation of financial assets measured at fair value through other comprehensive income	10,603	-	3,513	14,116
Exchange differences on translation of foreign financial statements	12,884	-	5,452	18,336
Unrealised foreign exchange loss	1,082	2,120	-	3,202
Others	597	16	-	613
	$ 30,851	$ 483	$ 8,965	$ 40,299
Deferred tax liabilities:				
-Temporary differences:				
Investment income	$ -	($ 483)	$ -	($ 483)
	$ -	($ 483)	$ -	($ 483)
Income tax expense	$ 30,851	$ -	$ 8,965	$ 39,816

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for obsolescence and market value decline	$ 2,265	$ 3,420	$ -	$ 5,685
Valuation of financial assets measured at fair value through other comprehensive income	7,729	-	2,874	10,603
Exchange differences on translation of foreign financial statements	16,014	-	(3,130)	12,884
Unrealised foreign exchange loss	2,174	(1,092)	-	1,082
Others	2,925	(2,328)	-	597
Income tax expense	$ 31,107	$ -	($ 256)	$ 30,851

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023

Year incurred	Amount filed	Unused amount	Unrecognised assets	Expiry year
2019	210,051	71,018	71,018	2029
2020	267,968	267,968	267,968	2030

December 31, 2022

Year incurred	Amount filed	Unused amount	Unrecognised assets	Expiry year
2017	$ 253,720	$ 75,560	$ 75,560	2027
2018	89,297	89,287	89,287	2028
2019	210,051	210,051	210,051	2029
2020	267,968	267,968	267,968	2030

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 734,867	$ 672,987

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Earnings attributable to ordinary shareholders of the parent	$ 255,484	181,554	$ 1.41
Diluted earnings per share(Note)			
Earnings attributable to ordinary shareholders of the parent	255,484	181,554	
Assumed conversion of all dilutive potential ordinary shares	6,169	15,656	
Employee stock options	-	24	
Employees'compensation	-	860	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 261,653	198,094	$ 1.32

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Earnings attributable to ordinary shareholders of the parent	$ 338,499	158,534	$ 2.14
Diluted earnings per share(Note)			
Earnings attributable to ordinary shareholders of the parent	338,499	158,534	
Assumed conversion of all dilutive potential ordinary shares	3,431	13,203	
Employee stock options	-	235	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 341,930	171,972	$ 1.99

Note: The Company's employees' options and convertible bonds were not included in the calculation of diluted earnings per share due to their anti-dilutive effect.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 42,994	$ 46,911
Add: Opening balance of payable on equipment	2,366	3,595
Less: Ending balance of payable on equipment	(5,068)	(2,366)
Cash paid during the year	$ 40,292	$ 48,140

B. Financing activities with no cash flow effects

	Year ended December 31, 2023	Year ended December 31, 2022
Convertible bonds being converted to capital stocks	$ 306,886	$ 29,761

(33) Changes in liabilities from financing activities

	2023			
	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	$ 310,999	$ 16,250	$ 458,964	$ 786,213
Changes in cash flow from financing activities	(2,968)	(19,765)	342,400	319,667
Changes in other non-cash items	-	44,579	(332,031)	(287,452)
Interest expense on lease liabilities	-	356	-	356
At December 31	$ 308,031	$ 41,420	$ 469,333	$ 818,784

	2022			
	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	$ 186,655	$ 27,018	$ 484,437	$ 698,110
Changes in cash flow from financing activities	124,344	(18,970)	-	105,374
Changes in other non-cash items	-	7,871	(25,473)	(17,602)
Interest expense on lease liabilities	-	331	-	331
At December 31	$ 310,999	$ 16,250	$ 458,964	$ 786,213

(34) Reorganization

On April 27, 2023, the Company's shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. The assets and liabilities for POWER TANK ENERGY LTD. are as follows:

		Amount
Other receivables due from related parties	$	178,164
Inventories		4,328
Other current assets		128
Investments accounted for using equity method		218,624
Property, plant and equipment		3,029
Othet non-current assets		1,742
Liabilities	(	2,131)
Net assets	$	403,884

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
POWER TANK ENERGY LTD.	Subsidiaries
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	"
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	"
SYSGRATION USA INC.	"
LEADRAY ENERGY CO., LTD.	Other related party
LEE, YI-REN	The Company's chairman

(3) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	$ 1,894	$ 33,667
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	141	900
	$ 2,035	$ 34,567

Prices and collection terms for services and goods provided to subsidiaries are based on the mutual agreement since no similar transaction can be compared with.

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	$ 1,324,229	$ 1,112,574
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	57,764	357,666
	$ 1,381,993	$ 1,470,240

Prices and payment terms for purchasing from subsidiaries are based on the mutual agreement since no similar transaction can be compared with.

C. Operating costs and operating expenses:

	Year ended December 31, 2023	Year ended December 31, 2022
SYSGRATION USA INC.	$ 1,212	$ 913

Expenses for product marketing and service fee are based on the mutual agreement.

D. Operating cost

	Year ended December 31, 2023	Year ended December 31, 2022
LEADRAY ENERGY CO., LTD.	$ 40	$ -

Costs associated with providing the Company's battery module installation are determined through mutual agreement..

E. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	$ 1,322	$ 4,808
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	-	194
	$ 1,322	$ 5,002

Receivables from related parties arise from sale transactions of goods. The receivables are due 120 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

F. Accounts payable:

		December 31, 2023		December 31, 2022
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	$	386,731	$	359,860
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.		-		11,670
	$	386,731	$	371,530

The payables to related parties arise mainly from purchase transactions and are due 120 days after the date of purchase. The payables bear no interest.

G. Other receivables from related parties:

		December 31, 2023		December 31, 2022
Other receivables:				
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	$	64,854	$	68,418

It pertained to the payments collected by the subsidiaries on behalf of the parent company.

H. Other payables

		December 31, 2023		December 31, 2022
Other payables:				
POWER TANK ENERGY LTD.	$	118,164	$	-
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.		1,800		7
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.		-		1,808
SYSGRATION USA INC.		118		96
LEADRAY ENERGY CO., LTD.		42		-
	$	120,124	$	1,911

Other payables to POWER TANK ENERGY LTD. were payments collected by the Company on behalf of POWER TANK ENERGY LTD. due to reorganisation. According to the mutual agreement, the payments will be paid based on the capital requirements and are expected to be fully paid before the end of 2024.

I. Leasing arrangements -lessee

(i) The Company leases buildings from POWER TANK ENERGY LTD. with seven-month agreements and monthly rent payments.

(ii) Rent expense

		Year ended December 31, 2023		Year ended December 31, 2022
POWER TANK ENERGY LTD.	$	1,156	$	-

J. Endorsements and guarantees provided to related parties:

	December 31, 2023	December 31, 2022
POWER TANK ENERGY LTD.	$ 172,800	$ -

(4) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	$ 31,893	$ 27,398
Post-employment benefits	594	675
Share-based payments	984	567
	$ 33,471	$ 28,640

(5) Endorsements and guarantees provided by related parties

For the years ended December 31, 2023 and 2022, the Company borrowed from financial institutions. LEE, YI-REN is the guarantor (the Company's Chairman), aforementioned financing facilities which were provided by related parties were $2,594,200 and $2,136,840, respectively.

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposit (classified as financial assets at amortised cost)	$ 16,700	$ 121,201	Short-term, long-term borrowings and issuance of convertible bonds
Land	18,807	18,807	
Buildings and structures	153,491	158,548	
Machinery	5,304	7,655	
	$ 194,302	$ 306,211	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

On August 6, 2018, the Company received a notification of civil court from the Taiwan Taipei District Court. Tsuzuki Denki Co., Ltd. filed a civil litigation to the Taiwan Taipei District Court and claimed that the quality problem of tablet computers which were purchased from the Company caused damage to Tsuzuki Denki Co., Ltd. It claimed for a return of the full price of inventories and compensation amounting to US$5,306 thousand and JPY$1,225 thousand, respectively. The Company has appointed lawyers to handle the case to protect the rights of the Company and its shareholders. The Company's appointed lawyer comments are as follows: 'The counterparty complained that there were flaws in the inventory and deferred payment, but refused to return the inventory which should have been repaired by the Company, therefore, the counterparty's claim is not reasonable. In addition, it is reasonable that our side took counter-action to claim the payment for inventory and rework expenses in the total amount of US$996 thousand, because the Company had completed the work and delivered the said inventories. As of December 31, 2023, the case is still under trial with the Taiwan Taipei District Court. The Company has accounts receivable from Tsuzuki Denki Co., Ltd. in the amount of $19,370 which was provisioned for impairment at full amount.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. On February 26, 2024, the Board of Directors of the Company resolved to distribute cash dividends of $133,228 after setting aside a legal reserve of 10% of the remaining profits of $25,622 and a special reserve of $74,768.

B. Please refer to Notes 6(13), and 6(19) for the related information.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, issue convertible bonds or sell assets to reduce debt.

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,829,050	$ 1,596,872
Total equity	2,975,094	1,942,771
Total capital	$ 4,804,144	$ 3,539,643
Gearing ratio	38%	45%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 25,103	$ 12,599
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	231,456	148,952
Financial assets at amortised cost		
Cash and cash equivalents	1,408,258	1,132,693
Financial assets at amortised cost	16,700	121,201
Notes receivable	4,447	2,521
Accounts receivable	942,230	848,505
Accounts receivable-related parties	1,322	5,002
Other receivables	12,616	11,786
Other receivables-related parties	64,854	68,418
Refundable deposits	9,589	7,131
	$ 2,716,575	$ 2,358,808

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 936	$ 1,723
Accounts payable	250,406	238,324
Accounts payable-related parties	386,731	371,530
Other accounts payable	188,880	153,019
Other accounts payable-related parties	120,124	1,911
Bonds payable (including current portion)	469,333	458,964
Long-term borrowings (including current portion)	308,031	310,999
Guarantee deposits received	-	198
	$ 1,724,441	$ 1,536,668
Lease liabilities	$ 41,420	$ 16,250

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD and other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 30,923	30.71	$ 949,487	1%	$ 9,495	$ -
RMB:NTD	15,073	4.33	65,222	1%	652	-
HKD:NTD	1,295	3.93	5,089	1%	51	-
EUR:NTD	418	33.98	14,218	1%	142	-
Non-monetary items						
USD:NTD	29,236	30.71	897,701	1%	-	8,977
Financial liabilities						
Monetary items						
USD:NTD	$ 18,135	30.71	$ 556,833	1%	$ 5,568	-
HKD:NTD	2,246	3.93	8,823	1%	88	-

(Foreign currency: functional currency)	December 31, 2022 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 34,859	30.71	$ 1,070,518	1%	$ 10,705	$ -
HKD:NTD	786	3.94	3,094	1%	31	-
Non-monetary items						
USD:NTD	15,258	30.71	468,566	1%	-	4,686
Financial liabilities						
Monetary items						
USD:NTD	$ 6,339	30.71	$ 194,676	1%	$ 1,947	$ -

iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $30,778 and $31,269, respectively.

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company’s investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $251 and $126, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,315 and $1,490, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

i. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,464 and $2,488, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions with no recent major defaults are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company assumes that if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; if past due over 360 days, a default has been occurred.

iv. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.

v. The following indicators are used to determine whether the credit impairment of debt instruments have occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.3%	$ 704,539	($ 2,214)
Up to 30 days	1%	78,684	(813)
31 to 120 days	1%~5%	167,464	(2,211)
121 to 180 days	10%	-	-
Over 180 days	40%~100%	2,073	(845)
		$ 952,760	($ 6,083)

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.3%	$ 679,086	($ 2,071)
Up to 30 days	1%	71,259	(718)
31 to 120 days	1%~5%	106,767	(3,297)
121 to 180 days	10%	-	-
Over 180 days	40%~100%	-	-
		$ 857,112	($ 6,086)

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	$ 6,061	$ 25
Provision for impairment loss	2,222	20
Write-offs	(2,245)	-
At December 31	$ 6,038	$ 45

	2022	
	Accounts receivable	Notes receivable
At January 1	$ 4,667	$ 31
Provision for (reversal of) impairment loss	5,867	(6)
Write-offs	(4,473)	-
At December 31	$ 6,061	$ 25

The Company recognised an expected credit gain for the year ended December 31, 2023 due to the recovery of $4,355 of accounts receivable previously written off and recognised as bad debts.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of $1,407,499 and $1,131,880, respectively, and capital-guaranteed income-based wealth management products and derivatives from convertible bonds (classified as current financial assets at fair value through profit or loss) of $0 and $139, respectively, and private equity fund (classified as non-current financial assets at fair value through profit or loss) of $25,103 and $12,460, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii.. As at December 31, 2023 and 2022, the Company has the undrawn borrowing of $1,257,509 and $1,344,607, respectively.

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 936	$ -	$ -	$ -
Accounts payable (including related parties)	637,137	-	-	-
Lease liability	16,299	16,074	9,047	-
Other payables (including related parties)	309,004	-	-	-
Long-term borrowings (including current portion)	100,953	100,718	106,360	-
Bonds payable	-	-	469,333	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 1,723	$ -	$ -	$ -
Accounts payable (including related parties)	609,854	-	-	-
Lease liability	13,547	1,533	1,170	-
Other payables (including related parties)	154,930	-	-	-
Long-term borrowings (including current portion)	83,410	81,972	145,617	-
Bonds payable	458,964	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in convertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and financial assets mandatorily measured at fair value through profit or loss are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. The carrying amounts of the Company's financial instruments, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables which not measured at fair value are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss-current				
Derivative instruments	$ -	$ -	$ -	$ -
Private equity fund	-	-	25,103	25,103
Financial assets at fair value through other comprehensive income-non-current	34,586	131,847	65,023	231,456
Liabilities				
Financial liabilities at fair value through profit or loss-current				
Derivative instruments	-	3,250	-	3,250
	$ 34,586	$ 135,097	$ 90,126	$ 259,809

December 31, 2022	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss-current				
Derivative instruments	$ -	$ 139	$ -	$ 139
Private equity fund	-	-	12,460	12,460
Financial assets at fair value through other comprehensive income-non-current	32,809	-	116,143	148,952
	$ 32,809	$ 139	$ 128,603	$ 161,551

(b)The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	
	Equity instrument	Debt instrument
At January 1	$ 116,143	$ 12,460
Gains recognised in profit or loss	-	3,643
Losses recognised in other comprehensive income	(76,989)	-
Acquired in the year	105,982	9,000
Transfers into level 3	156	-
Transfers out from level 3	(80,269)	-
At December 31	$ 65,023	$ 25,103

	2022	
	Equity instrument	Debt instrument
At January 1	$ 60,593	$ -
Gains recognised in profit or loss	-	460
Losses recognised in other comprehensive income	(9,149)	-
Acquired in the year	80,786	12,000
Sold in the year	(16,087)	-
At December 31	$ 116,143	$ 12,460

Note: Shown as valuation adjustment for financial assets at fair value through other comprehensive income.

G. For the years ended December 31, 2023 and 2022, there was no transfer from Level 3.

H. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of external financial instruments entrusted by finance segment.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 65,023	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	25,103	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 116,143	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	12,460	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	No open market saleability discount	±1%	$ -	$ -	$ 650	($ 650)
Debt instrument	Net asset value method	±1%	$ 251	($ 251)	$ -	$ -

	Input	Change	December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	No open market saleability discount	±1%	$ -	$ -	$ 1,161	($ 1,161)
Debt instrument	Net asset value method	±1%	$ 125	($ 125)	$ -	$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

Not applicable.

SYSGRATION LTD.

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Other receivables	Y	$ 68,993	$ 64,783	$ 64,783	-	Having business relationship	$ 1,324,229	-	$ -	None	$ -	$ 1,324,229	$ 1,190,038	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: In accordance with the Company’s amended “Procedures for Provision of Loans” as approved by the shareholders on April 30, 2020, the ceiling on total loans granted and to individuals of the Company’s were as follows:

(1) The ceiling on total loans granted to others is 40% of the Company's net assets.

(2) Loans granted to a single party for business transactions: Limit on loans granted to a single party for business transactions is the total value of business transactions in 1 year or 12 months. The value of business transactions refers to the higher of purchase or sales.

SYSGRATION LTD.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	SYSGRATION LTD.	SYSGRATION LTD.	1	$ 892,528	$ 3,000	$ 3,000	$ 656	$ -	0.10%	$ 1,338,792	N	N	N	
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	2	892,528	88,900	-	-	-	-	1,338,792	Y	N	Y	
0	SYSGRATION LTD.	POWER TANK ENERGY LTD.	2	892,528	172,800	172,800	-	-	5.81%	1,338,792	Y	N	N	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on June 14, 2019, the limit on endorsements/guarantees provided for subsidiaries whose 50% of the shares are directly and indirectly held is 30% of the Company's net assets and the ceiling on total amount of endorsements/guarantees provided is 45% of the Company's net assets based on the Company's latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

SYSGRATION LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023 Number of shares	Book value (Note 3)	Ownership	Fair value	Footnote (Note 4)
SYSGRATION LTD.	SINTRONIC TECHNOLOGY INC.	None	Financial assets at fair value through other comprehensive income - non-current	53,399	$ 156	0%	$ 156	
SYSGRATION LTD.	ARCHERS INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	-	3%	-	
SYSGRATION LTD.	NEXTRONICS ENGINEERING CORP.	None	Financial assets at fair value through other comprehensive income - non-current	447,100	32,996	1%	32,996	
SYSGRATION LTD.	ORO TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	256,000	-	9%	-	
SYSGRATION LTD.	GOMORE INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,216,865	774	5%	774	
SYSGRATION LTD.	EXCELLENCE OPTOELECTRONICS INC.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	1,590	0%	1,590	
SYSGRATION LTD.	IMEIER GREEN TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	2,000,000	19,260	8.8%	19,260	
SYSGRATION LTD.	ION ELECTRONIC MATERIALS CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	1,126,894	131,847	3%	131,847	
SYSGRATION LTD.	ADAT TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	800,000	6,112	4%	6,112	
SYSGRATION LTD.	BIOMEDICA CORPORATION	None	Financial assets at fair value through other comprehensive income - non-current	156,225	9,738	3%	9,738	
SYSGRATION LTD.	REALWEAR INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,545,955	28,983	1%	28,983	
SYSGRATION LTD.	FUYOU PRIVATE EQUITY	None	Financial assets at fair value through profit or loss - non-current	2,100,000	25,103	3%	25,103	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SYSGRATION LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Subsidiary	Purchases	$ 1,324,229	62%	120 days	Note	Note	($ 386,731)	61%	

Note: Based on the mutual agreement since no similar transaction can be compared with.

SYSGRATION LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	Subsidiary	$ 386,731	3.55	$ -	-	$ -	$ -
POWER TANK ENERGY LTD.	SYSGRATION LTD.	Subsidiary	118,164	-	-	-	-	-

SYSGRATION LTD.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Accounts receivable	$ 386,731	Note 6	8%
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Sales of goods	1,324,229	Note 6	40%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Transaction amount that did not reach NT$100 million or 20% of paid-in capital or more will not be disclosed. Additionally, the counter related parties' of the transaction will also not be disclosed.

Note 4: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 5: The loans granted and endorsement and guarantees between the Company and subsidiaries, please refer to table 1 and 2.

Note 6: There are no comparable transaction to non-related parties. The conditions of transactions are agreed upon by both parties.

SYSGRATION LTD.

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
SYSGRATION LTD.	POWER TANK ENERGY LTD.	TAIWAN	Manufacturing and sale of energy storage products	$ 413,884	$ -	41,388,434	100%	$ 372,088	($ 43,851)	($ 43,851)	Note 3
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA)	SAMOA	Investment holding of overseas companies	218,659	671,762	21,800,000	100%	200,137	(24,059)	(24,059)	Note 4
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	505,131	505,131	15,938,000	100%	276,947	54,968	54,968	
SYSGRATION LTD.	SYSGRATION USA INC.	U.S.A.	Sale of electronic products	10,062	10,062	300,000	100%	4,330	60	60	
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	U.S.A.	Investment holding of overseas companies	643,746	-	15,000,000	100%	616,424	2,358	2,358	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	U.S.A.	Manufacturing and sale of electronic products	97,650	-	3,000,000	100%	92,640	533	533	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	TAIWAN	Manufacturing and sale of lighting equipments	127,796	-	11,617,791	35%	127,494	(14,515)	(2,717)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3：On June 30, 2023, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off.

Note 4：SYSGRATION TECHNOLOGY (SAMOA) LTD was owned by the Company at the end of last year and was transferred to POWER TANK ENERGY LTD. on June 19, 2023, with the permission of the Department of Investment Review, MOEA, SYSGRATION TECHNOLOGY (SAMOA) LTD's investment profits and losses from January 1 to June 30, 2023 are recognized by the Company, while those from July 1 to December 31, 2023 are recognized by POWER TANK ENERGY LTD.

SYSGRATION LTD.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 5, and Note 8)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 (Note5)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 5, and Note 8)	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	$ 663,228	2	$ 215,604	-	-	$ 215,604	($ 45,068)	100%	($ 45,068)	$ 189,830	-	Note 6
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	113,609	2	113,609	-	-	113,609	56,120	100%	56,120	214,304	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 3, and Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)	Footnote
POWER TANK ENERGY LTD.	$ 215,604	$ 215,604	$ 223,253	
SYSGRATION LTD.	113,609	113,609	1,785,056	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.

C. Others.

Note 3: The Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10100477000, No.10200372350, No.10300319430, No.1040023080, No.10500055360 and No.10500105990. Because the Company split its energy storage business segment to newly established company through a spin-off, the Company reinvested in 'SYSGRATION TECHNOLOGY (SAMOA) LTD. 'and 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.'through 'POWER TANK ENERGY LTD.' which was approved by Jing-Shen-II-Zi No.11200074130 and No.11200124140.

Additionally, the Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.' through 'SYSGRATION (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10400006240, No.10400023090, No.10400163350, No.10400251280 and No.10500072680.

Note 4: The ceiling is NT$80 million and 60% of the net assets or consolidated net assets, whichever is higher.

Note 5: It was translated to NTD at the exchange rate on December 31, 2023.

Note 6: Through SYSGRATION TECHNOLOGY (SAMOA) LTD..

Note 7: Through SYSGRATION (SAMOA) LTD..

Note 8: Under the approval of Jing-Shen-II-Zi No.11200124140, POWER TANK ENERGY LTD. reinvested in the net value at the spin-off of 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.''s through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.', therefore, it is different from the remitted amount.

SYSGRATION LTD.

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Other accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest for the year ended December 31, 2023	Others
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	($ 1,324,229)	62%	$ -	-	($ 386,731)	61%	$ 64,854	84%	Note	Note	$ 68,993	$ 64,783	-	$ -	

Note: Please refer to table 2.

SYSGRATION LTD.

Major shareholders information

December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership
LEE, YI-REN	12,880,210	6.77%

SYSGRATION LTD.
LEE, YI-REN