

Stock Code: 3628



2023 Annual Report

Printed on May 16, 2024
Ablerex Electronics Co. annual report is available at:
<http://www.ablerex.com.tw>
Taiwan Stock Exchange Market Observation Post System:
<http://newmops.twse.com.tw>

 **Ablerex**
Experts in Power Conversion



Stock Code: 3628

Ablerex Electronics Co., Ltd.

2023 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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<http://newmops.twse.com.tw>

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Printed on May 16 2024

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Headquarters and Plant

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I. Letter to Shareholders

Dear Shareholders:

At first, I'd like to thank all shareholders for full support of the company in the past year. The operating performance in 2023 and the prospects for 2024 are reported as follows:

1. Operating Performance in 2023

The company's consolidated revenue for the 2023 fiscal year was NT\$ 2,925,183 thousand, a decrease of 4.34% from the previous period's NT\$ 3,057,767 thousand. The consolidated net profit after tax was NT\$ 90,591 thousand, which is a 20.41% decline from the previous period's NT\$ 113,824 thousand. (ref. table below)

Unit: NT\$ thousands

Item	2023	2022	Growth Rate(%)
Sales Revenue	2,925,183	3,057,767	-4.34%
Gross profit	747,438	723,876	3.25%
Operating income	110,716	121,155	-8.62%
Net income	90,591	113,824	-20.41%
Profit attributable to parenting company	87,686	114,704	-23.55%
EPS (NT\$)-after tax	1.95	2.55	-23.53%

2. Overview and results of the implementation of the 2023 business plan

As the COVID-19 pandemic subsides and related restrictions are lifted globally, economic activities are gradually returning to normal. However, the recovery varies by country; for instance, China's economy continues to show signs of weakness post-pandemic, with significant reductions in both consumer and investment spending. Consequently, our group's sales in the Chinese market have continued to underperform and show signs of decline. Emerging markets and ODM business have seen a slowdown in order recovery due to sluggish demand and inventory closeout issues from excess orders during the pandemic. In Japan, shipments have been repeatedly delayed to align with buyers' quality policies, resulting in revenue falling short of targets.

Domestically, project engineering revenue has declined due to a reduction in large projects in 2023 and delays in other projects due to the owners' ancillary works, affecting our construction progress. This has led to projects not being completed and accepted before year-end, preventing revenue recognition and contributing to the decline. Solar power converter sales have also suffered due to difficulties in acquiring domestic project sites and election factors, leading to development bottlenecks in solar power system construction. The competitive pricing in this sector has further impacted sales.

This year's revenue includes sales and service income. Comparing the sales income and service income contributions of the five major product categories with the previous year, there has been a decline in uninterruptible power systems, solar power converters, and project engineering revenue. On the other hand, sales of active filters, service income, and other categories (components, batteries, etc.) have grown. However, the decline in these categories outweighed the growth, resulting in a total revenue of NT\$ 2,925,183 thousand in 2023, down by NT\$ 132,584 thousand (-4.34%) from NT\$ 3,057,767 thousand in 2022. The decline in project engineering and solar power converter sales, amounting to NT\$ 104,809 thousand and NT\$ 99,033 thousand respectively, were the primary contributors to the overall revenue decline for the year.

Total operating expenses for the year amounted to NT\$ 2,814,467 thousand, a decrease of NT\$ 122,145 thousand (-4.16%) from NT\$ 2,936,612 thousand in 2022. Although the reduction in operating costs primarily reflects the decline in revenue, an increase in gross margin by 1.88 percentage points also contributed significantly, resulting in a gross profit for the 112th fiscal year that was NT\$ 23,562 thousand higher than in 2022. Research and development expenses within operating expenses have continued to increase due to the company's strategic development needs, while promotional expenses have significantly increased as operational activities return to pre-pandemic normalcy and inflationary factors come into play.

Major indicators of operating performance in 2023 are as the table below:

Unit: NT\$ thousands

Item	2023	2022	Growth Rate(%)
Return on Assets	2.88%	3.49%	-0.61 ppts
Return on Shareholders' Equity	5.25%	7.00%	-1.75 ppts
Operating Income to Capital (%)	24.60%	26.92%	-2.32 ppts
Profit before Tax to Capital (%)	25.92%	31.41%	-5.49 ppts
Net Profit Margin	3.10%	3.72%	-0.62 ppts
EPS (NT\$)-after tax	1.95	2.55	-23.53%

In 2023, due to an increase in product prices, adjustments in product design (cost structure), and improvements in production efficiency, our gross sales margin rose to 25.55% from 23.67% in 2022, an increase of 1.88 percentage points. As a result, despite a decline in turnover, the gross profit from sales did not decrease but instead increased. However, operating expenses were higher than in 2022, with the operating expense ratio rising by 2.06 percentage points, leading to an overall decline in operating income and operating income ratio. Additionally, the decrease in non-operating income due to exchange and interest rate factors in 2023 resulted in a decline in both net profit and net profit ratio for the year, with related asset and capital management performance indicators also weaker than in 2022.

3. Business Plan for 2024

A. Business guidelines

In terms of business development, we will extend the technical service experience and advantages of the group's parent company "fast, professional and integrated", continue to localize the business strategy and allow each marketing base to develop a local-specific brand image of Ablerex and provide more in-depth market demand. products and services. In the OEM business, we use the advantages of technological independence to provide highly customized ODM services to meet customer needs. In terms of research and development technology, we will use our accumulated research and development energy to continuously improve product power capacity, develop in the direction of large-scale, industrialization and modularization and provide more diverse and broader product portfolio solutions. In terms of production and manufacturing, continue the industrialization plan, gradually introduce automated production equipment, reduce manpower dependence and improve manufacturing efficiency and energy utilization and move towards a green factory.

B. Sales Forecasts and basis

The company is a professional provider of power electronic products and services. In addition to continuing to expand the ODM and OBM sales business in the international market of uninterruptible power systems, it also actively participates in domestic uninterruptible power system projects, provides maintenance services and sells its own brands. Solar power converters and energy storage systems. According to the research of research institutions, the global uninterruptible power system market and the domestic solar energy and energy storage market all have room for growth. The company will aim to increase overall profits, expand the sales volume and sales of various products, and actively enhance the market share for each product.

C. Major production and sales strategy

1. Production strategy:

In 2024, we will continue to introduce more diversified intelligent monitoring equipment, go deep into the manufacturing process and continue to reduce quality risks. In response to the rising trend of labor costs, part of the manufacturing process is transferred to automation to reduce manpower requirements and improve manufacturing efficiency and efficiency.

2. Sales strategy:

Continuing the localized business strategy, using technological advantages, combined with the market characteristics of different regions, to provide integrated services from design

to after-sales service, planning to maintenance, so that each marketing base can develop a differentiated local Ablerex brand.

D. Research and Development Status

Embracing the ‘Design for Mass Production’ philosophy, we have elevated our R&D team’s focus on production and market-oriented thinking, accelerating the pace of technology commercialization. Our company’s product design initiatives have evolved towards compactness, intelligence, modularity, and network integration, significantly enhancing the cost-effectiveness and competitive edge of our products. Recently, we have completed the design and development of a 200KVA standalone three-phase UPS product, which has now entered production. This marks a new milestone in our technical capabilities in the development and manufacturing of power electronics products. Additionally, by actively participating in domestic power auxiliary services, we continue to fine-tune the performance of grid-level energy storage products, achieving outstanding results.

4. The impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Conditions

A. External Competitive Environment

Amidst the surge in demand for AI servers, data center construction, and global energy transition policies, industry forecasts suggest that the Uninterruptible Power Supply (UPS) industry will continue to experience steady growth. Over the next five years, the market’s compound annual growth rate is estimated to reach 4-8%, with projections indicating that the market size will exceed 15 billion USD by 2030.

Furthermore, according to industry research, the majority of operators in Taiwan’s solar and energy storage market believe that overall demand will begin to recover after the 2024 elections. It is expected that the first quarter will see the completion and grid integration of energy storage systems established in 2023. As the early 2024 deadline approaches for many applied energy storage grid integrations, it is anticipated that a wave of manufacturers unable to complete construction will exit the market. This will clarify the overheated energy storage market, leaving behind the more capable competitors. Solar energy projects are expected to gradually resume construction starting in the second quarter after the elections, especially since some high-visibility solar projects began seeking orders at the end of 2023. Therefore, research institutions believe that the solar energy market will experience a more noticeable demand growth in the second half of the year. Overall, both the solar and energy storage markets are expected to become clearer and return to growth in 2024.

B. Regulatory Environment

The company complies with national policies, laws and regulations and international norms, implements various operating activities and truly grasps changes in important policies, laws and norms and adjusts the company's internal systems and operating activities in a timely manner in order to comply with the norms and ensure the smooth operation of the company. In recent years, the international carbon reduction net-zero trend and Taiwan's energy transformation policy have actively introduced renewable energy and energy storage, which are favorable conditions for the sales and promotion of solar power converters and energy storage equipment produced and supplied by the company.

C. Macroeconomic Conditions

The economic outlook for 2024 remains uncertain, yet there are opportunities for recovery. Adjustments in government and central bank policies, along with the development of emerging technologies, will play pivotal roles this year. With global inflation moderating and changes in the monetary environment, there is reason to anticipate a gradual shift towards stability and growth. However, closely monitoring international economic developments is crucial for seizing the rhythm of economic recovery.

5. Development Strategy

Ablerex, with its ambition encapsulated in the motto “Experts in Power Conversion,” continues to delve into the core technology of power conversion, advancing research, product development, and service provision. In 2024, our company will persist in leveraging our technological autonomy and local cultivation advantages to expand our own brand business in niche markets. Building upon the completed 200KVA standalone three-phase UPS technology, we will expedite the launch of large-scale, industrial, and modular high-power capacity products. This will not only significantly implement import substitution policies in domestic projects, enhancing business flexibility and profit margins, but also showcase our company’s capabilities in the high-end product market, boosting the competitiveness of our international ODM/OEM business. We will continue to integrate existing energy storage and green energy products with energy control systems, serving as a supplier and technical service provider for grid-level energy regulation equipment, aspiring to contribute to Taiwan’s energy transition process.

All the best,

Chairman Wen Hsu and

President M.Z. Hwang

II. Company Profile

2.1 Date of Incorporation: Apr. 27, 1998.

2.2 Company History

Year	Event
1998	* UIS Abler Co., Ltd. was established with a capital of NT\$200,000 thousand. Initially, it mainly focused on developing, manufacturing and selling small uninterruptible power supply systems
1999	* ISO-9001 approved.
2001	* The Investment Review Committee approved the indirect investment in mainland China through the overseas holding company invested by the company, and invested in the establishment of "UIS Abler Electronics (Suzhou) Co., Ltd." as a mainland manufacturing plant with a capital of USD210,000.
2002	* Merged with PEC Technology Co., Ltd. and rename Alerex Electronics Co., Ltd.
	* The investment committee approved the capital increase of "UIS Abler Electronics (Suzhou) Co., Ltd.", and the capital after the capital increase was USD420,000.
	* The company's active power filter (APF) won the SME Innovation Research Award issued by the Ministry of Economic Affairs.
2003	* The investment committee approved the capital increase of "UIS Abler Electronics (Suzhou) Co., Ltd.", and the capital after the capital increase was USD2,100,000.
2004	* Handled a cash capital increase of NT\$53,200,000, and the paid-in capital after the capital increase was NT\$310,000,000.
2005	* The Investment Review Committee approved the capital increase of "UIS Abler Electronics (Suzhou) Co., Ltd.", and the capital after the capital increase was USD 3,360,000.
	* UL safety laboratory certified.
	* The first phase of the Suzhou factory was completed and opened, with a plant area of about 3,000 pings. The monthly UPS production capacity increased to 30,000 units, while reducing production costs and enhancing competitiveness.
	* Obtained ISO14001 quality certification.
2006	* 100% reinvested and established Alerex Corp. in Los Angeles, USA to expand business in the Americas.
	* The company's original English name was UIS Abler Electronics Co., Ltd. It was renamed as Alerex Electronics Co., Ltd. on December 25, 1995.
	* Products comply with RoHS & WEEE.
2007	* Handled cash capital increase of NT\$56,000,000 and surplus capital increase of NT\$14,000,000. After the capital increase, the paid-in capital was NT\$380,000,000.
	* Suzhou factory changed its name to: Alerex Electronics (Suzhou) Co., Ltd.
	* The investment committee approved the capital increase of "Alerex Electronics (Suzhou) Co., Ltd.", and the capital after the capital increase was USD4,900,000.
	* The second phase of the factory building project of the Suzhou factory is underway. After completion, the production area will increase by about 6,200 pings, and the

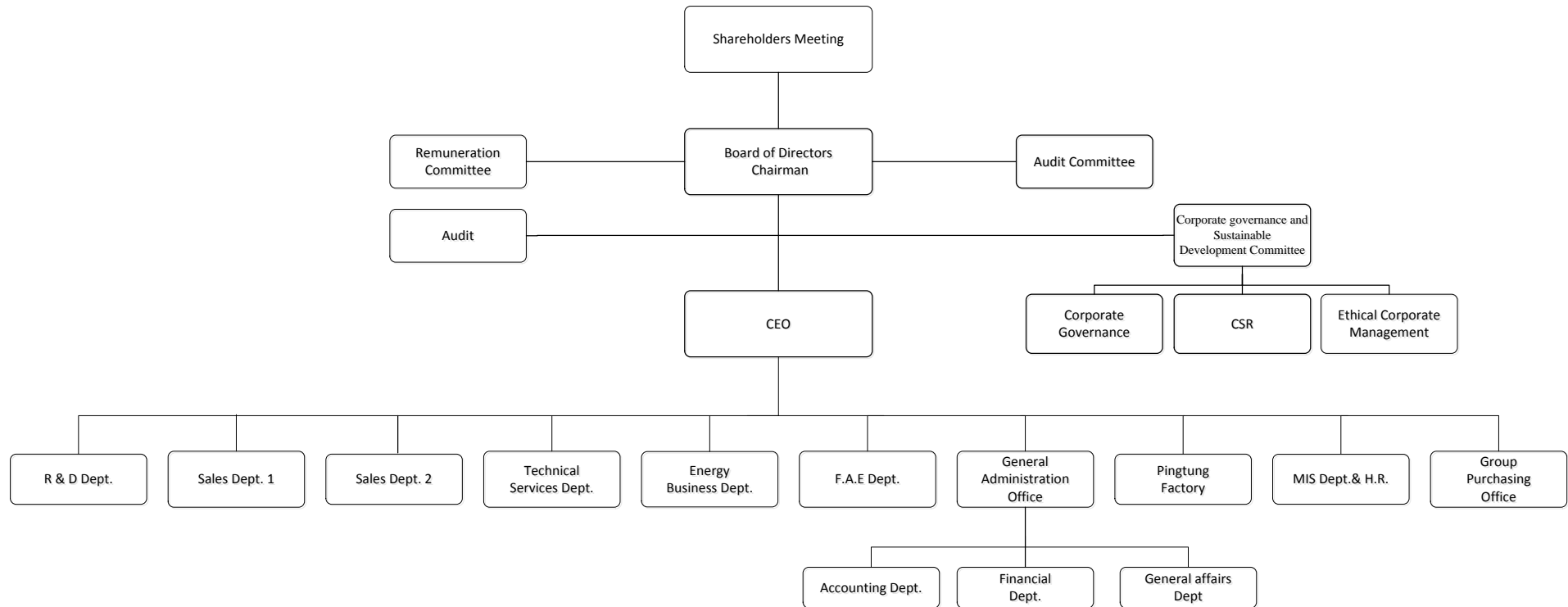
Year	Event
	monthly UPS production capacity can be increased to 100,000 units. The second phase of the factory building project will be officially opened in July 2008.
	* Awarded by the Ministry of National Defense issued the 2007 annual national defense industry training reserve system selected outstanding unit certificate.
2008	* Invested in Singapore subsidiary Ablerex Electronics (S) Pd. Ltd. in March to expand the markets in Southeast Asia, the Middle East, and South America and develop sales of its own brands.
	* Handling public offering of stocks became effective on May 19, 2008.
	* Obtained the solar inverter (PV inverter) GS certificate in May.
	* Purchase real estate Kaohsiung R&D Center (ground floor 1,205.97sqm, building 2,333.60sqm).
	* The second phase of the Suzhou factory was completed and opened.
	* Awarded by the Ministry of National Defense for the 2008 National Defense Industry Training and Storage System Selected Excellent Unit Certificate.
2009	* The investment committee approved the capital increase of "Ablerex Electronics (Suzhou) Co., Ltd.", and the capital after the capital increase was USD 5,460,000.
	* The Investment Review Committee approved the new investment case of "Ablerex Electric (Beijing) Co., Ltd.", with an investment amount of USD 1,175,000. Set up Beijing base as China's product marketing headquarters to expand sales and services of the company's own brand in mainland China.
	* Handled the transfer of surplus to capital increase to issue 2,166,000 new shares and employee bonus to capital increase to issue 443,666 new shares. The paid-in capital after capital increase was NT\$406,096,660.
	* On August 17, 1998, listed on emerging stock market.
	* Awarded by the Ministry of National Defense issued the 2009 annual national defense industry training reserve system selected outstanding unit certificate.
	* Established Ablerex Electronics Italy SRL, a 100%-owned Italian company, with an investment of EUR 100,000 to further expand business in Europe.
	* Ablerex Electronics (Suzhou) Co., Ltd. purchased Beijing real estate (the real estate area is 373.46 m ²), mainly as the base of Beijing marketing headquarters.
2010	* On June 25, 1999, the Board of Directors of OTC approved the listing.
	* Handled a cash capital increase of NT\$43,903,340, and the paid-in capital after the capital increase was NT\$450,000,000.
	* Listed on the OTC on September 9, 2010.
	* Awarded by the Ministry of National Defense, the 2010 National Defense Industry Training and Storage System was selected as an outstanding unit certificate.
	* Won the 2010 Ministry of the Interior R&D Substitute Service System Excellent Employer Award.
2011	* Awarded "Deloitte Asia Pacific Technology Fast500" in 2011.
2012	* Invested in the establishment of the Pingtung factory and purchased a factory building with a land area of 2,589sqm.
	* Won the German VDE-AR-N 4105 certification issued by Intertek National Notary,

Year	Event
	the first manufacturer in Taiwan to obtain the new certification.
	* Won the 18th Annual Quality Sustainability Award from the international certification body SGS.
	* In September 2012, the Pingtung factory was completed and opened.
2013	* Singapore subsidiary purchased real estate (real estate area 269sqm, about 81 pings), as a marketing base for Singapore subsidiary.
	* The US subsidiary purchased real estate (the real estate area is 3,108sqf, about 90 pings), as the sales base of the US subsidiary.
2016	* Invested in Hsinchu office, purchased real estate (real estate area 509sqm, about 154 pings), as the service base of Hsinchu office.
	* Established the Japanese subsidiary Wada Denki Co., Ltd. in September to expand the Japanese market and develop sales of its own brand.
2017	* Invested in Thailand's subsidiary Ablerex Electronics (Thailand) Co., Ltd. in April to expand the Thai market and develop sales of its own brand.
2018	* Invested in the second US subsidiary, Ablerex Latam Corp., in November to expand Central and South American markets and develop sales of its own brands.
2019	* The Pingtung factory started to conduct industrialization 4.0 smart manufacturing system.
2020	* The parallel technology reached 1MW in the energy storage system and the Suzhou factory start to conduct industrialization 4.0 smart manufacturing system.
2021	* The second-generation smart factory system start to open, the second R&D center was established and the 75kW inverter product was awarded the Golden Energy Award by the Ministry of Economic Affairs.
2022	* The parallel connection technology reached 50MW in the energy storage system, the factory's high-efficiency energy-saving decentralized production line was started and the 7.2kW inverter product was awarded the Golden Energy Award by the Ministry of Economic Affairs.
2023	* Self-built 3MW energy storage system at field and became the first manufacturer in the country to obtain safety certification from the BSMI of Economic Affairs, and formally participated in the auxiliary services of the power trading platform.

III. Corporate Governance Operation

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Function

Department	Main Function
HQs	<ol style="list-style-type: none"> 1. Setup Chairman, General Manager, Corporate Governance Officer/Special assistant and Stock affairs. 2. Plan and implement the Corp. policy, finance, business development and operation of mid/long term plan. 3. Relative process for Stock affairs. 4. Supervise and assist the execution of various businesses.
Corporate governance and Sustainable Development Committee	<ol style="list-style-type: none"> 1. Revision of environmental, social and governance related norms of sustainable development and business promotion of related functions. 2. Regularly report sustainable development implementation results to the board of directors before the end of the year and disclose sustainable development information. 3. Pay attention to the development of relevant standards of sustainable development at home and abroad and changes in the corporate environment and review the sustainable development system.
Audit Office	<ol style="list-style-type: none"> 1. Assist the board of directors and managers to inspect and review the deficiencies of the internal control system and measure the effectiveness and efficiency of operations and provide suggestions for improvement in a timely manner. 2. Formulate and implement the annual audit plan and promote the self-assessment of the company's internal control system.
R & D Dept.	<ol style="list-style-type: none"> 1. The development of new technology and new product 2. Setup specification of new product 3. Internal technical transference and training 4. Filing and management of technical document and application for all intelligent right
Sales Dept. 1	<ol style="list-style-type: none"> 1. Sales and promotion of own branded product in Big China market 2. Sales management and business development 3. Offer the service to promote sales and customer services
Sales Dept. 2	<ol style="list-style-type: none"> 1. Sales and promotion of own branded product in world-wide market 2. Sales management and business development 3. Offer the service to promote sales and customer services. 4. To update the catalog and web site
Technical Services Dept.	<ol style="list-style-type: none"> 1. To offer services of Installation, inspection and warranty 2. Create business for maintenance, parts and components
Energy Business Dept.	<ol style="list-style-type: none"> 1. Sales and promotion of own branded energy relative product and services in local market 2. Sales management and business development 3. Offer the service to promote sales and customer services
F.A.E Dept.	<ol style="list-style-type: none"> 1. Support to customers for all own branded product 2. Backup of sales promotion 3. Support for all claim
Pingtung Factory	<ol style="list-style-type: none"> 1. Plan and management for all Production, schedule, inventory, raw material, packing. 2. Support and plan for all OEM 3. Delivery, lead time control and after sales services.
MIS & HR Dept	<ol style="list-style-type: none"> 1. Installation, maintenance and management of IT system 2. Internal networking installation and maintenance 3. Plan, integration of ERP on-line system 4. Development for process automation and function 5. Attendance management
Group Purchasing Office	<ol style="list-style-type: none"> 1. Setup of supply chain 2. Outsourcing for R&D, raw material and parts 3. Control of purchasing cost
General Administration Office	<p><u>Accounting Dept.</u></p> <ol style="list-style-type: none"> 1. Accounting, tax process and preparation of finance report 2. Analysis and control of summary of annual budget <p><u>Financial Dept.</u></p> <ol style="list-style-type: none"> 1. A/P, finance plan and management analysis 2. Management and plan of funds <p><u>General affairs & Human Resource Dept.</u></p> <ol style="list-style-type: none"> 1. General affairs for operation 2. Maintenance and management of Fix assets

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

A. Directors

2024.4.30, Unit: Shares; %

Title	Nationality / Country of Origin	Name	Gender/Age	Date elected (or on board)	Term (Years)	Date of first elected (MM-DD-YYYY)	Shareholding when elected		Current shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
				(MM-DD-YYYY)	(Years)	Shares	%	Shares	%	Shares	%	Shares	%	Shares			%	Title	Name
Chairman	ROC	Wen Hsu	M 61-70	06-27-2023	3	05-08-2002	9,477,177	21.06%	9,638,177	21.42%	219,973	0.49%	0	0	National Kaohsiung university of applied science/Honor Ph.D./Master of electronic engineering (MEE) Chairman & President of PEC Technology Co., Ltd.	Note 1	N/A	N/A	N/A
Vice Chairman	ROC	Y.A. Chen	M 61-70	06-27-2023	3	05-08-2002	2,485,763	5.52%	2,485,763	5.52%	0	0	0	0	National Chiao Tung University/Master of Institute of Traffic & Transportation President of United Integrated Services Co., Ltd. Chairman of UIS Abler Electronics Co., Ltd. Chairman of Ablerex Electronics Co., Ltd.	Note 2	N/A	N/A	N/A
Director	ROC	UIS Co., Ltd.	M 51-60	06-27-2023	3	05-08-2002	14,986,502	33.30%	13,356,502	29.68%	0	0	0	0	N/A	N/A	N/A	N/A	
		*J.S. Wang					-	0.00%	0	0.00%	0	0	0	0	VN College/Dept. of Electrical Engineering Electrical RD V.P. of UIS Co., Ltd.	Note 3	N/A	N/A	N/A
Director	ROC	UIS Co., Ltd.	F 51-60	01-02-2024	3	05-08-2002	14,986,502	33.30%	13,356,502	29.68%	0	0	0	0	N/A	N/A	N/A	N/A	
		*L.Y. Pan					-	0.00%	0	0.00%	0	0	0	0	National Taipei College of Business/ Dept. of International Trade Supervisor of UIS Abler Electronics Co., Ltd. Corporate Governance Officer of UIS Abler Electronics Co., Ltd.	Note 4	N/A	N/A	N/A
Director	ROC	S.G. Wang	M 71-80	06-27-2023	3	06-23-2014	0	0.00%	0	0.00%	0	0	0	0	Chung Yuan Christian University/Bachelor of Civil Engineering Chief of team leader of Engineering Division, Taipei Water Department	Note 5	N/A	N/A	N/A
Director	ROC	J.K. Sung	M 51-60	06-27-2023	3	06-19-2017	244,921	0.54%	200,921	0.45%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Sales Manager of PEC Technology Co., Ltd. Ablerex Electronics FAE V.P.	Note 6	N/A	N/A	N/A
Director	ROC	J.H. Ho	M 61-70	06-27-2023	3	11-17-2009	0	0.00%	0	0.00%	0	0	0	0	University of Pittsburgh/Doctor of Economics Vice Executive Secretary of National Development Fund, Executive Yuan	Note 7	N/A	N/A	N/A
Ind. Director	ROC	Y.J. Ding	M 61-70	06-27-2023	3	11-17-2009	0	0.00%	0	0.00%	0	0	0	0	President of IBF Financial Holding Co., Ltd. Indiana University/Doctor of Philosophy. Chairman of IBF Securities Co., Ltd. Chairman of Waterland Securities Co., Ltd.	Note 8	N/A	N/A	N/A
Ind. Director	ROC	Y.L. Su	M 71-80	06-27-2023	3	06-19-2020	0	0.00%	0	0.00%	0	0	0	0	Ph.D. in System Engineering, Georgia Institute of Technology, CEO of General Energy Solutions Inc.	Note 9	N/A	N/A	N/A
Ind. Director	ROC	J.C. Hsieh	F 61-70	06-27-2023	3	06-27-2023	0	0.00%	0	0.00%	0	0	0	0	Doctor of Philosophy (Ph.D.), Institute of Land Economics, National Chengchi University Full-time Professor, Department and Institute of Land Management, Feng Chia University Agent Review Committees of Examination Yuan; Drafter, Grader, or Drafter-grader of examination subjects on Land Administration each year, Examination Yuan.	Note 10	N/A	N/A	N/A

✧ Legal Director Rep. J.S. Wang had resigned on Jan 2, 2024. And Director L.Y. Pan had been appointed and started working on the same day.

Note 1.	Wen Hsu	Chairman, AblereX Electronics Co., Ltd., CEO, AblereX Electronics (Suzhou) Co., Ltd., Director, AblereX corporation, AblereX International Corp. Ltd., AblereX Electronics (S) PTE Ltd. Director, AblereX Electronics U.K. Ltd. Director, AblereX Electronics Italy s.r.l. Director, AblereX Electronics (Beijing) Co., Ltd.
Note 2.	Y.A. Chen	Vice Chairman, AblereX Electronics Co., Ltd., Chairman, AblereX Electronics (Suzhou) Co., Ltd., Director, AblereX Electronics (Samoa) Co., Ltd. Director, AblereX Overseas Corp Ltd. Director AblereX Electronics (Beijing) Corp Ltd., Director, Z-COM, incl., Director, Eco Energy Corporation, Director UIS Co., Ltd.
Note 3.	J.S. Wang	None.
Note 4.	L.Y. Pan	None.
Note 5.	S.G. Wang	Honorary President of Chinese Taipei Society for Trenchless Technology, Procurement Committee Member of Public Construction commission, Executive Yuan.
Note 6.	J.K. Sung	None.
Note 7.	J.H. Ho	Independent Director of AMPACS Corporation, Independent Director of Ta Ya Electric Wire & Cable Co., Ltd, Chairman of CDIB capital management corporation, Chairman of CDIB Capital Healthcare Ventures Limited, Chairman of CDIB Private Equity (China) Corporation
Note 8.	Y.J. Ding	Independent Director of Huaku development Co., Ltd, Independent Director of Yeashin International Development, Director of Altek Corporation
Note 9.	Y.L. Su	Chairman, Surplux Energy Inc., Chairman, Arima Lasers Corporation, Independent Director, Z-Com, Inc.
Note 10	J.C. Hsieh	Committee Member, land-and-urban related Review Committees of Executive Yuan, or Local Cities and Counties, Committee Member, Land Administration Agent Review Committees of Examination Yuan; Drafter, Grader, or Drafter-grader of examination subjects on Land Administration each year, Examination Yuan.

B. Major shareholders of Corporate Shareholders

Mar. 31, 2024

Name of Corporate Shareholders	Major shareholders of Corporate Shareholders
UIS Co., Ltd.	The Capital Taiwan Selected High-Yield ETF Fund Account (9.14%), H.W. Lee (5.78%), Lian-Yi Investment Co. (3.76%), Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund Special Account (3.71%), Hua Nan Bank is entrusted with the custody of the Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Account (3.44%), Fubon Select Taiwan High Dividend 30ETF Fund Account (2.81%), G.Y. Wang (2.02%), G.W. Wang (2.02%), Hua Nan Bank is entrusted with the custody of the unified Taiwan high-interest momentum ETF securities investment trust fund account (1.17%), HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the safekeeping of the investment account of Rena Emerging Market Value Fund (1.12%)

Data source: United Integrated Services Corp. [Stock code: 2404]

C. Major shareholders of the company's major Corporate Shareholders

Mar. 31, 2024

Name of Corporate Shareholders	Major shareholders
The Capital Taiwan Selected High-Yield ETF Fund Account (9.14%)	Capital Investment Trust Corp. (100%)
Lian-Yi Investment Co. (3.76%)	G.Y. Wang (25.2%)
Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund Special Account (3.71%)	Taipei Fubon Commercial Bank Co., Ltd. (100%)
Hua Nan Commercial Bank Ltd. is entrusted with the custody of the Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Account (3.44%)	Hua Nan Commercial Bank Ltd. (100%)
Fubon Select Taiwan High Dividend 30 ETF Fund Account (2.81%)	Taipei Fubon Commercial Bank Co., Ltd. (100%)
Hua Nan Commercial Bank Ltd. is entrusted with the custody of the unified Taiwan high-interest momentum ETF securities investment trust fund account (1.17%)	Hua Nan Commercial Bank Ltd. (100%)
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the safekeeping of the investment account of Rena Emerging Market Value Fund (1.12%)	HSBC (Taiwan) Commercial Bank Co., Ltd. (100%)

Data source: United Integrated Services Corp. [Stock code: 2404]

3.2.2 Directors 2

A. Professional Qualifications of Directors and Independence of Independent Directors:

2024.3.31

Eligibility Name	Qualifications and experience (Note 1)	Independence status (Note 2)	Number of independent directors of other public companies
Wen Hsu	National Kaohsiung university of applied science/Honor PhD. /Master of electronic engineering (MEE) Act as Chairman of Ablere Electronics Co., Ltd. Rich experience in business management, industry knowledge and international market	-NA-	0
Y.A. Chen	National Chiao Tung University/Master of Institute of Traffic & Transportation Act as Vice Chairman of Ablere Electronics Co., Ltd. Rich experience in business management, industry knowledge and international market	-NA-	0
UIS Co., Ltd/ J.S. Wang*	Electronic Engineering Department of Universal Engineering College Acted as Senior Researcher at ASUS Computer Da Vinci Laboratory	-NA-	0
UIS Co., Ltd/ L.Y. Pan*	National Taipei College of Business/ Dept. of International Trade Corporate Governance Officer of UIS Ablere Electronics Co., Ltd. Rich experience in financial, accounting management and industry knowledge	-NA-	0
S.G. Wang	Chung Yuan Christian University / Bachelor of Civil Engineering Act as Procurement Selection Member, Public Works Committee, Executive Yuan Acted as Chief of team leader of Engineering Division, Taipei Water Department Rich experience in business management and industry knowledge and Environmental Protection.	-NA-	0
J.K. Sung	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Act as Ablere Electronics FAE V.P. Rich experience in business management and industry knowledge.	-NA-	0
J.H. Ho	University of Pittsburgh/Doctor of Economics Act as Chairman of CDIB Capital Healthcare Ventures Limited Rich experience in business management, Finance and industry knowledge	-NA-	2

Eligibility Name	Qualifications and experience (Note 1)	Independence status (Note 2)	Number of independent directors of other public companies
Y.J. Ding	<p>Independent Director and Audit committee Indiana University/ PhD. In Economics. Act as Independent Director of Huaku development Co., Ltd, Independent Director of Yeashin International Development and Director of Altek Corporation Acted as President of IBF Financial Holding, Chairman of Waterland Securities Co., Ltd. Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law.</p>	<p>Mr. Y.J. Ding, his spouse and relatives within the second degree have never served as directors, independent director or employees of the company or its related enterprises; he, his spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, he has not served as a director, independent director or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.</p>	0
Y.L. Su	<p>Independent Director and member of Audit committee Ph.D. in System Engineering, Georgia Institute of Technology. Act as Chairman of Surflux Energy Inc., Chairman of Arima Lasers Corporation, Independent Director of Z-Com, Inc. Acted as CEO of United Renewable Energy Co., Ltd. CEO of General Administration of Arima Group. Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law.</p>	<p>Mr. Y.L. Su, his spouse and relatives within the second degree have never served as directors, independent director or employees of the company or its related enterprises; he, his spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, he has not served as a director, independent director or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.</p>	1
J.C. Hsieh	<p>Independent Director and member of Audit committee Doctor of Philosophy (Ph.D.), Institute of Land Economics, National Chengchi University Act as Committee Member, land-and-urban related Review Committees of Executive Yuan, Local Cities and Counties, Committee Member, Land Administration Agent Review Committees of Examination Yuan; Drafter, Grader, or Drafter-grader of examination subjects on Land Administration each year, Examination Yuan. Acted as Consultant of Square Development Co., Ltd., Consultant of Cin Ly Engineering Consultants, Inc., Instructor of Chong De Cultural Youth Club, Feng Chia University. Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law.</p>	<p>Ms. J.C. Hsieh, relatives within the second degree have never served as directors, independent director or employees of the company or its related enterprises; she, her spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, she has not served as a director, independent director or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.</p>	0

✧ Legal Director Rep. J.S. Wang had resigned on Jan 2, 2024. And Director L.Y. Pan had been appointed and started on working on the same day.

Note 1: Professional qualifications and experience: describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated and whether they have not There are cases under Article 30 of the Company Law.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by relatives (or in the name of others); whether or not he is a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Complied by Public Companies) Directors, supervisors or employees; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

B. Board diversity and independence :

The Company set forth "Corporate Governance Best-Practice Principles" and "Procedures for Election of Directors". The selection of directors of a company shall take into consideration the overall configuration of the board of directors. In order to achieve the ideal goal of corporate governance, the members of the board of directors should generally possess the knowledge, skills and accomplishments necessary to perform their duties. Their overall abilities required shall be as follows:

1. Ability to do operational judgments.
2. Ability to do accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Directors shall not have a kinship relationship such as a spouse or second relative for a majority seats.

(1) Board diversity Goals

Article 20 of the "Corporate Governance Best-Practice Principles" and Article 3 of the "Procedures for Election of Directors" states that the composition of the board of directors should consider diversity and formulate an appropriate diversification policy based on its own operations, operating patterns and development needs, shall include but not limited to the following two major aspects:

1. Basic conditions and values: gender, age, nationality and culture.
2. Professional knowledge and skills: such as professional background (law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

The company set up the goals based on the board's diversification policy. It hopes that the background of future board members will include one seat of female directors, one-third seats for independent directors, one-third seats for directors with employee background and one for legal or scientific professionals so as to improve board diversity and corporate governance.

The term of current directors is from June 27, 2023 to June 26, 2026.

The company sets 9 directors currently and including three employee directors (one third directors' seats) and three independent directors (one third directors' seats). The members have extensive experience in business management, industrial knowledge, financial accounting and environmental protection. The company has realized the diversity goals for two female directors and board of directors with a major in risk management. Please refer the table below:

Diversity implementation for Board members

Core Item / Director	Basic conditions									Business and Industry Experience			Professionality		
	Nationality	Gender	Age (year)			Part-time	Seniority (Ind. Director)			Management	Leadership and policy decision	Industry knowledge	Finance and Accounting	Legal Risk	Ecotechnology
			50 to 60	61 to 70	Over 70		Less than 3	3 to 9	Over 9						
Wen Hsu	ROC	M		V		V				V	V	V			
Y.A. Chen	ROC	M		V		V				V	V	V			
*J.S. Wang-UIS legal person	ROC	M	V				V			V	V	V			
*L.Y. Pan-UIS legal person	ROC	F	V				V					V	V		
S.G. Wang	ROC	M			V			V				V			V
J.K. Sung	ROC	M	V			V				V	V	V			
J.H. Ho	ROC	M		V						V	V	V	V		
Y.J. Ding	ROC	M		V					V	V	V	V			
Y.L. Su	ROC	M			V			V		V	V	V			V
J.C. Hsieh	ROC	F		V			V			V	V	V	V		

✧ Legal Director Rep. J.S. Wang had resigned on Jan 2, 2024. And Director L.Y. Pan had been appointed and started on working on the same day.

(2) Board independence:

The Articles of Incorporation stipulates that the Company shall have seven to nine directors and the directors shall be elected by the shareholders and they can be re-elected. In accordance with the Securities and Exchange Act, the Company shall have independent directors within the number of directors in the preceding paragraph and the number of independent directors shall be at least three. The selection and appointment of directors (including independent directors) adopts the candidate nomination system.

There are nine directors in the company currently. Directors who have been elected by the shareholders' meeting on 2023.6.27. There are three independent directors, one third of the directors' seats. Each director has provided his written "declaration" or information to the company to confirm the independence of himself and his family relative to the company and is not involved the conditions stipulated in Article 26-3 of the Securities and Exchange Act Items 3 and 4 (There is not a spousal relationship or a familial relationship within the second degree of kinship between Directors.), it is in compliance with relevant laws and regulations.

The information of all directors is published in the annual report. In addition, the company's website has publicly disclosed relevant information such as board members, training status and implementation of diversification. Website: [Ablerex Electronics Co., Ltd.](http://www.ablerex.com)

3.2.3 General manager, deputy general manager, associate manager, supervisors of each department and branch:

2024.3.31 / Unit: Share, %

Title	Nationality / Country of Origin	Name	Gender	Date Effective (MM-DD-YYYY)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
V. Chairman	ROC	Y.A. Chen	M	06-19-2010	2,485,763	5.52%	0	0	0	0	National Chiao Tung University/Master of Institute of Traffic & Transportation Supervisor of United Integrated Services Co., Ltd. Chairman of UIS Ablere Electronics Co., Ltd. Chairman of Ablere Electronics Co., Ltd.	Note 1	N/A	N/A	N/A	
President	ROC	M.Z. Hwang	M	09-01-2022	8,000	0.01%	0	0	0	0	Mater of University of Glasgow	N/A	N/A	N/A	N/A	
V.P. (Admin. office)	ROC	Z.C. Xiao	M	07-01-2011	102,085	0.23%	79	0.00%	0	0	Tamkang University/Bachelor of Electronic Engineering COO of Ablere Electronics	Note 2	N/A	N/A	N/A	
V.P.(FAE)	ROC	J.K. Sung	M	01-01-2015	200,921	0.45%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Sales Manager of PEC Technology Co., Ltd. Manager of FAE Department of PEC Technology Co., Ltd.	N/A	N/A	N/A	N/A	
Executive V.P./RD	ROC	J.H. Lee	M	08-01-2019	0	0	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE)	N/A	N/A	N/A	N/A	
Chief Eng./RD	ROC	G.F. Hwang	M	08-01-2019	642	0.001%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE)	N/A	N/A	N/A	N/A	
Corporate Governance Officer	ROC	Damon Chao	M	08-05-2019	2,000	0.004%	2,000	0.004%	0	0	Tamkung University Applied Chemistry RD Manager of Hold Key Electric Wire & Cable Co., Ltd. CEO of Wonderful Hi-Tech Co., Ltd.	N/A	N/A	N/A	N/A	
Manager of Sales Dept. 1	ROC	Y.Z. Fu	M	07-01-2022	0	0	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) After Sales Manager of Ablere Electronics Co., Ltd.	N/A	N/A	N/A	N/A	
Financial Manager	ROC	Z.F. Lin	M	03-03-2008	35,000	0.07%	0	0	0	0	National Taiwan University/Bachelor of Economics Deputy Manager of Taipei Fubon Commercial Bank Co., Ltd.	Note 3	N/A	N/A	N/A	
deputy Accounting Manager	ROC	M.H. Liao	F	07-01-2006	665,800	1.48%	31,000	0.07%	0	0	National Taipei University of Business/Bachelor of Accounting Deputy Manager of Accounting Department of PEC Technology Co., Ltd.	N/A	N/A	N/A	N/A	

Note 1. Y.A. Chen Vice Chairman, Ablere Electronics Co., Ltd., Chairman, Ablere Electronics Co., Ltd., Chairman, Ablere Electronics (Suzhou) Co., Ltd., Director, Ablere Electronics (Samoa) Co., Ltd. Director, Ablere Overseas Corp Ltd. Director Ablere Electronics (Beijing) Corp Ltd., Director, Z-COM, incl., Director of JG Environmental Technology Co., Ltd. Director, Eco Energy Corporation

Note 2. Z.C. Xiao Ablere Electronics Co., Ltd. VP, Ablere Electronics (Beijing) Co., Ltd. Supervisor

Note 3. Z.F. Lin Supervisor of Ablere Electronics (Suzhou) Co., Ltd. Supervisor of Wada Denki Co., Ltd.,

3.3 Remuneration of Directors, President and Vice Presidents

3.3.1 Remuneration of Directors and Ind. Directors

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousand; %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Base Compensation (E)		Severance Pay (F)		Bonus to Employee (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	Wen Hsu	0	0	0	0	1,486	1,486	288	288	2.02%	2.02%	8,022	8,022	187	187	382	0	382	0	11.82%	11.82%	0
Director	Y.A. Chen																					
Director	L.Y. Pan																					
Director	S.G. Wang																					
Director	J.K. Sung																					
Director	J.H. Ho																					
Ind. Director	Y.J. Ding	0	0	0	0	743	743	216	216	1.09%	1.09%	0	0	0	0	0	0	0	1.09%	1.09%	0	
Ind. Director	Y.L. Su																					
Ind. Director	J.C. Hsieh																					

Note :

✧ Legal Director Rep. J.S. Wang had resigned on Jan 2, 2024 and Director L.Y. Pan had been appointed and started on working on the same day.

1. Please describe the policy of remuneration, criteria and packages, rules and procedures related to the remuneration and its relation to business performance and future risks for Independent Directors: Please refer P.25 of the annual report
2. Other than the disclosure in the table above, the remuneration received by the Directors of AblereX in the latest year from providing services, such as being consultant that is not the employee of the company, to all the companies listed in the financial report: None

Remuneration Bracket

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	The company	Companies in the consolidated financial statements
Less than 1,000,000	Wen Hsu, Y.A. Chen, UIS Co (Legal person director L.Y. Pan), S.G. Wang, J.K. Sung, J.H. Ho, Y.J. Ding, Y.L. Su and J.C. Hsieh.	Wen Hsu, Y.A. Chen, UIS Co (Legal person director L.Y. Pan), S.G. Wang, J.K. Sung, J.H. Ho, Y.J. Ding, Y.L. Su and J.C. Hsieh.	UIS Co (Legal person director L.Y. Pan), S.G. Wang, J.H. Ho, Y.J. Ding, Y.L. Su and J.C. Hsieh.	UIS Co (Legal person director L.Y. Pan), S.G. Wang, J.H. Ho, Y.J. Ding, Y.L. Su and J.C. Hsieh.
1,000,000 ~ 2,000,000	None	None	None	None
2,000,000 ~ 3,500,000	None	None	J.K. Sung	J.K. Sung
3,500,000 ~ 5,000,000	None	None	Wen Hsu, Y.A. Chen	Wen Hsu, Y.A. Chen
5,000,000 ~ 10,000,000	None	None	None	None
10,000,000 ~ 15,000,000	None	None	None	None
15,000,000 ~ 30,000,000	None	None	None	None
30,000,000 ~ 50,000,000	None	None	None	None
50,000,000 ~ 100,000,000	None	None	None	None
More than 100,000,000	None	None	None	None
Total	9	9	9	9

B. Remuneration of President and Vice Presidents

Unit: NT\$ thousand, %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the financial Statements	
								Cash	Stock	Cash	Stock			
President of Corporate governance and Sustainable Development Committee	Wen Hsu	11,626	11,626	506	506	4,028	4,028	619	0	619	0	19.13%	19.13%	0
CSO	Y.A. Chen													
General Manager	M.Z. Hwang*													
V.P	Z.C. Xiao													
V.P	J.K. Sung													
V.P	J.H. Lee													
Chief Engineer	G.F. Hwang													

Remuneration Bracket

Remuneration of President and V. P.	Name of President and V.P.	
	The company	Companies in the consolidated financial statements
Less than 1,000,000	None	None
1,000,000 ~ 2,000,000	Z.C. Xiao, J.K. Sung, G.F. Hwang	Z.C. Xiao, J.K. Sung, G.F. Hwang
2,000,000 ~ 3,500,000	J.H. Lee, M.Z. Hwang	J.H. Lee, M.Z. Hwang
3,500,000 ~ 5,000,000	Wen Hsu, Y.A. Chen,	Wen Hsu, Y.A. Chen,
5,000,000 ~ 10,000,000	None	None
10,000,000 ~ 15,000,000	None	None
15,000,000 ~ 30,000,000	None	None
30,000,000 ~ 50,000,000	None	None
50,000,000 ~ 100,000,000	None	None

More than 100,000,000	None	None
Total	7	7

*The remuneration disclosed on the above chart is not the same as the income in Income Tax Act. The purpose of the chart is for information disclosure instead of tax basis.

C. Remuneration of Executive Officers

Unit: NT\$ Thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President of Corporate governance and Sustainable Development Committee	Wen Hsu	0	825	825	0.94%
	C.S.O	Y.A. Chen				
	General Manager*	M.Z. Hwang				
	V.P of Administration Office	Z.C. Xiao				
	V.P of FAE Dept.	J.K. Sung				
	Executive V.P. of RD	J.H. Lee				
	Corporate Governance Officer	Damon Chao				
	Manager of Sales Dept. 1	Y.Z. Fu				
	Chief Engineer of RD	G.F. Hwang				
	Assistant Manager of Accounting Dept.	M.H. Liao				
	Manager of Financial Dept.	Z.F. Lin				

3.3.2 Compare and state the ratio of total remuneration paid to the Company's Directors, Supervisors, President and Vice Presidents by the Company and the companies in the consolidated financial statements to net income in the last 2 years; also, describe the policy, standard and combination of remuneration paid; moreover, the procedure of defining remuneration and its relation to business performance:

- A. Analyze the ratio of the total remuneration paid to the company's Directors, Supervisors, President and Vice Presidents in the last 2 years to net income:

Unit: NT\$ Thousand, %

Title	Year	2022		2023	
		The company	Companies in the financial statements	The company	Companies in the financial statements
Remuneration to Directors		3,304	3,304	2,732	2,732
Ratio of total remuneration paid to Directors to net income (%)		2.88%	2.88%	3.12%	3.12%
Remuneration to President and V.P		17,359	17,359	16,778	16,778
Ratio of total remuneration paid to President and V.P to net income (%)		15.13%	15.13%	19.13%	19.13%

B. The policy of remuneration, criteria and packages, rules and procedures related to the remuneration and its relation to business performance and future risks.

Title Description	Remuneration to Directors (includes Independent Directors) and Supervisor	Remuneration to President and V.P.
Policy of Remuneration	The directors and supervisors of the Company currently do not have fixed remuneration and only if the company has a surplus at the end of its operating year, the company can provide within 2% of the profit for the current year according to the provisions of Article 25 of the Articles of Association. Remuneration for the supervisors of the current year. The procedures for the determination of remuneration are based on the Company's "Board Performance Evaluation Method" as a review. Except for the overall operating performance, industrial operating risks and development trends of the company, the individual and overall performance of the board members and the company's operations are also considered. Situation and given a reasonable remuneration, relevant performance appraisal and remuneration rationality are subject to review by the Compensation Committee and the Board of Directors and based on changes in the relevant laws, a timely review of the remuneration system to balance the company's sustainable management and risk control.	The remuneration of Managers is paid based on Staff Remuneration Management Principles. Bonus is paid according to Bonus and Profit-Sharing Principles of AblereX in the years of surplus.
Criteria and Packages	Based on the responsibility of undertakings and guarantees of individual Directors or Supervisors (The Audit Committee has been established since 2020.6.19 and its members are composed of all independent directors)	Salary, duty allowances, meal allowances, bonus from evaluation and subsidies.
Rules and procedures related to the remuneration	<ol style="list-style-type: none"> 1. The remuneration to Directors from AblereX's earning is stipulated by the Articles of Incorporation. The amount is proposed by the Remuneration Committee, resolved by the Board of Directors and Shareholders' Meeting before allocation. 2. The allocation of remuneration to Directors and Supervisors is advised by the Remuneration Committee and allocated after the consent of Board of Directors. 	<ol style="list-style-type: none"> 1. The rule of remuneration is stipulated in Staff Remuneration Management Principles, reviewed by the Remuneration Committee and approved by the Board of Directors. 2. The bonus from annual performance and compensation is proposed according to the annual performance evaluation and related internal regulations, reviewed by the Remuneration Committee and approved by the Board of Directors.
Relation to business performance and future risks	The remuneration is determined based on each individual participation and contribution, as well as the level of remuneration paid by peers. And the criteria of remuneration are regularly reviewed by the Remuneration Committee.	The remuneration is determined based on the contracted salary and the performance and profit of each business unit. The remuneration is regularly reviewed by the Remuneration Committee.

3.4 Implementation of Corporate Governance

3.4.1 Implementation of Board of Directors

7 Board Meetings in 2023 and the attendance of Directors for the 7 Board Meetings: Overall attendance rate for the year: 100.0%

Title	Name	Meetings (A)	Attendance in Person (B)	Proxy	Attendance Rate (%) (B/A)
Chairman	Wen Hsu	7	7	0	100%
Director	Y.A. Chen	7	7	0	100%
Director	UIS Co. Rep. *B.C. Chen	3	3	0	100%
Director	UIS Co. Rep. *S.C. Tseng	3	3	0	100%
Director	UIS Co. Rep. *J.S. Wang	4	4	0	100%
Director	*S.G. Wang	4	4	0	100%
Director	J.K. Sung	7	7	0	100%
Director	J.H. Ho	7	7	0	100%
Independent Director	Y.J. Ding	7	7	0	100%
Independent Director	*S.G. Wang	3	3	0	100%
Independent Director	Y.L. Su	7	7	0	100%
Independent Director	*J.C. Hsieh	4	4	0	100%

Note:

1. Legal Rep. Director Mr. B.C. Chen, Mr. S.C. Tseng and Ind. Director Mr. S.G. Wang has been relieved of his office on June 27, 2023.
2. Legal Rep. Director Mr. J.S. Wang, Director Mr. S.G. Wang and Ind. Director Ms. J.C. Hsieh have started working on June 27, 2023.

Note 1: Independent Board Directors' Attendance Status in 2023

◎:Attended person;☆:letter of Authorization;*:absent

2023	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
Y.J. Ding	◎	◎	◎	◎	◎	◎	◎
*S.G. Wang	◎	◎	◎	-	-	-	-
Y.L. Su	◎	◎	◎	◎	◎	◎	◎
*J.C. Hsieh	-	-	-	◎	◎	◎	◎

*Ind. Director Mr. S.G. Wang has been relieved on June 27, 2023 and Ind. Director Ms. J.C. Hsieh has started working on June 27, 2023.

*The overall attendance rate of independent directors for the year: 100.0%

Note 2: Where the director from a legal person, he/she shall disclose the name of the legal person shareholder and the name of the representative.

Note 3:

- (1) There are directors who leave the job before the end of the year, it shall indicate the date of departure in

remarks and the actual attendance rate (%) is calculated based on the number of times of board attendance and actual attendance during his term of office.

- (2) The directors are to be re-elected before the end of the year, the new and former directors shall be identified and the directors shall be indicated in remarks as the old, new or re-election date. Actual attendance percentage is calculated for the number of meetings held by the Board during its term of office and its actual attendance.

Other matters for records:

1. If there are any of the following situations in the operation of the board of directors, the date, period, content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors should be stated.

(1) referred to in Article 14-3 of the Securities and Exchange Act : N/A. The company has established the Audit Committee and shall apply the provisions of Article 14-5 of the Securities and Exchange Act. Please refer to the committee's meeting resolutions.

(2) resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and, the company's response should be specified :

Date	Term	motion	Independent Director's opinion	Follow up
Nov 6, 2023	the 6 th Board meeting in 2023	Reporting Matters-The Situation of Information Security Risk Management	Independent Directors Ding, Su and Hsieh: The Information and Human Resources Department need to develop controls on information security management to prevent employees from accessing company confidential documents to personal computers and avoid leakage, so as to protect company assets and make information security management more effective.	The Company will follow the suggestion.
		Reporting Matters - The Situation of Risk Management Execution	Independent directors Ding, Su and Hsieh: The company's risk assessment report shows that the financial-related risk value is slightly higher, which may be due to the fact that other unit managers are unclear about the company's financial information. Please ask the finance department to explain the company's capital and financial health to the supervisor in a timely manner to avoid misunderstandings.	The Company will follow the suggestion.
Dec 25, 2023	the 7 th Board meeting in 2023	Report Matters – Finance and Sales Report	Y.J. Ding and Y.L.Su/Independent Director: The Finance Department should make every effort to negotiate with the bank for a reduction in the average interest rate on borrowings in Taiwan dollars, aiming to secure more favorable interest rate conditions.	The Company will follow the suggestion.
		Report Matters –Implementation of the promotion of sustainable development	Y.A. Chen/Direcor and Y.L.Su/Independent Director: The adoption of sustainable development practices is an unavoidable global trend, and companies must prioritize their implementation. Customers should be	The Company will follow the suggestion.

Date	Term	motion	Independent Director's opinion	Follow up
			promptly notified about the company's performance in implementing environmental, social, and governance (ESG) standards.	
		Reporting Matters- The Supplementary Report on Confidential Document Access Control of Information Security Risk Management.	Y.J. Ding/ Independent Director and Y.L. Su/Independent Director: The Information Department is currently implementing the information security management schedule with a goal of completing it within the next 6 months. Additionally, they are concurrently carrying out intelligent monitoring and management operations.	The Company will follow the suggestion.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) On Dec 25, 2023, the Board of Directors reviewed the year-end bonus for the year 2023. During the voting for the review, due to Chairman Wen Hsu, Director Y.A. Chen/CSO and Director J.K. Sung/V.P. are the managers of the company, they resolved to issue their own interests in accordance with the regulation and avoided discussion and did not participate in the discussion. Vote and appoint Y.J. Ding as the sole director to vote on the matter. The chairman consulted the remaining attending the five directors and agreed to pass the case.

3. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation should be disclosed and the board's evaluation of the board should be completed.

Cycle time (Note1)	Peiod (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year (by end of the fiscal year)	Evaluation of the performance of the Board of Directors from January 1- December 31, 2023	includes the performance evaluation of the board of directors, individual director members and functional committees	The annual internal evaluation system adopts the questionnaire self-evaluation method. The evaluation is carried out by the deliberating unit, including the internal self-evaluation of the board of directors, the self-evaluation of directors, the remuneration committee and the internal self-evaluation of the Audit Committee.	Board performance evaluation, individual director member performance evaluation and functional committee performance evaluation

Note 1: Fill in the execution cycle of the board evaluation, for example: once a year

Note 2: Fill in the period covered by the evaluation of the board of directors.

Note 3: The scope of evaluation includes performance evaluation of the board of directors, individual director members and functional committees.

Note 4: The evaluation methods include internal self-evaluation by the board of directors, self-evaluation by

board members, peer evaluation, appointment of external professional organizations, experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the evaluation scope:

- (1) Evaluation of the performance of the board of directors: At least including the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board of directors, the selection and continuous training of directors, internal control, etc.
- (2) Performance evaluation of individual director members: At least including the grasp of company goals and tasks, the professional and continuous training of directors, internal control, etc.
- (3) Functional Committee Performance Evaluation: Participation in company operations, functional committee responsibilities, quality of functional committee decisions, functional committee composition and selection of members, internal control, etc.

Note 6: Implementation for Evaluation of the performance of the Board of Directors:

Self-Evaluation of the performance of the Board of Directors: As of 2023, the board of directors actively promoted corporate governance and effectively performed the functions of the board of directors and evaluated that all indicators reached a good level, which was sufficient to show that the company has achieved remarkable results in the operation of the board of directors, the improvement of participation in operations, the quality of decision-making and the enhancement of efficiency. The directors gave positive comments on the operational efficiency and effectiveness of the board of directors, remuneration committee and audit committee.

4. Measures taken to strengthen the functionality of the board: (Ex. The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.)
 - (1) Goal of strengthening the functionality of the board: Ablerex established “Rules of Procedure for Board of Directors Meetings and Management Procedures for the Operation of Board Directors Meetings”, which regulates the managerial systems of the board of Ablerex and strengthens the board’s function of supervision and management, to let the procedures of board’s meeting to follow.
 - (2) Implementation evaluation: The convention and process of board of directors’ meeting of Ablerex is fully followed the regulation of “Rules of Procedure for Board of Directors Meetings and Management Procedures for the Operation of Board Directors Meetings”. Remuneration Committee exercises its duty of review the remuneration of directors, supervisors and managers and provides evaluations and suggestions about the relevant policies and internal regulations for the reference of board of directors.
 - (3) Referring to “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and related regulations, the amendment of “Corporate Governance Best Practice Principles” has been approved by board of directors and by shareholders’ meeting. The amendment states that it adopts the candidate nomination system for election of directors (including independent directors) and supervisors. The composition of the board of directors shall be determined by taking diversity into consideration and should include, but not limited to, gender, age, culture and professional.
 - (4) The Company refer to the “Corporate Governance Best-Practice Principles” and ahead of deadline of regulation, the Board of Directors had passed the proposal to appoint Corporate Governance Officer on Aug 5, 2019. The officer shall be in charge of the matters for Corporate Governance and strengthen Board of Directors function.
 - (5) After the directors were re-elected at the shareholders meeting on 2020.06.19, the company established the Audit Committee and operated in accordance with the "Audit Committee Charter" and "Management of Operation of Audit Committee" to strengthen the functional committees of the board of directors and improve corporate governance. Set up 2nd Audit Committee after re-election of Directors on June 27, 2023.

3.4.2 Audit Committee Operations or Supervisors' Participation in Board Operations:

3.4.2.1 Audit Committee implementation:

Information on the operation of the audit committee

Audit committee attendance

1. The audit committee, comprising three independent directors, consists of Mr. Y.J. Ding, Mr. Y.L. Su, and Ms. J.C. Hsieh, who are newly appointed to the 2nd term.
2. The current members' term of office is from June 27, 2023, to June 26, 2026. Throughout 2023, the audit committee conducted a total of five meetings. Here are the qualifications and attendance of each member:

Title	Name	Number of times to attend (A)	Actual attendance (B)	By Proxy	attendance (%) (B/A)
Convener/ Ind. Director	Y.J. Ding	5	5	0	100%
member/ Ind. Director	*S.G. Wang	2	2	0	100%
member/ Ind. Director	Y.L. Su	5	5	0	100%
member/ Ind. Director	*J.C. Hsieh	3	3	0	100%
Summary		15	15	0	100%

*Ind. Director Mr. S.G. Wang has been relieved on June 27, 2023.

*Ind. Director Ms. J.C. Hsieh has started working on June 27, 2023.

Other matters for records:

- A. In case the operation of the audit committee is under any of the following circumstances, the date and term of the board of directors, the content of the proposal, the resolution of the audit committee and the company's follow up of the audit committee's opinions should be stated:
 - (1) Matters listed in Article 14-5 of the Securities and Exchange Act.
 - (2) Except for the previous matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors.
- B. The implementation of independent directors' avoidance of interested proposals shall state the names of independent directors, the content of the proposals, the reasons for the avoidance of interests and the voting conditions: none
- C. The communication between independent directors and internal audit supervisors and accountants (should include matters, methods and resolutions of communication on the company's financial and business conditions)

3.4.2.2 Operation of the Audit Committee:

Board of Directors	Audit Committee	Proposal and processing	Matters listed in 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but approved by more than 2/3 of all directors
the 19 th meeting of the 8 th term (2023.3.21)	the 12 th meeting of the 1 st term (2023.3.21)	1. Acknowledge the Consolidated report and Business report for 2022	V	None
		2. Approved the assessment of the independence of the auditors.	V	None
		3. Approved to formulate the company's "Non-Assurance Services Concurrence Guideline".	V	None
		4. Approved the declaration of internal control system of Year 2022.	V	None
		5. Approved the case of Endorsement guarantee.	V	None

Board of Directors	Audit Committee	Proposal and processing	Matters listed in 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but approved by more than 2/3 of all directors
		Audit Committee resolution (2023.3.21): Proposals 1, 2, 3, 4 and 5 were approved by all the directors present at the Audit Committee.		
		Follows up for Audit Committee resolutions: Proposals 1, 2, 3, 4 and 5 were approved by all the directors present at the board of directors.		
the 20 th meeting of the 8 th term (2023.5.8)	the 13 th meeting of the 1 st term (2023.5.8)	1. Q1 Consolidated report for 2023	V	None
		Resolution of the Audit Committee (2023.5.8): Proposals 1 was approved by all the directors present at the Audit Committee.		
		Follows up for Audit Committee resolutions: Proposals 1 was approved by all the directors present at the board of directors.		
the 2 nd meeting of the 9 th term (2023.8.7)	the 1 st meeting of the 2 nd term (2023.8.7)	1. Acknowledged the Q2 consolidated financial statements of Year 2023.	V	None
		2. Renewed the new capital loans of USD572,370.29 and USD1,130,500.04 to related parties AblereX Latam Corporation and AblereX Electronics Italy Srl respectively from April to July 2023.	V	None
		3. Approved the renew of loan to the related party AblereX Latam Corporation.	V	None
		4. Approved the case of Endorsement guarantee.	V	None
		Audit Committee resolution (2023.8.7): Proposals 1, 2, 3 and 4 were approved by all the directors present at the Audit Committee.		
		Follows up for Audit Committee resolutions: Proposals 1, 2, 3 and 4 were approved by all the directors present at the board of directors.		
the 3 rd meeting of the 9 th term (2023.11.6)	the 2 nd meeting of the 2 nd term (2023.11.6)	1. Acknowledged the Q3 consolidated financial statements of Year 2023.	V	None
		2. Discussed and approved the Annual audit plan for year 2024.	V	None
		3. Approved the amendment to the "Risk management policies and procedures".	V	None
		4. Approved the amendment to "Information Cycle CC-110 Control Operations of Information Security Inspection".	V	None
		5. Approval of new capital loans to related parties AblereX Latam Corporation and AblereX Electronics Italy Srl respectively from August to September 2023.	V	None
		Resolution of the Audit Committee (2023.11.6): Proposals 1, 2, 3, 4 and 5 were approved by all the directors present at the Audit Committee.		
		Follows up for Audit Committee resolutions: Proposals 1, 2, 3, 4 and 5 were passed by all the directors present at the board of directors.		
the 4 th	the 3 rd	1. Approved of new capital loans to	V	None

Board of Directors	Audit Committee	Proposal and processing	Matters listed in 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but approved by more than 2/3 of all directors
meeting of the 9 th term (2023.12.25)	meeting of the 2 nd term (2023.12.25)	related parties, Ablerex Latam Corporation and Ablerex Electronics Italy Srl respectively from October to November 2023.		
		Resolution of the Audit Committee (2023.12.25): Proposals 1 was approved by all the directors present at the Audit Committee.		
		Follows up for Audit Committee resolutions: Proposals 1 was approved by all the directors present at the board of directors.		

- (1). After the audit report and follow-up report are reviewed, the audit report of the company will be delivered to independent directors for inspection by the end of the next month after the audit project is completed and the audit supervisor will attend each board of directors to report the audit status of the audit project. The company shall organize a seminar between independent directors and internal audit supervisors every year to fully communicate and make records on issues such as the implementation of the company's audit plan and the implementation of the internal control system.
- (2). In terms of communication with the accountant, the accountant shall communicate with the independent directors on the direction of the audit plan before the audit. If the independent director has any questions about the company's financial or business, he may directly communicate with the company's accountant; the accountant shall communicate with the independent director to explain the inspection situation and results.
- (3). Annual work key points :
The Audit Committee of the company is composed of 3 independent directors. The Audit Committee aims to assist the board of directors in supervising the company's quality and integrity in the implementation of related accounting, auditing, financial reporting processes and financial control.
The Audit Committee held 5 meetings in 2023 and the main items considered were :
 - a. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
 - b. Evaluation of the effectiveness of the internal control system.
 - c. In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, establish or amend the procedures for the acquisition and disposal of assets, derivative commodity transactions, Loaning Funds to Others, Guarantees Endorsements.
 - d. Matters with the director's own interests.
 - e. Major asset or derivative commodity transactions.
 - f. Major Loaning Funds, endorsements or guarantees.
 - g. Raising, issuing or private placement of equity securities.
 - h. Appointment, dismissal or remuneration of certified accountants.
 - i. Appointment and dismissal of financial, accounting or internal audit supervisors.
 - j. Annual financial report signed or stamped by the chairman, manager and accounting supervisor and the Q2 financial report subject to verification by accountants.
 - k. Other important matters specified by the company or the competent authority.

- (4) Review financial reports

The board of directors has prepared the company's 2023 interim and quarterly financial statements, among which the financial statements have been verified or reviewed by PwC and a review report has been issued. The above-mentioned financial statements have been reviewed by the Audit Committee and found no discrepancy.

Assess the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the company's internal control system strategies and procedures (including financial, operational, risk management, Cyber security, outsourcing, legal compliance and other control measures) and reviewed the regular Reports including risk management and compliance from company's audit department, certified accountants and management. Refer to the internal control system published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 - Internal Control-Integrated Framework. The Audit Committee recognized that the company's risk management and internal control systems are effective. The company has adopted necessary control steps to monitor and correct violations.

In order to ensure the independence of the certified public accountant firm, the Audit Committee has formulated an independent evaluation form with reference to Article 47 of the Accountants Act and the Bulletin of the Professional Ethics of Accountants No. 10 "Integrity, impartiality, objectivity and independence", to assess the independence, Professional and competency assessment of accountants, assess whether the company is a mutual related person, mutual business or financial interests and other projects.

The audit committee evaluates the independence and competency of CPA at least once a year. It has referred to the Audit Quality Indicators (AQIs) provided by the accounting firm to evaluate the accounting firm's professionalism, quality control, independence, supervision and innovation capabilities, etc. Five major aspects and their indicators, including the audit team's audit experience, training hours, staff turnover rate, professional support, accountant's load, audit investment hours, audit quality composite, quality control support capabilities, non-audit services to independent The influence of nature, the number of years of continuous provision of audit services, lack of external inspections, improvement letters issued by the competent authorities, and innovation capabilities and plans to improve audit quality. In addition, the accountants and their firms were invited to review indicators such as the size and reputation of the accounting firm, the nature and extent of non-audit services provided, public funding of audit visas, peer reviews, and the absence of any legal litigation cases and interactions with management and internal audit supervisors. Provide relevant information and a statement of detached independence and verification work. The information content has been verified by the company's headquarters and evaluated by the company's audit committee.

3.4.3 Corporate Governance Implementation Status and Deviations and reason from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		Ablerex has established the “Corporate Governance Best-Practice Principles” and has been approved by the Board of Directors on 2013.3.22 and revised a few times once upon regulation revised to build an effective corporate governance structure, to protect the rights of shareholders, to enhance the power of the Board of Directors, to empower the Supervisors or following Audit Committee, to respect the welfare of the stakeholders and to improve transparency of information disclosure. It is disclosed annually on annual report and website: https://www.ablerex.com.tw/esg/5.8.PDF	In compliance with “Corporate Governance Best Practice Principles” Article 1.
2. Shareholding structure & shareholders’ rights (1). Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations and implement based on the procedure?	✓		(1). The company has established a spokesperson system to deal with shareholders’ suggestions, doubts or disputes. The contact information website is : https://www.ablerex.com.tw/investor5.php . Besides that, legal consultant was contracted to provide legal advice.	In compliance with “Corporate Governance Best Practice Principles” Article 13.
(2). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2). The company and the stock affairs agency regularly keep abreast of the list of major shareholders and controllers of the company and report monthly changes in shareholdings of directors, managers and major shareholders holding 10% of the shares.	In compliance with “Corporate Governance Best Practice Principles” Article 19.
(3). Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3). The management authorization and obligations are clearly divided between Ablerex and the affiliates. The financial and business relationships within the conglomerate structure follow the regulations and “Business Management Procedures with Specified Stakeholders and Affiliates”. Ablerex also established “Supervision and Management of Subsidiaries” as the management and firewall system.	In compliance with “Corporate Governance Best Practice Principles” Article 14 to Article 17.
(4). Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4). The Company has formulated the “Procedures for Handling Material Inside Information” and “Procedures for the Prevention of Insider Trading” which are disclosed on the corporate governance area of the company's website to establish a good internal major information	In compliance with “Corporate Governance Best Practice Principles” Article 10 Paragraph 3.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
			<p>processing and disclosure mechanism of the Company. Insiders shall not be allowed to buy or sell the company's stocks or other securities of equity nature within 18 hours after the news is unpublished or made public when it is informed that the company has materially affected its stock price.</p> <p>Stock trading control measures for company insiders from the day they learn of the company's financial report or related performance content, including (but not limited to) directors not being allowed 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report Trading of its stocks during the closed period. And publicize to make insiders follow and refer to the publicity manual of the competent authority for insider trading and insider equity related laws and precautions, etc. and place it on the company website for reference. Ablerex Electronics Co., Ltd..</p>	
3. Composition and Responsibilities of the Board of Directors				
(1). Does the board of directors formulate diversity policies, specific management objectives and implementation?	✓		<p>(1). The "Corporate Governance Best-Practice Principles" of the company clearly stipulates that the board of directors should consider the diversity of membership and should generally possess the knowledge, skills and literacy necessary to perform their duties. And to formulate appropriate diversification policy goals based on its own operation, operation type and development needs. The company currently has setup nine directors, including three employee directors (1/3 of directors' seats) and three independent directors (1/3 of directors' seats). The members have well experience in management, industry knowledge, financial accounting and environmental protection. The company has realized the diversity goals for two female directors and board of directors with a major in risk management.</p> <p>The board of directors formulates diversified policies on membership and exposes them on the company's website 2.2.8.PDF (ablerex.com.tw) and public information observatories.</p>	In compliance with “Corporate Governance Best Practice Principles” Article 20.
(2). Does the company voluntarily establish other functional committees besides the	✓		<p>(2). Ablerox sets up functional committees in accordance with regulations. With a professional and objective status, the Remuneration Committee</p>	In compliance with “Corporate Governance

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
Remuneration Committee and the Audit Committee?			evaluates the remuneration policies and systems of the company's directors, supervisors and managers and makes recommendations to the board of directors for its decision-making reference. An audit committee was established on 2023.6.27. The SEC Act, the Company Act and other laws stipulated that the supervisor should exercise the powers, except for the powers of Article 14-4, Paragraph 4 of the SEC Act. Will disclose the composition, responsibilities and operation of the functional committee in the annual report and company website. (https://www.ablerex.com.tw/esg_2_3.php)	Best Practice Principles” Article 27, 28 and 28-1.
(3). Does the company establish a standard to measure the performance of the Board and implement it annually and report the results of the performance evaluation to the board of directors and use it as a reference for individual directors' salary, remuneration and nominate renewal?	✓		(3). The company formulated the "Self-Evaluation of the Board of Directors" in 2017 to implement corporate governance, give full play to the functions of the board of directors, functional committees and improve the efficiency of board operations. The company shall carry out performance evaluation every year in accordance with the procedures and evaluation indicators of the "Self-Evaluation of the Board of Directors", report the results of the performance evaluation to the board of directors and take it for reference of individual directors' remuneration and nominate renewal. The company completed the Self-evaluation of the board of directors and Functional Committee in December 2023 and reported the evaluation results and target for continuous strengthening to the board of directors held on January 15, 2024. The evaluation was conducted using an internal questionnaire. Based on the results of the performance evaluation of the board of directors in 2023, the overall operation of the board of directors is excellent and can be used as a reference for individual directors' compensation, remuneration and nominate renewal. The above disclosure is on the company's website and public information observation station. (Path 2.2.9.PDF (ablerex.com.tw))	In accordance with “Corporate Governance Best Practice Principles” Article 37.
(4). Does the company regularly evaluate the independence of CPAs?	✓		(4). The company evaluates the independence and suitability of certified accountants at least once a year and has referred to the audit quality indicators (AQIs) provided by the accounting firm to evaluate the professionalism, quality control, independence, supervision and innovation capabilities of the accounting firm 5 facet and indicators,	In accordance with “Corporate Governance Best Practice Principles” Article 29.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
			<p>including the audit experience of the audit team, training hours, staff turnover rate, professional support, accountant load, audit investment hours, audit quality composite, quality control support capabilities, non-audit services to independent The influence of nature, the number of years of continuous audit services, the lack of external inspection, the improvement situation of the letter issued by the competent authority and the innovative ability and planning to improve the audit quality.</p> <p>In addition, we asked accountants and their firms regarding the scale and reputation of accounting firms, the nature and extent of non-audit services provided, public fees for audit visas, peer reviews and whether there were any legal proceedings and interactions with management and internal audit supervisors. Provide relevant information and The Representation letter of the Auditors’ Independence. After verification of the data content by the HQs and evaluation by Audit Committee, the evaluation results of the last three years were reported to the Board of Directors on 2021/1/19, 2022/3/21 and 2023/3/21 respectively. The company's assessment results are also disclosed on the company's website and annual report. (Note 2)</p>	
<p>4. Does the company set up a competent and appropriate number of Corporate Governance persons and designate a Corporate Governance Officer responsible for corporate governance-related matters (including but not limited to providing directors with the information needed to perform business, assisting directors, supervisors to follow Decrees, handling matters related to board and shareholder meetings in accordance with law, handling company registration and change registration, making minutes of board and shareholder meetings, etc.)</p>	✓		<p>(1). The company passed the resolution of the board of directors on August 5, 2019 and appointed Mr. Damon Chao to be the Corporate Governance Officer to strengthen the functions of Corporate Governance and the board of directors. The person has been qualified with he has been in charge of legal affairs and corporate governance for public issue companies for more than five years.</p> <p>(2). The main function of the Corporate Governance Officer is to handle board and shareholder meeting related matters in accordance with the law, assist in preparing records of the board and shareholder meeting, assist directors and supervisors in their appointments and continuing training, provide directors and supervisors with the information needed to perform their business, assist directors, Supervisors to follow laws, etc.</p> <p>(3). The detail information for implementation and training record as Ablerex Electronics Co., Ltd. (Note.3)</p>	<p>In compliance with “Corporate Governance Best Practice Principles” Article 3-1.</p>

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders includes but not limited shareholders, staffs, customers and suppliers, as well as to handle all the issues they care for in terms of corporate social responsibilities?	✓		The company values the rights and interests of stakeholders and sets up an area for stakeholders on the company website to disclose the identification and attention of stakeholders to major issues of environmental, social and corporate governance and the contact channels and communication responses of stakeholders 3.7.3.pdf (ablerex.com.tw) In order to improve the accuracy and timeliness of major information disclosure, spokespersons and deputy spokespersons are set up to speak and communicate on behalf of the company. (3.7.2.pdf (ablerex.com.tw))	In compliance with “Corporate Governance Best Practice Principles” Article 51 - 52.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates Fubon Securities Corporation Limited to deal with shareholder affairs.	In compliance with “Corporate Governance Best Practice Principles” Article 7 Paragraph 1.
7. Information Disclosure (1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1). The company's website is Ablerex Electronics Co., Ltd. It regularly and irregularly exposes the company's financial, corporate social responsibility and business information on the website and introduces the company on the website. Operational status, including products, technical data and certifications and company profile. You can also query the company's related financial and business-related information through the "public information observation station "Market Observation Post System (MOPS).	In compliance with “Corporate Governance Best Practice Principles” Article 57.
(2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2). The company has a special person responsible for the disclosure of major information and implements the spokesperson system in accordance with regulations. Stakeholders who invest in the public can query the company's relevant financial and business information through the Chinese and English versions of the company's Chinese and English websites or public information observation stations. Ablerex Electronics Co., Ltd.	In compliance with “Corporate Governance Best Practice Principles” Article 55 to Article 58.
(3). Does the company announce and report the annual financial report within two months after the end of the fiscal year and			(3). Although the company did not announce and report the annual financial report within two months after the end of the fiscal year, they all announced and reported the first, second and third quarter financial	In compliance with Article 55, Paragraph 1 of the "Code of Practice

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
announce and report the first, second and third quarter financial reports and operating conditions of each month as early as possible before the deadline?			reports and the operating conditions of each month within the prescribed period, which is in compliance with the regulations. In addition to the provisions of the decree, will try our best to reduce the operation time and achieve the goals of advance announcement and declaration.	for Corporate Governance of TWSE/TPEX”.
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies and purchasing insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> (1). Status of employee rights: Ablerex has been always honest and trust to employees and their legal rights are all protected under the Labor Standards Act. (2). Employee wellness: Ablerex has established the Employees’ Welfare Committee, implemented pension fund and group insurance for employees and held regular health examination. Ablerex also encourages employees to attain all kinds of training and conferences. (3). Investor Relationships: Ablerex disclosed information according to the regulations to protect the rights of investors as the responsibilities to shareholders. (4). Supplier Relationships: Ablerex has always communicated well with the suppliers. (5). Rights of stakeholders: Ablerex set communication channels for stakeholders to make suggestions as protecting the legal right of the stakeholders. (6). Directors’ and Supervisors’ training records: The Directors and Supervisors all possess of professional background knowledge and also attaining training sessions. Note 4 is the Directors’ and supervisors’ training records recently. (7). Managers’ and Auditors’ training records: Note 5. (8). The implementation of risk management policies and risk evaluation measures: The company formulates internal control systems and internal regulations in accordance with relevant laws and regulations and conducts various risk management implementation and evaluation reviews. In response to advancing with the times, conducting risk assessment and analysis based on stakeholders’ concerns about major environmental, social and corporate governance issues and operational 	In compliance with “Corporate Governance Best Practice Principles” Article 51 to 54 and Article 59.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
			<p>risks of the company’s industrial characteristics and establishing risk management policies or corresponding measures. The “Management policies and procedures” has been approved by Board of Director on Nov 9, 2020 and it has been disclosed on the company website. (Note 6)</p> <p>(9). The implementation of customer relations policies: Ablerex maintains good and stable relationships with the customers to create the profits.</p> <p>(10). Purchasing insurance for directors and supervisors: The proposal of purchasing insurance for directors and supervisors has been discussed and been unanimously approved on the Board meeting of 2023.3.21. The insurance for directors and supervisors was purchased as Note 7.</p> <p>(11) The company has established a Cyber security risk management framework, Cyber security policies and specific management plans to continuously conduct and evaluate it and report the annual Cyber security risk management situation and verified by third-party with ISO-27001 standard at the 2023.11.6 board of directors and disclose it on the company's website and annual report. (Note 8)</p>	
<p>9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center in the last year of the Taiwan Stock Exchange Co., Ltd. and provide priority measures and measures for those who have not yet improved.</p> <p>(1). The company's tenth (2023) results ranked in the top 6-20% of the "Corporate Governance Assessment" and the 2-20% of the industry rankings with a market value less than NTD 5 billion. The results are the same as last year. We will continue to work hard to improve corporate governance performance and Aim for good grades.</p> <p>(2). Under the supervision of the board of directors, the company established the "Corporate Governance Sustainability Committee" on May 2, 2019 to undertake subsequent revisions of "corporate governance", "sustainable development code of practice" and "integrity management" and various related duties in charge of business promotion. In addition to maintaining legal compliance and effectively promoting the operation and management of the corporate governance structure, protecting the rights and interests of shareholders, strengthening the functions of the board of directors, giving full play to the functions of supervisors, respecting the rights and interests of stakeholders and improving information transparency.</p> <p>(3). In order to strengthen corporate governance and improve the company's risk management and control, the company has formulated "Risk Management Policies and Procedures" and approved by the board of directors on 2020.11.9 and disclosed the relevant risk management scope, organizational structure and annual operation status on the company's website.</p> <p>(4). The company strengthened the supervisory function of the board of directors, established an intellectual property management system based on the management cycle of PDCA and reported to the board of directors on the operation of the intellectual property management plan in 2022.11.7 and disclosed it on the company's website.</p> <p>(5). The organization and operation of the (5) company's internal audit are disclosed on the company's website. It is stipulated that the appointment and removal of the</p>				

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
<p>internal audit supervisor shall be approved by the board of directors and the appointment and removal of internal auditors, evaluation and salary and remuneration should be reported to the board of directors, or the audit supervisor shall be signed by the chairman for approval.</p> <p>(6). The performance evaluation methods of the company's board of directors and functional committees are approved by the board of directors and self-assessment is conducted every year and the evaluation results are disclosed on the company's website or annual report.</p>				

Note 1: Regardless of whether the check box is "Yes" or "No", it should be stated in the summary description field.

Note 2: Evaluation of the independence of CPA

The company evaluates the independence and suitability of certified accountants at least once a year and from 2023, the company has referred to the audit quality indicators (AQIs) provided by the accounting firm to evaluate the professionalism, quality control, independence, supervision and innovation capabilities of the accounting firm 5 facet and indicators, including the audit experience of the audit team, training hours, staff turnover rate, professional support, accountant load, audit investment hours, audit quality composite, quality control support capabilities, non-audit services to independent The influence of nature, the number of years of continuous audit services, the lack of external inspection, the improvement situation of the letter issued by the competent authority and the innovative ability and planning to improve the audit quality.

Furthermore, accountants and their respective firms received invitations to assess various indicators, including the size and reputation of the accounting firm, the nature and extent of non-audit services provided, public funding related to audit, peer reviews, and any legal litigation cases. Additionally, evaluations considered interactions with management and internal audit supervisors. The provision of pertinent information and a statement affirming detached independence and verification efforts was emphasized.

Following the verification of information content by the company's headquarters and subsequent evaluation by the audit committee, the evaluation results for the past three years were presented to the board of directors on January March 21, 2022, March 21, 2023 and Mar 13, 2024 respectively.

Evaluation Items/CPA	Result Y/N	consistent with independence?
1. Whether or not to pass the CPA exam and have an accountant certificate and obtain an accountant qualification.	Y	Yes
2. Whether there has been fraud, breach of trust, misappropriation, falsification of documents, or criminal acts in business, is determined by the declaration of imprisonment of more than one year.	N	Yes
3. Whether Guardianship or Auxiliary Declaration has not been revoked.	N	Yes
4. Whether the bankruptcy declaration has not been restored.	N	Yes
5. Whether he was a civil servant and was dismissed from office, the period of his suspension has not yet expired.	N	Yes
6. When the accountant is entrusted with the company's business, whether the overall manpower, time and risk level required for the entrusted case are taken into consideration and reasonable remuneration will be charged. Do not use unfair methods to attract business.	Y	Yes
7. Whether the accountant continues to pursue professional training as required by the competent authority.	Y	Yes
8. Does the accountant have the following behavior? (1) Agree that others use their own name to perform business. (2) Perform business in the name of another accountant. (3) Employed by persons not qualified as an accountant to perform the accounting business. (4) Utilize the status of an accountant and engage in unfair competition in industry and commerce. (5) Perform business on events that are of interest to him/herself. (6) To use the name of an accountant as a guarantor outside the accountant business. (7) Acquisition of movable or immovable property managed in business. (8) Require, contract or accept unlawful benefits or remuneration. (9) To solicit business improperly. (10) Propaganda advertisements other than those introduced by accounting firms for opening, relocation, merger, commissioned by clients and accounting firms. (11) Secrets of business are leaked without the permission of the appointing authority, the principal or the auditee. (12) Other competent authorities have determined that they can influence the credibility of the accountant.	N	Yes
9. Does the accountant have the following behavior? (1) Being employed by the company for regular work, providing fixed salary or	N	Yes

<p>serving as director and supervisor.</p> <p>(2) A former director, supervisor, manager of a company or a staff member who has a significant influence on a verification case while leaving the company Two years.</p> <p>(3) The relationship with the company's person-in-charge or manager who has a spouse, a direct lineage, a direct in-law or a second parent, etc. system.</p> <p>(4) I or my spouse or underage child has a relationship with the company to invest in or share financial benefits.</p> <p>(5) I or my spouse, underage children and the company have funds to borrow.</p> <p>(6) Enforce management advice or other non-accounting business enough to affect independence.</p> <p>(7) Inconsistent with business events, the competent authority deals with accounting rotations, handles accounting transactions on behalf of others, or otherwise affects independence regulation.</p>		
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Note 3 : Corporate Governance Officer's implementation in 2023 is as follows:

Although the company is not legally required to establish a corporate governance officer, it has decided to do so in order to enhance corporate governance and overall management. In 2017, the company formed a new corporate governance and sustainable development committee. You can find the organization chart on the company's website at <https://www.ablerex.com.tw/esg/2.1.pdf> . The special assistant to the chairman, known as Corporate Governance Officer, has been appointed as the convenor of the committee. He oversees the corporate governance, corporate social responsibility and ethical management groups, ensuring effective management of the growing number of related matters.

Prior to fulfilling the legal obligations, the company fulfilled the resolution of the board of directors on August 5, 2018. They appointed the special assistant to the chairman as the full-time director of corporate governance. This role is responsible for handling matters related to corporate governance, protecting shareholders' rights and interests, and strengthening the functions of the board of directors. Special Assistant Damon Chao possesses over three years of experience in managing legal affairs and corporate governance in publicly listed companies, making him a suitable candidate in accordance with the regulations.

For detailed eligibility conditions, please refer to our company's

website: https://www.ablerex.com.tw/esg_2_5_1.php

Since 2023, the company has been complying with the requirements for legal training. For more information, visit our company's website: [2.5.3.PDF \(ablerex.com.tw\)](https://www.ablerex.com.tw/esg_2_5_3.PDF)

The main responsibilities of the corporate governance manager are to handle matters related to the board of directors and shareholders' meetings in accordance with the law. They are also responsible for preparing minutes of the board of directors and shareholders' meetings, assisting directors in taking office and continuing their education, providing directors with the necessary information to perform their duties, and helping directors comply with laws, among other tasks.

The business execution situation in 2023 is as follows:

1. Assist independent directors and general directors in performing their duties, providing necessary information and arranging further training:
 - (1) Provide board members, upon taking office and regularly thereafter, with the latest revisions and developments of laws and regulations related to the company's business field and corporate governance.
 - (2) Review the confidentiality level of relevant information and provide the company information required by directors to ensure smooth communication between directors and business managers.
 - (3) Assist independent directors in arranging relevant meetings, in accordance with the Corporate Governance Best Practice Procedure, if they have individual meetings with the internal audit supervisor or certified accountant to understand the company's financial business needs.
 - (4) Assist independent directors and general directors in formulating annual training plans and arranging courses based on the company's industry characteristics and directors' academic and experience background.
2. Assist the board of directors and shareholders' meetings with procedures and resolutions on legal compliance matters:
 - (1) Report the company's corporate governance operations to the board of directors, independent directors, and audit committee, and confirm whether the company's shareholders' meetings and board meetings comply with relevant laws and corporate governance codes.
 - (2) Assist and remind directors of the laws and regulations that should be followed when executing business or making formal board resolutions, and provide advice when the board of directors is about to make illegal resolutions.
 - (3) After the meeting, review the release of important information regarding important resolutions of the board of directors, ensuring the legality and accuracy of the content, and ensuring the fairness of investor trading information.
3. Draft the agenda of the board of directors and notify the directors seven days in advance, convene the meeting, provide meeting materials, provide advance reminders if interests need to be avoided on the agenda, and complete the minutes of the board of directors meeting within 20 days after the meeting.
4. Assist in the pre-registration of shareholders' meeting dates in accordance with the law, prepare meeting notices, meeting manuals, minutes, and integrate annual report content within the legal period, and handle change registration matters when amending the articles of association or re-electing directors.
5. Gradually improve the establishment of Chinese and English versions of corporate governance regulations, implement the board of directors' performance evaluation operations, and continue to conduct regular or irregular publicity and education training for colleagues.
6. Lead the team to undergo third-party verification of the ESG sustainability report in July 2023 and successfully obtain the verification report. Upload the Chinese version of the 2022 Sustainability

Report in September and the English version in October.

7. Assist the Information and Human Resources Department in adopting the ISO 27001 system and completing third-party verification tasks.

Note 3: Concerns, communication channels and communication with stakeholders:

Stakeholder	Focus on issues		Communication channels, response methods and communication frequency	Communication in 2023
Employee	CRM Economic performance Training and Education Innovative research and development	Supplier Management Compliance occupational safety and health Greenhouse Gas Management	Set up internal communication channels and hold regular labor-management meetings for two-way communication. Establish an employee welfare committee to coordinate and plan various welfare matters for employees and make public announcements. Organize employee education and training, covering newcomers and on-the-job education and training.	The company's internal announcements and e-mail notifications are smooth. Four labor-management meetings were held during the year and the communication was good. The Welfare Committee is operating well and the welfare matters are publicly announced. During the year, four sessions were held, totaling 228 HR employee education and training.
Government agencies	Compliance Training and Education CRM Economic performance	Occupational safety and health Innovative research and development Supplier Management Greenhouse Gas Management	Set up a spokesperson mechanism and a contact information channel for interested parties. The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. The official document exchange contact window interacts with the competent authority to do a good job in corporate governance and compliance with laws and regulations.	The company's website discloses relevant information such as operations, financial business and corporate governance. 2023.9.1 Voluntarily publish the 2022 sustainable development report on the public information observation station and the company website. Good communication with the competent authorities, no violations.
Customers	CRM Innovative research and development Compliance	Occupational safety and health Supplier Management Training and Education	Set up communication and contact information channels for stakeholders. Set up dedicated customer service personnel to provide customer consulting services or complaint management and other related business matters to maintain the rights and interests of customers. The annual customer satisfaction survey is the focus of the company's internal	Do our best to maintain customer relationship management and implement customer satisfaction surveys as scheduled as a basis for management improvement. The customer satisfaction survey were conducted twice during the year and the average score was 92.6 points to achieve the target.

Stakeholder	Focus on issues		Communication channels, response methods and communication frequency	Communication in 2023
			management.	
Supplier or contractor	Supplier Management Economic performance Occupational safety and health	CRM Compliance Training and Education	Set up communication and contact information channels for stakeholders. Actively invite suppliers and partners to sign the Corporate Social Responsibility Letter of Commitment to jointly promote governance, environment and social responsibilities for sustainable development. Supplier Evaluation and Management	Collaborate with suppliers to fulfill their corporate social responsibilities and new suppliers highly affirm and cooperate to sign. During the year, the evaluation of the continuous transaction suppliers was carried out twice and the situation was good.
Shareholder or investor	Economic performance Occupational safety and health CRM Supplier Management	Innovative research and development Greenhouse Gas Management Compliance	Set up communication and contact information channels for stakeholders. The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. The annual general meeting of shareholders is held every year and the annual report in both Chinese and English is publicly disclosed.	The company's website discloses relevant information such as operations, financial business and corporate governance. The investor connection platform follows the laws and regulations and wholeheartedly serves shareholder or investor inquiries. The general meeting of shareholders was held on June 27, 2023 and the situation was good.
bank	Compliance Greenhouse Gas Management CRM	Economic performance Occupational safety and health Innovative research and development	The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. Set up communication and contact information channels, maintain smooth contact with banks and do a good job in the company's financial and operational work.	The company's website discloses relevant information such as operations, financial business and corporate governance. Communicate well with the bank and follow the laws and regulations to serve the bank consultation matters wholeheartedly.

Note 4: Directors' and supervisors' training records in 2023 :

Title	Name	Year of Training	Organization	Training	Hours	Qualified "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/ TPEX Listed Companies"
Director	Wen Hsu	2023	Association for the Advancement of Industry and Commerce of the Republic of China	2023 Taishin Net Zero Summit Go Towards Green Energy.	3	yes
Director	Wen Hsu	2023	Taiwan Corporate Governance Association	Practical sharing on common failures in the boardroom operations of listed companies	3	yes
Director	Y.A. Chen	2023	Securities Business Association of the Republic of China	Legal liability and case analysis of corporate fraud	3	yes
Director	Y.A. Chen	2023	Securities Business Association of the Republic of China	Legal liability and case analysis of business secret protection	3	yes
Director	J.S. Wang*	2023	Securities and Futures Institute	12-hour practical training course for first elected directors, supervisors (including independent) and corporate governance managers	12	yes
Director	S.G. Wang	2023	Taiwan Corporate Governance Association	Understanding of directors and senior managers of listed companies on the current supervisory personnel of the competent authorities	3	yes
Director	S.G. Wang	2023	Taiwan Corporate Governance Association	personal information supervision is coming	3	yes
Director	J.K. Sung	2023	Association for the Advancement of Industry and Commerce of the Republic of China	2023 Taishin Net Zero Summit Go Towards Green Energy.	3	yes
Director	J.K. Sung	2023	Securities counter trading center	Publicity meeting on sustainable development action plans for listed companies	3	yes
Director	J.H. Ho	2023	Taiwan Corporate Governance Association	How to protect business secrets and strengthen corporate governance	3	yes
Director	J.H. Ho	2023	Taiwan Corporate Governance Association	The final piece of the sustainable puzzle - impact investing opportunities and tools	3	yes
Ind. Director	Y.J. Ding	2023	Securities counter trading center	Publicity meeting on sustainable development action plans for listed companies	3	yes
Ind. Director	Y.J. Ding	2023	Taiwan Corporate Governance Association	Challenges and Governance of Digital Trust	3	yes

Title	Name	Year of Training	Organization	Training	Hours	Qualified “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/ TPEX Listed Companies”
Ind. Director	Y.J. Ding	2023	Taiwan Corporate Governance Association	The road to sustainability in the construction industry	3	yes
Ind. Director	Y.L. Su	2023	Taiwan Corporate Governance Association	The Distance Between Climate change and us.	3	yes
Ind. Director	Y.L. Su	2023	Taiwan Corporate Governance Association	Corporate Governance - Sustainable Society - Local Creation and Circular Economy	3	yes
Ind. Director	Y.L. Su	2023	Taipei Foundation of Finance	Corporate Governance - Sustainable Finance-Corporate supply chain carbon risk and case introduction	3	yes
Ind. Director	J.C. Hsieh*	2023	Securities and Futures Institute	12-hour practical training course for first elected directors, supervisors (including independent) and corporate governance managers	12	yes

Note: Director Mr. J.S. Wang and independent director Ms. J.C. Hsieh firstly on board on June 27, 2023.

Note 5: training records of Managers (Including Corporate Governance officer, financial and accounting Manager and Auditors):

Title	Name	Year	Organization	Training Course	Hours
Chairman	Wen Hsu	2023	Association for the Advancement of Industry and Commerce of the Republic of China	2023 Taishin Net Zero Summit Go Towards Green Energy.	3
Chairman	Wen Hsu	2023	Taiwan Corporate Governance Association	Practical sharing on common failures in the boardroom operations of listed companies	3
CSO	Y.A. Chen	2023	Securities Business Association of the Republic of China	Legal liability and case analysis of corporate fraud	3
CSO	Y.A. Chen	2023	Securities Business Association of the Republic of China	Legal liability and case analysis of business secret protection	3
V.P.	J.K. Sung	2023	Association for the Advancement of Industry and Commerce of the Republic of China	2023 Taishin Net Zero Summit Go Towards Green Energy.	3
V.P.	J.K. Sung	2023	Securities counter trading center	Publicity meeting on sustainable development action plans for listed companies	3
CGO	Damon Chao	2023	Securities and Futures Market Development Foundation of the Republic of China	Discussion on post-merger integration issues and establishment of management mechanisms	3
CGO	Damon Chao	2023	Securities and Futures Market Development Foundation of the Republic of China	Global economic and industrial technology development trends	3
CGO	Damon Chao	2023	Securities and Futures Market Development Foundation of the Republic of China	How directors and supervisors with non-accounting background review financial reports	3
CGO	Damon Chao	2023	Securities and Futures Market Development Foundation of the Republic of China	How directors and supervisors should supervise corporate risk management and crisis management	3
Auditor Manager	Y.D. Teng	2023	The Institute of Internal Auditors-Chinese	Practical evolution of materiality basis for untrue financial statements and identification of directors and supervisors' responsibilities	3
Auditor Manager	Y.D. Teng	2023	The Institute of Internal Auditors-Chinese	Legal Liability for Corporate Fraud and Practical Procedures for Investigation and Trial	3
Auditor Manager	Y.D. Teng	2023	The Institute of Internal Auditors-Chinese	Enhance the sustainable value of enterprises and improve the risk management system	6
Accounting	M.H. Liao	2023	Financial Supervisory Commission	Tax strategies and practices for overseas holdings and cross-border investments	3
Accounting	M.H. Liao	2023	Financial Supervisory Commission	The legal liability of corporate "false financial reporting" crimes and the actual status of judicial investigation and evidence collection litigation cases	3
Accounting	M.H. Liao	2023	Financial Supervisory Commission	Legal liability and practical case analysis of illegal "insider trading" committed by corporate insiders	3
Accounting	M.H. Liao	2023	Financial Supervisory Commission	"ESG Sustainability" and New Trends and New Thinking in Corporate Governance	3

Note 6: **Risk management policies and procedures**

The risks recognized by the company are unfavorable factors such as potential behaviors, events or the environment, which may affect the company's operating policies and goals, or endanger the company's financial, business and operational functions, weaken competitiveness or lose. Therefore, the company puts risk management at the core of its business management to assess, prevent, control and deal with the risks and crises that may occur or appear in the company's complex and changeable business environment and list major issues and risks. Into the scope of supervision and management corresponding to the company's policy objectives and can be tolerated, to ensure that the company's various businesses and overall operations can continue, stable and healthy development, to achieve the company's sustainable operation, good corporate governance and due diligence corporate social responsibility goals.

Scope of Risk management

The company values the major issues of environmental, social and corporate governance by stakeholders, combined with the operational risks of the company's industrial characteristics. The scope of risk management covers the management of operations, finance, environment, hazards and risks related to relevant laws and regulations and other international regulatory agreements. Its main risk items include but are not limited to the following items:

1. Ethical corporate management and anti-corruption
2. Shareholders' equity
3. Social economic and regulatory compliance
4. Operational and market risk
5. Finance, liquidity and credit
6. Interest rate, exchange rate changes
7. Cyber security Management
8. Intellectual Property Management
9. Climate change and management
10. Wastewater and disposal management
11. Occupational safety
12. Product Safety
13. Supplier Management

The Structure of Risk management organization

Structure of the company's risk management organization includes the board of directors, the corporate governance and sustainability committee, the internal audit and the management.

1. The board of directors: top decision-making unit of the company's risk management, appoints and supervises the company's management, is responsible for the company's overall operating conditions and sets precise goals and confirms the overall effectiveness of the risk management and internal control systems.
2. Corporate Governance and Sustainability Development Committee: Promote and evaluate corporate governance, environmental, social responsibility and other related matters, review and evaluate the company's operational risk management policies and objectives and the appropriateness of the relevant internal control procedures and scope adopted by the company.

3. Internal Audit: According to the company's risk management policies and evaluations, the audit plan is formulated and implemented and timely improvement suggestions are provided and the annual self-assessment of the company's internal control systems is promoted to facilitate the company's risk control.
4. Management: The risk management system shall be planned and revised according to the internal, external environment and regulation revised. Therefore, it is then to carry out the risk management and internal control system.

Risk assessment and management strategy

The company integrates and manages all potential risks such as various strategies, operations, finances and hazards that may affect operations and profitability in an active and cost-effective manner and evaluates the severity of the impact of risk events on the company's operations with a risk matrix, Define risk levels and priorities, adopt corresponding risk management strategies and adopt corresponding risk management strategies. The company lists the important risk project management strategies or response measures for risk assessment as follows.

Issue	Risk assessment item	Risk management policy or correction action
Corporate Governance	Ethical corporate management and Anti-Corruption	Formulate "Corporate Governance Best-Practice Principles", "Procedures for Ethical corporate management and Guidelines for Conduct" and set up external stakeholders' communication channels and other mechanisms for implementation.
	Shareholders' equity	Entrust professional stock affairs institutions to handle shareholder matters and set up communication channels between spokespersons and external stakeholders and set up company website to disclose company finance, business, products, corporate governance and other related information.
	Social economic and regulatory compliance	To analyze the changes of relevant laws, regulations, other international laws and take various corresponding measures to continuously evaluate and control. Besides implement corporate governance, perform corporate social responsibility and in accordance with relevant laws and regulations such as the Company Law and the Securities and Exchange Act, the company has formulated internal control systems for daily operations, various management rules and regulations and has obtained the international standard organization ISO 9001 quality management system and ISO14001 The environmental management system certification is based on risk management and legal compliance.
Operation	Operational and market risk	Every business unit shall analyze changes in the industry and take various response action to manage and handle market risk it may occur.
	Finance, liquidity and credit	Formulate internal control systems and control and procedures for acquiring or disposing of assets, endorsement guarantees and fund loans.

Issue	Risk assessment item	Risk management policy or correction action
	Interest rate, exchange rate changes	Through the online exchange rate real-time system and strengthening the interaction with financial institutions, it is possible to study and judge the exchange rate trend. Before quoting to customers, comprehensively consider the future exchange rate trend and the factors that affect the exchange rate.
	Cyber security Management	The Cyber security risk management policy objectives are carried out in Cyber security governance, regulatory compliance and technology application. From system to application, individual to the whole, the Cyber security management and control mechanism is fully implemented to ensure the accuracy, integrity and safety of information and communication, Achieve Cyber security risk management and guarantee the company's operating results.
	Intellectual Property Management	The company values intellectual property rights for industry leaders in the fields of UPS, PQD and other related power conversion and clean energy technologies. Management Measures” and other institutional measures are implemented to protect the company’s intellectual property rights.
Environment	Climate change and management	By identifying potential climate risks and opportunities, introducing greenhouse gas verification, analyzing the trends and hot spots of greenhouse gas emissions over the years, as the subsequent setting of greenhouse gas reduction targets. Integrate the concept of reducing environmental impact into each stage of the product life cycle and work together with the supply chain to continuously develop energy-saving products.
	Wastewater and disposal management	Formulate "Energy Resource Management Operating Procedures" so that the water quality meets the criteria of the law. The company is assembled and manufactured and only domestic waste and sewage are discharged to the sewage sewer system. "Waste Management Procedure" The general waste is classified and delivered to qualified recycling companies and general business waste is entrusted to a qualified resource processor for removal and transportation.
Society	Occupational safety	Formulate various strategies and implementation in accordance with laws and regulations. Regular employee health checks the production workshop regularly checks the noise intensity and Labor safety promotion, fire protection seminars and drills.
	Product Safety	The laboratories built by the company's R&D center cooperate with certification units to comply with international energy efficiency regulations to ensure that products can be legally sold in various regions around the world and meet customer and product specifications.

Issue	Risk assessment item	Risk management policy or correction action
		In accordance with the different laws and regulations of various countries, the access methods of various electronic products must be submitted to test reports or certificates in accordance with relevant local regulations.
	Supplier Management	The company has established procedures such as "procurement management procedures", "supplier evaluation procedures" and "supplier environmental impact procedures" to evaluate the quality and environmental impact before dealing with suppliers and to confirm the actual situation.

Implementation

The company establishes the Corporate Governance and Sustainability Development Committee to assist the board of directors and functional committees to promote and evaluate related matters such as corporate governance, environment and social responsibility and report to the board of directors once a year on the "implementation of Ethical corporate management", "implementation of corporate social responsibility" and The annual report revealed the "corporate governance implementation" and corporate governance has achieved good results.

Implementation in 2023

The Corporate Governance and Sustainability Development Committee conducts risk assessment and analysis based on stakeholders' concerns about major environmental, social and corporate governance issues and the company's industrial characteristics of the operating risks, establishes risk management policies or countermeasures and submits them to the company's board of directors on 2023.11.06 "Risk management policies and procedures" verification.

Note 7 : Insurance for directors

Insured	Insurance Company	Insured Amount (US\$)	Insurance Period
All Directors	Cathay Century Insurance	5,000,000	2024.4.12~2025.4.12

Note 8:

Cyber security risk management

The Company has always attached great importance to the rights and interests of investors, shareholders, customers, suppliers, employees, financial institutions, governmental organizations, neighbors and other stakeholders in its sustainable operation and development. In addition to good corporate governance and the fulfillment of the Company's social responsibility, the daily operations are also complemented by appropriate internal control systems and operational management mechanisms to achieve goals such as the effectiveness and efficiency of corporate operations, the accuracy of financial reports, and compliance with laws.

With the progress of time, the development of information and the spread of the Internet, the risks to information security are increasing day by day and may even affect the operation of enterprises or cause financial and business losses. The Company has established information security risk operation

and management mechanisms to respond to these risks, such as "internal control information cycle", "internal important information processing procedures", "insider trading prevention management procedures", "personal information protection management" procedures" and "computer operation management measures". In 2023, the information security management system ISO 27001 will be implemented and certified to enable all employees to implement and comply with the regulations in order to protect the rights and interests of all stakeholders and the results of the company's operations.

Information security management mechanism

In the spirit of sustainable operation and development, the Company implements the objectives of the Information Security Risk Management Policy through three main aspects: Information Security Governance, Regulatory Compliance, and Technology Adoption. It strengthens the company's information security management and establishes "security-based information development" The concept of ensuring the confidentiality, integrity and availability of customers' and colleagues' data processing ensures that the company's data processing is secure throughout the process, provides safe, stable and efficient information services, and advocates the implementation of measures and continuous improvement of the information security management system.

Information Security Policy	
Information security governance	Physical and environmental security: ensures that the organisation's physical facilities and environment are subject to appropriate security controls. Asset Management: The management of an organisation's assets, including their identification, classification, tracking, and protection. Information Security Incident Management: Establishing policies and procedures for responding to information security incidents and incidents. Information assurance: ensuring adequate plans are in place to secure and recover information. Classifying, categorising, and processing information: Ensure that information is classified, categorised, and processed according to its sensitivity.
Compliance	Cybersecurity: Follow relevant regulations and standards to protect the organization's network and data transmission. Security Development Policy: Develop and implement appropriate security policies to ensure regulatory compliance. Technical Vulnerability Management: Monitor and manage system and application security vulnerabilities.
Technology application	Data transfer: Ensure data is appropriately protected during transmission. Security configuration of endpoint devices: Manage and maintain the security configuration of terminal devices. Cryptography: Using appropriate encryption techniques to protect sensitive information and communications. Technology Vulnerability Management: Integrated use of technology tools to identify, assess, and address vulnerabilities.

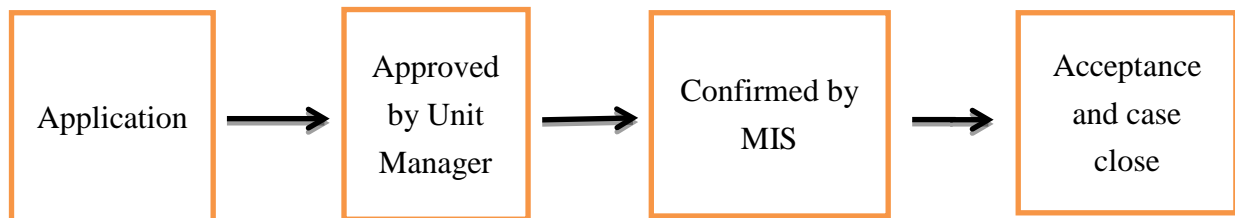
Information security management unit

The information security management unit of the company is the Information and Human Resources Department, which is responsible for reviewing the information security governance policies, planning, supervision, and information security management operations of each branch of the company, and monitoring the information security situation of each branch at any time. In case of major information security risk events, report to the general manager in a timely manner, regularly assess information

security risks and report to the board of directors.

Information service process management

Applications and changes to resource permissions for information application software and hardware, systems, emails, networks, etc. required by personnel in each unit of the company shall be handled through an electronic application process, which shall be reviewed and approved by the relevant responsible person in charge, and shall be handled after confirmation of authorization.



Information Security Management Solution

The company reviews information security risks through risk identification and risk assessment, confirms the degree of adverse impact of the information security risks on corporate operations, takes corresponding management measures, and reviews information architecture, network activities, network equipment, servers and terminals. Focusing on equipment detection and security settings review, we can check and evaluate whether there are vulnerabilities or old equipment problems at any time, and also respond to the challenges faced by information security, such as APT advanced persistent attacks, DDoS attacks, ransomware, and social engineering attacks. , information theft and other information issues, the planned information security management plan is as follows:

1. Risk Assessment: Conduct comprehensive risk assessments on a regular basis to identify potential threats, vulnerabilities, and risks.
2. Security policies and procedures: Implement access controls, password policies, data classification, and other requirements.
3. Access control: implement authentication and authorization mechanisms to ensure that only authorized personnel can access sensitive information.
4. Cybersecurity: protecting network infrastructure, including firewalls, intrusion detection systems, vulnerability scans and security updates to reduce cyber threats.
5. Security Training and Education: Conduct security training and education for employees to increase their awareness of information security.
6. Monitoring and alerting: Implement monitoring systems to observe network activity and detect abnormal behavior in a timely manner to respond quickly to security incidents.
7. Incident response plan: Develop a security incident response plan and data recovery strategy to mitigate losses and quickly resume operations.
8. Regular reviews and updates: Review and update security measures regularly to ensure they are responsive to new threats and vulnerabilities.

Resources in information security management

project	2021	2022	2023
Antivirus software	58,500	58,500	58,500
Maintenance costs	1,170,800	2,210,687	2,363,149
Computer room door control fee	0	0	0
Equipment and software upgrade costs	2,256,518	2,675,750	3,259,830
total	3,485,818	4,944,437	5,681,479

Information security incidents and insurance

of the company's information security governance and management mechanism is implemented by all employees in accordance with regulations. No serious information security incidents have occurred. The overall information security risk management is appropriate and the expected goals can be achieved. The company has insurance on its physical assets, and adopts off-site backup of major file data, as well as an information system disaster recovery plan. If future legal regulations and information security management needs require the purchase of information security insurance, the company will evaluate and understand the relevant regulations and supporting facilities. Measures will be decided later.

Information security risk management review and improvement

implements information security internal control implementation and risk supervision and management based on the business scope of its responsibilities and operates the management mechanism process. It also conducts self-inspections on the risk internal control system on an annual basis, conducts self-inspections on information cycle internal controls, and self-assesses information security. Management implementation. The audit unit also tracks the implementation status, and the annual audit plan is included in the inspection items to ensure implementation and effectiveness review or improvement reference basis.

Implementation in 2023 is as follows:

✧ Adopt ISO 27001

In order to better protect the company's information, improve risk management and enhance customer confidence, we introduced ISO 27001 Information Security Management System (ISMS) this year. By implementing ISO 27001, we have reviewed the company's overall information security implementation. We have reduced risks, improved compliance with relevant information security regulations and legal requirements, implemented clearer internal processes, and will continue to improve employees' information security awareness in the future to ensure that all our assets are properly protected.

✧ Regular system updates

Regularly monitor the update status of the system , patch known vulnerabilities , and ensure that all systems are in the latest security state.

- ✧ Regularly review user permissions before the end of each year to prevent unauthorized access to data.
- ✧ Use a centralized antivirus system - Kaspersky monitors and eliminates virus incidents at any time.
- ✧ Promote information security concepts from time to time.

Software vulnerabilities are a major challenge in the modern threat landscape and one of the most common ways for malicious attackers to penetrate systems. However, timely software updates can significantly reduce potential risks and ensure the security of systems and data. This is key to maintaining digital security. one of the most important steps. Much software does not have automatic updating capabilities, such as Winrar software, which became obsolete this year The software vulnerabilities also have attracted the attention of the information security industry. Through this incident, we once again advocate not to install software that has not been confirmed by the company to avoid becoming the target of attackers.

(Submit the "Information Security Risk Management Report " to the Audit committee and Board of Directors for review on 2023.11.6)

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Remuneration Committee Member Information

Name	Eligibility Qualifications and experience (Note 1)	Independence status (Note 2)	Number of independent directors of other public companies
Convenor/ Independent Director Y.J. Ding	Independent Director and member of Audit committee Indiana University/ PhD. Act as Independent Director of Ablere Electronics Co.,Ltd. Acted as President of IBF Financial Holding, Chairman of Waterland Securities Co., Ltd. Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law. Current position: Independent of Ablere Electronics Co., Ltd.	Mr. Y.J. Ding, his spouse and relatives within the second degree have never served as directors, independent directors or employees of the company or its related enterprises; he, his spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, he has not served as a director, supervisor or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.	0
Independent Director Y.L. Su	Independent Director and member of Audit committee Ph.D. in System Engineering, Georgia Institute of Technology. Act as Chairman of Surplus Energy Inc., Chairman of Arima Lasers Corporation, Independent Director of Z-Com, Inc. Acted as CEO of United Renewable Energy Co., Ltd. CEO of General Administration of Arima Group. Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law.	Mr. Y.L. Su, his spouse and relatives within the second degree have never served as directors, independent directors or employees of the company or its related enterprises; he, his spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, he has not served as a director, supervisor or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.	1
Independent Director J.C. Hsieh	Independent Director and member of Audit committee Doctor of Philosophy (Ph.D.), Institute of Land Economics, National Chengchi University Act as Committee Member, land-and-urban related Review Committees of Executive Yuan, Local Cities and Counties, Committee Member, Land Administration Agent Review Committees of Examination Yuan; Drafter, Grader, or Drafter-grader of examination subjects on Land Administration each year, Examination Yuan. Acted as Consultant of Square Development Co., Ltd., Consultant of Cin Ly Engineering Consultants, Inc., Instructor of Chong De Cultural Youth Club, Feng Chia University.	Ms. J.C. Hsieh, relatives within the second degree have never served as directors, independent director or employees of the company or its related enterprises; she, her spouse, relatives within the second degree (or in the name of others) do not hold shares in the company; Moreover, she has not served as a director, independent director or employee of a company that has a specific relationship with the company; nor has he provided the company or its related companies with business, legal, financial, accounting and other services in the past two years.	0

Eligibility Name	Qualifications and experience (Note 1)	Independence status (Note 2)	Number of independent directors of other public companies
	Rich experience in business management, Finance and industry knowledge. None of the provisions of Article 30 of the Company Law.		

The Committee shall consist of 3 members appointed by resolution of the board of directors. One of the members shall serve as convener.

The professional qualifications and degree of independence of the members of the Committee shall meet the requirements set out in Articles 5 and 6 of the Regulations.

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

Operations of Remuneration Committee and Major resolution in 2023:

1. The number of the Remuneration Committee was 3 and all members are composed of newly elected independent directors from the 4th Term.
2. Period of the term: 2023.06.27 to 2026.06.26. There are 2 meetings in 2023. The attendance of Committee for the 2 meetings: Overall attendance rate for the year: 100.0%

Title	Name	Meetings (A)	Attendance (B)	By Proxy	Attendance Rate (%) (B/A)
Convener/ Independent Director	Y.J. Ding	2	2	0	100%
Committee/ Ind. Director	*S.G. Wang	1	1	0	100%
Committee/ Ind. Director	Y.L. Su	2	2	0	100%
Committee/ Ind. Director	*J.C. Hsieh	1	1	0	100%
Sum		6	6	0	100%

*Ind. Director Mr. S.G. Wang has been relieved on June 27, 2023 and Ind. Director Ms. J.C. Hsieh has started working on June 27, 2023.

Other Notice :

1. In the event the Board of Directors does not adopt or revise the recommendation proposed by Remuneration Committee, the agenda shall indicate the date of Board Meeting, term, agenda content, outcome of board resolution and the company actions to opinions brought by Remuneration Committee (For compensation approved by the Board of Directors surpassing the recommendation brought by the Remuneration Committee, provide explanation of the discrepancy and reason): None.
2. In the event the member opposes and reserve opinions against the matters resolved by the Remuneration Committee with records or written declaration, describe the date of Board Meeting, term, agenda content, outcome of board resolution and the company actions to opinions brought by Remuneration Committee: None.

To review salary and remuneration periodically

The function of the company's compensation and remuneration committee is to evaluate the salary and remuneration policies and systems of the company's directors, supervisors and managers with a professional and objective status. It meets at least twice a year and may hold meetings at any time as needed to propose to the board of directors Suggestions for reference in decision-making.

1. The power of the company's compensation and remuneration committee
 - (1) Regularly review the company's remuneration rule and propose amendments.
 - (2) Formulate and regularly review the company's directors, supervisors and managers' performance and remuneration policies, systems, standards and structures.

- (3) Regularly evaluate the remuneration of the company's directors, supervisors and managers.
2. Once the compensation and remuneration committee perform its functions, it shall be based on the following standards
- (1) Salary management should conform to the company's salary philosophy.
 - (2) The performance evaluation and remuneration of directors, supervisors and managers should refer to the usual level of payment in the industry and consider the reasonableness of the relationship between personal performance and the company's operating performance and future risks.
 - (3) Directors and managers should not be guided to engage in behaviors that exceed the risk appetite of the company in pursuit of remuneration.
 - (4) The ratio of the short-term performance of directors and senior managers and the payment time of part of the variable salary payment should be determined in consideration of the characteristics of the industry and the nature of the company's business.
 - (5) The members of this committee shall not participate in discussion and voting on their personal salary and remuneration decisions.

The major resolution of the Remuneration Committee (2023)

Board of Director	the Remuneration Committee	Issue	Resolution	Follow up
19 th meeting of 8 th Term (2023.03.21)	9 th meeting of 4 th Term (2023.03.21)	Review the company's 2022 annual employee compensation and the compensation and distribution of directors.	The case was approved after consultation with all the members present and submitted to the BOD. Suggestion: When the company has a more surplus, it should make a comprehensive consideration of employee remuneration, the appropriation ratio of director remuneration and shareholders' equity	Sent to Board of Directors and approved by all directors presented.
4 th meeting of 9 th Term (2023.12.25)	1 st meeting of 5 th Term (2023.12.25)	Review the 2023 manager's year-end bonus.	The proposal was approved by whole committee and submit to BOD.	Sent to Board of Directors and approved by all directors presented.

3.4.5 Implementation of sustainable development and the differences and reasons for the sustainable development of best practice principles of listed companies:

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
1. Does the company established a governance structure to promote sustainable development and set up a dedicated (or part-time) unit to promote sustainable development, those senior Management is authorized by the board of directors to handle and supervised by the board of directors? (OTC companies should report the implementation status, not just compliance or explanation.)	V		<p>1. Under the supervision of the Board of Directors, the Company set up the Corporate Governance and Sustainable Development Committee on 2018.5.2. The Company set up Corporate Governance Officer from 2018.12.1 and approved by Board of Directors and the officer shall oversee all relative amendment of Corporate Governance, Corporate Social Responsibility and Ethical corporate management. This committee is the highest-level sustainable development decision-making center in the company. The chairman serves as the chairman, the Corporate Governance Officer serves as the convener and a number of senior executives’ team from different fields jointly review the company's core operational capabilities and formulate medium- and long-term sustainable development. plan.</p> <p>2. The "Corporate Governance and Sustainability Development Committee" serves as a cross-departmental communication platform that integrates vertically and horizontally connected. It has jurisdiction over the "Corporate Governance Team", "Corporate Social Responsibility Team" and "Ethical corporate management Team" for all aspects of environmental, society and corporate governance. Management function, identify sustainable issues related to company operations and stakeholders, formulate corresponding strategies and policies, compile budgets related to sustainable development of each organization, plan, implement and track implementation results to ensure sustainability. The development strategy is fully implemented in the company's daily operations.</p> <p>3. The "Corporate Governance and Sustainability Development Committee" reports to the Board of Directors on the implementation results on the implementation of the Company's</p>	In accordance with Article 7 and 9 of “Corporate Social Responsibility Best Practice Principles” for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			2023 corporate social responsibility on 2023.12.25. The content includes (1) identifying the concerns of stakeholders and formulating action plans to respond; (2) goals and policy revisions on sustainability-related issues; (3) supervising the implementation of sustainable management issues and evaluating the implementation situation. The Board of Directors recognized and affirmed the operation and execution of the "Corporate Governance Sustainability Development Committee".	
2. Does the company conduct risk assessments of environmental, social and Corporate Governance issues related to the company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies? (OTC companies should report the implementation status, not just compliance or explanation.)	V		<p>The company formulated "risk management policies and procedures" on 2020.11.9 to conduct risk assessments on environmental, society and corporate governance issues related to company operations to ensure that the overall operation can be sustained and stable, good corporate governance and due diligence in corporate social responsibility.</p> <p>According to this procedure, the Corporate Governance and Sustainable Development Committee compiled a "Risk Management Assessment Questionnaire" for the company's risk management categories and risk projects and issued it to all teams in October 2023. All team analyzed and judged the possibility of risk events based on its actual situation. The company has made an analysis of its nature and degree of impact and has reported to the Audit Committee and the Board of Directors in November 2023 on the implementation of the company's 2023 risk management. ESG issues will be included in the risk assessment in the coming year according to the instructions of the Board of Directors.</p> <ol style="list-style-type: none"> 1. This disclosure covers the Company's sustainability performance in major locations between Nov 2022 and Oct 2023. The risk assessment boundary is based on the Company and is based on the relevance of the operation of the industry and the degree of impact on the major subject matter. 2. The Corporate Governance Sustainability Committee conducts analysis and communicates with internal and external stakeholders 	In accordance with Article 1, 5, 6 and 9 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			based on the principle of materiality, so as to assess the ESG issues of great significance, formulate risk management policies for effective identification, measurement, supervision and control and take specific action plans to reduce the impact of related risks. 3. Based on the assessed risks, formulate relevant risk management policies or countermeasures as follows: (Note 1)	
3. Environmental issues (1). Does the company establish an appropriate environmental management system based on its industrial characteristics?	V		The company has established and obtained international standard ISO14001 environmental management system certification according to the characteristics of the industry. It attaches great importance to the impact of climate change on the company's development. By identifying climate risks and opportunities, it conducts annual greenhouse gas verification and analyzes the trend and points of greenhouse gas emissions over the years for follow-up. It's to set greenhouse gas reduction targets. The environmental management system includes wasted water and waste management and includes aspects of climate change and greenhouse gas to meet the basic principle of compliance with environmental regulations, it will gradually implement and promote environmental sustainability and assigned the corporate governance and sustainable development committee to supervise and manage. The certificate is valid from Nov. 7, 2022 till Nov. 7, 2025.	In accordance with Article 13 and 14 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”
(2). Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V		The company will continue to replace old equipment with new ones. The equipment in the manufacturing process needs to improve the use efficiency standards, eliminate non-compliant low energy use efficiency equipment, pay attention to the use efficiency of main energy equipment, promote energy-saving technologies and carry out energy-saving and reduction measures. Carbon, policies, goals and achievement status refer to the summary description of this environmental issue (4). In addition, through ChipMOS Technologies Inc.'s "Big to Lead Small" project, the III assisted in matching and	In accordance with Article 12 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			<p>forming a large consulting team to conduct "carbon inventory", "low-carbonization" and "intelligentization" of the factory to conduct on-site confirmation and provide applicable solutions. New equipment replacement/AI optimization hardware improvement and other suggestions are provided for factory evaluation and application. The company's products continue to develop in the direction of high efficiency, small size and light weight. At the same time, they are intelligent, modular, networked, energy-saving and carbon-reducing. Mark the recycling and waste electronic and electrical equipment instruction marks on the outer packaging materials or stickers in order to reduce the generation of end-user product waste, so as to ensure that there will be no violations of health and safety regulations during the life cycle of each product.</p> <p>The company actively promotes a wide range of energy reduction measures. We carefully select equipment with high energy efficiency and energy-saving design, aiming to decrease both corporate and product energy consumption. Furthermore, we are committed to expanding the utilization of renewable energy sources to optimize overall energy efficiency.</p> <p>Concerning the materials used by our company, we strictly adhere to the European Union's RoHS and REACH standards in order to minimize the impact on the environment. In terms of green manufacturing, we prioritize reducing unnecessary resource waste and actively explore ways to develop technologies for waste reduction and reuse. When it comes to our products, we make dedicated efforts to test and incorporate recycled materials with minimal environmental impact, including plastic parts and cartons, which are used in substantial quantities. By maximizing the benefits of a circular economy, we strive to minimize waste and contribute to a sustainable future.</p>	
(3) Does the company assess the potential risks and opportunities of climate change for the company	V		The sustainable development of the company has always been the commitment and obligation that the company has adhered to since its	In accordance with Article 16 and 17 of “Corporate

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
now and in the future and take measures to respond to climate-related issues?			<p>establishment. Through the identification of potential climate risks and opportunities, GHG carbon Footprint Verification operations are conducted to analyze the trends and hotspots of GHG emissions over the years, as a follow-up goal for GHG reduction. The company's environmental management system includes wastewater and waste management and incorporates climate change and greenhouse gas aspects. Based on the basic principle of compliance with environmental regulations, it is gradually implemented to promote environmental sustainability. "Energy resource utilization management procedures", "Waste management procedures", "Waste gas treatment and monitoring management procedures", "Environmental supervision and measurement management procedures" have been formulated for all colleagues to follow and the Corporate Governance Sustainable Development Committee has been instructed to carry out Supervision and management. In addition to recognizing the operational risks associated with climate change, our company also incorporates the climate-related financial information disclosure proposal, developed by the Task Force on Climate-Related Financial Disclosures (TCFD) under the International Financial Stability Board (FSB). We have integrated the four essential disclosure elements, namely "Governance," "Strategy," "Risk Management," and "Indicators and Targets," into our operational management. The results of our governance performance are disclosed in our sustainability report, aiming to provide stakeholders with insights into AblereX's efforts towards climate change. Through this disclosure, stakeholders can better understand the impacts and opportunities associated with climate-related risks and the corresponding measures we have put in place. As per P.49-54 of the 2022 ESG report. https://www.ablerex.com.tw/esg/ESG2022.pdf</p>	Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”
(4) Does the company statistical analysis the greenhouse	V		As per Note 6	In accordance with Article

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
gas emissions, water consumption and total weight of waste in the past two years and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?				16 and 17 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”
4. Social issues (1). Does the company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		<p>The company attaches great importance to the promotion of labor and business ethics policies. In addition to adopting the principles and spirit of the "GRI Standards" global sustainability report issued by the Global Reporting Initiative (GRI) in 2021, formulate and implement In addition to human rights-related policies and in accordance with relevant laws and regulations such as the "Labor Standards Law", "Employment Service Law" and "Gender Work Equality Law" promulgated by the relevant authorities, the "work rules" are formulated to regulate the rights and obligations of the company and employees. Protect the basic human rights and related rights and interests of employees and believe that every employee should be treated fairly and humanely and formulate "sexual harassment prevention measures, complaint and punishment measures" and provide channels for complaints to maintain gender equality at work and personal dignity. In addition, in order to fulfill social responsibilities, we work hand in hand with our partners and formulate a "Supplier Social Responsibility Best Practice" to expand our influence.</p> <p>The company's "human rights policy" respects the protection stipulated in the human rights convention and is published on the company's website. https://www.ablerex.com.tw/esg/3.3.1.pdf (As per Note 4)</p> <p>The company regularly reviews its operations, supply chain and other related activities every year by paying attention to major social issues, questionnaires, etc. to identify and assess groups at risk and potential human rights risks and formulate a human rights issue control plan</p>	In accordance with Article 18 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons				
	Yes	No	Abstract Explanation ²					
			<p>based on potential risks. And continue to monitor and improve plan implementation results.</p> <p>The company's human rights management policies and specific plans are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific Plan</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy working environment to help employees maintain physical and mental health and work-life balance</td> <td> <p>The company conducts comprehensive health examinations for all employees every three years, aligning with the overload questionnaire to prioritize the physical and mental well-being of our workforce while gaining insights into their health metrics. To support this initiative, a state-of-the-art fitness center has been established within the factory premises, providing employees with an opportunity to fortify their bodies and unwind both physically and mentally during leisure hours at work. This endeavor aims to enhance work morale, boost employee health metrics, and align with the Occupational Safety and Health Law guidelines.</p> <p>In adherence to regulatory frameworks, we actively implement and champion the occupational safety and health management plan. Regular activities, including on-the-job personnel education and training, disaster prevention drills, and annual labor safety and health awareness campaigns, are conducted to instill the correct concepts of occupational safety among our staff.</p> <p>Furthermore, the company collaborates with hospitals to integrate health services for medical staff within the factory. This involves promoting education and training programs on employees' personal health and environmental safety. We also</p> </td> </tr> </tbody> </table>	Human Rights Management Policy	Specific Plan	Provide a safe and healthy working environment to help employees maintain physical and mental health and work-life balance	<p>The company conducts comprehensive health examinations for all employees every three years, aligning with the overload questionnaire to prioritize the physical and mental well-being of our workforce while gaining insights into their health metrics. To support this initiative, a state-of-the-art fitness center has been established within the factory premises, providing employees with an opportunity to fortify their bodies and unwind both physically and mentally during leisure hours at work. This endeavor aims to enhance work morale, boost employee health metrics, and align with the Occupational Safety and Health Law guidelines.</p> <p>In adherence to regulatory frameworks, we actively implement and champion the occupational safety and health management plan. Regular activities, including on-the-job personnel education and training, disaster prevention drills, and annual labor safety and health awareness campaigns, are conducted to instill the correct concepts of occupational safety among our staff.</p> <p>Furthermore, the company collaborates with hospitals to integrate health services for medical staff within the factory. This involves promoting education and training programs on employees' personal health and environmental safety. We also</p>	
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			<table border="1"> <tr> <td></td> <td>systematically assess employees' health risks, particularly identifying high-risk cases, and arrange specialized health consultations as part of our proactive health management strategy.</td> </tr> <tr> <td>Prohibit forced labor and comply with local government labor laws</td> <td>The company mandates that working hours, including overtime, must adhere to local laws and regulations. Additionally, employees are entitled to one day of rest within a seven-day workweek. To enforce these regulations, the company has implemented an attendance system designed to document instances of abnormal attendance. Designated personnel reviews these records and promptly notifies relevant unit supervisors. This proactive approach ensures an understanding of colleagues' work statuses, enabling the implementation of appropriate work arrangements. The ultimate goal is to prioritize the health and well-being of colleagues while maintaining the quality of family life.</td> </tr> <tr> <td>Establish human rights clauses in contracts with suppliers and implement on-site audits</td> <td>Each supplier is invited to fill in the sustainable development self-evaluation form. As of 2023, the company's suppliers with ongoing transactions have signed a total of 396 social responsibility commitment letters.</td> </tr> </table> <p>In addition, the company conducted 57 hours of internal staff education and training, involving 57 participants in 2023. We will continue to pay attention to human rights protection issues and promote relevant education and training to increase awareness of human rights protection and reduce the possibility of related risks.</p>		systematically assess employees' health risks, particularly identifying high-risk cases, and arrange specialized health consultations as part of our proactive health management strategy.	Prohibit forced labor and comply with local government labor laws	The company mandates that working hours, including overtime, must adhere to local laws and regulations. Additionally, employees are entitled to one day of rest within a seven-day workweek. To enforce these regulations, the company has implemented an attendance system designed to document instances of abnormal attendance. Designated personnel reviews these records and promptly notifies relevant unit supervisors. This proactive approach ensures an understanding of colleagues' work statuses, enabling the implementation of appropriate work arrangements. The ultimate goal is to prioritize the health and well-being of colleagues while maintaining the quality of family life.	Establish human rights clauses in contracts with suppliers and implement on-site audits	Each supplier is invited to fill in the sustainable development self-evaluation form. As of 2023, the company's suppliers with ongoing transactions have signed a total of 396 social responsibility commitment letters.	
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(2). Does the company formulate and implement reasonable employee welfare measures (including compensation, vacation and other welfare, etc.) and	V		<p><u>Employee welfare measures:</u> The company has established an employee welfare committee to ensure the well-being of our employees. Each year, we allocate funds</p>	In accordance with Article 21 of “Corporate Social Responsibility Best						

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
appropriately reflect operating performance or results in employee compensation?			<p>for employee welfare programs aimed at providing high-quality benefits. These include employee travel subsidies, birthday gifts, wedding allowances, maternity allowances, funeral allowances, and more. Additionally, we offer a self-purchase computer subsidy program and other benefits. Our welfare measures go beyond legal requirements and encompass provisions such as group medical insurance, accident insurance, and health examinations for employees. Regarding the vacation system, employees are granted two days of weekly rest, as per the labor standards. After one year of employment, colleagues are entitled to ten days of special vacation per year, prorated for those employed for less than a year. In cases of childcare, serious injuries, or major accidents requiring extended leave, employees can apply for unpaid leave to balance personal and family needs.</p> <p>To ensure clarity and alignment, the company has formulated "Working Rules" in accordance with the Basic Labor Law. These rules cover various aspects such as salary, bonuses, working hours, vacations, attendance assessment, and welfare measures. The aim is to establish clear rights and obligations for both employers and employees, fostering cooperation and career development.</p> <p><u>Diversity and gender equality in the workplace:</u> We place great importance on promoting labor and business ethics policies. The company strictly adheres to government regulations, international standards, and norms, and works to eliminate illegal discrimination and ensure equal job opportunities. We condemn forced labor and respect employees' freedom of assembly, association, and collective bargaining rights. Our commitment extends to providing a safe and healthy working environment, safeguarding employees' basic human rights, and upholding gender equality and personal dignity at work. Equal treatment is fundamental to our employment practices. We</p>	Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			<p>ensure fairness in employment, salary and benefits, training opportunities, promotion, dismissal, retirement, and other labor rights matters. We do not discriminate based on age, gender, physical or mental disability, race, ethnicity, nationality, religion, or any other status. We actively employ individuals with disabilities and aboriginal employees, respecting their cultural customs and providing appropriate holidays. In 2023, no violations of work rights or human rights were reported.</p> <p>To ensure transparency and fairness, we have a "Salary and Remuneration Committee" responsible for providing competitive and transparent remuneration policies. We take corporate operational performance into account when determining employee salaries. People in the same position are treated equally, while those with relevant professional and work experience receive compensation based on academic qualifications, expertise, certifications, etc., without any gender or ethnic-based differences. We highlight our commitment to employee remuneration, workplace diversity, equality, and human rights policies, in 2023, the company has 77 female employees, accounting for 22.38%, and 2 female supervisors, accounting for 16.7%, on our company website at https://www.ablerex.com.tw/esg/3.3.2.PDF</p> <p><u>Employee remuneration based on business performance:</u> According to Article 25-1 of the Charter, the company allocates 6% to 10% of the annual performance as employee remuneration, with no more than 2% allocated to directors and supervisors. However, if the company has accumulated losses, we prioritize compensating for those losses.</p> <p>In addition to employees directly hired by the company, we may also include employees from affiliated companies who meet specific conditions as part of our remuneration policies. Salaries are adjusted based on market salary levels, economic trends, and individual</p>	

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			<p>performance to maintain competitiveness.</p> <p>Annually, the Salary and Remuneration Committee considers relevant company policies, the employee performance appraisal system, and corporate social responsibility policies when formulating the salary and remuneration policy. This holistic approach ensures fairness and alignment with our overall goals and values.</p>	
(3). Does the company provide safe and healthy work environments for its employees and organize training on safety and health for its employees on a regular basis?	V		<p>Employees constitute an integral component of our company, serving as a cornerstone for its sustainable development. We prioritize the creation of a positive working atmosphere to guarantee the safety, both physical and mental, of our workforce. Our commitment extends to fostering workplace well-being, actively attending to the lives and health of our employees and fostering unity among our team. This cohesive force acts as a catalyst, paving the way for the establishment of an efficient, amicable, and diverse environment.</p> <p>Aligned with the pertinent regulations outlined in the "Occupational Safety and Health Act," we have formulated the "Safety and Health Best Practice." This code provides a foundation for employees to implement occupational safety and health management in their daily activities. Regular health examinations are conducted for all employees every three years, reflecting our genuine concern for their physical and mental well-being. In collaboration with reputable hospitals, we introduce medical and health services within our facilities, thereby championing employee health and safety education. This initiative aids in identifying potential risks in the work environment, allowing employees to adopt safer and more suitable practices, mitigating health hazards in the workplace.</p> <p>To further enhance the overall well-being of our workforce, we have established a fitness center within our premises. This facility enables employees to strengthen their bodies and rejuvenate during both work and leisure hours, ultimately elevating morale and contributing to improved health indicators. Additionally, we have incorporated</p>	In accordance with Article 20 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”

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			<p>friendly spaces, such as a nursery room, washrooms, and dedicated changing rooms for men and women.</p> <p>As part of our commitment to maintaining a safe and healthy workplace, we engage professional organizations to conduct environmental cleaning, elevator maintenance, water quality testing for drinking fountains, and other essential tasks. This is executed annually as per a meticulously planned schedule, ensuring the overall safety, health, and environmental quality of the workplace for all our employees. Our aim is to provide a high-quality, healthy, and safe working environment that reflects our dedication to the well-being of our valued team members. (Please also refer to pages 64~66 of the company's 2022 ESG report for details)</p> <p>(1). According to the statistics of the company's occupational injuries in recent years, in 2022, there were a total of 6 employee disability injuries. In addition to 2 traffic accidents, 2 employee suffered ankle and hand sprain due to a fall and 1 finger burn caused by electric shock. Excluding traffic accidents, IR (injury rate) = 1.26%, ODR (occupational disease rate) = 0, absenteeism rate = 1.2%, please refer to the 2022 ESG report Page 66~67 of the company.</p> <p>(2). In accordance with the provisions of the Occupational Safety and Health Law, the company implements and promotes occupational safety and health management and regularly organizes on-the-job personnel education and training, disaster prevention drills and labor safety and health publicity every year to cultivate employees' correct concept of occupational safety; The site conducts labor safety assessments, operation inspections and plans for safe operation procedures, with the aim of eliminating sources of hazards, preventing work-related injuries and reducing the risk and occurrence of work-related injuries. In 2022, occupational safety and health education and training totaled 419 person-times and 964 hours. Please refer to page 65 of the company's 2022 ESG</p>	

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			<p>report.</p> <p>The company rigorously oversees factory safety to proactively prevent any potential hazardous incidents in the workplace. Adhering to the guidelines set forth by the Occupational Safety and Health Law, the company actively enforces and advances occupational safety and health management plans. Additionally, it conducts regular on-the-job personnel education and training, disaster prevention drills, and annual labor safety and health awareness campaigns.</p> <p>Throughout the year, the company has maintained a record of zero fire incidents within its premises. This achievement underscores our commitment to fostering a secure and healthy work environment for all employees.</p>	
(4). Does the company create an effective career development training program for employees?	V		<p>The company will arrange training for new recruits to understand the company's corporate culture, vision and working environment and put relevant measures on the company's website and internal employee system for all colleagues to follow. External professional training, the heads of various departments of the company can assign their colleagues to participate in external professional training according to work needs, to help employees enrich their knowledge and skills, improve work efficiency and quality, so that employees' learning and growth can be linked to the company's development goals. Employees can also request advanced training based on their own duties or professional needs.</p> <p>Regularly conduct performance appraisals for employees every year to encourage employees to continuously improve their work content, strengthen on-the-job training to enhance their learning skills and better combine personal career planning with company growth. Please refer to pages 62~63 of the company's 2022 ESG report for the 2022 talent cultivation education and training.</p>	In accordance with Article 21 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”
(5). Regarding the issues for health and safety of customers, privacy, marketing and labeling, does the company formulate relevant consumer protection	V		The laboratory established by the company's R&D center cooperates with certification bodies to meet international energy efficiency standards, so as to ensure that products can be legally sold in various	In accordance with Article 23 of “Corporate Social Responsibility Best

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policies and appeal procedures to comply with relevant laws and regulations and international standards?			regions of the world and meet customer and market energy-saving product specifications. Because the laws and regulations of different countries are different, the access methods of various electronic products must submit test reports or certificates in accordance with relevant local regulations. And the company has a customer complaint handling procedure to provide a transparent and effective consumer complaint procedure for products and services. And set up a special area for interested parties on the company website to provide communication channels for interested parties to facilitate consumer complaints and the expression of opinions of various stakeholders. In addition, since 2016, an English corporate social responsibility web page has also been provided for foreign language stakeholders to further understand the company's operating conditions and provide a platform for complaints. The company regularly conducts customer satisfaction surveys every year to understand customer satisfaction with subjective and objective items such as service and product evaluation, as a reference for the company to continue to maintain or improve in the future.	Practice Principles for TWSE/TPEX Listed Companies.”
(6). Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations and issues regarding environmental protection, occupational safety and health, or labor rights?	V		The company formulates procedures such as "Procurement Management Procedures", "Supplier Evaluation Operation Procedures" and "Supplier Environmental Impact Operation Procedures", evaluates the quality and environmental impact of suppliers before trading with suppliers and confirms the actual situation. Since the establishment of the "Supplier Social Responsibility Principles" in 2015, the company supports and encourages high-standard corporate social responsibility practices, informs suppliers about corporate, ethical, labor, environmental and health and safety standards and asks suppliers to cooperate with the company's policies , Respect the basic rights of employees such as freedom of association and collective negotiation. The company's General procurement department conducts supply chain management in accordance with the company's regulations,	In accordance with Article 26 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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			including new supplier evaluation, screening and signing of corporate social responsibility commitments; supplier evaluation; during the supplier audit and other projects, the results meet the expected goals and the implementation situation is announced on the company website : https://www.ablerex.com.tw/esg/3.1.3.PDF	
5. Does the company refer to internationally used reporting standards or guidelines and compile reports such as sustainable development reports that disclose the company's non-financial information? Did the previous disclosure report obtain the assurance or assurance of a third-party verification unit?	V		Corporate sustainable development have always been our commitments and obligations since the company was founded. Since 2015, the Company has proactively issued the annual publication "Corporate Responsibility Report of Ablerex Electronics Co., Ltd.". To fully improve the quality of the report disclosure and be in line with international trends, the company's 2022 ESG report follows the guidelines of the Global Sustainability Reporting (GRI) Global Sustainability Report issued by the Global Reporting Initiative (GRI) in 2021 Compiled with rule. It is hoped that by adopting the "GRI Standards" (hereinafter referred to as the GRI Standards) program, the information disclosed in the report can better meet the expectations of stakeholders and fully demonstrate the company's efforts to achieve sustainable development. The ESG report of the company has been revised to the ESG report from 2022 and it has been verified by third-party in July. (Note 3)	In accordance with Article 29 of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”
6. If the Company has established Sustainable Development Best-Practice Principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: In November 2015, the company's board of directors approved the formulation of the company's "Corporate Social Responsibility Best-Practice Principles" for implementation and in response to legal updates, the board of directors approved the amendment to the "Sustainable Development Best-Practice Principles" on 2021.12.27 to strengthen the implementation of sustainable development. The company regularly reviews the implementation of the code and improves accordingly and there has been no difference in the implementation so far.				
7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices: (1). Ablerex payout dividends in consecutive 13 years from 2010-2022 in pursuing the maximum interest of shareholders. (2). The company's tenth (2023) results ranked in the top 6-20% of the "Corporate Governance Assessment" and the 2-20% of the industry rankings with a market value less than NTD 5 billion. The results are the same as last year. We will continue to work hard to improve corporate governance performance and Aim for good grades. (3). Ablerex has arranged external consultation and established a team in structuring the relevant system. The ESG report of Ablerex, as per website				

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<p>(https://www.ablerex.com.tw/esg_3_4.php), had been disclosed for 7 years from 2015. The 2022 ESG report can be found on website as per https://www.ablerex.com.tw/esg/ESG2022.pdf</p> <p>(4). Develop and reaffirm a 2023 human rights policy. (Note 4)</p> <p>(5). Social participation</p> <p>(5.1) industry-academia cooperation/collaboration project</p> <p>In addition to providing high-quality products and services and pursuing better green energy quality for the world, the company also actively participates in various social welfare activities. In recent years, through the concept of combining corporate core technology with social welfare, we have actively invested human and financial resources in environmental and energy education and in cultivating green energy leaders. From the end of 2019 to the end of 2022, a total amount of NTD2,487,000 has been invested to support a number of industry-university research projects, sponsoring and entrusting the National Kaohsiung University of Science and Technology (Nanzi Campus) on the multi-stage AC/DC power conversion interface and SiC applied to battery chargers Research on AC/DC converters and National Kaohsiung University of Science and Technology (Jiangong Campus) research on the application of frequency conversion switching technology to resonant converters and the project host will publish relevant papers on the project results, enabling the company's product development The development of mutual benefit and co-prosperity in the academic practice of universities and universities is also expected to further promote the upgrading of domestic and foreign industries through various research. The industry-university cooperation has lasted for more than 20 years. In 2022, two supervisors were invested in each and the number of beneficiaries was 5 at the school, with a total of 624 person-hours.</p>				
<p>(5.2) Indonesian Mulandali Tua District Health Care Support Program</p> <p>In line with the universal value of compassion inherent in the Sustainable Development Goals (SDGs), our company is committed to making a positive impact. We have allocated resources to Medan, Indonesia, where we focus on enhancing the capabilities of local school teachers and community health care providers in basic child healthcare. Additionally, we aim to improve the availability of essential health education equipment and enhance the health awareness of schoolchildren in the community.</p> <p>As of the end of 2022, Royal Prima Hospital in Medan has collaborated with schools to conduct tooth decay prevention activities on 33 occasions. During these efforts, we have successfully provided dental examinations and treatments to 326 students in grades 3, 4, 5, and 6 of the primary school. Notably, we have also constructed and established a small kindergarten in a rural area, extending educational opportunities to underserved regions.</p> <p>Looking ahead to 2023, we will continue our commitment to the well-being of local children by sponsoring the Taiwan Health Cooperative Development Organization. This collaboration aims to improve the Body Mass Index (BMI) of 183 students and children, promoting their overall health and wellness.</p>				
<p>(6) Set up the Corporate Governance Sustainable Development Committee, which has a Corporate Governance Team, a Corporate Social Responsibility Team and a Corporate Ethical corporate management Team. Note 5</p> <p>(7) The issues of concern, communication channels and communication between the company and stakeholders in 2022 are as Note 2.</p> <p>(8) The corporate responsibility reports of the past years are placed on the company's website: https://www.ablerex.com.tw/esg_3_4.php for download.</p>				
<p>8. If the corporate social responsibility reports have received assurance from external institutions, they should state as below: The ESG report is verified by Great International Certification Co., Ltd. and it has passed the AA 1000: AS (2018) responsibility principle to carry out Type 1 moderate assurance level assurance.</p>				

Note 1: Risk assessment and correction action in 2023

Material topics	Risk assessment items	Risk level	Risk management policy or countermeasures	Risk management execution assessment
Corporate Governance	Ethical management and anti-corruption	low	Formulate the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Code of Ethical Conduct and establish communication channels for external stakeholders. and other mechanisms to implement them. In recent years, there have been no violations of ethical management and anti-corruption or fines from the competent authorities.	Excellent
	Shareholders' rights and interests	low	Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website. The company has paid dividends for 13 consecutive years since its listing on the OTC market.	Excellent
	Socioeconomic compliance	low	Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control. The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.	Effective
Operations	Operational and market risks	low	Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.	Effective
	Financial, liquidity, credit	medium	Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.	Average
	Interest rate and exchange rate changes	low	(1) Continue to strengthen the currency hedging concept of financial personnel and use the online real-time exchange rate system and strengthen interaction with financial institutions to analyze and judge the trend of exchange rate changes to respond to the negative impact of exchange rate fluctuations. (2) Before quoting to customers, comprehensively consider and evaluate future exchange	Effective

Material topics	Risk assessment items	Risk level	Risk management policy or countermeasures	Risk management execution assessment
			<p>rate trends and factors affecting the exchange rate to determine an appropriate and reasonable quote to minimize the impact of exchange rate changes.</p> <p>(3) A certain degree of natural hedging effect can be achieved through the control of mutual offsets of recurring foreign currency receivables.</p> <p>(4) Evaluate and purchase various derivative financial products that can effectively reduce exchange rate risks in accordance with the company's "Operational Procedures for Acquiring and Disposing of Assets" and have the responsible person in charge strictly control hedging positions to avoid inappropriate transactions to reduce exchange rate risks. exchange losses caused.</p>	
	Information security management measures	low	The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From system to application and individual to overall, we fully implement the information security management and control measures to ensure the correctness, integrity and security of information and communication, to achieve information security risk management and protect the results of the Company's operations. The company adopted the ISO-27001 information security management system in 2023 and complete verification by the third-party agency in October.	Effective
	Intellectual property management measures	low	We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights. The annual summary reports present its operations to the Audit Committee and Board of Directors.	Effective
Environment	Climate change and management	low	<p>By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction.</p> <p>We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving</p>	Effective

Material topics	Risk assessment items	Risk level	Risk management policy or countermeasures	Risk management execution assessment
			products. In July 2023, we indirectly accepted the customer ChipMOS Technologies Inc. "bringing up the young" low-carbon and smart upgrading and transformation promotion project to adopt ISO 14064 greenhouse gas inventory work.	
	Wastewater and waste management	low	Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources. The Company specializes in assembly and manufacturing, and only domestic wastewater is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce wastewater. According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.	Effective
Society	Occupational safety	low	Establishment of various strategies according to laws and execution thereof Employee health examinations are held regularly. The production workshops are regularly inspected for their noise intensity. Promote labor safety education, lectures on fire protection and fire drills.	Effective
	Product safety	low	The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements. Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations.	Effective
	Supplier management	low	We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact and verify the actual situation before transactions with suppliers.	Effective

Note: The Corporate Governance and Sustainability Committee conducts risk assessment and analysis based on stakeholders' concerns with material environmental, social and corporate governance topics and the operational risks of the nature of the industry. The risk management policy or countermeasures have been reported to the board meeting on November 6, 2023, together with the Risk Management Policy and Procedures for

review.

Note 2 Concerns, communication channels and communication with stakeholders:

Stakeholder	Focus on issues		Communication channels, response methods and communication frequency	Communication in 2023
Employee	CRM Economic performance Training and Education Innovative research and development	Supplier Management Compliance occupational safety and health Greenhouse Gas Management	Set up internal communication channels and hold regular labor-management meetings for two-way communication. Establish an employee welfare committee to coordinate and plan various welfare matters for employees and make public announcements. Organize employee education and training, covering newcomers and on-the-job education and training.	The company's internal announcements and e-mail notifications are smooth. Four labor-management meetings were held during the year and the communication was good. The Welfare Committee is operating well and the welfare matters are publicly announced. During the year, four sessions were held, totaling 228 HR employee education and training.
Government agencies	Compliance Training and Education CRM Economic performance	Occupational safety and health Innovative research and development Supplier Management Greenhouse Gas Management	Set up a spokesperson mechanism and a contact information channel for interested parties. The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. The official document exchange contact window interacts with the competent authority to do a good job in corporate governance and compliance with laws and regulations.	The company's website discloses relevant information such as operations, financial business and corporate governance. 2023.9.1 Voluntarily publish the 2022 sustainable development report on the public information observation station and the company website. Good communication with the competent authorities, no violations.
Customers	CRM Innovative research and development Compliance	Occupational safety and health Supplier Management Training and Education	Set up communication and contact information channels for stakeholders. Set up dedicated customer service personnel to provide customer consulting services or complaint management and other related business matters to maintain the rights and interests of customers. The annual customer satisfaction survey is the focus of the company's internal management.	Do our best to maintain customer relationship management and implement customer satisfaction surveys as scheduled as a basis for management improvement. The customer satisfaction survey were conducted twice during the year and the average score was 92.6 points to achieve the target.

Stakeholder	Focus on issues		Communication channels, response methods and communication frequency	Communication in 2023
Supplier or contractor	Supplier Management Economic performance Occupational safety and health	CRM Compliance Training and Education	Set up communication and contact information channels for stakeholders. Actively invite suppliers and partners to sign the Corporate Social Responsibility Letter of Commitment to jointly promote governance, environment and social responsibilities for sustainable development. Supplier Evaluation and Management	Collaborate with suppliers to fulfill their corporate social responsibilities and new suppliers highly affirm and cooperate to sign. During the year, the evaluation of the continuous transaction suppliers was carried out twice and the situation was good.
Shareholder or investor	Economic performance Occupational safety and health CRM Supplier Management	Innovative research and development Greenhouse Gas Management Compliance	Set up communication and contact information channels for stakeholders. The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. The annual general meeting of shareholders is held every year and the annual report in both Chinese and English is publicly disclosed.	The company's website discloses relevant information such as operations, financial business and corporate governance. The investor connection platform follows the laws and regulations and wholeheartedly serves shareholder or investor inquiries. The general meeting of shareholders was held on June 27, 2023 and the situation was good.
bank	Compliance Greenhouse Gas Management CRM	Economic performance Occupational safety and health Innovative research and development	The corporate website immediately discloses information related to corporate governance, finance, business and other operational performance. Set up communication and contact information channels, maintain smooth contact with banks and do a good job in the company's financial and operational work.	The company's website discloses relevant information such as operations, financial business and corporate governance. Communicate well with the bank and follow the laws and regulations to serve the bank consultation matters wholeheartedly.

Note 3: Set up the operation and implementation

Year	Stage	Work projects	period	Scheduled completion date	Execution progress
2023	Planning Phase	1. ESG questionnaire collection and Identify major topics	Jan to Feb	2/E	as planned
		2. ESG Workshop	Mar	3/M	as planned
	Implementation phase	3. Update the outline structure	Mar	3/E	as planned
		4. Collect and expose project information and drafting	Mar to Apr	4/E	as planned
		5. Discussion on the management policy and disclosure project explanatory documents	Apr to May	5/E	as planned
	Confirmation phase	6. Confirmation and finalization of ESG report content	May to June	6/E	6/9
	Verification phase	7. Third-party verification company review	July to Aug	7/E	7/26
		8. Graphic Design of the report (Chinese and English versions)	Aug to Sept	9/E	8/15
	Disclosing phase	9. Release the 2022 ESG report in Chinese	Sept	9/E	9/1
		10. Publish the 2022 ESG report in English	Dec	12/M	10/4

**Independent Assurance Statement Based on 2022 Sustainability
Report of Ablerex Electronics Co., Ltd.**

Statement No.: 2307006

Ablerex Electronics Co., Ltd. (hereinafter referred to as Ablerex) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2022 sustainability report, GREAT has no financial relationship with Ablerex.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant Ablerex's Sustainability Report, and not for other purposes. Except for the independent assurance statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this independent assurance statement.

This independent assurance statement is based on the conclusions made by the relevant information verification provided by Ablerex to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this independent assurance statement or related matters will be answered by Ablerex.

The Scope of Assurance

The verification scope of Ablerex and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of Ablerex from January 1, 2022 to December 31, 2022;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of Ablerex's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report
- This statement is made in Chinese and translated into English for reference.

Verification Opinion

We summarize the content of Ablerex's sustainability report, and provide a fair standpoint of Ablerex's related operations and performance. We believe that the specific performance indicators of Ablerex in 2022, such as economy, society, environment and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate Ablerex's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by Ablerex is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to Ablerex's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of Ablerex about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of Ablerex on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- **Inclusivity**

Ablerex has established a process of cooperation with employees, government agencies, customers, suppliers or contractors, shareholders/investors and banks etc., and will launch a series of stakeholder activities in 2022, involving economy, environment, people and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of Ablerex.

- Materiality

The report has stated that Ablerex focuses on Corporate governance, Environment, Society topics, and identified 8 major topics including Customer relationship management, supplier management, regulatory compliance, talent education, economic performance, occupational safety and health, innovative research and development, and greenhouse gas management, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of Ablerex.

- Responsiveness

Ablerex responds to requests and opinions from stakeholders. Implementation methods include numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of Ablerex.

-Impact

Ablerex has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. Ablerex has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of Ablerex.

-GRI Guidelines

Ablerex provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers Ablerex's social responsibility and sustainability themes.

Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of Ablerex. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide an independent assurance statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team JULY 26, 2023

GREAT International Certification Co., Ltd.

Taiwan, Republic of China



Signed by General Manager

W. J. Chen



**AA1000
Licensed Report
000-250/V3-ULA36**

Human rights policy

Updated on 2023.12.05

In order to uphold the principles of labor and business ethics, the company embraced the tenets and ethos of the Global Reporting Initiative's (GRI Standards) in 2021. Beyond the implementation of human rights-related policies, the company, in accordance with the government's "Labor Standards Act" and other pertinent laws, has established "work rules" delineating the rights and obligations concerning employees' human rights. This proactive approach aims to safeguard the fundamental human rights and related interests of employees, fostering an environment where each employee is treated with fair and humane consideration. Notably, the company has instituted "control measures and punitive measures against sexual harassment" and implemented a grievance channel, fostering gender equality and preserving personal dignity.

Human Rights Assessment

Committed to sustainable development, the company places a premium on people and the environment, assuming and promoting social responsibility for employees, consumers, and the overall environment. In a demonstration of dedication to a safe and healthy workplace, an environmental engineering and health management unit has been established. This unit deploys occupational safety and health personnel to manage the well-being of employees, conducting regular health inspections for in-service employees. Collaborating with partners, the company has formulated a "Supplier Social Responsibility Code" and signed a corporate social responsibility commitment, expanding its positive impact.

Human Rights Concerns and Practices

● **Compliance with Relevant Regulations and Guidelines**

The company has a detached ethical standard and must comply with relevant local government regulations and international standards and regulations. When implementing business activities, it should adopt standards that can provide employees with the greatest guarantees.

Ablerex follows the laws and regulations of the governments in various regions, when there are major changes in the company's operations that may affect the rights and interests of employees, or when there are major changes in employees' positions, they will be notified and discussed in advance.

If the labor contract is to be terminated, a notice period will be given in accordance with the Labor Standards Act as follows:

- Those who continue to work for more than three months but less than one year shall be notified ten days ago.
- Those who continue to work for more than one year but less than three years will be notified 20 days in advance.

- Those who continue to work for more than three years shall be notified 30 days in advance.
- **Elimination of Discrimination and Ensuring Equal Opportunities**

Ensuring equal treatment across employment, salary, welfare, training, promotion, and other labor aspects, the company commits to non-discrimination based on age, gender, physical and mental disabilities, race, ethnicity, nationality, religion, or other factors.
- **Prohibition of Child Labor**

Conforming to the norms of the ILO Convention No. 138 and the UN Convention on the Rights of the Child, the company strictly prohibits the illegal employment of child labor, adhering to specified working hours and conditions. The company maintains a clean record of not employing any child labor in 2023.
- **Prohibition of Inhumane Treatment**

The company expressly prohibits personal injury, improper physical punishment, threats of physical and sexual harassment, verbal violence, or any form of intimidation.
- **Prohibition of Forced Labor**

In adherence to local laws and regulations, the company ensures that working hours, including overtime, adhere to stipulated limits. An attendance system is in place to monitor abnormal attendance, and designated personnel review such cases, notifying relevant supervisors for appropriate work arrangements, prioritizing the health and quality of family life for colleagues.
- **Respect for Employees' Freedom of Association and Right to Collective Bargaining**

Respecting employees' freedom of assembly and association, the company acknowledges the right to collective bargaining in accordance with China's trade union law.
- **Providing a Safe and Healthy Working Environment**

Prioritizing employee health as the greatest wealth, the company offers a comprehensive health and safety plan. In accordance with the Occupational Safety and Health Law, the company implements and promotes occupational safety and health management plans, conducting periodic labor safety assessments and operation inspections. The goal is to eliminate hazards, prevent work injuries, and reduce the risk of occupational injuries.
- **Physical and Mental Health and Work-Life Balance**

The company supports colleagues in strengthening their bodies during leisure time by providing a gymnasium and washrooms. Furthermore, all employees receive a general health check every three years, with the company covering the associated costs. To enhance safety, the company organizes labor safety and health and fire safety training biannually. Upholding quality office environments, the company implements regular cleaning and maintenance, environmental disinfection operations,

and drinking water quality checks for drinking fountains, ensuring a healthy, safe, and hygienic workplace.

Human rights risk mitigation measures

● **Human rights protection training practices**

- Provide relevant laws and regulations for newcomer training
The company will arrange new recruit training for new recruits, summarizing company profile, business philosophy, quality policy, work rules, employee code of ethics and conduct, management of personal data protection, employee environmental safety and hygiene introduction, Ethical corporate management code, corporate social responsibility Codes, supplier social responsibility codes, human rights policies, major internal information processing and insider transaction management measures, product introductions, Cyber security risk management, respect for intellectual property rights, welfare courses, etc., to understand the company's corporate culture, vision and working environment, And put the relevant measures on the company website and internal staff system for all colleagues to follow.
- Provide employee opinions or appeal channels
- The company prohibits personal injury, improper corporal punishment, threats of physical, sexual and other harassment, verbal violence or any other forms of intimidation. Set up internal and external feedback or appeal channels.
- Occupational Safety Training
 - The company organizes labor safety and health and fire safety training every year to enhance the awareness of environmental sanitation. Occupational safety and health personnel may return to training in accordance with the regulations of the competent authority to ensure continuous improvement. And participate in external professional training according to work needs, enrich knowledge and skills, improve work efficiency and quality, and learn and grow to connect with the company's development goals.
- **Number of Participants in Training Related to Human Rights Protection**
- In 2023, the company conducted 57 hours of internal staff education and training, involving 57 participants.

The company regularly reviews its operations, supply chain and other related activities every year by paying attention to major social issues, questionnaires, etc. to identify and assess groups at risk and potential human rights risks, and formulate a human rights issue control plan based on potential risks and continue to monitor and improve plan implementation results.

The company's human rights management policies and specific plans are summarized as follows:

Human Rights Management Policy	Specific Plan
<p>Provide a safe and healthy working environment to help employees maintain physical and mental health and work-life balance</p>	<p>The company conducts comprehensive health examinations for all employees every three years, aligning with the overload questionnaire to prioritize the physical and mental well-being of our workforce while gaining insights into their health metrics. To support this initiative, a state-of-the-art fitness center has been established within the factory premises, providing employees with an opportunity to fortify their bodies and unwind both physically and mentally during leisure hours at work. This endeavor aims to enhance work morale, boost employee health metrics, and align with the Occupational Safety and Health Law guidelines.</p> <p>In adherence to regulatory frameworks, we actively implement and champion the occupational safety and health management plan. Regular activities, including on-the-job personnel education and training, disaster prevention drills, and annual labor safety and health awareness campaigns, are conducted to instill the correct concepts of occupational safety among our staff. Furthermore, the company collaborates with hospitals to integrate health services for medical staff within the factory. This involves promoting education and training programs on employees' personal health and environmental safety. We also systematically assess employees' health risks, particularly identifying high-risk cases, and arrange specialized health consultations as part of our proactive health management strategy.</p>
<p>Prohibit forced labor and comply with local government labor laws</p>	<p>The company mandates that working hours, including overtime, must adhere to local laws and regulations. Additionally, employees are entitled to one day of rest within a seven-day workweek. To enforce these regulations, the company has implemented an attendance system designed to document instances of abnormal attendance. Designated personnel reviews these records and promptly notifies relevant unit supervisors. This proactive approach ensures an understanding of colleagues' work statuses, enabling the implementation of appropriate work arrangements. The ultimate goal is to prioritize</p>

	the health and well-being of colleagues while maintaining the quality of family life.
Establish human rights clauses in contracts with suppliers and implement on-site audits	Each supplier is invited to fill in the sustainable development self-evaluation form. As of 2023, the company's suppliers with ongoing transactions have signed a total of 396 social responsibility commitment letters.

In addition, the company conducted 57 hours of internal staff education and training, involving 57 participants in 2023. We will continue to pay attention to human rights protection issues and promote relevant education and training to increase awareness of human rights protection and reduce the possibility of related risks.

Note 5: To improve and implement the management functions of the company in all aspects of environment, society and corporate governance, the "Corporate Governance and Sustainability Development Committee" is specially set up, under the jurisdiction of the "Corporate Governance Team", "Corporate Social Responsibility Team", "Ethical corporate management Team". The description and organizational structure are as follows:

committee	member	requirements	Functional team	Primary authority	Implementation Plan in 2024
Corporate Governance and Sustainable Development Committee	Chairman: Chairman	The Corporate Governance and Sustainable Development Committee is supervised by the board of directors and the chairman of the board of directors. The internal audit periodically reviews the implementation of each business year and issues a report to the board of directors. The Corporate Governance and Sustainable Development Committee plans, coordinates and tracks the execution status of each task according to the government decrees, the announcement of the competent authority and the relevant internal management rules	Corporate Governance team	<ul style="list-style-type: none"> ➤ Ensure the enhancement of shareholders' rights, assistant directors and supervisors' functions and protect the interests of stakeholders and timely and fully improve information transparency. ➤ Strengthen colleagues' compliance with laws and regulations, continue to improve corporate governance and internal control systems and conduct regular and irregular self-inspections. ➤ The contents of corporate governance evaluation indicators for the year are the key points for implementation. Based on the implementation schedule of each indicator, continuous progress tracking and management are conducted. 	<ul style="list-style-type: none"> ➤ Executive board performance evaluation operations. ➤ Gradually improve the establishment of the English version of the corporate governance rules. ➤ Strive for the top 5% of OTC companies in the 10th Corporate Governance Evaluation Ranking.
	Convener: Corporate Governance Officer		Corporate Social Responsibility team	<ul style="list-style-type: none"> ➤ According to the relevant indicators of corporate social responsibility in corporate governance evaluation, related operations and activities are executed and the implementation status is continuously improved and tracked. ➤ We will do our best to fulfill corporate social responsibilities and promote the balance between economic, social and environmental ecology and sustainable development and effectively manage environmental social risks and impacts. ➤ Identification, statistics and compilation of corporate social responsibility report. 	<ul style="list-style-type: none"> ➤ Assist the relevant departments of renowned domestic universities in understanding the company's operating industry and promote the cooperation between industry and education. ➤ Prepare and upload the 2023 ESG Sustainability Report to public information observatories or company websites. Pass third-party verification and produce an English version of the ESG sustainability report. ➤ Enhance the linkage between the company's core business activities and the United Nations Sustainable Development Goals (SDGs).
	Members: Each department head of the company is an ex officio member				

committee	member	requirements	Functional team	Primary authority	Implementation Plan in 2024
		of the company. According to the nature of the function, each task of the relevant department is assigned. The Corporate Governance and Sustainable Development Committee regularly report the implementation results of the annual plan to the board of directors before the end of the year and sets the implementation plan for the next year.	Ethical Corporate Management team	<ul style="list-style-type: none"> ➤ According to the relevant indicators of the ethical corporate management in the corporate governance evaluation, relevant operations and activities are executed and the implementation status is continuously improved and tracked. ➤ Ethical corporate management policy and prevention plan formulation and supervision. ➤ Assist the board of directors and management to check and evaluate the effective operation of the preventive measures established by the implementation of the ethical corporate management and to evaluate the relevant business processes and follow the conditions to create a report 	<ul style="list-style-type: none"> ➤ Enhance the synergy of socially weak care or active development activities ➤ Continuously or irregularly conduct advocacy and education training with colleagues. ➤ Statistics and analysis of dishonest conduct, number of reported cases and case status and improvement of internal control related operations. ➤ Fixed at the end of the year to check and evaluate the implementation of the integrity of the business and report to the board of directors on the relevant content. ➤ Encourage colleagues to use the annual leave of the year and implement the agent system.

It has been reported to the company's board of directors on 2023.12.25 about the company's "implementation of promoting sustainable development"

Note 6.

Item	Year	Green House Emission		
		2020	2021	2022
Scope1 (Tons CO2e/Year)		106.3	107.55	112.6
Scope2 (Tons CO2e/Year)		522.1	569.28	427.7
Total annual emissions (Tons CO2e/Year) (Scope1+Scope2)		628.4	676.83	540.3
Standalone revenue (NT\$ Thousand)		2,024,768	2,550,234	2,714,622
Greenhouse gas emission intensity (Tons/NT\$ Million)		0.3104	0.2654	0.199

In order to cooperate with the promotion of energy-saving and carbon-reduction policies, the company has implemented a number of energy-saving and carbon-reduction measures. Also refer to the relevant regulations, according to the actual situation, to develop specific improvement goals. Please refer to our website <https://www.ablerex.com.tw/esg/3.6.2.pdf>

- (1). Since 2016, the company has carried out the greenhouse gas carbon Footprint Verification of the Taipei office and the Pingtung factory with reference to the ISO 14064-1 methodology. The main sources of greenhouse gas emissions identified are electricity, transport vehicles (diesel), refrigeration equipment (refrigerant), etc.
The GHG emission intensity in 2022 was 0.199, a decrease of about 25% from 0.2654 in 2021. The management objective has been met. This is due to that the Company's energy conservation and carbon reduction management measures have been implemented effectively, and we will maintain such efforts.

- (2) Water consumption in the last 3 years:

water type	Standards/methodologies/assumptions	Usage amount		
		2020	2021	2022
Municipal water supply (tap water)	water bill (thousand liters)	3,512	4,258	4,218
Total water consumption (thousand liters)		3,512	4,258	4,218
Total number of employees (person)		323	333	332
water intensity (thousand liters/person)		10.873	12.787	12.705

Statistical scope: covering Taipei office and Pingtung factory.

The Company offers products in assembly. The waste and sewage discharged at each operating site and factory area are mainly domestic sewage. In order to ensure that the domestic sewage discharged meets the regulations for water pollution prevention, the water quality has to meet the standards for effluent, and then the sewage is discharged to the sewer system. The water use intensity in 2022 was 12.705 thousand liters, a decrease of 0.6% compared with the water use intensity of 12.787 thousand liters in 2021. The implementation of water consumption management measures effectively reduced the waste of water resources, and we will maintain such efforts.

- (3) Waste management

<List of Waste Types and Treatment Status from 2020 to 2022>

waste code	Item	Unit	2020	2021	2022	type
D-1801	General industrial waste	Ton	5.020	5.510	5.170	Domestic wastes
E-0217	Hazardous business waste	Ton	0.059	0.062	0.090	Waste electronic component parts, scraps and defective parts

waste code	Item	Unit	2020	2021	2022	type
E-0221	Hazardous business waste	Ton	0.137	0.088	0.110	PCB waste and powder containing metal
Total business waste		Ton	5.22	5.66	5.37	
Standalone Revenue		million	2,024,768	2,550,234	2,714,622	
Waste intensity		mt/ million	0.0026	0.0022	0.0019	

Note: Disclosure of product life cycle management:

- (1) The weight of related scrapped products and electronic waste is shown in the table above, and qualified third-party vendors are commissioned to clear and transport them.
- (2) The generated waste is currently not recycled, so the recycling percentage is 0%.

The Company offers products in assembly, and the waste from each operating site and factory area is divided into two categories, general waste and industrial waste. Industrial waste is entrusted to local qualified waste disposal operators to be transported to incinerators or landfills designated by the government. The waste intensity in 2022 was about 0.0019 tonnes per NT\$1 million in revenue, which is about 13.6% less than 0.0022 tonnes per NT\$1 million in revenue in 2021. The management objective was met. The waste management measures have been effective, and we will maintain such efforts.

3.4.6 Ethical corporate management implementation status deviation and reasons of Ethical corporate management for TWSE/TPEX companies :

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1). Does the company formulate an ethical corporate management policy approved by the board of directors and clearly state the policies and practices of Ethical Corporate management in the regulations and external documents and the commitment of the board of directors and management to actively implement the business policy?</p>	V		<p>The inaugural edition of AblereX's Ethical Corporate Management Best-Practice Principles received approval from the Board of Directors on May 12, 2014. Since its inception, these principles have undergone revisions to align with evolving regulations from competent authorities. Furthermore, the Corporate Governance and Development Committee conducted an assessment on December 1, 2018, in adherence to Corporate Governance Evaluation standards.</p> <p>This commitment to ethical corporate governance extends to the active coordination of relevant indicators, highlighting the implementation status on the company's webpage corporate governance zone, annual report, and during board of directors' meetings. This approach ensures a transparent and comprehensive integration of these principles into both internal management and external business activities, aligning seamlessly with the company's ethical corporate management code.</p> <p>The English-language Corporate Governance Zone on the company's website is an ongoing project, continually refined to present a detailed overview of the company's operations. This strategic effort aims to facilitate a comprehensive understanding for international stakeholders regarding the company's implementation strategies and specific measures.</p> <p>In compliance with legal requirements, all directors elected on or after June 27, 2023, as well as senior management, are obligated to sign a statement confirming their adherence to the Ethical Corporate Management Policy. This underscores the company's unwavering commitment to ethical business practices and governance.</p>	In accordance with Article 4, 5, 8, 18 and 21 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
<p>(2). Does the company establish an evaluation mechanism for the risk of unethical, regularly analyze and</p>	V		<p>On August 5, 2019, the board of directors of the company endorsed revisions to the "Ethical Corporate Management Best-Practice Principles." Subsequently, on March 19, 2020, the "Procedures for Ethical Corporate Management and Guidelines</p>	In accordance with Article 7 of “the Ethical Corporate

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
evaluate business activities with a higher risk of unethical in the business scope and formulate a plan to prevent unethical, at least listed activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?			<p>for Conduct" underwent a revision to articulate specific measures aimed at risk assessment and the prevention of both ethical and unethical operations.</p> <p>In a proactive stance, on December 1, 2018, the Corporate Governance and Sustainable Development Committee, guided by corporate governance evaluation indicators, assumed responsibility for coordinating efforts to forestall illegal situations. This involved establishing communication channels for external stakeholders and implementing various mechanisms to preclude unethical behaviors. The ongoing monitoring of implementation status is coupled with an annual audit plan, incorporating inspection items that ensure the efficacy of these measures, providing a foundation for subsequent reviews and improvements.</p> <p>In a further commitment to ethical practices, the company revised its approach to bribery risk assessment and control. This includes the provision of avenues for anonymous reporting, shielding whistleblowers from reprisals, and ensuring that they are not subjected to improper treatment for their reporting. These initiatives collectively fortify the company's dedication to ethical corporate conduct and its robust preventive measures against malpractices.</p>	Management Best-Practice Principles for TWSE/TPEX Listed Companies”
(3). Does the company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the prevention of unethical behavior, implementation and regularly review and revision of the plan before it is revealed?	V		<p>In alignment with the stipulations outlined in the "Ethical Corporate Management Best-Practice Principles" and in compliance with pertinent laws and regulations, the Company has developed comprehensive documents such as the "Procedures for Ethical Corporate Management and Guidelines for Conduct." Moreover, specific codes, namely the "Code of Ethical Conduct for Directors, Supervisors, and Managers" and the "Code of Ethical Conduct for Employees," have been established. These documents serve to define dishonest behaviors and provide clear directives for the company's personnel, outlining what they should be attentive to, prohibiting certain actions, and detailing procedures for addressing issues during business operations.</p> <p>To ensure the effective implementation of these regulatory measures, the company's website features an investor connection platform, stakeholder contact information, and customer service pages. These avenues facilitate communication for various information seekers and feedback contributors, allowing them to reach out to the relevant personnel within the company. Regular tracking of the implementation</p>	In accordance with Article 2, 6, 10-17 and 26 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			status is conducted, with the annual audit plan incorporating these aspects as audit items. The Corporate Governance Development Committee diligently reports the outcomes of this implementation to the board of directors, ensuring a thorough review of effectiveness and providing a basis for continuous improvement. This comprehensive approach underscores the company's commitment to transparency, ethical conduct, and continuous enhancement of its corporate governance practices.	
2. Fulfill operations ethical corporate management policy (1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		In the course of conducting business activities, the company consistently monitors industry transactions and meticulously assesses potential partners in financial and other relevant aspects. This scrutiny aims to identify any history of dishonesty and, where possible, establish a foundation of integrity in all contracted agreements. To fortify its stance against unethical practices, the company has implemented penalty-related provisions. These provisions serve the dual purpose of averting losses stemming from dishonest conduct and ensuring the utmost integrity throughout the company's claims and transaction processes. While not yet fully integrated into bilateral sales contracts, the company has been proactive since 2016 in encouraging new supplier partners to endorse the "Supplier/Subcontractor's Social Responsibilities Letter of Commitment." Simultaneously, the company has publicly disclosed "Ethical Corporate Management Best-Practice Principles " along with the " Code of Ethical Conduct for Employees" and other relevant specifications. This collective effort is designed to foster compliance and emphasizes the company's commitment to ethical business practices. Through these initiatives, the company seeks to promote a culture of honesty, transparency, and responsible conduct throughout its supply chain and internal operations.	In accordance with Article 9 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
(2) Does the company set up a dedicated unit to promote corporate ethical management under the board of directors and	V		The Company, under the guidance of the Board of Directors, established the "Corporate Governance and Sustainable Development Committee" in accordance with the Corporate Governance Evaluation Indicators on December 1, 2018. Furthermore, a Corporate Governance Officer was appointed on August 5, 2019,	In accordance with Article 17 of “the Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
regularly (at least once a year) report to the board of directors on its ethical corporate management policy and plans to prevent unethical and monitor implementation?			responsible for reviewing the "Ethical Corporate Management Best-Practice Principles" and overseeing related initiatives. Following the announcement, the Company has been conducting educational training and awareness campaigns to ensure that all employees and relevant stakeholders are well-informed about and committed to the ethical corporate management policy. These efforts are ongoing and serve to promote the successful implementation of ethical corporate management. To maintain transparency and accountability, the Company commits to reporting annually to the Board of Directors on the progress and implementation of ethical corporate management. These reports are presented in December each year, ensuring that the principles and practices of ethical corporate management continue to be upheld within the organization.	Best-Practice Principles for TWSE/TPEX Listed Companies”
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels and implement it?	V		To avoid conflicts of interest, Ablerex has stipulating both Chinese and English version of “Procedures for Ethical management and Guidelines for Conduct”, “Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors and Managers”, “Guidelines for the Adoption of Codes of Ethical Conduct for Employees” and “Rules of Procedure for Board of Directors Meetings”, which clearly stated the managerial procedures and communication channels. The website provides the stakeholder area, the investor area, etc. and also informs the stakeholders of the presentation and communication in the Corporate Social Responsibility Report (page 17 of the 2022 ESG Report). The Directors, Supervisors and Managers are also highly self-discipline that they express opinions and answer questions while absent in discussion and voting when the discussion issues are related to their own interests. ESG report as per https://www.ablerex.com.tw/esg/ESG2022.pdf	In accordance with Article 19 and 23 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
(4) Whether the company has established an effective accounting system and internal control system for the implementation of ethical corporate management and the	V		The Company has implemented a robust accounting system and internal control system. Regular self-evaluations are conducted annually to assess the effectiveness of the internal control system, ensuring that its design, implementation, and execution align with established standards. To ensure the proper implementation of ethical corporate management, the annual audit plan includes a review of this aspect as one of the audit items. The Corporate	In accordance with Article 20 of “the Ethical Corporate Management Best-Practice Principles

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
internal audit unit based on the results of the assessment of the risk of unethical behavior, draws up relevant audit plans and checks the compliance with the plan to prevent unethical, or commission a CPA to perform the audit?			Governance and Development Committee provides reports to the board of directors regarding the implementation status, thus ensuring that the implementation is monitored, reviewed, and serves as a reference for potential improvements.	for TWSE/TPEX Listed Companies”
(5). Does the company regularly hold internal and external educational trainings on ethical corporate management policy?	V		The company actively sends personnel to participate in external education training and advocacy meetings related to external related integrity operations. Internally, it promotes and guides the annual newcomer’s education and actively promotes employees in various meetings (Increased policy advocacy, human rights and Ethical Management, corporate social responsibility for report items in labor-management conferences) from time to time. Foster a clean, honest, fair and responsible attitude. Please refer the Chinese web site : https://www.ablerex.com.tw/ch/csr.php	In accordance with Article 22 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
3. Operation of the impeachment channel				
(1) Does the company establish both a reward system and an impeachment hotline, as well as pointing an appropriate person to follow-up for the accused?	V		The company has stipulated reporting, reward systems and dedicated personnel in the "Procedures for Ethical Management and Guidelines for Conduct". The company's website also discloses the contact information and email addresses of the company's supervisors, spokespersons and internal auditors (path: https://www.ablerex.com.tw/esg/3.7.2.pdf), if any If any company personnel are found to have violated ethics, they may be reported directly.	In accordance with Article 23 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Has the company established standard operating procedures for investigations to receive reports, follow-up measures to be taken after the investigation is completed and related confidentiality mechanisms?	V		Ablerex has established a reporting system in Article 21 of the “Guidelines for the Operational Procedures and Conduct of Honest Business Conduct”, which describes the prosecution channels, information that should be provided and the handling procedures after receiving the reports. Upon receipt of the report, the designated personnel will follow the prescribed procedures. Processing, written statements keep the identity of the prosecutor and the contents of the prosecution confidential. If the investigation is true, the prosecutor is immediately required to stop the relevant actions and after the confirmation, it is appropriate to dispose of articles 21 to 23 of the code and if necessary, seek compensation for damages through legal proceedings. Will be punished according to relevant company regulations	In accordance with Article 23 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
(3) Does the company take measures to protect prosecutors from improper disposition due to the report?	V		The “Code of Ethical Conduct for Employee” stipulates those colleagues has the reporting responsibilities and obligations. If any violation of laws, regulations, or the Code is discovered, it should be reported and reported to the supervisor. During the investigation of the company’s handling of the report, it will Full confidentiality and protection of the parties' privacy rights and their personal interests and promised to protect the prosecutors from improper treatment due to the prosecution. The personnel participating in the investigation shall be responsible for the confidentiality of the content of the complaint. Violators shall be transferred by the competent authority to the Personnel Supervisor for discussion.	In accordance with Article 23 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		Ablerex discloses “Ethical Corporate Management Best-Practice Principles” and the related measures “Procedures for Ethical Management and Guidelines for Conduct” as per https://www.ablerex.com.tw/esg_5.php The implementation of Ethical Corporate Management as per https://www.ablerex.com.tw/esg/4.2.7.pdf Although the company's 9th (2022) score has improved slightly, it only won the top 6-20% of the "Corporate Governance Evaluation". In summary, in the 9	In accordance with Article 25 of “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			evaluations, a total of 5 top 5% and 4 top 6-20% results were obtained. We will make persistent efforts to improve corporate governance performance and strive for good results. There have been no irregularities records or reports of the company and will continue to communicate adequately and convey the correct business philosophy.	Listed Companies”
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. AblereX stipulated “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct for Directors, Supervisors and Managers” based on “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, the related regulations and the mission statement of honesty, transparency and responsibility as the regulations of daily operations for all employees. There is no discrepancy between regulations and implementations.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies. AblereX stipulated “Operational Procedures for Handling Material Inside Information” and “Procedures for the Prevention of Insider Trading” which stated the directors, managers, employees and consultants to exercise the due care of a good administrator and signed the confidential agreements as the requests of the Ethical Corporate Management Best-Practice Principles. Directors, managers, employees and consultants, who are aware of the inside information, shall not reveal the inside information. Directors, managers, employees and consultants shall not ask or collect the undisclosed inside information which is not relevant to their duties. In order to enable insiders to follow and refer to, the relevant insiders (directors, supervisors, managers, employees, etc.), insider trading and insider equity-related laws and regulations and applicable precautions, etc., are referred to the competent authority's publicity manual in this manual The company's Chinese website (path: http://www.ablerex.com.tw/ch/csr_2_1.php) is subject to advocacy.</p>				

3.4.7 Corporate Governance Guidelines and Regulations: Please refer to AblereX’s website: http://www.ablerex.com.tw/ch/about_8-4.php

3.4.8 Other Important Information Regarding Corporate Governance: N/A

3.4.9 Enforcement of internal control shall reveal the following items:

1. Declaration of Internal Control: Please refer to Page 188 of Annual Report.
2. If the company is requested by the SEC to retain CPA’s service for examining internal control system, the Independent Auditor’s Report must be disclosed: None.

3.4.10 The punishment delivered to the company and the staff of the company, or the punishment delivered by the company to the staff for a violation of

internal control system, the major nonconformity and the corrective action in the most recent years and up to the date of the annual report printed:
None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings up to the date of the annual report printed.

A. Major Resolutions of Shareholders' Meeting

Date	Shareholders' Meeting	Major Resolutions	Follow up																																																
2023/6/27	General Shareholders Meeting	<p>Matter to be Approved</p> <p>1. Adoption of the 2022 Business Report and Financial Statement</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Attendance to vote</th> <th>Affirmative vote</th> <th>Against vote</th> <th>Abstention vote</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">29,309,372</td> <td style="text-align: center;">29,213,190</td> <td style="text-align: center;">13,112</td> <td style="text-align: center;">83,070</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">99.67%</td> <td style="text-align: center;">0.04%</td> <td style="text-align: center;">0.28%</td> </tr> </tbody> </table> <p>Voting method: voting Voting Status: Passed</p> <p>2. Adoption of the Proposal for Distribution of 2022 Profit</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Attendance to vote</th> <th>Affirmative vote</th> <th>Against vote</th> <th>Abstention vote</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">29,309,372</td> <td style="text-align: center;">29,213,190</td> <td style="text-align: center;">13,112</td> <td style="text-align: center;">83,070</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">99.67%</td> <td style="text-align: center;">0.04%</td> <td style="text-align: center;">0.28%</td> </tr> </tbody> </table> <p>Voting method: voting Voting Status: Passed</p> <p>Matter to be Discussed</p> <p>1. Amendment to "Article of Incorporation"</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Attendance to vote</th> <th>Affirmative vote</th> <th>Against vote</th> <th>Abstention vote</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">29,309,372</td> <td style="text-align: center;">28,699,192</td> <td style="text-align: center;">530,112</td> <td style="text-align: center;">80,068</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">97.91%</td> <td style="text-align: center;">1.80%</td> <td style="text-align: center;">0.27%</td> </tr> </tbody> </table> <p>Voting method: voting Voting Status: Passed</p> <p>Elections</p> <p>The 9th Election of Directors as Note 1</p> <p>Other matters</p> <p>1. The case of Proposal for releasing the Prohibition on new elected Directors from Participation in Competitive Business.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Attendance to vote</th> <th>Affirmative vote</th> <th>Against vote</th> <th>Abstention vote</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">29,309,372</td> <td style="text-align: center;">29,169,301</td> <td style="text-align: center;">59,187</td> <td style="text-align: center;">80,884</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">99.52%</td> <td style="text-align: center;">0.20%</td> <td style="text-align: center;">0.27%</td> </tr> </tbody> </table> <p>Voting method: voting Voting Status: Passed</p> <p><u>In the above proposal, the chairman inquired the present shareholders if they had any questions, and they all said none.</u></p>	Attendance to vote	Affirmative vote	Against vote	Abstention vote	29,309,372	29,213,190	13,112	83,070	100%	99.67%	0.04%	0.28%	Attendance to vote	Affirmative vote	Against vote	Abstention vote	29,309,372	29,213,190	13,112	83,070	100%	99.67%	0.04%	0.28%	Attendance to vote	Affirmative vote	Against vote	Abstention vote	29,309,372	28,699,192	530,112	80,068	100%	97.91%	1.80%	0.27%	Attendance to vote	Affirmative vote	Against vote	Abstention vote	29,309,372	29,169,301	59,187	80,884	100%	99.52%	0.20%	0.27%	<p>Ex-Dividend Date: Aug 28, 2023</p> <p>The earnings distribution recognized by the shareholders' meeting of the company, the shareholders' cash dividend distribution was completed on Sept 21, 2023. (Totally NT\$2.00 per share)</p> <p>1. Has applied on 2023.7.4 and had been approved on 2023.7.11 to be registered by the Ministry of Economic Affairs and announced on the company's website.</p>
Attendance to vote	Affirmative vote	Against vote	Abstention vote																																																
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Note 1.
Elections

The 9th Election of Directors as Note 1

Voting Results:

Director

Ranking	Account No.	Account Name	Elected Votes	Note
1	47	Wen Hsu	39,631,965	Be elected
2	1	Y.A. Chen	30,294,562	Be elected
3	2	UIS Co., Ltd. Rep : J.S. Wang	28,481,613	Be elected
4	P100xxxxxx	S.G. Wang	28,016,127	Be elected
5	48	J.K. Sung	27,797,701	Be elected
6	D120xxxxxx	James Ho	27,490,939	Be elected

Voting method: voting

Voting Status: Passed

Independent Director

Ranking	Account No.	Account Name	Elected Votes	Note
1	A110xxxxxx	Y.J. Ding	27,176,963	Be elected
2	D100xxxxxx	Y.L. Su	26,655,263	Be elected
3	T220xxxxxx	J.C. Hsieh	26,439,053	Be elected

Voting method: voting

Voting Status: Passed

B. Major Resolutions of Board Meetings

Item	Date	Board Meetings	Major Resolutions
1	2023.1.16	Board Meeting	<p>【the 18th meeting of the 8th term 】</p> <ol style="list-style-type: none"> 1. Approved the amendment to the “Corporate Governance Best-Practice Principles”. 2. Approved the amendment to the “Sustainable Development Best-Practice Principle”. 3. Approved the motion on the application for the renewal of credit limits.
2	2023.3.21	Board Meeting	<p>【the 19th meeting of the 8th term 】</p> <ol style="list-style-type: none"> 1. Acknowledge the Consolidated report and Business report for 2022 2. Approved the assessment of the independence of the auditors. 3. Approved to formulate the company's "Non-Assurance Services Concurrence Guideline". 4. Approved the declaration of internal control system of Year 2022. 5. Approved the directors' and employees' compensation of Year 2022. 6. Approved the earning distribution of the Year 2022. 7. Approved the purchasing liability insurance through the company's directors and managers. 8. Approved the schedule to adopt a greenhouse gas inventory plan. 9. Approved to re-elect the next directors. 10. Approved the date and agenda of the Year 2023 Annual Shareholders' Meeting. 11. Approved the motion on the application for the renewal of credit limits. 12. Approved the case of Endorsement guarantee.
3	2023.5.8	Board Meeting	<p>【the 20th meeting of the 8th term 】</p> <ol style="list-style-type: none"> 1. Acknowledged the Q1 consolidated financial statements of Year 2023. 2. Approved the qualification review for director (independent director) candidates. 3. Approved the Proposal for releasing the Prohibition on new elected Directors from Participation in Competitive Business. 4. Approved the motion on the application for the renewal of credit limits.
4	2023.6.27	Board Meeting	<p>【the 1st meeting of the 9th term 】</p> <ol style="list-style-type: none"> 1. Approved the election of chairman and vice chairman. 2. Approved to re-appoint the members of remuneration committee. 3. Approved to re-appoint the audit committee.
5	2023.8.7	Board Meeting	<p>【the 2nd meeting of the 9th term 】</p> <ol style="list-style-type: none"> 1. Acknowledged the Q2 consolidated financial statements of Year 2023. 2. Renewed the new capital loans of USD572,370.29 and

Item	Date	Board Meetings	Major Resolutions
			<p>USD1,130,500.04 to related parties Ablerex Latam Corporation and Ablerex Electronics Italy Srl respectively from April to July 2023.</p> <p>3. Approved the renew of loan to the related party Ablerex Latam Corporation.</p> <p>4. Approved the motion on the application for the renewal of credit limits.</p> <p>5. Approved the case of Endorsement guarantee.</p>
6	2023.11.6	Board Meeting	<p>【the 3rd meeting of the 9th term 】</p> <p>1. Acknowledged the Q3 consolidated financial statements of Year 2023.</p> <p>2. Discussed and approved the Annual audit plan for year 2024.</p> <p>3. Approved the amendment to the "Risk management policies and procedures".</p> <p>4. Approved the amendment to “Information Cycle CC-110 Control Operations of Information Security Inspection”</p> <p>5. Approval of new capital loans to related parties Ablerex Latam Corporation and Ablerex Electronics Italy Srl respectively from August to September 2023.</p> <p>6. Approved the motion on the application for the renewal of credit limits.</p>
7	2023.12.25	Board Meeting	<p>【the 4th meeting of the 9th term】</p> <p>1. Approved the Business budget of 2024.</p> <p>2. Review the 2023 manager performance bonus determination proposed by the Remuneration Committee.</p> <p>3. Approved of new capital loans to related parties, Ablerex Latam Corporation and Ablerex Electronics Italy Srl respectively from October to November 2023.</p> <p>4. Approved the motion on the application for the renewal of credit limits.</p>

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor or Dissenting to Important Resolutions Passed by the Board of Directors: As per Page 27.

3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, GENERAL MANAGER and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D Manager in the most recent years and up to the date of the annual report printed: None

3.5 Information Regarding the Company's Audit Fee, Replacement and Independence

3.5.1 CPAs Fee

Unit : NT\$ in thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Auditing fees	Non-auditing fees	Total	Remark
PwC	Lin, Se-Kai	2023.1.1~ 2023.12.31	4,325		4,325	
	Lai, Zhong-Xi					
	Lin, Se-Kai	2023.1.1~ 2023.12.31		1,050	1,050	Tax Compliance Audit and Translation fees for English financial reports
	Fan, Xian-Qing	2023.1.1~ 2023.12.31	-	550	550	Transfer pricing consulting services
	Hsu, Cheng-Yi	2023.1.1~ 2023.12.31		150	150	Tax consulting project services

- (1). If the auditing fee paid in the year retaining service from another CPA Firm is less than the auditing fee paid in the year before, the amount of auditing fee before and after the change of CPA Firm and the reasons for the said change must be disclosed: None.
- (2). If the auditing fee paid in the year retaining service from another CPA Firm is over 10% less than the auditing fee paid in the year before, the amount of auditing fee before and after the change of CPA Firm and the reasons for the said change must be disclosed: None.

3.6 CPA's changing information within 2 years:

3.6.1 Information for changing accountant:

A. About the former accountant

changing date	2023.3.21		
Reason and description	Internal rotation of the PwC firm, change the auditing accountant S.K. Lin		
statement for being terminated by principal or accountant or refused to accept the appointment	Status	Party	Principal
	initiative terminating mandate		
	Refuse (or Renew) commission		
Comments and reasons for issuing audit reports other than unqualified opinions within the last two years	-NA-		
disagree with the issuer	With		accounting principles or practices
			Disclosures in Financial Reporting

			Check scope or steps
			Others
	W/O		V
	Description		
Other matters (Those who should be disclosed in Article 10, Paragraph 6, Item 4 to Item 1, Item 7)	-NA-		

B. About Successor CPA

Accounting Firm	PwC
Accountant name	Lin, Se-Kai
date of appointment	Mar 21, 2023
Pre-appointment accounting treatment or accounting principles for specific transactions and Opinion consultation matters and results that may be issued on financial reports	-NA-
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	-NA-

C. Reply letter from the former accountant on items 1 and 2-3 of Article 10, subparagraph 6 of this standard: -NA-

3.6.2 The most recent year's certified accountant :

Fiscal Year	Accountant Firm	CPA
2016~2020	PwC	H.T. Chou and S.L. Li
2021~2022	PwC	H.T. Chou and Z.X. Lai
2023~2024	PwC	S.K. Lin and Z.X. Lai

3.7 The Chairman, General Manager and Financial or Accounting Managers of the Company who had worked for the independent Auditor or the related party in the most recent years: None

3.8 Information on Net Change in Shareholders and Net Change in Shares Pledged by Directors, Supervisors, Department Heads and Shareholders of 10% shareholding or more

3.8.1 Information on Net Change in Shareholding of Directors, Supervisors and Managers and Major Shareholders:

Unit : Share

Title	Name	2023		2024.4.25	
		Net Change in Shareholding	Net Change in Share Pledged	Net Change in Shareholding	Net Change in Share Pledged
Director/Chairman (over 10%)	Steven Hsu	0	0	0	0
Director and over10% shareholder	UIS Co., Ltd	-612,000	0	-240,000	0
UIS Co., Ltd-Legal Rep.	B.C. Chen	-612,000	0	-240,000	0
UIS Co., Ltd-Legal Rep.	S.C. Tseng	-612,000	0	-240,000	0
UIS Co., Ltd-Legal Rep.	J.S. Wang	-612,000	0	-240,000	0
UIS Co., Ltd-Legal Rep.	L.Y. Pan	-612,000	0	-240,000	0
Director	Y.A. Chen	0	0	0	0
Director	J.K. Sung	0	0	0	0
Director	J.H. Ho	0	0	0	0
President	M.Z. Hwang	-1,000	0	0	0
V.P. (Group Purchasing)	Hank Xiao	0	0	0	0
V.P. (RD)	J.H. Lee	0	0	0	0
Chief Engineer	G.F. Hwang	0	0	0	0
Corporate Governance Officer	Damon Chao	0	0	0	0
Manager of Sales Dept I.	Y.Z. Fu	0	0	0	0
Financial Manager	Jeff Lin	0	0	0	0
Accounting deputy Manager	Emma Liao	0	0	0	0

Note: Shareholders holding more than 10% of the company's total shares shall be identified as major shareholders and listed separately.

* UIS Co., Ltd-Legal Rep. Mr. B.C. Chen and S.C. Tseng has relieved on June 27, 2023.

* UIS Co., Ltd-Legal Rep. Mr. J.S. Wang started on working on June 27, 2023.

* UIS Co., Ltd-Legal Rep. Mr. J.S. Wang has relieved on Jan 2, 2024.

* UIS Co., Ltd-Legal Rep. Mr. L.Y. Pan started on working on Jan 2, 2024.

3.8.2 Shall the counterparty of share change or share pledged be the related party, the name of the counterparty, the relation with the Company, Directors, Supervisors, or the Shareholders of 10% shareholding or more and the shares of changing or pledging shall be disclosed.

A. Shares Trading with Related Parties – None

B. Shares Pledge with Related Parties --

Name (Note 1)	Reason (Note 2)	Change date	Deal relative person	The relationship between the counterparty and the company, directors, supervisors and shareholders holding more than 10 percent of the shares	Share	Shareholding ratio	Pledge ratio
Y.A. Chen	Pledge	2016.5.24	Hua Nan Bank	None	2,485,763	5.52%	64.36%

Note 1: Names of directors, supervisors, managers and shareholders holding more than 10% of the company's shares.

Note 2: Pledged or redeemed.

3.9 Shareholders who hold the top ten shareholdings, information about each other's financial accounting standards bulletin No. 6 related parties or relatives within the spouse, second parents, etc.:

As of 2023.4.25 / Unit : share : %

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 Two Degrees		NOTE
	Shares	%	Shares	%	Shares	%	Name	Relationship	
UIS Co., Ltd. Legal person: H.W. Lee	13,356,502	29.68%	0	0	0	0	H.W. Lee	Chairman	
H.W. Lee	167,000	0.37%	0	0	0	0	UIS Co., Ltd.	Rep of Major	
Wen Hsu	9,638,177	21.42%	219,973	0.49%	0	0	S.J. Du	Spouse	
Y.A. Chen	2,485,763	5.52%	0	0	0	0	None	None	
AES Investment corporation Rep. H.H. Ko	755,000	1.68%	0	0	0	0	None	None	
H.H. Ko	120,000	0.27%	0	0	0	0	AES Investment corporation	Rep of Major	
M.H. Liao	665,800	1.48%	31,000	0.07%	0	0	None	None	
HSBC Custody of Arcadian Emerging Markets Micro Capital Securities -Rep.: S.C. Jiang	303,000	0.67%	0	0	0	0	None	None	
S.C. Jiang	0	0	0	0	0	0	Rep. of The HSBC	Rep of Major	
S.J. Du	219,973	0.49%	9,638,177	21.42%	0	0	Wen Hsu	Spouse	
J.K. Sung	200,921	0.45%	0	0	0	0	None	None	
Representative of Taishin Comprehensive Securities Co., Ltd.-J.H. Guo	187,000	0.42%	0	0	0	0	None	None	
J.H. Guo	0	0	0	0	0	0	Taishin Comprehensive Securities Co., Ltd.	Rep of Major	
Representative of Citigroup's custodian Berkeley Capital SBL/PB investment account - Y.L. Chen	168,000	0.37%	0	0	0	0	None	None	
Y.L. Chen	0	0	0	0	0	0	Representative of Citigroup's custodian Berkeley Capital	Rep of Major	

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 Two Degrees		NOTE
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							SBL/PB investment account		

3.10 Ownership of Shares in Affiliated Enterprises

2023.12.31 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Ablerex Electronics (Samoa) Co. Ltd	6,635,000	100	-	-	6,635,000	100
Ablerex Corporation	250,000	100	-	-	250,000	100
Ablerex International Corporation Limited	10,000	100	-	-	10,000	100
Ablerex Electronics (S) Pte. Ltd	2,140,763	100	-	-	2,140,763	100
Ablerex Electronics UK Limited	100,000	100	-	-	100,000	100
Wada Denki Co., Ltd.	3,000	100			2,970	99
Ablerex Electronics Italy S.R.L	100,000	100	-	-	100,000	100
Ablerex Electronics (Suzhou) Co. Ltd	5,460,000	100	-	-	5,460,000	100
Ablerex Electronics (Beijing) Co. Ltd	1,175,000	80	-	-	1,175,000	80
Ablerex Overseas Corporation Limited	6,635,000	100	-	-	6,635,000	100
Ablerex Electronics (Thailand) Co., Ltd.	20,000	100	-	-	20,000	100
Ablerex Latam Corporation	3,650	86			3,650	86

Note:

All the above company is long-term investment at equity.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 History of capitalization

A. Capital formation

Month/ Year	Par value (NT\$)	Authorized shares		Issued shares		Remarks		
		Shares (1,000)	Amount (\$1,000)	Shares (1,000)	Amount (\$1,000)	Source of capital	Non- monetary Capital	other
May, 1998	10	20,000,000	200,000,000	20,000,000	200,000,000	UIS Abler established and paid in capital	N/A	N/A
Aug, 2001	10	14,080,000	140,800,000	14,080,000	140,800,000	NT\$ 59,200,000 capital reduction to offset company losses	N/A	N/A
May, 2002	10	25,680,000	256,800,000	25,680,000	256,800,000	UIS Abler issued NT\$116,000,000 common stock to merge PEC	N/A	N/A
July, 2004	10	45,000,000	450,000,000	31,000,000	310,000,000	NT\$53,200,000 common stock issued by cash	N/A	N/A
June, 2007	13	80,000,000	800,000,000	38,000,000	380,000,000	NT\$56,000,000 common stock issued by cash and NT\$14,000,000 issued through capitalization of earnings	N/A	N/A
June, 2009	10	80,000,000	800,000,000	40,609,666	406,096,660	NT\$21,660,000 new share issued through capitalization of earnings and NT\$4,436,660 through employee bonus	N/A	N/A
Sept, 2010	185	80,000,000	800,000,000	45,000,000	450,000,000	NT\$43,903,340 common stock issued by cash	N/A	N/A

B. Type of shares

Mar. 31, 2024 / Unit: share

Type of shares	Authorized Shares			Remarks
	Available for trading on the TSE	Unissued shares	Total	
Order common stock	45,000,000	155,000,000	200,000,000	

Note: Listed on Tpex on Sep 9, 2010.

C. Self-registration system: None

4.1.2 Status of shareholders

Status of shareholders

Apr. 25, 2024 / Unit: share

Status of shareholders Quantity	Government Agencies	Financial Institutions	Other Juridical persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	8	7,685	17	7,710
Shareholding	0	0	14,471,462	29,700,800	827,738	45,000,000
Shareholding ratio (%)	0	0	32.16%	66%	1.84%	100%

Note: No shareholdings by the fund from Mainland China.

4.1.3 Status of shareholding Distributed

Apr 25, 2024

Classification	Number of Shareholders	Shareholding	Shareholding Ratio(%)
1 to 999	3,943	465,150	1.034
1,000 to 5,000	3,210	5,723,434	12.719
5,001 to 10,000	287	2,264,995	5.033
10,001 to 15,000	85	1,089,440	2.421
15,001 to 20,000	48	899,821	2.000
20,001 to 30,000	39	1,015,226	2.256
30,001 to 40,000	24	861,247	1.914
40,001 to 50,000	16	726,359	1.614
50,001 to 100,000	37	2,696,981	5.993
100,001 to 200,000	13	1,632,211	3.627
200,001 to 400,000	3	723,894	1.609
400,001 to 600,000	0	0	0
600,001 to 800,000	2	1,420,800	3.157
800,001 to 1,000,000	0	0	0
Over 1,000,001	3	25,480,442	56.623
Total	7,710	45,000,000	100.000

4.1.4 List of Major Shareholders: Shareholders who hold over 5% of Ablerex's stock or the Top 10 shareholders and their holding amount and percentage.

2024.4.25 / Unit: Share, %

Shareholders' Name	Shares	Holding Percentage (%)
UIS Co., Ltd. (Rep: H.W. Lee)	13,356,502	29.68%
H.W. Lee	167,000	0.37%
Wen Hsu	9,638,177	21.42%
Y.A. Chen	2,485,763	5.52%
AES Investment corporation (Rep.: H.H. Ko)	755,000	1.68%
H.H. Ko	120,000	0.27%
M.H. Liao	665,800	1.48%
HSBC Custody of Arcadian Emerging Markets Micro Capital Securities. (Rep.: S.C. Jiang)	303,000	0.67%
S.C. Jiang	0	0
S.J. Du	219,973	0.49%
J.K. Sung	200,921	0.45%
Representative of Taishin Comprehensive Securities Co., Ltd. (Rep.: J.H. Guo)	187,000	0.42%
J.H. Guo	0	0
Representative of Citigroup's custodian Berkeley Capital SBL/PB investment account (Rep.: Y.L. Chen)	168,000	0.37%
Y.L. Chen	0	0

4.1.5 Market Price, Net Worth, Earnings & Dividend per Share for last 2 years:

Item		Year	2022	2023	2024.3.31 (Note 8)
Market Price per Share (Note 1)	Highest		62.70	60.50	50.70
	Lowest		34.20	39.50	41.60
	Average		43.57	46.10	43.93
Net Worth per Share (Note 2)	Before Distribution		38.58	37.75	35.90
	After Distribution		36.58	35.75	-
Earnings per Share	Weighted Average Shares		45,000	45,000	45,000
	Diluted Earnings per share	Before Adjustment	2.55	0.12	0.12
		After Adjustment (Note3)	2.55	1.95	-
Stock Dividends	Cash Dividend		2.00	2.00	-
	stock grants	-	-	-	-
		-	-	-	-
Accumulated Undistributed Dividends (Note 4)		-	-	-	
Return on Investment	PE ratio (Note 5)		17.09	23.64	-
	Price/Dividends Ratio (Note 6)		21.79	23.05	-
	Cash Dividend Yield Rate (Note 7)		4.59	4.34	-

*If there is a rights issue of capital by converting surplus or capital reserves into capital increases, market price and cash dividend information should be disclosed retrospectively adjusted according to the number of shares issued.

Note 1 : The maximum and minimum market prices of common stocks for each year are listed and the average market price of each year is calculated based on the transaction value and volume of each year.

Note 2 : Please fill in the number of shares issued at the end of the year and the distribution according to the resolution of the board of directors or the following year's shareholders' meeting.

Note 3 : If retrospective adjustments are required due to gratuitous allotments, etc., the pre- and post-adjusted earnings per share should be shown.

Note 4 : If the conditions for the issuance of equity securities stipulate that the dividends unpaid in the current year are accumulated to the year of surplus, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5 : Price / Earnings Ratio = Average Market Price / Earnings per Share

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

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

Note 8 : Net value per share and earnings per share shall be filled in with information that has been verified (reviewed) by an accountant for the most recent quarter ended on the date of publication of the annual newspaper; the remaining fields shall be filled in with the information of the current year as of the date of publication of the annual newspaper.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy stated in the Articles of Incorporation:

(1) As regulated in Article 25-1 of Articles of Incorporation in operation, when the annual final

accounting statement shows earnings, the Company shall contribute 6-10% of earning as employee compensation and not more than 2% of earning as compensation as remuneration to directors and supervisors. But the company still has accumulated losses, should be made up. The remuneration to directors shall be Cash. Employees' compensation shall be made by stock or cash. It shall be held by the board of directors by attending more than two-thirds of the directors and attending a majority of the directors 'consent and report to the shareholders' meeting. In addition to the employees of the Company, the employees of the Company shall pay the employees of the Company who meet certain conditions.

As regulated in Article 26 of Articles of Incorporation in operation, when the annual final accounting statement shows earnings, the Company shall contribute tax and compensate the accumulated loss of previous years and then contribute 10% of earnings as legal reserve unless the accumulated legal reserve reached the amount of the capital of the Company. Secondly, the Company shall contribute to special reserve based on the laws or regulations of administrations, together with accumulated undistributed earnings as distributable earnings. If earnings remain, the Company shall retain part of earning before Board of Directors make a distribution proposal according to the operation conditions and submit the proposal to shareholders' meeting for resolution.

The distribution proposal proposed by the Board of Directors shall, under the consideration of no other special occasion, be no less than 65% of the after-tax earnings of current year in principles. As regulated in Article 26-1 of Articles of Incorporation in operation, distribution of shareholders' dividend could be in the form of cash or shares, which the cash distribution proportion to shareholders shall no less than 20% of shareholders' dividend.

The form and proportion of such earning distribution is based on the future fund needs of the Company and the long-term operation plan, which could be proposed by Board of Directors under the consideration of the current operation status with the balance of taking care of shareholders' rights, dividend policies and planning fund demand and submit to shareholders' meeting for adjustments and resolutions.

The board of directors of the company plans to formulate a profit distribution plan. In principle, at least 30% of the dividends will be distributed to shareholders, of which cash dividends should not be less than 30%.

(2) Proposed Distribution of Dividend for this meeting of shareholders

Unit : NT\$

Items	Amount	Description
2023 Net income	87,685,999	
Add/Less: 2023 Retain earnings adjustments	161,882	Old-version pension actuarial difference
2023 Net profit subtotal	87,847,881	
Less: provision of legal reserve (10%)	-8,784,788	
Add: 2022 undistributed profit	123,344,266	
2023 Distributable profit	202,407,359	
Less: cash dividend to shareholders	90,000,000	NT\$ 2.00 cash dividend per share
Undistributed earnings	112,407,359	

Note: This proposal of Profit distribution has been approved by Board of Directors' resolution on Mar 13, 2024.

(3) Expectation of significant change on dividend policies: None.

4.1.7 Impact of the proposed stock dividend in shareholders meeting on business performances and EPS:

Board of Directors decided to distribute cash dividend from profit in 2023 and no stock dividend. The Company did not have financial forecast, so this clause is not applicable.

4.1.8 Compensation to employees, directors and supervisors

1. Information of dividend to employee and remuneration to directors and supervisors was stated in the Articles of Incorporation:

As stated in Article 25-1 of the Articles of Incorporation, the Company shall contribute not less than 6% of its annual earning as employees' compensation and not more the 2% as remuneration to directors and supervisors. But the Company shall compensate its accumulated losses first.

In addition to the employees of the Company, the distribution of employees' bonus could include the employees of subsidiaries who meet certain conditions.

2. Accounting process applied to the estimation base of dividend to employees and remuneration to Directors, Supervisors and employees, outstanding shares computing base for stock dividend distribution and the spread between amounts distributed and estimated:

Compensation to employees estimated to be NT\$ 6,865 thousand and to Directors to be NT\$ 2,228 thousand is estimated 6.01% and 1.98% of annual profit in 2023, accordingly. The differences between actual distribution amount resolved by Board of Directors and the estimated amount will be adjusted as changes in accounting estimates.

3. Dividend distribution of employees resolved by the board of directors
 - a. Distribution amount of cash dividend and stock dividend to employees and remuneration to directors and supervisors:

Board of Directors has approved to distribute NT\$ 6,865 thousand as employees' remuneration in 2023 and NT\$ 2,228 thousand as remuneration to directors. The distribution amount is same as the estimated amount reported in 2023.

- b. Proposed stock dividend to employees and its ratio to total net income of individual financial report and to total employees' remuneration:

Board of Directors has approved to distribute employees' compensation by cash and no stock dividend is distributed to employees, so the ratio of stock dividend distributed to employees to total net income of individual financial report and to total employees' remuneration is zero.

4. Actual distribution of employees' bonus and remuneration of Directors and Supervisors for previous year:

The company's employee remuneration, directors' and supervisors' remuneration estimate for 2022 and the board of directors' distribution resolution are as follows. The actual distribution amount is consistent with the estimated amount on the account for 2022.

Item	2022 Earnings Distribution		Difference	Cause of Difference
	Shareholders' Meeting approved on Dec. 31, 2022	Board of Directors approved on Mar. 21, 2023		
Remuneration of Directors and Supervisors	\$2,884	\$2,884	\$0	Consistent
Employees' cash compensation	\$8,748	\$8,748	\$0	Consistent

4.1.9 Buyback of Treasury Stock: None

4.2 Bonds: None

4.3 Preferred Shares: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 Restricted Employee Shares: None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.8 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

- (1) Manufacturing and distribution of uninterruptible power system (UPS).
- (2) Manufacturing and distribution of active power filter.
- (3) Manufacturing and distribution of photovoltaic power inverter system.
- (4) Agent of large capacity UPS through project distribution and services.
- (5) Offering maintenance and technical services.

(2) Revenue distribution

Unit : NT\$ thousands; %

Year Major Divisions	2022		2023	
	Total Sales	Total Sales	Total Sales	(%) of Total Sales
UPS	1,078,482	35.27%	1,046,193	35.77%
APF	83,196	2.72%	109,100	3.73%
PV inverter	182,043	5.95%	83,010	2.84%
Project	1,232,936	40.32%	1,124,639	38.45%
Service	117,061	3.83%	144,843	4.95%
Others	364,049	11.91%	417,398	14.26%
Total	3,057,767	100.00%	2,925,183	100.00%

(3) Main Products and Services

- (1) Independent R&D, manufacturing and distribution of single-phase uninterruptible power system (commonly known as single-phase UPS or small UPS) at 20KVA (and below).
- (2) Independent R&D, manufacturing and distribution of three-phase uninterruptible power system (commonly known as three-phase UPS or mid/large UPS) at 10KVA (and above).
- (3) Agent distribution of Europe's SOCOMEC three-phase uninterruptible power system (commonly known as three-phase UPS or mid/large UPS) at 15KVA (and above).
- (4) Independent R&D, manufacturing and distribution of power quality improvement equipment – active power filter (abbreviated as APF, also known as active power harmonics conditioner).
- (5) Independent R&D, manufacturing and distribution of green energy system photovoltaic inverter (PV Inverter), also known as Solar Inverter.
- (6) Design and manufacturing services for OEM/ODM/OIM (Original Innovative Management) models.
- (7) Maintenance and technical services for the products.

(4) New Products Planned for Development

- (1) High efficiency, miniaturization, lightweight, intelligent, modular, networked and distributed and other multi-functional UPS new technology development.
- (2) Mid-sized and large three-phase high frequency parallel UPS

- (3) High-precision Power quality management technology
- (4) Hybrid system PV Inverter
- (5) Power management/monitoring software technology
- (6) Smart Grids application related Product
- (7) Large-capacity energy storage ESS

5.1.2 Industry Overview

(1) Macroeconomic Environment

① Uninterruptible Power Supply (UPS)

With the rapid development of high-tech electronic products in recent years, the operation of procedure-control workstations computer and precision instruments at high-tech production facilities relies heavily on quality and reliable power supply to maintain normal operation. Poor power quality could result in erroneous action for precision equipment or even disruption of the manufacturing process, leading to severe losses. Common problems relating to power quality include voltage distortion, overvoltage, under voltage, power disruption and so forth. And as such, ensuring high quality and reliable supply of power has become a vital issue for the power company and all users. In order to prevent issues of power disruption or unstable voltage, most users would incorporate uninterruptible power supply (UPS) systems to ensure power quality and in turn enhance the reliability of precision equipment operation.

Within their given electricity storage capacity, UPS is designed with power converter interface to supply the required power in the event of anomalies with the AC mains supply. And as such, UPS systems have been extensively used as the backup power solution for information, communication and precision instruments to prevent sudden power failure from halting equipment operation, thereby improving the reliability of equipment operation. And as such, the demand for UPS has been continually growing.

UPS systems can generally be separated into three major categories: Off-line, On-line and Line interactive. These three types of UPS systems each has their own strengths, weaknesses and suitable applications. Common Off-line UPS are typically single-phase low-capacity products with relatively few functions, therefore are available at cheaper price points. Such products are generally used for PCs and other peripheral equipment. Designed with hot standby functionality, when AC mains supply is normal, the switch between the UPS and load would be activated to prevent the circulation of electrical current between the AC mains supply and the UPS system. However, should the main supply fail, the load would be exposed to a few milliseconds of power failure due to the transition of the switch. This would in turn lower the operating efficacy of the load. On-line UPS system operates by converting the AC power from the AC mains supply into DC power through a DC/AC inverter. A percentage of the DC power is stored into the battery charger while a part of the DC power is sent through a DC/AC inverter to be converted to steady, reliable AC power to be fed to the load. When in operation, an On-line UPS system features a two-stage power inverter between the load and AC mains supply. And as such, the quality of power from the load would not be susceptible to the influence of AC mains supply, making the On-line UPS the best power protection solution for the load equipment. This explains why On-line UPS systems are frequently deployed for instruments and equipment that require power of better quality. However, since the power carried by the load on such UPS systems requires conversion through a two-stage inverter, the circuitry design would be more sophisticated and have lower efficacy. As for Line interactive UPS systems, such systems feature paralleled operation of

the power inverter and AC mains supply as their technological basis, with the power inverter responsible for charging and discharging the battery at the same time. In other words, when the AC mains supply is working normally, its power will be directly sent to the load and charge the battery through the power inverter. When the AC mains supply fails, the stored power on the battery would be sent to the load through the power inverter. Such UPS systems feature relatively simpler system architecture and are relatively cheaper in cost. And since the load is directly powered from the AC mains supply when it is working normally, there will be no recurrent energy loss. However, the issue of conversion time remains.

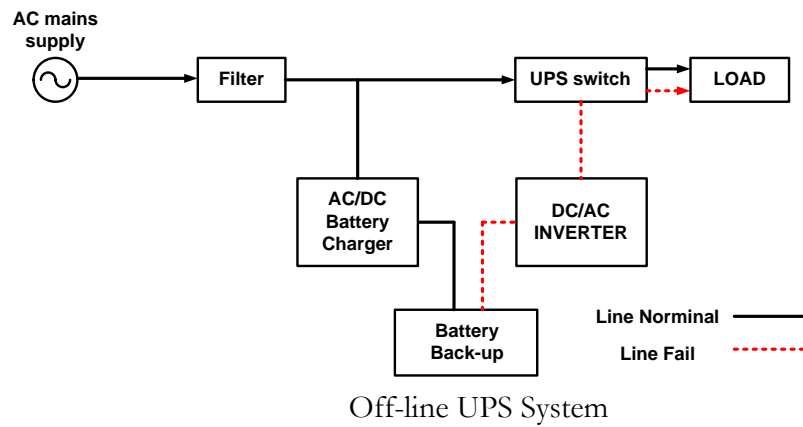
In recent years, to improve the efficiency of On-line UPS systems, in addition to adopting three-stage power inverters to handle the task of conversion, the system also features a new economic operation mode. In this mode, the DC/AC inverter of the UPS system would be set to hot standby, with the AC mains supply providing power directly to the load.

Table 1 Strengths and Weaknesses of the three UPS System Architectures

Type	Strengths	Weaknesses
Off-Line	<ol style="list-style-type: none"> 1. Simple circuitry 2. Higher power efficiency 3. Low cost, compact form factor 	<ol style="list-style-type: none"> 1. Brief power disruption (~1ms) 2. Lacks voltage stabilization function; power quality is susceptible to the effects of AC mains supply
On-Line	<ol style="list-style-type: none"> 1. No brief power disruption 2. Improves upon literally all existing issues of power quality with AC mains supply 	<ol style="list-style-type: none"> 1. Higher cost 2. Sophisticated control circuitry 3. Inferior efficiency
Line Interactive	<ol style="list-style-type: none"> 1. Simple circuitry 2. Low cost 	<ol style="list-style-type: none"> 1. Brief power disruption 2. Sophisticated control mechanism

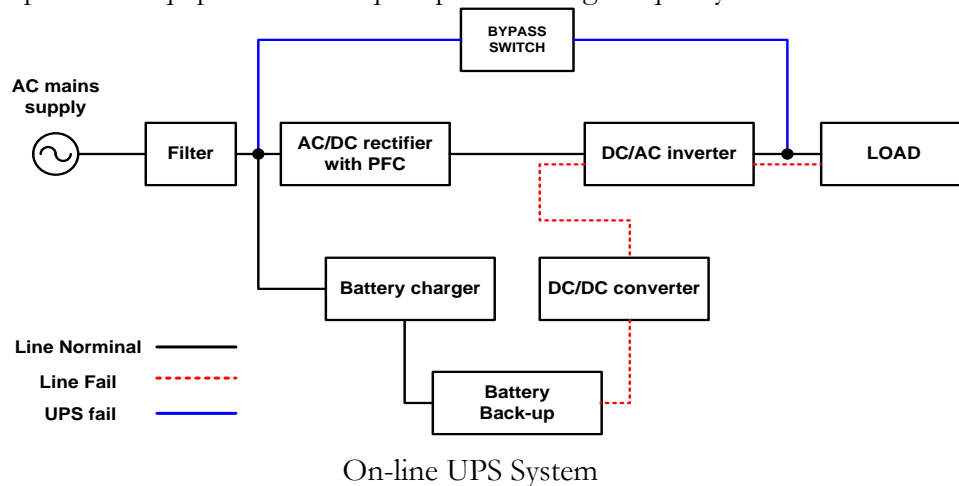
A. Off-line

The architecture of an off-line UPS system primarily features an AC/DC charger, a battery and a DC/AC inverter. When the line is normal, the required power comes directly from AC mains supply while a portion of the power goes through the AC/DC battery charger to charge the battery. Since the inverter is running without load, the quality of the power of load is determined directly by the AC mains supply. When the line fails, the inverter will convert the power from the battery to AC current and keep connected equipment running. Typical off-line UPS systems only provide backup power but do not improve power quality. In addition, when the line fails, the system will have a momentary lapse of switch transition. And as such, off-line UPS systems are not truly “uninterruptible” in the truest sense of the term due to its “instantaneous disruption”. When the voltage falls below the permitted value, the system will automatically switch over to providing power from the battery, enabling the user to continue with equipment operation without noticing the disruption. The reaction time of this “instantaneous disruption” before the battery kicks in is under 0.1 seconds. Additionally, off-line UPS systems provide square waves and are therefore suited only for PCs. And as such, the product is mostly used in smaller systems or for equipment that are less important.



B. On-line

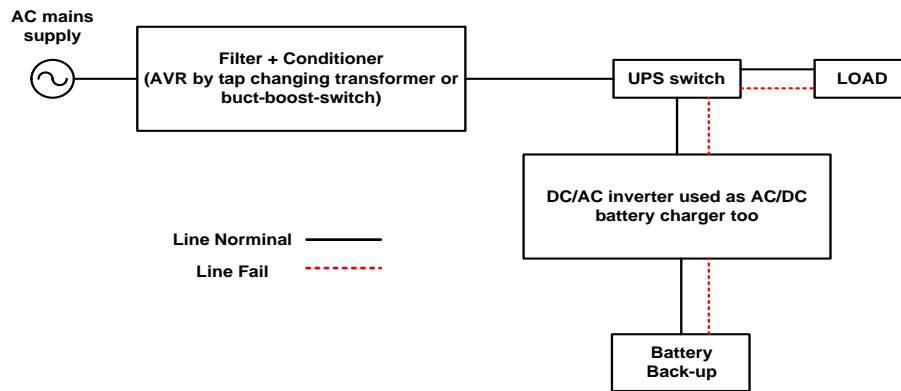
On top of having a more sophisticated architecture compared to off-line UPS, on-line UPS systems are most distinctively different due to their means of power control. When the line is normal, the power will go through the AC/DC rectifier, with a portion of the DC current going to the battery charger to charge the battery while the other portion is converted to AC current to power the connected equipment. When the AC mains supply fails, the inverter will continue to supply power, which will come from the battery. This means that there will be no disruption of power and since the connected equipment is isolated from the AC mains supply by the on-line UPS system, power quality is essentially controlled by the UPS. This makes it possible to resolve issues of over/under voltage, surge, electromagnetic interference, or frequency drift. Not only that, on-line UPS has sine wave output, making it suitable for all equipment. As such, on-line UPS systems are typically used for precision equipment that require power of higher quality.



C. Line-interactive

Line-interactive UPS systems operate on similar principles as off-line UPS systems, with the most distinctive feature of having a multi-tap variable-voltage autotransformer (i.e., operating as both an AC/DC inverter and a rectifier). In addition to charging the battery during normal operation, the autotransformer will automatically function as an inverter when AC mains supply fails to deliver power from the battery to the connected equipment. Since the product design did not

include a bypass switch between the AC mains supply and the load, such system will still experience “instantaneous disruption” in the event of a power failure (with an extremely short response time between the disruption to battery power supply under 0.04 seconds). As line-interactive UPS systems output sine waves, they can work with more equipment compared to off-line UPS systems. With functionalities falling between off-line and on-line UPS systems, line-interactive UPS systems are more suited for the needs of small enterprises or website servers.



Line-Interactive UPS System

Within their given electricity storage capacity, UPS is designed with power converter interface to supply the required power in the event of anomalies with the AC mains supply. And as such, UPS systems have been extensively used as the backup power solution for information, communication and precision instruments to prevent sudden power failure from halting equipment operation, thereby improving the reliability of equipment operation. Therefore, such products have definitive values in the market. Furthermore, with more and more electronic equipment and applications emerging in consumers’ lives (such as cable TV, broadband internet access, wireless communication base stations, surveillance systems, security systems and telematics), the UPS market that once did not exist, is now seeing gradual growth in demand. One can anticipate significant potential for growth for the UPS market in the near future. Alerex has been specializing in the development and manufacturing of UPS ever since its foundation, with a focus centered on the development of high-end on-line UPS that requires extensive technical know-how and great effort on continual improvement on the functionalities of our line-interactive UPS. We strive to satisfy our customers’ needs by achieving maximum performance with lower costs. This would prevent the company from engaging in a price war with other manufacturers in the low-end offline UPS product market.

② Active Power Filter (APF)

Due to the rapid development of power semiconductor component manufacturing technology and power electronic applications, power electronic equipment has been extensively used in different domains. Nevertheless, power electronic equipment has the inherent flaws of high input current harmonics and low input power factor, with harmonic currents being responsible for the deterioration of power quality. In recent years, precision equipment has been extensively used in different industries and such equipment has relatively high requirement for power quality. Consequently, the power company had to establish harmonics regulation standards to limit the amount of

harmonic current generated by users to maintain the quality of power from the electricity distribution system.

Traditionally, passive power filters are designed with passive components such as inductors and capacitors. Due to their low-price points, such products have been extensively used to mitigate harmonic currents. However, passive power filters have the following shortcomings: (1) Change of impedance in a power system could severely affect the characteristics of the filter. (2) Parallel resonance could occur between the power reactor and passive power filter and consequently amplifying the load's harmonic current, resulting in even greater harmonic current distortion. (3) Serial resonance could occur between the power reactor and passive power filter, which may in turn cause harmonic currents from other non-linear load to enter the passive power filter, resulting in an overload of the passive power filter. (4) Filter parameters are difficult to design due to the changes in system status or deviations of filter capacitance or inductance. (5) Filter characteristics cannot be fixed due to changes in load. Given these shortcomings, active power filter had been developed in recent years as an alternative. An active power filter features a power transducer built with power semiconductor switching components such as GTO, IGBT, or power transistors. Active power filter not only solves the problem of harmonics but also compensates virtual work to convert the input current of AC mains supply to pure sine waves of the same phase as the AC mains supply voltage. An active power filter comprises three components: a converter, an energy storage component and a control circuitry. In the past, passive power filters have been used to mitigate harmonics, but the product still has notable drawbacks that current technologies cannot overcome. In contrast, active power filter was developed in recent years due to the advancement in power electronic technologies as to suppress harmonics while regulating harmonics and improving power factor.

Presently, there are three types of filters that are designed to suppress harmonics: 1. Traditional passive power filter (PPF), 2. Active power filters (APF) and 3. Hybrid power filters (HPF). The following section will provide brief descriptions for each type of power filter.

A. Passive Power Filter

Traditionally, passive power filter (PPF) comprises passive components including capacitors, reactors and resistors. However, due to the characteristics of specific passive components, PPFs do suffer from inherent drawbacks. For example, the result of harmonic absorption of a PPF may change along with any change in the system's impedance. In addition, when unknown external harmonic current enters the system or any change of the systems' load/additional harmonic load could cause the existing PPF to overload or resonate, thereby leading to accidents. In addition, power capacitors and inductors in PPFs have error margins. Increases in usage duration and temperature changes could cause the values of the power capacitor or inductor to shift and thereby impede its filtering capabilities. Not only those, but the passive components are also heavy and bulky, making PPFs requiring more physical space.

B. Active Power Filter

Active power filter (APF) is an AC/DC conversion equipment that applies relevant power electronic technologies. Depending on the load demand, APF would create a harmonic current that is of the opposite phase of that from the load and send it to the power system. The harmonic currents would cancel each other and achieve the filtering of harmonics. APF is therefore used to resolve destructive issues caused by harmonic currents, such as transformer overheat, voltage distortion and machine

failure. However, power electronic components of high power are restricted by their switching frequencies and this result in specific limit of power capacity for APF.

C. Hybrid Power Filter

As both passive and active power filters have their limitations that are hard to overcome, products that combine features of both active and passive power filters were developed as a result. Such products are known as hybrid power filters (HPF). HPF incorporates a power transducer to improve upon the characteristics of PPF while resolving the issue of resonance. Compared to APFs, PPFs make it possible to reduce the capacity of the power transducer, rendering its application on larger capacity filter systems.

The exclusive technology we have developed for our APF feature immediate response control, which enables real-time compensation at any point during each current cycle to create a harmonic current that is the opposite of that of the load and send it to the power system. This harmonic current would cancel the harmonic current at the load, thus resulting in a current wave that is close to sine at the power system and thereby achieving harmonic filtering. Such rapid response capabilities make our APF ideal for equipment with substantial load changes, such as pumps used to maintain water or barometric pressure, high-end passenger/cargo elevators and other high-tech industries. Presently, the world's APF market is dominated by US and Japanese manufacturers including FUJI, TOSHIBA, MERLIN, ABB and so forth, with no other leading manufacturers in Taiwan. With our immediate response control technology, our APFs have outstanding transient response capabilities that enable immediate compensation at any point during each current cycle, unlike other products designed for Fast Fourier Transform (FFT) that only output response after the load has changed and delayed for two cycles. In addition to breaking through the existing limits of current product architecture and technological deployment, this technology is also compliant with pertinent international safety regulations, thereby allowing the company to distribute the products more extensively. We have essentially debunked the misconception that conventional high-spec products will inevitably fail in their safety regulation compliance and our APFs have proven to have a great competitive edge in the domestic market. Coupled with the latest 150A European/US standard series we have developed in 2012, our APFs are expected to bring positive boost to the company's operational growth soon.

③ PV Inverter

A. Status of the global solar power market:

Compared to 2011, the demand for PV inverter in Europe has fallen significantly. But thanks to the explosive growth of the Chinese market, Ablerex managed to achieve a total of 31 GW in sales in 2012, translating to a growth margin of 5%. Nevertheless, the drastic decline in market prices has resulted in a decrease in real revenue for manufacturers.

According to IMS Research's prediction, the market for PV inverter will continue to grow, with more noticeable growth in demand in 2017. The demands for small business building PV system (usually between 10~100kW) and PV stations (typical installation of 500kW or higher) are expected to grow more significantly while the demand for residential PV system will be less apparent.

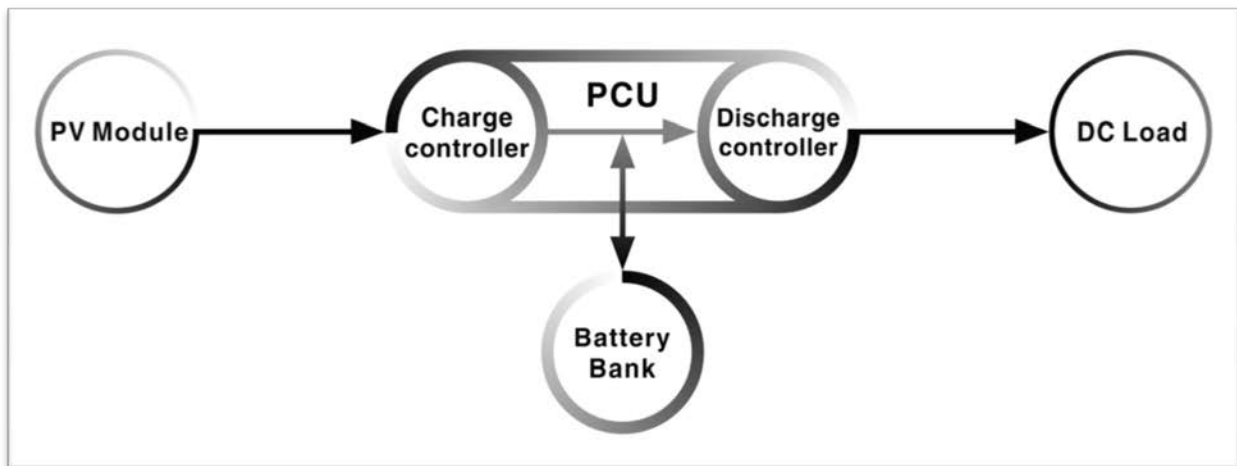
It is estimated that approximately 60% of the PV system installation in the future

will take place in Asia, mainly China and the majority of them would be PV stations. As for residential PV systems, Japan will be the only market that may promise some potential.

B. Types of solar PV systems

1. Stand-Alone System

As its name implies, a stand-alone PV system can generate the power that is required without having to be connected to the power distribution grid of the power company. Since the system will not be able to generate electricity in the absence of sunlight at night or in poor weather, stand-alone systems have incorporated battery banks that stores power when there is ample sunlight to ensure stable supply of power. Stand-alone systems are primarily installed in regions where the power grid is hard or unable to reach (i.e., remotely populated mountainous regions or offshore islands). Such systems are also commonly installed to function as small power systems for road displays, billboards, road lights and other illumination equipment.



Architecture of Stand-Alone System

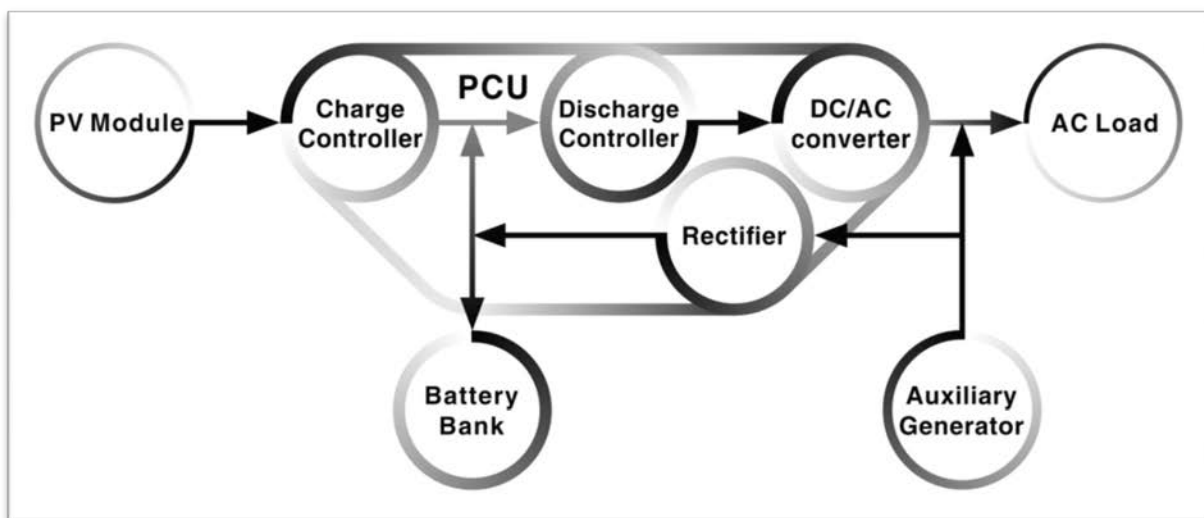
2. Grid-Connected System

A Grid-connected system generates power in a parallel connection with the city power grid. The system would generate power for the load and the power company will cover the insufficient part of power. With such system, the city power grid can be perceived as an infinitely large and everlasting free battery bank.

Architecture of Grid-Connected System

3. Hybrid System

A PV hybrid system operates in conjunction with the city power grid and a battery bank. During normal operation, the system is connected to the city power grid, responsible for supply power to the load and charging the battery bank and at night, power supplied by the grid will take over. In the event of disasters such as typhoons or torrential rains that resulted in a power outage, the battery bank would still have adequate power in reserve so that relevant rescue operations can take place before the city power grid is restored.



Architecture of Hybrid System

Current Status and Future Development of PV

The following section is a summary of Alerex's primary application and breakthrough in the area of PV inverter development:

(1) Anti-islanding technologies

Islanding refers to the condition in which a PV inverter continues to power a location when the electrical grid power has been disrupted. When this happens, it would result in an isolated power generation system that may cause partial power

instability for users. Not only that, as the PV inverter continues to deliver power, the connected electrical grid (PV and city power grid connected in serial or parallel connection) may remain powered. This can be dangerous to the utility workers as they run the risk of electrocution. And as such, in the event of a power failure, PV inverters must be designed to immediately disconnected from the grid so that even if they remain operational and deliver power, the city power grid will stay unpowered to protect relevant electronic systems and the safety of operators. Presently, the islanding detection feature offered by typical products involves passive detection, which suffers from the shortcomings of poor sensitivity and interference. Due to these issues, such products offer very limited stability. Through the integration of hardware and software, Ablerex have achieved breakthrough of existing technological bottleneck with solutions that integrate the strengths of both active and passive detection through DSP control algorithm.

(2) Maximum Power Point Tracking

Output power of solar panels are affected by a few external factors, such as the intensity of sunlight, temperature, component aging, PV material and so forth. To ensure optimal performance of the PV cell, PV inverter must be subjected to appropriate control so that it can ensure maximum power output from the PV cell regardless of the operating environments. Such control method is known as maximum power point tracking.

(3) Grid Connection Control Technology

As solar PV generation system takes the energy generated by the solar panels and sends it directly to an electrical grid through a parallel circuit, it is imperative that relevant protective measures be thoroughly developed. Specific technical and legal issues (such as power system stability) that may arise from the operation of sending power to an electrical grid must be addressed. Designing a multi-functional solar PV system involves power conversions of different functions. Naturally, the design process has to take the issue of corresponding controls into consideration. Therefore, we have taken advantage of the high computing power of digital signal processing (DSP) as the solution for PV-inverter control.

④ Residential Energy Storage System

As sources of intermittent energy, solar energy is not continuously available and can be easily affected by numerous environmental factors. Thus, the output power of solar energy can be described as unstable and unpredictable power source. When a large quantity of grid connected PV systems are installed on the electrical grid, the intermittency characteristics of solar energy will have given a serious impact on the electrical grid such as the fluctuation of voltage and frequency, safety, stability and electrical power quality. Therefore, the development of grid connected PV system has been limited. To deduct intermittency characteristics of solar energy cause impact on the power grid, the transmittance of solar PV system must be developed. At the same time, the battery storage system can solve the fluctuation of voltage and poor electrical power quality caused by over capacities of grid connected renewable energy system. Since the Smart Grid was established, liberalization of the electricity market has rapidly accelerated the business from various sectors have been selling electricity by time-of-use pricing. Users allow to purchase the lowest price of electricity at the off-peak period and storage into the battery bank. and discharge the saved energy at the peak period, which the electricity price is extremely high, to avoid the consumption of electricity or even sell back to the utility. Other than functions mentioned above, if

the utility grid is ordinary condition, users can operate charging/ discharging the power from our battery module during the night. When the utility grid has unpredictable problem occurred, our system would disconnect with the utility automatically and continuously provide power to loads by using storage energy.

(2) Relationship with Up-, Middle- and Downstream Companies

① UPS manufacturing process

Upstream		Mid-stream	Downstream
Raw material		Manufacturing	End user
Wire material	PCB	UPS Power Provider Manufacturer	Medical equipment
Packing material	IGBT		Public infrastructure
Cabinet			Aviation Equipment
Battery			Military equipment
Transformer			Business entities
Transistor			Telecommunication
Capacitor			equipment
Software design			PC equipment
			Household appliances
		Other	

Ablerex specializes in the design and manufacturing of UPS products. Our upstream vendors are primarily suppliers of relevant components (transformer, cabinet, wire material, capacitor, PCB, etc), battery supplier and software developer. Distributed through our network channels, our products are sold to end users in different sectors, including medical care, aeronautics, military equipment, finance, security, nuclear power, petrochemical, telecommunication, PC equipment and so forth.

With the boisterous growth of the Internet and ICT sectors, the requirements for power supply quality have been steadily increasing. This has attracted more enterprises to adopt UPS solutions to protect their PC equipment, thereby propelling the demand for UPS. Consequently, such trends promise substantial potential for our business growth in the future.

② APF manufacturing process

Upstream		Mid-stream	Downstream
Raw material		Manufacturing	End user
Wire material	PCB	APF manufacturer	Steel plant/machinery
Packing material	IGBT		factory
Cabinet			Telecommunication
Battery			equipment
Transformer			Large industrial
Transistor			equipment
Capacitor			Taipower distribution
Software design			gridApplications where
			harmonics improvement
		are required	
		Applications where	
		harmonics improvement	
		are required	
		Other	

Ablerex specializes in the design and manufacturing of APF. Our upstream vendors are primarily suppliers of relevant components (transformer, cabinet, wire material, capacitor, PCB and etc), battery supplier and software developer. Distributed through our network channels, our products are sold to end users in different sectors, including steel machinery factories, telecommunication, large industrial equipment, Taipower distribution grid and applications where harmonics improvement are required.

With various sectors demanding higher power quality, more and more businesses found themselves needing APF to improve power quality and reduce power loss. Due to the technical threshold required for the product, there are few local or foreign manufacturers for the product. And as such, our APF are rather competitive in the market and it is one of our key products that we promote aggressively.

③ Solar PV inverter manufacturing process

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Silicon material Silicon wafer Solar cell cutting Solar cell Software design	PV Inverter System	Construction industry Telecommunication industry Public infrastructure High-tech fabrication plant PC equipment Household power supply Other

In the solar PV industry, Ablerex assumes the role of a designer and manufacturer of PV inverter in system and inverter. Distributed through our network channels, our products are sold to end users in different sectors for system integration, including construction industry, telecommunication industry, public infrastructure, high-tech fabrication plants and so forth.

The solar PV industry promises vast business opportunities in the foreseeable future. Due to the high technological threshold, we have few domestic competitors. Our PV inverter have definitive competitive advantages in terms of quality and pricing and Ablerex has in fact become a global leading manufacturer in this area and a designated ODM partner for several major brands around the world. PV inverter has been the product that has generated substantial revenues for Ablerex.

④ Residential ESS manufacturing process

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Silicon material Silicon wafer Solar cell cutting Solar cell Software design Battery cell	Residential Energy Storage System	Construction industry Telecommunication industry Public infrastructure High-tech fabrication plant PC equipment Household power supply Other

In the Energy Storage industry, Alerex specializes in the area of system and inverter technologies and assumes the role of a designer and manufacturer of inverter for ESS. Distributed through our network channels, our products are sold to end users in different sectors for system integration, including construction industry, telecommunication industry, public infrastructure, high-tech fabrication plants and so on.

Energy Storage industry promises vast business opportunities in the foreseeable future. Due to the high technological threshold, there are only few competitors seen in the domestic market. Our inverter for ESS definitely have competitive advantages in quality and pricing of the product. In fact, Alerex has become a leading manufacturer in domestic industry and has been designated as an ODM partner by several major domestic companies. Our ESS has already brought substantial revenues for Alerex.

(3) Product Trends

① For UPS

A. Trend for modular design to prevent over allocation

Modular UPS comprises multiple modules to achieve easy scalability. One of the issues with traditional UPS is the over allocation of power system. For example, when a user's actual power load is at 12KVA, he would end up purchasing a traditional UPS at 20KVA to save himself from the hassle of expansion in the future. This would result in an over allocation of the system, which a modular UPS would be able to overcome.

B. Diversification of product design and electronic consumption

In the future, UPS systems will continue towards the path of becoming more compact, lightweight, high efficiency and low noise. With these characteristics, UPS systems will gradually shift from large server rooms and find a place in normal office space. And as such, we should dedicate more attention to exterior design and usability to deliver a more pleasant user experience.

C. Heading towards intelligent and network development

With constant innovations in technology today, users have become accustomed to expecting more from UPS products in terms of their quality and functionality. Traditional analog power control UPS has been ousted by full digital control, which enables the user to schedule and control specific machine parameters through the CPU of the UPS, which can now be simultaneously connected to multiple PCs. Not only that, but the user can also take advantage of its communication interface and PC, along with smart monitoring software and network protocol to manage and analyze his PC and UPS system locally or even remotely with greater convenience and efficiency.

D. High reliability and safety

The development UPS systems will be steered towards higher reliability and safety

- (a) Automatic detection: Upon start-up, the UPS will perform a check on all component (inverter, battery and so forth) load to detect potential issues.
- (b) Self-protection: Through designs of self-protection, the UPS system will automatically shut down in the event of UPS overload, short circuit or overheat to prevent other hardware damages that might otherwise have been caused by UPS failure.

② APF

Harmonics suppression has always been a vital issue when it comes to power

quality improvement. Following the rapid growth of non-linear load that has resulted in deteriorating power quality, the power company had no alternatives but to establish harmonics control standards in order to limit the number of harmonics generated by users so as to maintain the quality of power for the whole system. Therefore, in addition to the development of high power APFs, the product will also have multiple functions such as virtual work compensation and voltage suppression. At present, APFs are more expensive than PPFs and the discrepancy is even greater when the load exceeds 500kW, at which point APF becomes no longer economical. And as such, hybrid filters have been created with an architecture that combines the advantages of both the active and passive types. In the future, hybrid power filters will become a trend in the domain of harmonics improvement technology.

③ PV Inverter

In addition, towards high power development for PV inverters, it would be viable to pursue other alternative energy development such as wind power generation to expand the market further. In 2008, Ablerex has obtained the Intertek GS certificate – the first ever issued in Taiwan. Not only that, the company has received certifications from nations including Germany, Spain, France, Italy, Belgium, England, USA and Japan. The company shall continue to stay abreast with the latest market trends and submit more applications to other countries and this will be beneficial to the expansion of the PV inverter market in the future.

④ Residential Energy Storage System

The energy storage system converter (ESS) is mainly used to convert the DC power stored in solar panels (Solar Panels) into AC power or store it in the battery slot for easy use and parallel connection with the utility grid. In the future, unless there is new conversion equipment or the solar cells themselves can directly convert DC to AC, there is currently no relevant alternative.

(4) Product Competition

Presently, our main product lines include UPS, APF and PV inverter. Their characteristics and whether they are replaceable will be covered as follows:

① UPS

As its name implies, an uninterruptible power supply (UPS) functions by delivering power to connected equipment in the place of AC mains supply during a power outage, similar to way emergency lighting works. However, an UPS features more sophisticated design that dramatically reduce the switching duration from AC mains and battery/inverter to make up for the shortcoming of significantly longer power outage duration with typical fuel-powered generators or other emergency power source, without creating the issues of noise and air pollution that fuel-powered generators have. Unless conventional power generators achieve significant improvement in their speed of power supply while minimizing environmental pollution, they will not be able to fully replace UPS.

② APF

Power filters are equipment primarily used to improve power quality and suppress harmonics. Presently, such products fall under three categories: active, passive and hybrid. Each has its distinctive advantages and weaknesses. At present, the development of power filter is headed for higher power and multi-functionality designs. Barring the invention of new harmonic suppression equipment in the future, there are no existing products that could replace APFs.

③ PV Inverter

PV inverter is primarily used to convert the AC current stored in solar panels to

DC power for direct usage and connection to the city power grid. Barring the invention of new conversion equipment or new solar cells that could convert DC current to AC current by themselves, there are no existing products that could replace PV inverters.

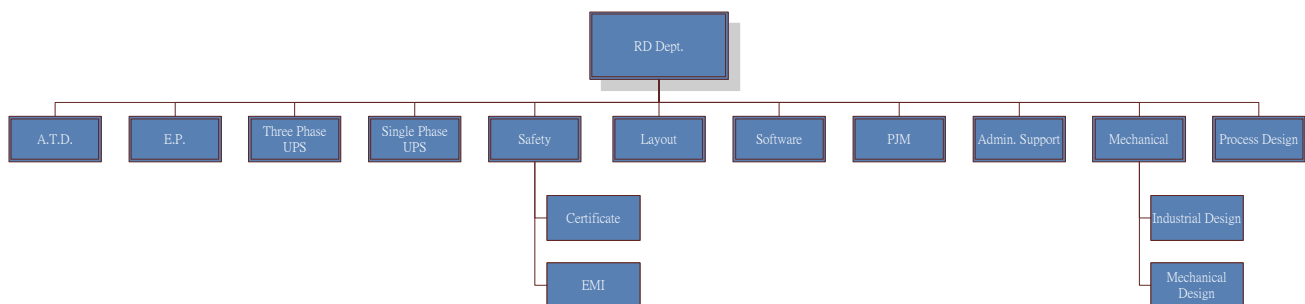
④ Residential Energy Storage System

ESS is mainly used to convert the AC current stored in solar panels to DC power or to save the generated power in the battery bank for direct usage and connection to the power grid. Unless the invention of conversion equipment or new solar cells that could convert DC current by itself, otherwise, there are no other alternative products.

5.1.3 Research and Development

(1) Technical level and R&D of our business

Right from the initiation of the company, Ablerex has established its R&D unit, which focused on the research and development of small UPS. With the development of new products and technologies, the R&D unit has also expanded in scale. At present, the R&D Department can be separated into smaller units based on their respective product lines, including Single-phase UPS, Three-phase UPS and E.P. In addition, sections such as the Mechanical structure, technical support, Software, Process design, safety, Layout, PJM and Technical research have also been established to provide relevant support for the three sections. Through the planning, development, design and safety regulation control for new product development handled by each corresponding section, the R&D Department endeavors to provide products and services that are precisely aligned to existing market demands. The following will cover the organization of our R&D Department and their corresponding responsibilities:



Department	Section	Primary job description
R&D	Single-Phase UPS Section	Responsible for the development of single-phase UPS product and technology.
	Three-Phase UPS Section	Responsible for the development of three-phase UPS product and technology.
	E.P. Section	Responsible for the research and development of products and technologies for green energy and smart grids such as APF (active power filters), power management systems and energy storage systems.
	Mechanical Design Section	Responsible for all products' exterior and mechanical designs.
	Technical Support Section	Responsible for the general support (i.e., construction of BOM, patent and safety regulation application, document management, acquisition of R&D samples and so forth).
	Software Section	Responsible for the development of software bundled with products

		and the system platform for Cloud computing.
	Process design Section	Responsible for the production requirements of all products that meet the manufacturability.
	Safety Section	Responsible for the safety certification of all products
	Layout Section	Responsible for circuit planning and wiring configuration of all products
	PJM Section	Responsible for tracking and controlling the progress of all product development schedules

The accumulation of know-how that we have grasped from pre-development, development and post-development of various products enabled the R&D Department to accrue its IP assets. Strengthening innovative R&D and acquiring patents have become a vital strategy for businesses to remain competitive in the market. During the past few years, Ablerex has experienced significant growth in the number of local and foreign patents received and these patents brought concrete benefit to the improvement of our technical capabilities. With relevant deployments in place, our IP assets enabled us to engage in technical exchanges with major international players and even take part in collaboration models of licensing patent rights through technical exchanges. This not only enhanced the company's reputation in terms of its technical capacity and brand value in the industry but also boosts customers' confidence in our technical capabilities. Consequently, our IP assets offer profound positive impacts on our business expansion.

Status of trademark application

Unit: No. of case

Region	Trademark			Total
	Pending	Approval announced	Certificate collected	
Taiwan	0	0	5	5
China	0-Ablerex 0-Suzhou	0-Ablerex 0-Suzhou	4-Ablerex 1-Suzhou	4-Ablerex 1-Suzhou
USA	0	0	3	3
EU	0	0	5	5
UK	0	0	5	5
Total	0	0	23	23

Status of trademark application as of Dec 31, 2023.

Status of patent application:

At present, Ablerex has acquired a total of 98 patents and 97 of which are patents of invention. These patents have been utilized on our main products and aptly reflect Ablerex's capacity for research and innovation.

Region	UPS	APF	SOLAR	BMS	ESS	Total
Taiwan	5	6	20	4	6	41
China	4	2	9	3	3	21
USA	8	9	12	2	4	35
Italy	1	0	0	0	0	1
Total	18	17	41	9	13	98

Number of patent applications as of Dec 31, 2023

(2) R&D staffs and their academic credentials

As of Dec 31, 2023, we have a total of 131 employees on our R&D staff, with their academic credential distribution as shown in the table below:

As of Dec 31, 2023/Unit: Person

Academic credentials	PhD	Masters	Bachelor	College	Senior High School	Total
No. of employees	2	69	55	2	3	131
Percentage %	1.53	52.67	41.98	1.53	2.29	100.00%

(3) Research and Development Expenses in the Past Five Years

Item \ Year	2019	2020	2021	2022	2023	2024Q1
R&D Expense	142,655	147,421	157,541	165,063	170,979	44,905
Revenue	2,462,390	2,361,923	2,984,677	3,057,767	2,925,183	600,286-
Percentage of Revenue	5.79%	6.24%	5.28%	5.40%	5.85%	7.48

(4) The following is an overview of the technologies and products that Ablerex has successfully developed:

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
2022	UPS	Line-interactive UPS PSA4 500VA~1500VA	Featuring new full-bridge topology, the new model offers the following advantages: 1. Improved efficiency. 2. Compact PCB 3. Low cost 4. Higher power range 5. Autonomy time longer than Glamor 6. Support dual channel of communication Simultaneously (Wi-Fi, RS232 and USB)
		Line-interactive UPS PST4 350VA~850VA	Power strip form Type 1. higher efficiency 2. Compact size 3. Low cost
		On-line UPS ARES Plus 1K~3K RT / Tower Model for 230Vac System	1. Increased product capacity (power factor increased from 0.9 to 1.0) 2. Wi-Fi Adopted for friendly interface 3. Versatile battery bank configurations (1K: 2-3 batteries; 2K: 4-6 batteries; 3K: 6-8 batteries)
		Line-interactive UPS Clumbus 750VA~3kVA For 230Vac system	1. Increased product capacity (power factor increased from 0.6 to 0.7) 2. New added SNMP and DryContact Card 3. LCD panel display function
		Line-interactive single-phase UPS Clumbus 750VA~3kVA For 120Vac system	1. Improve power factor of current product from 0.6 to 0.7. 2. Increase SNMP and DryContact Card 3. LCD panel function 4. UL certified model

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
		A.T.S. (Auto Transfer Switch) iTS with CAM	<ol style="list-style-type: none"> 1. Fast transfer performance from 21ms~16ms. 2. Support firmware upgrade via USB port 3. Initial bypass output relay at N.O. position 4. Support Emergency power off function 5. High MTBF design
		Three-phase UPS TAURUS 10k~200k	<ol style="list-style-type: none"> 1. Adopted a new three-level topology to significantly improve the double conversion efficiency 2. Output power factor increased to PF=1.0 3. New fast ECO mode with transferring time < 3ms
		Three-phase UPS Kronos 10K~40K	<ol style="list-style-type: none"> 1. Adopted a new three-level topology to significantly improve the double conversion efficiency 2. Output power factor PF=0.9 to be highly competitive 3. New fast ECO mode with transferring time < 3ms
		Three-phase UPS for UL Kronos 10K~20K	<ol style="list-style-type: none"> 1. Adopted a new three-level topology to significantly improve the double conversion efficiency 2. Output power factor increased to PF=1.0 3. New fast ECO mode with transferring time < 3ms 4. UL certified model
	Power Management Development	Battery Management System BMSIII plus RF Receiver	In addition to the wireless transmission functionality that is also featured in the previous generation, the product has also been designed with battery voltage equalizer technology to prevent battery overvoltage with greater precision. We have designed with additional function that allows determine battery condition, remaining discharging time and diagnosing life cycle of deteriorated battery.
		Raspberry Pi Intelligent HMI	Equipped Wi-Fi and Bluetooth wireless communication functions to strengthen the development of green energy product APP.
		AC PDU2.0 Power System Management	According to the market demand for DC current communication server, we have developed AC PDU power management systems with applications similar to our previous AC PDU, but the main difference is the improvement of measurement accuracy and its monitoring interface is upgraded from the 7-inch touch panel to the Raspberry Pi intelligent interface.
	APF	APF ESD34 150/100A	Features immediate response control that delivers outstanding transient response for the APF by enabling immediate compensation at any point during each current cycle. We have also increased product compensation capacity and catered to the demands for IP00/IP20.
		APF 480V UL	In addition to the breakthrough of existing product architecture and technology utilization, the product is more compliant with existing international safety regulations, making its distribution more extensive.
		APF 80A Rack Module	<p>Next-gen product that offers significant improvement in power density to reduce spatial requirement for installation.</p> <p>Next-gen hot swapping technology.</p> <p>New controller that provides global harmonics compensation and load balancing algorithm. Adopting a multi-level topology, the reduces IGBT switching loss. Increasing the number of harmonics compensation order while providing better power factor correcting performance.</p>

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
		APF 80A Wall Mount	Next-gen wall mounted product that offers significant improvement in power density to reduce spatial requirement for installation.
		APF 60A/100A	In addition to improving the current product topology and technology, adding different capacity parallel applications makes this product portfolio more flexible.
		SVG 70kVAR	The best reactive power compensation response in half cycle (10ms) to reach the PF target
		ESPW 30A	The new generation of products greatly reduces product costs and increases product sales profits 1. Adopted a new three-level topology to significantly improve the conversion efficiency 2. Reduce noise and make it suitable for office building applications 3. Improve power density and effectively reduce size 4. Adopt wall-mounted design
	ESS PVI	Single Phase Residential ESS Energy Storage System ESS5000/4000/3300	The ESS includes smart meter (ESS-MET), inverter (ESS-INV) and battery module (ESS-BAT). Through the smart meter interface, the user can command the Self-consumption function based on the calculation of voltage, current and power factor through out the controller. The controller will automatically order the command to the rectifier to adjust power generation from solar panel and battery discharge/ charge power. This system also fits to time-of-use pricing program users that throughout the setting of smart meter, users will be able to control discharging or charging electricity by adjusting the setting of off peak and on peak time-of-use periods. Users can buy electricity in the off-peak period to storage into the system and sell this storage electricity in the on peak period to accomplish the goal of saving energy resource and the most efficiency way of use. Our ESS inverter can use any batteries if the voltage of inverter matches the voltage of battery bank within the range of 40~60V. The customer can consider choosing our ESS Li-ion battery module option which includes the Battery Management System in it. Our system is suitable for the Lead-acid, Lit-ion, LiFePO4, SiC, Seawater battery, etc.
		Energy Storage System	A new generation of energy storage system with a single module capacity of 85kw, which can be connected in parallel to expand the system capacity according to user needs; it is also equipped with lithium battery modules with high energy density. Through the smart meter (ESS-MET), the PCS and PV inverter can be integrated to perform a complete control function of the energy storage system. It equipped function modes such as AFC (dreg0.5, dreg0.25, E-dreg), time-of-day electricity fee, automatic scheduling, peak load shaving, self-consumption, emergency output, etc.
		Battery Container Energy Storage System	Ablerex battery energy storage cabinet system adopts battery module architecture and multi-level BMS management and can build system power capacity and

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
			<p>battery capacity according to customer needs. Ablerex is able to provide customers with integrated planning and design of various solutions such as battery modules, energy storage systems, and battery containers. Its product features:</p> <ol style="list-style-type: none"> 1. Smoothing system power curve 2. Peak shaving and frequency regulation 3. Stabilized output power of renewable energy 4. Auxiliary services 5. Load Shaving and demand suppressed filling valleys 6. Suppress load and suppress demand 7. Improve grid reliability and power quality 8. Real power / Reactive power control 9. Energy arbitrage 10. Contract capacity compensation 11. Spare capacity <p>The battery energy storage cabinet system is composed of a battery rack composed of multiple battery modules, EPS (energy storage converter) and EMS (energy management system). The battery container energy storage system realizes lithium battery at the MW/MWh level System.</p>
	GPS	Three-phase PV inverter ES 52000	This three-phase 52kW PV product can be used with solar modules and the number of parallel units can reach the best operating point to achieve the best cost of the solar power system; intelligent MPPT tracking can effectively increase the overall power generation of the solar system. Products will be higher competitive.
		Three-phase PV inverter ES 60000	This three-phase 60kW PV product is used in the 480Vac system and further provides PV inverter energy density to make the product more competitive.
		Three-phase PV inverter ES 66000	This three-phase 66kW PV product can be used with solar modules and the number of parallel units can reach the best operating point to achieve the best cost of the solar power system; intelligent MPPT tracking can effectively increase the overall power generation of the solar system. Products will be higher competitive.
		Three-phase PV inverter ES 75000	This three-phase 75kW PV product is used in the 480Vac system and further provides PV inverter energy density to make the product more competitive. It can be used with solar module strings, and the number of parallel connections reaches the optimal efficiency operating point to optimize the installation cost of the solar power generation system; intelligent MPPT tracking can effectively increase the overall power generation of the solar system, making the product more competitive.
		Single-phase PV inverter ES7200HC	As the solar panel production improves year after year, panel efficiencies continue to improve as well. To apply to the improvement of solar panel and market's needs, we have developed a new inverter of 7.2kW model. This new inverter is designed with single MPPT function and 1000V DC input, to rise power density and to make the product lighter.

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
		Taiwan CNS15382 Grid regulation	In response to Taiwan's enactment of national grid-connected regulations, the full range of PV inverter models sold in Taiwan are about to reach the requirements of the standard.
2023	UPS	Online three-phase UPS TAURUS 200k	<ol style="list-style-type: none"> 1. Adopted a new three-level topology to significantly improve the double conversion efficiency 2. Real power factor PF = 1.0 3. New fast ECO mode with transferring time < 3ms 4. Equipped energy recycle capability, that allows sending battery energy back to the grid

5.1.4 Long-Term and Short-Term Business Development Plans

(1) Short-term business development plan

① Product strategy

- a. A low-end single-phase UPS product line launched to meet the needs of the low-price market.
- b. Renew the high-end products from generation to generation to maintain the advantage in the market.
- c. Integrate products from different products to provide total solutions.
- d. Development-oriented "designed for simplified mass production" for manufacturing cost advantages.

② Production strategy

- a. Conduct more intelligent monitoring equipment, run deeply into the manufacturing process and continuously reduce quality risks.
- b. In response to the trend of rising labor costs, part of the process is transferred to automation to reduce labor and improve manufacturing efficiency and efficiency.
- c. Improve energy utilization and move towards a green factory.

③ Marketing strategy

- a. Adopt the strategy of adapting measures to local conditions, implement localized operations, utilize technological advantages and combine the market characteristics of different regions to develop differentiated localized brands.
- b. Provide integrated brand services from design to after-sales, planning to maintenance.

④ Financial coordination

Based on the principle of stable operation, the company uses its own funds and operating surplus as the main working capital but will also use bank financing in a timely and appropriate amount to seek the optimization of ROE.

(2) Long-term business development plan

(A) Product strategies and goals

In terms of product development, the company shall adhere to the following strategies:

- ① Make the existing product series more complete and continue to complete products with different prices to meet multiple choices.
- ② To refine and deepen our ODM/OEM collaboration models with leading manufacturers around the world and jointly development mainstream products so that we could become the main supplier or partner of strategic alliance with leading manufacturers. This will allow us to expand our scale of production,

improve product quality, lower our costs and in turn make the company more competitive.

- ④ Close integration between new product development, our core technologies and patented technologies to boost our products' competitive edges and enhance our lead against other competitors in terms of technical capabilities.
- ④ Close coordination with the development of new energy technologies and foray into the research and development of relevant products for green and renewable energies such as solar PV and fuel cells so as to enhance their applications in "smart power grid".

(B) Production strategies

- ① Improve upon existing manufacturing processes to achieve compliance with relevant eco-friendly standards and green product development by launching pollution-free processes.
- ② Continue to deepen the application of Industrialization 4.0, coupled with big data analysis, to increase production efficiency, improve quality and achieve the goal of reducing costs at the same time.
- ④ Implement total quality management to maintain optimal internal operation at all times.

(C) Marketing strategies

To attain continual improvement in the company's sales, expand the market share of our products and increase the value of AblereX in the global supply chain, we shall adhere to the following marketing strategies:

- ① To deliver the best services in all our processes and all aspects of our operation.
- ② To demonstrate AblereX's existing core technologies and capabilities and our determination and drive to carry onward in our improvement of technical capabilities.
- ③ To fortify our search and collaboration with other leading companies around the world and foster partnerships so that we could become one of the primary suppliers of mainstream products in the business.
- ④ To expand our original product and establish distribution channels for specific products in appropriate region/territory.
- ⑤ To collect information of local market, connect with our customers and deliver prompt services through our offshore locations.

(D) Financial strategies

- ① To strengthen exchange management and make appropriate use of financial hedging tools to ensure our costs and revenues, thereby reducing the risks and losses from foreign exchanges.
- ② To make appropriate use of financial leveraging to lower operating costs.
- ③ To expand our fundraising channels into the capital market so that we can obtain funding at lower costs and facilitate relevant expansion plans.

(E) R&D strategies:

- ① To focus on development continuously for products about power quality improvement and power supply reliability.
- ② To inject more R&D resources for new energy, renewable energy, energy recycling and energy conservation so that we could develop relevant products for the market in the future.
- ③ To insist on technological innovation and continue with aggressive patent deployment so that we can strengthen our technical competitiveness.
- ④ Under the consideration of manufacturing feasibility, customization flexibility and

- diversity of function choices, make products to meet market needs at a cost.
- ⑤ Improve the development capabilities of high-power capacity products and develop in the direction of large-scale, industrialization and modularization.

5.2 Market and Sales Overview

5.2.1 Market analysis

(1) Sales (Service) regions

Unit: NT\$ thousand, %

Item	Year	2023	
		Amount	%
Domestic operating income		1,365,411	46.68%
International operating income	Asia	857,188	29.30%
	America	291,743	9.97%
	Europe	398,131	13.61%
	Others	12,710	0.44%
Total		2,925,183	100.00%

(2) Market share (%) of Major Product Categories in the Last Two Years

Ablerex is primarily involved in the production and distribution of UPS, APF, PV Inverters and the subcontracting of power related projects. Presently, we have many competitors in the domestic market, including PCM, Delta Electronics, CyberPower and so forth. However, our products and products from these competitors are distinctively different and as most of these products are customized products, relevant information have been difficult to obtain. This renders a precise calculation of market share to be impossible.

(3) Supply & demand and potential growth of market in the future

① UPS

Despite the long history of the UPS industry, the sector still has much room for growth waiting for businesses to commit and cultivate. Even though the migration of local businesses may significantly reduce the quantity of factory equipment in Taiwan, UPS manufacturers will still be able to locate new market and point of entry. With the prevalence of PC systems and the growing sophistication of machinery functions, end users will grow to better appreciate the necessity and importance of UPS systems. In addition to enterprises and server rooms where UPS have long played a vital role, UPS products have gradually found their way to general consumers. Between large and sophisticated home multimedia entertainment systems and personal PCs, the demand for UPS is starting to stem from even the average consumers.

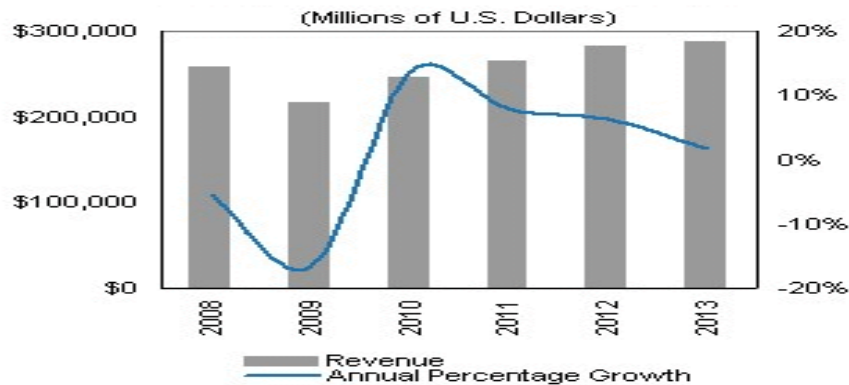
② APF

With the rapid development of high-tech industries, literally all of their precision instruments require high quality power systems in order to maintain normal operation. However, as most of the high-tech instruments run non-linear load (such as the semiconductor industry), they generate substantial number of harmonics current pollution that has adverse impact on power quality, leading to issues such as voltage distortion, overvoltage and even equipment failure. Consequently, APFs have been installed to mitigate the harmonic currents generated by the load and have therefore been perceived as valuable investments.

In the mid-year update of “Semiconductor Applications Forecaster” published by

the American market research organization IDC in 2011, the global semiconductor sales in 2012 will achieve an annual growth of 5% to reach US\$ 318 billion and by 2015, the global semiconductor sales will reach US\$ 378 billion, with compound annual growth rate at 6% spanning from 2010 to 2015. It is therefore natural to predict that the demands for APF will increase as the semiconductor industry recovers from its slump.

Fig. 1: Global Semiconductor Revenue Forecast



Source : iSuppli • 2009年09月

③ PV Inverter

According to IMS Research's prediction, the market for PV inverter will continue to grow, with more noticeable growth in demand in 2020. The demands for small business building PV system (usually between 10~100kW) and PV stations (typical installation of 500kW or higher) are expected to grow more significantly while the demand for residential PV system will be less apparent.

It is estimated that approximately 60% of the PV system installation in the future will take place in Asia, mainly China and most of them would be PV stations. As for residential PV systems, Japan will be the only market that may promise some potential.

④ Residential Energy Storage System

According to Energy trend's prediction, the ESS market will continuously grow in future. Especially clear and more needs after 2018 to 2020. We estimate the demand of ESS converter (normally 5kW) will likely increase in the foreseeable future.

(4) Competitive niche

Factors such as the yield rate of UPS, productivity and specifications have become the key criteria that global leading brands and channel operators use as guidelines in their selection of UPS supplier. Presently, AblereX has the following competitive edge in terms of its marketing, product development and manufacturing process:

① Marketing

The company has been actively taking part in major local and international electronics fairs in recent years and has achieved significant exposure in the global sector chains. In addition, our products have received safety certifications in numerous countries and this helps to facilitate the expansion of our business. We also offer a comprehensive selection of small and micro-UPS products that can satisfy customers' varying needs. With our positive image and solid R&D capabilities, the company has proven itself to be capable of developing new products in accordance with customers' needs and this has in turn made AblereX a preferred partner of collaboration for international brand names compared to other local competitors. Consequently, this will

be beneficial in our search for ODM/OEM collaboration opportunities.

② Product development

With UPS products becoming more compact and more intelligent with modular and network functionalities, Ablerex has shifted its core technologies towards the development of high speed and high precision. In terms of product development, the company not only has adequate capacity for relevant software and hardware design but also managed to reach top class level when it comes to product development speed and design quality. We can work with customers' needs to make relevant changes and technological reforms to launch new products at the right timing so that we are able to compete in the market with products of better performance, superior quality at lower costs.

③ Manufacturing process

Manufacturing process improvement is an important factor in the control of production costs, while quality stability functions as a critical criterion of customer satisfaction and future business expansion. And as such, we have carefully planned and mapped out the entire manufacturing process for the development of new products and have been making continual improvement on our process and quality control so as to facilitate manufacturing processes while lowering relevant costs and enhancing quality. Ablerex has the professional manufacturing capacity to handle independent product development, software design, manufacturing, automated assembly and testing. Not only that, but we also deliver products of outstanding quality, punctual shipping schedules and comprehensive after sales services to stay competitive in the market.

(5) Favorable and Unfavorable Factors in the Long Term

① UPS and APF

Favorable factors

A. Continual upgrading of high-tech industries to propel the continual increase in the demand for UPS and power quality improvement

As high-tech industries upgrade their production capabilities, they would inevitably use more expensive manufacturing processes of higher precision. As a result, their demand for power quality would grow in proportion, thereby driving up the demand for UPS and APF to improve their power quality.

B. Superior R&D capabilities to achieve stable product quality

After accumulating years of experience and expertise from independent research, Ablerex has obtained 98 patents and 97 of which are invention patents that have been featured on our key products. Not only that, but we have also been accredited to ISO 9001 and ISO14001 standards that speak for our high product quality. At the same time, we have also improved our productivity and expanded our production capacity to satisfy the needs of our customers.

Unfavorable factors

A. Product diversification may impede the improvement of production efficiency

With different equipment requiring different capacities and power factors for UPS and APF products, our product lines have become more diverse and this is disadvantageous to the improvement of production efficiency.

Counterstrategy:

We shall improve our production-distribution coordination to achieve precise control of product delivery schedules and always monitor changes in market demand

through information systems. The manufacturing department will also make flexible adjustments to its production plan to better manage the delivery schedule and satisfy our customers' needs without compromising the benefits of concentrated batch production.

B. Low energy storage density that is unable to cater to the need for long operation duration

The greatest drawback of battery banks used for normal UPS systems is their low energy storage density. To construct a large, scaled energy storage system, the batteries would take up substantial physical space.

Counterstrategy:

Due to cost considerations, normal UPS systems use lead-acid batteries. In the future, lithium batteries that offer higher storage density and longer lifecycle might become a viable alternative. Although lithium batteries are significantly more expensive, with the advancement in battery technology and development of electric car batteries, its development in the future is still worth looking forward to.

② PV Inverter

Favorable factors

A. Continual demand for energy keeps international oil prices up

With the rise of emerging nations such as China, India, Brazil and the ongoing growth of US and European economies, the global demand for energy has continued to grow. In addition, as the global petroleum reserve declines over the years, international oil prices have remained high and thus driving nations around the world to seek for alternative energies to mitigate the rising energy costs and energy shortage. Among the alternative energy sources, solar power has received the most abundant investments. With the certainty of growing energy demands in the future, the use of renewable energy will become more prevalent.

B. Growing awareness for environmental protection

The Kyoto Protocol prescribes specific targets of greenhouse gas reduction and is supplemented with multiple flexible operating regulations such as emission trading clean development mechanism and joint implementation. The protocol also touched on the issues of environmentally harmful subsidy reform. The Copenhagen UN Climate Change Conference also involved negotiations of greenhouse gas emission goals with specific carbon reduction objectives and discussions on assisting developing nations to combat global warming. These events have gone to show that the issue of environmental protection is of primary concern to nations around the world and due to the considerations for sustainability, governments will no doubt actively develop renewable energy industries.

C. Government subsidies to reduce installation costs

Due to the low conversion factor of solar power at present, the cost of solar PV generation is still higher compared to other traditional means of power generation. The relatively expensive costs of solar PV system installation will no doubt create additional economic strains on the public that wishes to have solar PV systems. And as such, governments around the world have promulgated subsidy policies, causing the solar PV market to experience explosive growth and continual increase in market demand.

Unfavorable factors

A. Increase in the number of competitors, leading to intense price competition

With the demands gradually growing, there will inevitably be more competitors

in the business, only to be followed by price wars and struggle for orders with lower pricings. This would in turn impact the profit margin for products.

Counterstrategy:

The company shall continue to research and innovate in the future so that we can develop products of higher efficiency and functions and other high-end products to differentiate from the low-cost market. In addition, we will also commit more resources to the development of other alternative energies to stay competitive.

B. The industry is susceptible to the impact of government policies

As the solar PV industry is susceptible to the impact of government policies, product demand may become limited during period of depression when the government is likely to cut down on subsidies to reduce spending.

Counterstrategy:

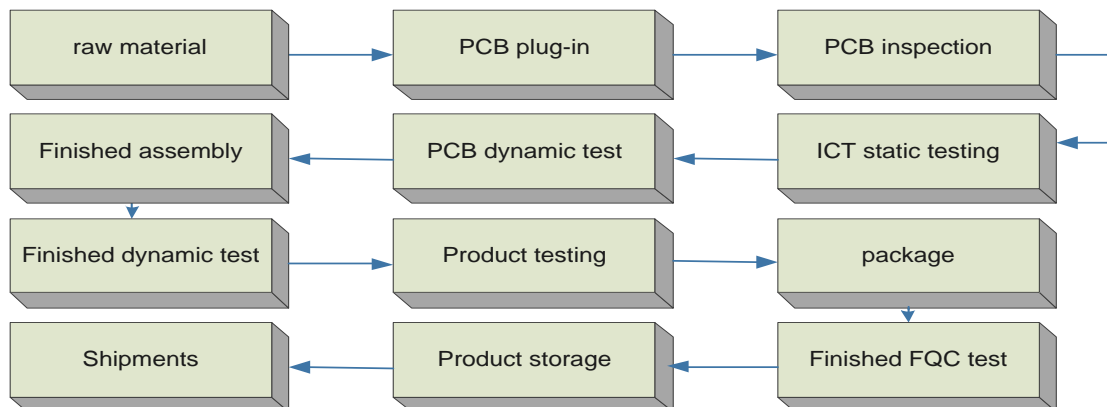
We will continue to develop new customers and cultivate new customer base in different countries to better understand the needs of our future clients. In addition, we will foray into the respective markets to lower the risks of being overly dependent on the distribution in specific regions.

5.2.2 Production Procedures of Main Products

(1) Primary purpose of main products

Main product categories	Purpose & Functions
UPS	At the moment of power failure, the UPS will temporarily supply power from its battery bank to prevent damages on PC, communication device, consumer electronics, high tech products medical equipment and so forth due to power disruption or power surge.
APF	Generates a compensatory current that is of the opposite phase of the harmonics at the load to effectively improve power quality while preventing excessive harmonic currents from causing interferences or damages on power equipment or production processes.
PV Inverter	Utilizes DC current from solar PV cell and converts it to AC currents similar to the power from city power grid for direct usage or parallel connection to the power grid. PV inverter is a key component in solar PV generation systems.
ESS	The ESS includes smart meter (ESS-MET), inverter (ESS-INV) and battery module (ESS-BAT).

(2) Major Products and Their Production Processes



(3) Supply Status of Main Materials

The main raw materials of the company's products are batteries, transformers, semiconductor electronic parts, plastic materials, iron shell PCBs, wires and other components. The company maintains a long-term, stable and good cooperative relationship with its suppliers. Currently, the supply status of the suppliers it cooperates with is good and there is no shortage or interruption of supply. And continue to promote localized procurement to reduce the impact of transportation on the environment. The proportion of purchases from various manufacturers is not high and there is no excessive concentration of purchase sources. The company manages the risks and opportunities of the supply chain. In order to prevent the occurrence of force majeure disaster risk events and ensure the stability of the supply source of the main raw materials and key materials for production, the company still maintains contact with other suppliers in the industry or conducts future transactions. reserve.

(4) Major Suppliers and Clients

A. The names of suppliers who have accounted for more than 10% of the total purchases in any of the most recent two years, as well as their amounts and ratios and explain the reasons for their increase or decreases:

Unit: NT\$ Thousand; %

Year	2022				2023				2024Q1					
Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer
1	Xie Yu Tech.	167,384	7.04%	None	1	Xie Yu Tech.	112,914	6.92%	None	1	Ji Long Engineering Co., Ltd.	30,580	7.91%	None
2	Other	2,209,076	92.96%	-	2	Other	1,517,916	93.08%	-	2	Other	356,160	92.09%	-
	Total	2,376,460	100.00%	-		Total	1,630,830	100.00%	-		Total	386,740	100.00%	-

Note 1: The name of the customer who has sold more than 10% of the total sales in the last two years and the amount and proportion of the goods sold, but the name of the customer or the transaction object shall not be disclosed as an individual and not a related person because the contract stipulates that the name of the customer shall not be disclosed.

Note 2: As of the printing date of the annual newspaper, companies listed or whose shares have been traded in the place of business of securities dealers shall disclose the most recent financial information verified by an accountant or verification.

Cause of change: None

B. Major Clients (10%) in the Last Two Calendar Years The names of clients who have accounted for more than 10% of the total purchases in any of the most recent two years, as well as their amounts and ratios and explain the reason for their increases or decreases:

Unit: NT\$ Thousand; %

Year	2022				2023				2024Q1					
Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer
1	(F)	492,855	16.12%	None	1	(F)	412,263	14.09%	None	1	(A)	69,094	11.51%	None
2	(A)	378,497	12.38%	-	2	(A)	288,904	9.88%	-	2	-	-	-	-
	Other	2,186,415	71.50%	-		Other	2,224,016	76.03%	-		Other	531,192	88.49%	-
	Total	3,057,767	100.00%	-		Total	2,925,183	100.00%	-		Total	600,286	100.00%	-

Cause of change: No significant deviation in two years.

(5) Production in the Last Two Years

Unit: piece; NT\$ Thousand

Year	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products						
UPS	275,000	167,459	1,042,015	275,000	133,087	886,977
APF	2,500	1,288	49,627	2,500	1,495	75,927
PV inverter	8,000	6,148	289,167	8,000	4,632	217,975
Project	Note		977,480	Note		903,098
Other	Note		1,646,624	Note		1,082,151
Total	285,500	174,895	4,004,913	285,500	139,214	3,166,128

Note : Factory mainly produces UPS, APF, PV inverters and related components (PCB'A), components of each system for different equipment, so the data is non-comparative.

(6) Shipments and Sales in the Last Two Years

Year	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main Item								
UPS	195	2,135	142,596	1,076,347	155	2,030	122,237	1,044,163
APF	-	-	1,072	83,196	-	-	945	109,100
PV	3,384	181,974	5	69	1,831	81,776	48	1,234
Project		1,229,448		3,488		1,117,308		7,331
Service		117,061		-		144,843		-
Other		6,604		357,445		19,454		397,944
Total	-	1,537,222	-	1,520,545	-	1,365,411	-	1,559,772

5.3 Human Resources Analysis

Number of employees, average seniority of service, average age and education distribution ratio for the last two years and as of Mar 31, 2024

Mar 31, 2024, Unit: people, age, %

Year	2022	2023	Until 2024/3/31
Number of Employees	Direct Labor	158	129
	Indirect Labor	79	111
	Administrative staff	404	398
	Total	641	638
Average age	39.01	39.02	38.97
Average seniority of service	7.93	8.07	8.60
Education (%)	Ph. D.	0.31%	0.32%
			0.31%

	Masters	13.42%	13.18%	13.50%
	Bachelor's Degree	31.51%	32.96%	34.54%
	College	20.28%	19.29%	19.31%
	Senior High School	20.44%	20.26%	19.94%
	Junior High School and below	14.04%	13.99%	12.40%

Note: The numbers are for all group

5.4 Environmental protection Expenditure

5.4.1 Total Losses and Penalties

According to the law, the applicant shall apply for the establishment of a permit or pollution discharge permit or should pay pollution control costs or the establishment of environmental protection units responsible for the person, the application, payment or establishment of the statement: the company in the production process and No major sources of pollution, but in order to avoid changes in the law also set up environmental protection personnel and regularly check the status of the law to determine whether the impact of the company's operations.

5.4.2 Major equipment to prevention and their usage and potential benefit: None.

5.4.3 Until the date of publication, any improvement in environmental pollution for past two years:

None

5.4.4 (Including remedial measures) and possible expenses (including non-response measures that may occur in the future due to the total amount of the damage suffered by the Company in the last two years and as of the date of publication) Loss, disposition and indemnity, if it is not reasonably possible, it shall state the fact that it can reasonably be estimated.: None

5.4.5 The current pollution situation and its improvement on the company's earnings, competitive position and capital expenditure and the expected impact of the next two years of major environmental capital expenditure: None.

5.5 Labor Relations

5.5.1 Employee's welfare package, education and training, retirement plan and employee rights

(1) Employee's welfare package:

In addition to following the Labor Standards Act and the relevant regulations, Ablerex provides group insurances covering healthcare, accidents and health examinations for employees. Ablerex also established the Employees' Welfare Committee which oversees employees' welfares including subsidies of weddings, funerals, in hospitals and birthing and holds activities regularly, such as birthday parties and domestic/foreign trips, to take care the life of employees.

(2) Education and training:

Ablerex holds internal management and specialist training program and encourage employees to attain courses and training held by professional institutions to enhance the proficiency and core competitiveness of employees. The education and training records are as follows:

Item	Courses	Trainees	Hours	Costs
------	---------	----------	-------	-------

1. Training for New employees	4	57	228	0
2. Specialist training	116	842	3,837	447,330
Total amount	117	899	4,065	447,330

(3) Retirement plan and the implementation:

Ablerex has formulated the retirement and pension plans for employees according to the Labor Standards Act. A certain percentage of salary payment is allocated as retirement reserve funds and if it is not enough for the payment of pension, the additional part will be listed as expense in the financial reports.

Since the implementation of Labor Pension Act in 2005.7.1, for the employees, adopting the defined contribution plan of pension, the pension fund will be paid and deposited in the personal pension fund account for no less than 6% of monthly salary by Ablerex.

(4) Employee rights:

Ablerex has advocated to humane management and set up many channels for employees to communicate with employers. Ablerex thinks highly of all kinds of employees' welfare and feedbacks of communication, so that Ablerex has harmonious relationship between employer and the employees. There is not any dispute on labor relation to be negotiated since Ablerex established. Yet, Ablerex still devote to better employees' welfares to enhance the harmonious labor relation and to prevent any possible labor disputes.

(5) Code of employee's conduct and ethics:

Ablerex has stipulated "Ethical Corporate Management Best-Practice Principles" and relevant managerial regulations for Directors, Managers and employees to prohibit unethical behaviors, the chances of pursuing personal interests, bribery, to protect and properly use the assets of the company, to abide by regulations and to encourage to report any illegal or unethical behaviors.

(6) Working environment and worker's safety protection:

Ablerex recognizes the importance of working environment and employee personal safety protection measures. Based on the management system of ISO9001 and 14001 and in accordance with the relevant regulations of the "Occupational Safety and Health Act", the "Safety and Health Code" is formulated so that employees can have a basis and follow the safety rules, and then through the "Labor Safety and Health Management Plan" Develop an annual management plan. Carry out major environmental considerations/occupational safety and health risk control, and use target and program management to prioritize improvements; while lower risks are controlled using operational control methods. After good operation and improvement, obvious results and control are achieved. , the company's major goals and management plans are summarized as follows:

No.	Target	Solution	Status	Execution
1	GHG emissions: Greenhouse gas emission intensity (metric tons/million NT\$) reduced by 1%	Electric lighting replaces traditional lamps with high-efficiency, energy-saving lamps. The industry completed the replacement of stairwell lighting fixtures in 2023Q1 and completed the	In response to global climate change, countries around the world are sparing no effort to promote energy conservation and carbon reduction. The company's quantitative management goals for energy conservation and carbon reduction: the greenhouse	The company wants greenhouse gas emission sources to be electricity, transportation vehicles (diesel), refrigeration equipment (refrigerant), etc. The greenhouse gas emission intensity in 2023 is 0.198, which is about 0.5% lower than the greenhouse gas emission intensity of 0.199 in 2022. It falls short of the management

No.	Target	Solution	Status	Execution
		replacement of lighting fixtures at Pingtung No. 1 Factory in 2024Q1. Annual inspections and analysis of the rationality of electricity consumption are carried out to determine the optimal contract capacity.	gas emission intensity (metric tons/million yuan) of the previous year is used as the base period, and the carbon emission intensity of the current year is reduced by 1% annually compared with the base period.	target by 1%. This is because Ablerex develops Taurus 200K in 2023 and needs to do machine testing, resulting in electricity consumption. The quantity is larger.
2	Waste management: waste intensity (metric tons/million yuan) reduced by 2%	Implement resource classification and recycling and promote the concept of caring for the earth. We implement the principle of low-carbon procurement, prioritize local suppliers when purchasing as much as possible, and electronically produce production reports to reduce the generation of waste. Improve the capabilities of the maintenance team and replace parts through maintenance to avoid direct scrapping of abnormal boards. The pallets will be reused, and those shipped by sea with intact structures will be reused for domestic use.	In response to global climate change, water supply stabilization has become a problem faced by various countries. The company has not fulfilled its social responsibilities and responded to the global water shortage issue. The management target is the per capita water intensity (thousand liters/person) of the previous year as the base period. The current year's water intensity is reduced by 1% compared to the base period.	The amount of waste generated per NT\$1,000 thousand of revenue increased by approximately 21% to approximately 0.0019 metric tons, mainly due to the increase in domestic waste caused by more customer visits and the holding of large conferences after the epidemic.
3	Water resources management: water intensity (thousand liters/person) reduced by 1%	When the sanitary equipment is replaced and repaired, water-saving equipment will be installed, and water-saving devices will be installed on the washbasins. Reduce water	In response to global climate change, water supply stabilization has become a problem faced by various countries. The company has not fulfilled its social responsibilities and responded to the global water shortage issue. The management target is the per capita water intensity of	The water intensity in 2023 is 11.721 thousand liters/person, which is 7.74% lower than the water intensity in 2022 of 12.705 thousand liters/person. Water management measures are implemented and the effect of reducing water resource consumption will continue to be maintained.

No.	Target	Solution	Status	Execution
		consumption, adjust the triangle valve, and reduce water output. The industry completed the adjustment of water output in Q2 2022. Annual inspection and analysis of water consumption to ensure reasonable use. Check whether the toilet in the bathroom is leaking. If there is water leakage, replace the toilet water-stopping skin.	the previous year (thousand liters/person) as the base period. The water intensity of the current year is reduced by 1% compared with the base period.	

Follow-up activities on environmental and occupational safety and health promotion

A. Environmental regulations compliance

Ablerex established and obtained the certification of the ISO 14001 environmental management system based on the characteristics of the industry to strengthen the operational management of the factory environment, safety and health, and implement actions to deal with environmental impacts. All the company's colleagues implement and enforce the environmental, safety and health management regulations. In 2023, the company was not fined or subject to sanctions other than fines due to environmental pollution, violation of environmental laws and regulations or litigation.

B. Plan for Occupational Disaster Prevention

To achieve the goal of zero disaster, the Company plans to prepare the annual occupational disaster prevention plan at the end of each year and then formulate detailed implementation plans according to the contents of the occupational disaster prevention plan and will be implemented by the institution according to the planned time and content. The system explores the lack of implementation, at every three months of the safety and health committee or the labor meeting, to fix the occupational disaster prevention plan. In accordance with the resolution of the Safety and Health Committee during the year, we will set down the occupational disaster prevention plan, re-implementation, re-audit, review and revise the plan for the next year. We will continue to reduce the risk of harm to the public through the PDCA The goal of the disaster. Once an accident occurs, it will require countermeasure. A total of 1 work safety accident occurred in 2023. Employees' safety awareness continues to be improved and the use and safety of protective gear is indeed required. At the same time, inspections of labor safety deficiencies will be carried out from time to time to improve the deficiencies.

C. Implement the autonomous inspection

Employees in the face of different operating environment, process, operation and operation, may be due to unsafe operations, equipment or management and other factors, resulting in physical harm, to this end, the company is actively promoting the autonomous inspection, this is a measure to promote the discovery of potential hazards and strive to improve and effectively control. The company carries out autonomous inspection the items, including equipment, the use of raw materials, operating environment, operating machinery and motor vehicles.

D. On-site job environment measurement and personal protection of employees

In the implementation of the operating environment of the Company, the operating environment measurement plan containing the sampling strategy is prepared and the project is collected from the basic data collection, the process flow and the hazard record. Through the observation, interview record, survey, (CO₂), noise, ... and so on.

Site workplace planning safety line, the protection part of the necessary equipment, such as the protection of protective equipment, earplugs, etc., on the part of the staff assigned to the safety shoes to strengthen the protection. Regular health checks every three years, the most recent implementation date 2021.08.25.

E. Strengthen corporate social responsibility to take care of employees

In the spirit of corporate social responsibility, the Company has a Code of Ethics on Employee Practitioners, which clearly protects employees' work fairly and maintains their work. We also set up the Supplier Corporate Social Responsibility (CSR) Code for Supplier Management and Specifically, they are required to sign back the declaration, the specific requirements of the staff must also protect the rights and interests.

5.5.2 Any current or potential loss resulting from labor disputes and prevention actions for the past 2 years and as of the date of this annual report:

Ablerex values the welfare of all employees and has harmonious relationship between employer and the employees. Ablerex has no major dispute on labor relation in the past 2 years and up to the printing date of this Annual Report. Therefore, there should be no concerns on the loss resulting from labor disputes.

5.6 Cyber security risk management

- (1) Describe the security risk management framework, information security policy, specific management plan and resources invested in the safety management of Information and communication, etc.:

The Company has always attached great importance to the rights and interests of investors, shareholders, customers, suppliers, employees, financial institutions, governmental organizations, neighbors and other stakeholders in its sustainable operation and development. In addition to good corporate governance and the fulfillment of the Company's social responsibility, the daily operations are also complemented by appropriate internal control systems and operational management mechanisms to achieve goals such as the effectiveness and efficiency of corporate operations, the accuracy of financial reports, and compliance with laws.

With the progress of time, the development of information and the spread of the Internet, the risks to information security are increasing day by day and may even affect the operation of enterprises or cause financial and business losses. The Company has established information security risk operation and management mechanisms to respond to these risks, such as "internal control information cycle", "internal important information processing procedures", "insider trading prevention management procedures", "personal information protection management" procedures" and "computer operation management measures". In 2023, the information security management system ISO 27001 has been implemented and certified to enable all employees to implement and comply with the regulations in order to protect the rights and interests of all stakeholders and the results of the company's operations.

Information security management mechanism

In the spirit of sustainable operation and development, the Company implements the objectives of the Information Security Risk Management Policy through three main aspects: Information Security Governance, Regulatory Compliance, and Technology Adoption. It strengthens the company's information security management and establishes "security-based information development". The concept of ensuring the confidentiality, integrity and availability of customers' and colleagues' data processing ensures that the company's data processing is secure throughout the process, provides safe, stable and efficient information services, and advocates the implementation of measures and continuous improvement of the information security management system.

Information Security Policy	
Information security governance	<p>Physical and environmental security: ensures that the organisation's physical facilities and environment are subject to appropriate security controls.</p> <p>Asset Management: The management of an organisation's assets, including their identification, classification, tracking, and protection.</p> <p>Information Security Incident Management: Establishing policies and procedures for responding to information security incidents and incidents.</p> <p>Information assurance: ensuring adequate plans are in place to secure and recover information.</p> <p>Classifying, categorizing, and processing information: Ensure that information is classified, categorized, and processed according to its sensitivity.</p>
Compliance	<p>Cybersecurity: Follow relevant regulations and standards to protect the organization's network and data transmission.</p> <p>Security Development Policy: Develop and implement appropriate security policies to ensure regulatory compliance.</p> <p>Technical Vulnerability Management: Monitor and manage system and application security vulnerabilities.</p>
Technology application	<p>Data transfer: Ensure data is appropriately protected during transmission.</p> <p>Security configuration of endpoint devices: Manage and maintain the security configuration of terminal devices.</p> <p>Cryptography: Using appropriate encryption techniques to protect sensitive information and communications.</p> <p>Technology Vulnerability Management: Integrated use of technology tools to identify, assess, and address vulnerabilities.</p>

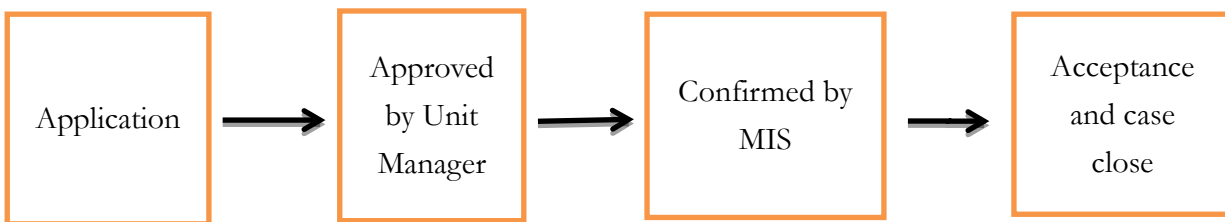
Information security management unit

The information security management unit of the company is the Information and Human Resources Department, which is responsible for reviewing the information security governance policies, planning, supervision, and information security management operations of each branch of the company, and

monitoring the information security situation of each branch at any time. In case of major information security risk events, report to the general manager in a timely manner, regularly assess information security risks and report to the board of directors.

Information service process management

Applications and changes to resource permissions for information application software and hardware, systems, emails, networks, etc. required by personnel in each unit of the company shall be handled through an electronic application process, which shall be reviewed and approved by the relevant responsible person in charge, and shall be handled after confirmation of authorization.



Information Security Management Solution

The company reviews information security risks through risk identification and risk assessment, confirms the degree of adverse impact of the information security risks on corporate operations, takes corresponding management measures, and reviews information architecture, network activities, network equipment, servers and terminals. Focusing on equipment detection and security settings review, we can check and evaluate whether there are vulnerabilities or old equipment problems at any time, and also respond to the challenges faced by information security, such as APT advanced persistent attacks, DDoS attacks, ransomware, and social engineering attacks. , information theft and other information issues, the planned information security management plan is as follows:

1. Risk Assessment: Conduct comprehensive risk assessments on a regular basis to identify potential threats, vulnerabilities, and risks.
2. Security policies and procedures: Implement access controls, password policies, data classification, and other requirements.
3. Access control: implement authentication and authorization mechanisms to ensure that only authorized personnel can access sensitive information.
4. Cybersecurity: protecting network infrastructure, including firewalls, intrusion detection systems, vulnerability scans and security updates to reduce cyber threats.
5. Security Training and Education: Conduct security training and education for employees to increase their awareness of information security.
6. Monitoring and alerting: Implement monitoring systems to observe network activity and detect abnormal behavior in a timely manner to respond quickly to security incidents.
7. Incident response plan: Develop a security incident response plan and data recovery strategy to mitigate losses and quickly resume operations.

8. Regular reviews and updates: Review and update security measures regularly to ensure they are responsive to new threats and vulnerabilities.

Resources in information security management

project	2021	2022	2023
Antivirus software	58,500	58,500	58,500
Maintenance costs	1,170,800	2,210,687	2,363,149
Computer room door control fee	0	0	0
Equipment and software upgrade costs	2,256,518	2,675,750	3,259,830
total	3,485,818	4,944,937	5,681,479

Information security incidents and insurance

of the company's information security governance and management mechanism is implemented by all employees in accordance with regulations. No serious information security incidents have occurred. The overall information security risk management is appropriate and the expected goals can be achieved. The company has insurance on its physical assets, and adopts off-site backup of major file data, as well as an information system disaster recovery plan. If future legal regulations and information security management needs require the purchase of information security insurance, the company will evaluate and understand the relevant regulations and supporting facilities. Measures will be decided later.

Information security risk management review and improvement

implements information security internal control implementation and risk supervision and management based on the business scope of its responsibilities and operates the management mechanism process. It also conducts self-inspections on the risk internal control system on an annual basis, conducts self-inspections on information cycle internal controls, and self-assesses information security. Management implementation. The audit unit also tracks the implementation status, and the annual audit plan is included in the inspection items to ensure implementation and effectiveness review or improvement reference basis.

Implementation in 2023 is as follows:

✧ Adopt ISO 27001

In order to better protect the company's information, improve risk management and enhance customer confidence, we introduced ISO 27001 Information Security Management System (ISMS) this year. By implementing ISO 27001, we have reviewed the company's overall information security implementation. We have reduced risks, improved compliance with relevant information security regulations and legal requirements, implemented clearer internal processes, and will continue to

improve employees' information security awareness in the future to ensure that all our assets are properly protected.

✧ Regular system updates

Regularly monitor the update status of the system , patch known vulnerabilities , and ensure that all systems are in the latest security state.

✧ Regularly review user permissions before the end of each year to prevent unauthorized access to data.

✧ Use a centralized antivirus system - Kaspersky monitors and eliminates virus incidents at any time.

✧ Promote information security concepts from time to time.

Software vulnerabilities are a major challenge in the modern threat landscape and one of the most common ways for malicious attackers to penetrate systems. However, timely software updates can significantly reduce potential risks and ensure the security of systems and data. This is key to maintaining digital security. one of the most important steps. Much software does not have automatic updating capabilities, such as Winrar software, which became obsolete this year The software vulnerabilities also have attracted the attention of the information security industry. Through this incident, we once again advocate not to install software that has not been confirmed by the company to avoid becoming the target of attackers.

(2) List the losses suffered due to major information security incidents in the most recent year and as of the date of publication of the annual report, the possible impacts and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: None.

5.7 Important Contracts

Principal current contractual agreements shown below were effective or expired during the most recent reporting period:

Agreement	Counterparty	Period	Major Contents	Restrictions
Equipment, Installation	Shinex Machinery Engineering Inc.	2020/05/27~2024/06/30	Postal Data Center New Construction Project: UPS Equipment Including Battery Sets and Peripheral Engineering	None
Equipment, Installation	Information Technology Group of Chunghwa Telecom	2022/07/11~2024/06/30	New Construction Project for the 5M4 AC Distribution Panel at the Banqiao Data Center in New Taipei	None
Equipment, Installation	UIS Co., Ltd.	2022/09/12~2024/12/31	The Micron M2 Factory in Houli, Taichung	None
Equipment, Installation	Chief Telecom	2022/09/22~2024/06/30	Jiuzong IDC Room Construction Project - Uninterruptible Power Supply (UPS) Equipment Engineering Case	None
Equipment, Installation	Yung Long Electric Equipment Enterprise Co., Ltd.	2022/10/31~2024/12/31	New Construction Project for the Health Building (Electrical, Plumbing, and Air Conditioning Installation – the first Bid Package)	None
Equipment, Installation	Micron Technology Taiwan, Inc.	2022/11/03~2024/12/31	replacement of lead-acid batteries in the UPS backup system for Repair_F11_EI_FY23 F11	None

VI. Financial Overview

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet/Income Statement

A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit : NTD in Thousand

Item	Year	Summarized Balance Sheets of Latest 5 years					03-31-2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		1,848,379	2,003,389	2,406,092	2,540,221	2,235,641	2,295,659
Non-current financial assets at fair value through other comprehensive income		81,000	81,000	81,000	243,536	201,639	201,639
Real estate, plant and equipment		788,501	753,320	751,209	726,935	778,635	774,674
Right-of-use asset		16,267	8,640	10,498	13,780	7,048	4,471
Intangible assets		45,162	45,837	46,684	45,970	46,100	45,749
Deferred income tax assets		45,206	46,040	47,763	42,642	47,598	43,825
Other non-current assets		29,806	27,073	29,844	101,432	27,981	30,756
Total assets		2,854,321	2,965,299	3,373,090	3,714,516	3,344,642	3,396,773
Current liabilities	Before distribution	1,256,452	1,351,434	1,751,251	1,837,821	1,519,913	1,605,736
	After distribution	1,301,452	1,396,434	1,807,501	1,927,821	Note 2	-
long-term debt payable		5,683	22,691	9,479	19,460	10,268	45,555
Deferred income tax liabilities		81,991	87,337	88,793	92,975	102,495	103,769
Income from Lease - non current		5,449	1,820	4,334	4,032	624	302
Other non-current liabilities		23,414	22,575	17,769	11,831	11,628	11,625
Total liabilities	Before distribution	1,372,989	1,485,857	1,871,626	1,966,119	1,644,928	1,766,987
	After distribution	1,417,989	1,530,857	1,927,876	2,056,119	Note 2	-
Shareholders' equity	Before distribution	1,468,689	1,465,903	1,487,587	1,736,203	1,685,214	1,615,404
	After distribution	1,423,689	1,420,903	1,431,337	1,646,203	Note 2	-
Capital		450,000	450,000	450,000	450,000	450,000	450,000
Additional paid-in capital	Before distribution	734,378	720,878	720,878	713,416	713,679	713,679
	After distribution	720,878	720,878	711,878	713,416	Note 2	-
Retained earnings	Before distribution	336,595	347,135	378,136	450,343	448,191	363,620
	After distribution	305,095	302,135	330,886	360,343	Note 2	-
Other equities		(52,284)	(52,110)	(61,427)	122,444	73,344	88,105
Minority interests		12,643	13,539	13,877	12,194	14,500	14,382
Total shareholders' equities	Before distribution	1,481,332	1,479,442	1,501,464	1,748,397	1,699,714	1,629,786
	After distribution	1,436,332	1,434,442	1,445,214	1,658,397	Note 2	-

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Earnings distribution of 2021 has been approved by Board of Directors.

Note 3: Audited by CPAs.

B. Consolidated Condensed Income Statement - Based on IFRS

Unit : NTD Thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					03-31-2024 (Note 2)
		2019	2020	2021	2022	2023	
Operating revenue		2,462,390	2,361,923	2,948,677	3,057,767	2,925,183	600,286
Gross profit		573,933	576,822	633,996	723,876	747,438	152,672
Income from operations		25,864	52,953	77,979	121,155	110,716	(3,419)
Non-operating income/expenses		17,481	7,736	9,223	20,203	5,910	13,759
Income before tax		43,345	60,689	87,202	141,358	116,626	10,340
Income from operations of continued segments - after tax		40,555	42,626	72,801	113,824	90,591	5,013
Income from discontinued		0	0	0	0	0	
Net income (Loss)		40,555	42,626	72,801	113,824	90,591	5,013
Other comprehensive income		(20,462)	484	(5,779)	187,821	(49,187)	15,059
Total comprehensive income		20,093	43,110	67,022	301,645	41,404	20,072
Net income attributable to shareholders		39,500	41,917	72,162	114,704	87,686	5,429
Net income attributable to non-controlling interest		1,055	709	639	(880)	2,905	(416)
Comprehensive income attributable to Shareholders of the parent		20,331	42,233	66,684	303,328	38,748	20,190
Comprehensive income attributable to non-controlling interest		(238)	877	338	(1,683)	2,656	(118)
Earnings per share (NTD)		0.88	0.93	1.60	2.55	1.95	0.12

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Audited by CPAs.

6.1.2 Stand Alone Condensed Balance Sheet/ Income Statement – Based on IFRSs

A. Stand Alone Condensed Balance Sheet – Based on IFRSs

							Unite : NTD Thousands
Item	Year	Summarized Balance Sheets of Latest 5 years (Note 1&2)					03-31-2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		1,325,014	1,351,409	1,604,171	1,799,467	1,546,064	N/A
Non-current financial assets at fair value through other comprehensive income		81,000	81,000	81,000	243,536	201,639	
Investment by equities		640,484	666,834	661,145	710,984	747,235	
Real estate, plant and equipment		533,608	514,479	518,813	497,216	562,247	
Right-of-use asset		8,623	2,713	3,419	8,212	2,583	
Intangible assets		28,818	29,433	30,317	29,626	29,782	
Deferred income tax assets		45,206	46,040	47,763	42,642	47,598	
Other non-current assets		21,408	19,933	22,520	93,178	19,648	
Total assets		2,684,161	2,711,841	2,969,148	3,424,861	3,156,796	
Current liabilities	Before distribution	1,107,377	1,135,873	1,374,075	1,581,387	1,357,306	
	After distribution	1,152,377	1,180,873	1,430,325	1,671,387	Note 2	
Deferred income tax liabilities		81,991	87,337	88,793	92,975	102,495	
Income from Lease - non current		2,690	153	924	2,465	153	
Other non-current liabilities		23,414	22,575	17,769	11,831	11,628	
Total liabilities	Before distribution	1,215,472	1,245,938	1,481,561	1,688,658	1,471,582	
	After distribution	1,260,472	1,290,938	1,537,811	1,778,658	Note 2	
Capital		450,000	450,000	450,000	450,000	450,000	
Additional paid-in capital	Before distribution	734,378	720,878	720,878	713,416	713,679	
	After distribution	720,878	720,878	711,878	713,416	Note 2	
Retained earnings	Before distribution	336,595	347,135	378,136	450,343	448,191	
	After distribution	305,095	302,135	330,886	360,343	Note 2	
Other equities		(52,284)	(52,110)	(61,427)	122,444	73,344	
Total shareholders' equities	Before distribution	1,468,689	1,465,903	1,487,587	1,736,203	1,685,214	
	After distribution	1,423,689	1,420,903	1,431,337	1,646,203	Note 2	

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Earnings distribution of 2020 has been approved by Board of Directors.

Note 3 : The company doesn't not prepare Stand Alone Report.

B. Stand Alone Condensed Income Statement – Based on IFRSs

Unit : NTD Thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					03-31-2024 (Note 2)
		2019	2020	2021	2022	2023	
Operating revenue		2,135,634	2,024,768	2,550,234	2,714,662	2,383,803	N/A
Gross profit		356,228	342,267	400,307	434,839	403,464	
Income from operations		42,839	21,446	71,498	89,920	58,121	
Non-operating income/expenses		-2,596	28,591	6,813	43,890	46,965	
Income before tax		40,243	50,037	78,311	133,810	105,086	
Income from operations of continued segments - after tax		39,500	41,917	72,162	114,704	87,686	
Income from discontinued operations		-	-	-	-	-	
Net income (Loss)		39,500	41,917	72,162	114,704	87,686	
Other comprehensive income (income after tax)		(19,169)	316	(5,478)	188,624	(48,938)	
Total comprehensive income		20,331	42,233	66,684	303,328	38,748	
Earnings per share		0.88	0.93	1.60	2.55	1.95	

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2 : The company doesn't not prepare Stand Alone Report.

6.1.3 Auditors' Opinions in the past 5 years

Year	Accounting Firms	CPAs	Audit Opinions
2019	PwC	Chou, Hsiao-Tzu and Lee, Hsiu-Ling	unqualified opinion
2020	PwC	Chou, Hsiao-Tzu and Lee, Hsiu-Ling	unqualified opinion
2021	PwC	Chou, Hsiao-Tzu and Lai, Zhong-Xi	unqualified opinion
2022	PwC	Chou, Hsiao-Tzu and Lai, Zhong-Xi	unqualified opinion
2023	PwC	Lin, Se-Kai and Lai, Zhong-Xi	unqualified opinion

6.2 Five-Year Financial Analysis

A. Consolidated Condensed Financial Analysis - Based on IFRS

Unit : NTD Thousands

Item		Year	Financial Summary for The Last Five Years (Note 1)					03-31-2024 (Note 2)	
			2019	2020	2021	2022	2023		
Financial structure (%)	Ratio of liabilities to assets (%)		48.10	50.10	55.48	52.93	49.18	52.01	
	Ratio of long-term capital to fixed assets (%)		202.64	214.23	215.89	258.16	234.34	231.19	
Solvency (%)	Current ratio (%)		147.11	148.24	137.39	138.21	147.09	142.96	
	Quick ratio (%)		65.03	62.15	66.62	54.80	63.00	60.33	
	Times interest earned ratio		8.88	10.88	14.18	12.62	9.54	4.95	
Operating ability	Account receivable turnover		4.21	4.24	4.23	3.79	4.38	4.15	
	Days sales in accounts		86.69	86.08	86.28	96.30	83.33	87.95	
	Inventory turnover (times)		1.69	1.48	1.80	1.56	1.42	1.23	
	Account payable turnover		4.59	3.91	4.61	4.06	4.02	3.89	
	Average days in sales		215.97	246.62	202.77	233.97	257.04	296.74	
	Fixed assets turnover (times)		3.03	3.06	3.96	4.13	3.88	3.09	
	Total assets turnover (times)		0.88	0.81	0.94	0.86	0.82	0.71	
Profitability	Ratio of return on total assets		1.62	1.63	2.46	3.49	2.88	0.21	
	Ratio of return on shareholders' equity (%)		2.69	2.88	4.88	7.00	5.25	0.30	
	Ratio to issued capital stock (%)	Operating income		5.75	11.77	17.33	26.92	24.60	-0.76
		Income before tax		9.63	13.49	19.38	31.41	25.92	2.30
	Profit ratio (%)		1.65	1.80	2.44	3.72	3.10	0.84	
	Earnings per share (NT\$)		0.88	0.93	1.60	2.55	1.95	0.12	
Cash flow (%)	Cash flow ratio (%)		4.04	9.03	0.00	10.61	24.54		
	Cash flow adequacy ratio (%)		60.85	57.87	19.99	26.12	52.95	50.00	
	Cash reinvestment ratio (%)		0.00	4.49	0.00	6.26	12.55		
Leverage	Degree of operating leverage		12.84	6.70	5.04	3.72	4.11	-25.26	
	Degree of financial leverage		1.26	1.13	1.09	1.11	1.14	0.56	

*In case that the financial information in IFRSs Regulation less than 5 years, the following table (2) shall be prepared separately by GAAP Regulation.

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Audited by CPAs.

Consolidated Financial Analysis – Under IFRSs

The causes of the financial ratio change over 20% in the last two years:

1. Solvency:

- The Times Interest Earned in 2023 was decreased by 24.41% compared with 2022 due to the decrease in pre-tax profits.

2. Profitability:

- The rate of ROE in 2023 was decreased by 25% compared with 2022 due to the decrease in net income in the current period.
- Earnings per share in 2023 was decreased by 23.53% compared with 2022 due to the decrease in net income in the current period.

3. Cash Flow:

- The cash flow ratio in 2023 increased by 131.29% compared with 2022 due to the increase in net cash inflow from operating activities.
- The Cash Adequacy Ratio in 2023 was increased by 102.72% compared with 2022 due to the net cash inflow from operating activities.
- The cash reinvestment ratio in 2023 was increased by 100.48% compared with 2022 due to the net cash inflow from operating activities.

B. Stand Alone Condensed Financial Analysis – Based on IFRSs

Item		Year	Financial Summary for The Last Five Years (Note 1)					03-31-2024 (Note 2)
		2019	2020	2021	2022	2023		
Financial structure (%)	Ratio of liabilities to assets (%)	45.28	45.94	49.89	49.30	46.61	N/A	
	Ratio of long-term capital to fixed assets (%)	295.49	306.32	307.44	370.75	320.05		
Solvency (%)	Current ratio (%)	119.65	118.97	116.74	113.79	113.90		
	Quick ratio (%)	62.35	54.06	72.43	59.07	54.14		
	Times interest earned ratio	15.14	15.07	19.08	21.35	11.84		
Operating ability	Account receivable turnover	3.95	4.06	3.96	3.39	3.65		
	Days sales in accounts	92	89	92	107	99		
	Inventory turnover (times)	2.64	2.21	2.87	2.82	2.17		
	Account payable turnover	5.10	4.11	5.39	4.81	4.13		
	Average days in sales	138	165	127	129	168		
	Fixed assets turnover (times)	3.93	3.86	4.93	5.34	4.50		
	Total assets turnover (times)	0.82	0.75	0.89	0.84	0.72		
Profitability	Ratio of return on total assets (%)	1.60	1.65	2.66	3.75	2.90		
	Ratio of return on shareholders' equity (%)	2.64	2.85	4.88	7.11	5.12		
	Ratio to issued capital stock (%)	Operating income	9.51	4.76	15.88	19.98		12.91
		Income before tax	8.94	11.11	17.40	29.73		23.35
	Profit ratio (%)	1.84	2.07	2.82	4.22	3.67		
	Earnings per share (NT\$)	0.88	0.93	1.60	2.55	1.95		
Cash flow (%)	Cash flow ratio (%)	1.61	8.68	0.00	15.56	8.60		
	Cash flow adequacy ratio	43.62	48.85	40.68	42.98	35.45		
	Cash reinvestment ratio (%)	0.00	3.97	0.00	9.94	2.30		
Leverage	Degree of operating leverage	6.14	11.75	4.45	3.86	5.55		
	Degree of financial leverage	1.07	1.19	1.06	1.07	1.19		

Note 1: The financial data stated above for last five years have been reviewed by CPAs.

Note 2 : The company doesn't not prepare Stand Alone Report.

Financial Analysis – Stand Alone - Under IFRSs

The causes of the financial ratio change over 20% in the last two years:

1. Solvency:

- The Times Interest Earned in 2023 was decreased by 44.54% compared with 2022 due to the decrease in pre-tax profits.

2. Operating ability:

- The inventory turnover rate (times) in 2023 decreased by 23.05% compared with 2022 due to the decrease in the cost of goods sold and the increase in average inventory in the current period.
- The average inventory turnover days in 2023 increased by 30.23% compared with 2022 due to the decrease in the cost of goods sold in the current period and the increase in average inventory.

3. Profitability:

- The ROA in 2023 was decreased by 22.67% compared with 2022 due to the decrease in net income in the current period.
- The ROE in 2023 was decreased by 27.99% compared with 2022 due to the decrease in net income in the current period.
- The ratio of operating profit to paid-in capital in 2023 was decreased by 35.39% compared with 2022 due to the decrease in operating profit.
- The ratio of pre-tax net profit to paid-in capital in 2023 was decreased by 21.46% compared with 2022 due to the decrease in pre-tax profit and loss.
- Earnings per share in 2023 was decreased by 23.53% compared with 2022 due to the decrease in net profit in the current period.

4. Cash Flow:

- The cash flow ratio in 2023 was decreased by 44.73% compared with 2022 due to the net cash inflow from operating activities.
- The cash reinvestment ratio in 2023 was decreased by 85.92% compared with 2022 due to the net cash inflow from operating activities.

5. Leverage:

- The operating leverage in 2023 was increased by 43.78% compared with 2022 due to the decrease in operating profits in the current period.

Note : Financial Analysis Formula

1. Financial structure

- (1) Ratio of Liabilities to assets = 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) Times interest earned ratio = before the income tax and interest expense net interest / current interest expense.

3. Operating ability

- (1) Account Receivable Turnover (including accounts receivable and bills due from operations) = Net Sales/Avg. Accounts Receivable (Including Receivables and Receivables due to Operation) Balance.
- (2) Days sales in accounts receivable = 365/receivables turnover.
- (3) Inventory turnover = cost of goods sold/average stock.
- (4) Account Payable Turnover (including accounts payable and bills payable as a result of operations) = balance of cost of goods sold / average payables for each period (including accounts payable and bills payable as a result of operations).
- (5) Average days in 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) Ratio of ROA = [after tax loss + interest expense × (1-tax rate)] / average total assets.
- (2) Ratio of Return on equity = post-tax profit/loss/average total equity.
- (3) Profit ratio = after-tax profit/loss/net sales.
- (4) Earnings per share = (Equity attributable to owners of parent - special share dividend) / weighted average number of shares outstanding.

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from 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) Degree of Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
- (2) Degree of Financial leverage = operating interest / (operating interest - interest expense).

- 6.3 Audit Committee's Report for the Most Recent Year: Please refer to Page 189 of the annual report.
- 6.4 Consolidated Financial Statements for the Most Recent Years: Please refer to Page 259 to 333 for the details
- 6.5 Parent Company Only Financial Statements for the Most Recent Years: Please refer to Page 190 to 258 for the details.
- 6.6 Impact of financial difficulties of the Company and related party on the Company's financial position: None

VII. Review of Financial Conditions, Financial Performance and Risk Management

7.1 Condensed Financial Position – Under IFRSs

NTD Thousands; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	2,540,221	2,235,641	(304,580)	(11.99)
Non-current financial assets at fair value through other comprehensive income	243,536	201,639	(41,897)	(17.20)
Real estate, plant, and equipment	726,935	778,635	51,700	7.11
Right-of-use asset	13,780	7,048	(6,732)	(48.85)
Intangible assets	45,970	46,100	130	0.28
Deferred tax assets	42,642	47,598	4,956	11.62
Other non-current assets	101,432	27,981	(73,451)	(72.41)
Total assets	3,714,516	3,344,642	(369,874)	(9.96)
Current liabilities	1,837,821	1,519,913	(317,908)	(17.30)
long-term debt payable	19,460	10,268	(9,192)	(47.24)
Deferred tax liabilities	92,975	102,495	9,520	10.24
Income from Lease - non current	4,032	624	(3,408)	(84.52)
Other non-current liabilities	11,831	11,628	(203)	(1.72)
Total liabilities	1,966,119	1,644,928	(321,191)	(16.34)
Shareholders' equity, attributable to owners of parent	1,736,203	1,685,214	(50,989)	(2.94)
Capital stock	450,000	450,000	0	0.00
Additional paid-in capital	713,416	713,679	263	0.04
Retained earnings	450,343	448,191	(2,152)	(0.48)
Other equities	122,444	73,344	(49,100)	(40.10)
Non-controlling equities	12,194	14,500	2,306	18.91
Total shareholders' equity	1,748,397	1,699,714	(48,683)	(2.78)

Analysis of changes in financial ratios, which changes more than 20% and the changed amount is over NT\$10 million: None

1.Other non-current assets: Mainly due to the decrease in prepaid equipment payments.

2.Other equity: due to the decrease in unrealized evaluation gains and losses on equity instrument investments measured at fair value.

7.2 Financial Performance

A. Condensed Consolidated Financial Performance Analysis – Under IFRSs

NTD Thousands; %

Item	Year	2022	2023	Difference	
				Amount	%
Net Sales		3,057,767	2,925,183	(132,584)	(4.34)
Cost of Good Sold		2,333,891	2,177,745	(156,146)	(6.69)
Gross Profit		723,876	747,438	23,562	3.25
Operating Expense		602,721	636,722	34,001	5.64
Operating Income		121,155	110,716	(10,439)	(8.62)
Non-operating Income and		20,203	5,910	(14,293)	(70.75)
Income Before Tax		141,358	116,626	(24,732)	(17.50)
Income Tax		27,534	26,035	(1,499)	(5.44)
Net Income		113,824	90,591	(23,233)	(20.41)

Analysis of changes in financial ratios, which changes more than 20% and the changed amount is over NT\$10 million:

1. Non-operating income and expenses: Mainly due to the decrease in foreign currency exchange benefits.
2. Income Before Tax: mainly due to decrease in operation income and currency exchange benefits.
3. Net Income: Mainly due to the decrease in operating income and foreign currency exchange benefits.

B. Estimated sales volume and its basis, the possible impact on the company's future financial business and the response plan:

The global UPS (Uninterruptible Power Supply) market is driven by the growing reliance on digital infrastructure and data centers. With the rapid development of digitization, cloud computing, and data-driven technologies, businesses and organizations across industries heavily depend on uninterrupted power to protect critical data and ensure continuous operations. Data centers, in particular, have become pillars of the digital economy due to their role in storing and processing vast amounts of information. These facilities require robust power protection solutions to prevent data loss, equipment damage, and costly downtime. UPS systems provide immediate backup power during utility outages or fluctuations, ensuring a seamless transition to generator power or system shutdown, maintaining the integrity of critical data, and ensuring smooth operations. The increasing prevalence of remote work, online services, and e-commerce further highlights the importance of reliable power supply. Interruptions or outages in these digital-driven environments can lead to revenue loss, reduced productivity, and damage to brand reputation. Therefore, organizations invest in high-quality UPS systems to protect their mission-critical equipment, maintain productivity, and provide uninterrupted service to customers.

Industry forecasts, aggregating various market research estimates, indicate that under the impetus of exploding demand for AI servers, data center construction needs, and national energy transition policies, the industry will continue to have steady growth potential. Over the next five

years, the compound annual growth rate of the UPS market is estimated to reach 4-8%, with projections suggesting that the market size will exceed 15 billion USD by 2030.

According to InfoLink research, most operators in Taiwan’s solar and energy storage market believe that overall demand will begin to rebound after the 2024 elections. It is expected that the first quarter will see the completion and grid integration of energy storage systems established in 2023. As early 2024 also approaches the deadline for many applied energy storage grid integrations, it is anticipated that a wave of manufacturers unable to complete construction will exit the market. This will clarify the overheated energy storage market, leaving behind the more capable competitors. Solar energy projects are expected to gradually resume construction starting in the second quarter after the elections, especially since some high-visibility solar projects began seeking orders at the end of 2023. Therefore, InfoLink believes that the solar energy market will experience a more noticeable demand growth in the second half of the year. Overall, both the solar and energy storage markets are expected to become clearer and return to growth in 2024.

After weighing the market development situation and the company’s own strengths and weaknesses, in addition to continuing to expand the international market ODM and OBM sales business for uninterruptible power systems, and actively participating in domestic UPS project engineering tenders and providing maintenance services, as well as selling our own brand of solar power converters, we will utilize the company’s accumulated application experience in the field of power electronics, combined with our own PCS and energy management systems, to step into the construction promotion and investment of energy storage equipment. Our company aims to increase overall profitability, expand the sales volume and revenue of various products, and actively enhance the market share of each product.

7.3 Analysis of Cash Flow

7.3.1 Liquidity analysis of the recent years

Item \ Year	2023	2022	Financial ratio change
Current ratio	24.54	10.61	131.29%
Cash Flow adequacy ratio	52.95	26.12	102.72%
Cash reinvestment ratio	12.55	6.26	100.48%

Analysis of financial ratio change:

- (1) Current ratio : Due to our company’s net cash inflow from operating activities in 2023, which increased compared to 2022, and the reduction in current liabilities, the ratio has significantly improved. The main reasons for the increase in net cash inflow from operating activities are the substantial reduction in inventory, decrease in advance payments, and appropriate control of accounts receivable in 2023.

- (2) Cash Flow adequacy ratio : The ratio is less than 1 because the company's net cash inflow from operating activities in the last five years is not enough to cover capital expenditures, inventory increases and cash dividends in the corresponding period. However, since the net cash flow generated by operating activities in 2023 will return to a net inflow, the ratio will increase significantly.
- (3) Cash reinvestment ratio : The net cash inflow from operating activities in 2023 was sufficient to cover the distribution of cash dividends for the year, and since there were no significant capital expenditures during the year, this ratio has improved compared to 2022.

7.3.2 Remedy for cash deficit and liquidity insufficient: Operating profits of the company has been stable, still get full support from financial institutions and no liquidity insufficient up to the date of the report printed.

7.3.3 Analysis of cash liquidity in 1 year

Unit: NT\$ thousand

Beginning cash balance (1)	Expected net cash flow from operating activity of the year (2)	Expected cash outflow of the year (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedial measures for the expected insufficient cash	
				Investing plan	Financing plan
301,276	10,696	(102,080)	209,892	-	-

1. Analysis of cash flow change in one year:

- (1) Operating activity: It is expected that the profit will be maintained in 2024. With the A/P and A/R conditions and the control of inventory, it is expected that the business activities will continue to show a net inflow of cash.
- (2) Investing activity: Mainly for research and development equipment purchase and production line equipment updates and upgrades.
- (3) Financing activity: It is expected to repay loans from financial institutions and distribute cash dividends.

2. Remedial measures for the expected insufficient cash and liquidity analysis: N/A

7.4 Impact of major capital expenditure on finance and business:

7.4.1 Use of major capital expenditures and sources of funds

Project	Actual Or Projected Source Of Funds	Actual Or Estimated Completion Date	Total Funding Required	Actual Or Planned Use Of Funds	
				2022	2023
ESS In Pingtung	Own Funds/Bank Financing	2023.04.31	90,650	90,007	643

7.4.2 expected benefit

The Pingtung energy storage system is two energy storage projects with planned construction scales of 1MW and 2MW respectively. The main purpose of the construction is to participate in the operation of Taipower's ancillary service market and provide dReg0.25 frequency modulation backup service to obtain services. In 2023, the auxiliary service revenue reached NT\$15,149 thousand. At the same time, because the company's R&D personnel participate in the planning of the case field and the core

equipment of the system is a product independently developed by the company, it will be possible to obtain case field construction know by participating in the construction of the case field and performing follow-up maintenance operations. know-how and collect the actual commercial transfer data information of the product immediately after the system is launched, as the basis for product application adjustment and design development revision; it can also be used for actual display during the product sales stage to increase the confidence of potential customers in adopting it.

7.5 Investment policies, reasons for gain or loss and improvement plan regarding investment plans in current year and the next year

7.5.1 Investment Policies:

In response to the need to strengthen the company's business development and upstream and downstream integration, the company will be prepared to assess the implementation of the investment plan after the investment.

7.5.2 Reasons for gain or loss and improvement plan regarding investment plans in current year

Dec. 31, 2023; Unit: NT\$ thousand

Invested Company	Invested Amount	Investment Policy	Recognition of the investment gain or loss in the latest year	Main reason of gain or loss	Improvement plan
Ablerex Electronics (SAMOA) Co. LTD.	US\$6,635	To set up AblereX-SZ and Holding company of AblereX-BJ.	NT\$16,691	mainly recognized profit loss from ABLEREX-SZ	-
Ablerex Corporation	US\$250	To promote and sales for America territory.	NT\$16,243	Actively promote the business to demonstrate business performance.	-
Ablerex International Corp. LTD.	HK\$10	Trading Company between AblereX and AblereX-SZ.	NT\$395	Support to promote sales	-
Ablerex Electronics(s) PTE. LTD	US\$1,480	To promote and sales for EMEA.	NT\$1,214	Actively promote the business to demonstrate business performance.	-
Ablerex Electronics UK LTD.	GBP\$100	To set up Holding company of AblereX-IT.	NT\$(1,136)	mainly recognized profit loss from ABLEREX-IT.	Increase sales and reduce cost
WADA DENKI CO., LTD.	JPY29,700	To promote and sales for Japan territory.	NT\$11,606	Actively promote the business to demonstrate business performance.	-

Note: The Company recognizes the write-down of the investment gains and losses.

7.5.3 Investment Plan in the next year: None

7.6 Risk Management and Evaluation until the report printed.

7.6.1 The impact of interest rate, exchange rate and inflation on the company's income and expense and the responsive measures:

1. The impact of interest rate change:

The Group's financial cost expenses in 2023 and 2022 were NT\$13,656 thousand and NT\$ 12,162 thousand respectively and the ratios of financial costs to net operating income for the current period were 0.47% and 0.40%, respectively. Finance costs account for a very low proportion of the Group's net operating income and most of the Group's financing is short-term loans, so it is expected that no significant fair value interest rate risk will occur. Based on the prudent and conservative financial management principles, the Group will maintain close contact with the bank to grasp the relevant information of interest rate changes in real time and reduce the impact of interest rate fluctuations on the Group.

2. The impact of exchange rate fluctuation:

The business of the Group involves a number of non-functional currencies (the functional currency of the Company is NT and the functional currency of some subsidiaries is USD and RMB). Therefore, the foreign currency assets affected by the exchange rate fluctuation and liability information and foreign currency market risk analysis as follows.

	2023.12.31			Fiscal 2023		
			Book amount	variation	Affect net profit before tax	Affect other comprehensive gains and losses
(currency : monetary assets)	Currency (thousand)	Rate	(NT\$)			
<u>Financial assets</u>						
<u>monetary items</u>						
US\$: NT\$	\$4,958	30.7100	\$152,260	1%	\$1,523	-
RMB : US\$	79,324	0.2172	17,229	1%	172	-
RMB : NT\$	1,218	7.0973	37,405	1%	374	-
JPY : NT\$	912	0.7584	21,241	1%	212	-
US\$: RMB						
SGD : US\$						
<u>Financial liabilities</u>	\$2,703	30.7100	\$83,009	1%	\$830	\$-
<u>monetary items</u>	338	7.0973	10,380	1%	104	-
US\$: NT\$	282	0.7584	6,568	1%	66	-

The Group will maintain close contact with correspondent banks to grasp the relevant information of exchange rate changes in real time and reduce the impact of exchange rate changes on the company.

3. The responsive measures to the risk of exchange rate fluctuation:

- Continue to strengthen personnel concepts for exchange hedging, through a greater interaction for real exchange rate system with financial institutions, so as to judge to the impact of exchange rate fluctuations arising.
- Before quoting to customer, the company will estimate the trends and factors that

influence the exchange rate in future. More comprehensive consideration is required to determine a reasonable pricing and to minimize the effect of changes in the exchange rate.

- c. To achieve a certain degree of natural hedging effect through an offset for regular A/P and A/R.
- d. Under the “Regulations Governing the Acquisition and Disposal of Assets”, the company will effectively reduce the purchase of various assess derivative financial instruments exchange rate risks by hedging part of responsibilities in charge of strict control to prevent inappropriate transactions to reduce exchange rate risks arising from the exchange losses.

4. The impact of inflation

The company has not been inflationary circumstances have a significant impact on profit or loss so far. In addition to pay attention to fluctuations in the market price and to maintain a good interaction with suppliers and customers, in order to adjust product prices and raw material stocks. It should be able to effectively reduce the impact of inflation on the Company.

7.6.2 Conducting high-risk and high-leveraged investment, granting loans to others, endorsement & guarantee and derivatives policy, main cause of profit and loss and the responsive measures:

- a. The company has dedicated to the core business since established. No high-risk nor high-leveraged investment has been implemented.
- b. The company conducts loaning funds according to “Operational Procedures for Loaning Funds to Others”. The information of the company and the subsidiaries loaning funds to others up to the date of the report printed is disclosed as the following:

(1) Information of the subsidiaries loaning funds to others up to the date of the report printed:

Date of loan funds	Date approved by BoD	Company Name	Approved loan	Loan balance	Rate	Collateral	Collateral	Due date
2023/8/15	2023/8/7	Ablerex Latam Corporation	US\$1,500,000	USD1,500,000	2.5%	Due for repayment	Credit	2024/8/14

(2) Subsidiary of the company, The Company's subsidiary company funds loans and other information:

The company's subsidiaries, AblereX International Corporation Limited (hereinafter referred to as AblereX-HK) and AblereX Corporation (hereinafter referred to as AblereX-US), respectively provided capital loans to the great-grandson company AblereX Electronics (Suzhou) Co., Ltd. (hereinafter referred to as AblereX-SZ) and AblereX Electronics (S) Pte. Ltd. (hereinafter referred to as AblereX-SG) borrowed funds from its subsidiary company, AblereX Electronics (Tailand) Co., Ltd.

(hereinafter referred to as AblereX-TH) to meet its business development needs; the loan situation is as follows Each table shows:

◎ AblereX-HK

Date of loan funds	Date approved by BOD	Company Name	Approved loan	Loan balance	Rate	Collateral	Collateral	Due date
2022/8/23	2022/5/9	AblereX-SZ	US\$3,000,000	USD2,000,000	3.5%	Due for repayment	Credit	2025/8/22

◎ AblereX-US

Date of loan funds	Date approved by BOD	Company Name	Approved loan	Loan balance	Rate	Collateral	Collateral	Due date
2022/5/20	2022/3/31	AblereX-SZ	US\$500,000	USD500,000	1.25%	Due for repayment	Credit	2025/5/19

◎ AblereX-SG

Date of loan funds	Date approved by BOD	Company Name	Approved loan	Loan balance	Rate	Collateral	Collateral	Due date
2024/3/20	2024/3/20	AblereX -TH	US\$800,000	USD510,000	1.00%	Due for repayment	Credit	2027/3/19

- (3) The company conducts endorsement guarantees according to the internal policy “Procedures for Making of Endorsements / Guarantees”. Information of the company and the subsidiaries making endorsements / guarantees up to the date of the report printed is disclosed as the following:

Unit: US\$

Date of Endorsement/ Guarantee	Date approved by BOD	Guaranteed Company	Relationship with AblereX	Collateral	Guarantee Items	Undertaking Bank	Endorsement/ Guarantee Amount
2023/4/7	2023/3/21	AblereX-HK	Subsidiary	N/A	Bank financing	Mega Bank	USD 3,000,000
2023/11/6	2023/8/7	AblereX-HK	Subsidiary	N/A	Bank financing	China Trust	USD 2,000,000
2023/11/13	2023/8/7	AblereX-HK	Subsidiary	N/A	Bank financing	Taipei Fubon	USD 2,500,000
Total							USD 7,500,000

- (4) The purpose of the company engaging in the derivatives trading is to avoid the risk of change in foreign currency assets or liabilities due to the fluctuation of exchange rate. The derivatives trading is focused on forward foreign exchange contract and the trading procedure is abided by the internal regulation “Procedures for Acquisition or Disposal of Assets”. The risk of derivatives trading is limited.

7.6.3 Future R&D projects and corresponding budget:

It is fundamental for R&D in the electronic industry. So the R&D should provide the plan every year. According to plan provision related to R&D to ensure competitive niche of the Company. The company has always attached great importance to research and development of products, the trend growth of the R&D costs in the following table to know the year, the future will continue to foster outstanding research and development personnel and actively involved in research resources to cope with the changing market trends and improve their own it Competitiveness.

The Company's research and development philosophy is:

- (1) to focus on improving power quality and improve reliability of power supply products
- (2) development and integration of advanced power electronics and digital control technology
- (3) introduced into academic research, access to innovation and key technologies
- (4) the implementation of the patented technology layout, improve the industry barriers to competition
- (5) really grasp technology trends and market demand, real-time development of new products

The company's future research plans and programs as follows:

- (1) downsize, intelligence and other network-oriented and decentralized
- (2) three-phase high frequency parallel among large UPS
- (3) Power Quality Management Technology
- (4) High-power grid-connected PV Inverter
- (5) Power Management Software Technology
- (6) Smart Grid Applications Related Products
- (7) Wireless Battery Monitoring System (Wireless BMS)

Project	Description
Three-phase high frequency parallel among large UPS	<ol style="list-style-type: none"> 1. Solve the issue of flexibly changed output load, to develop a UPS with multiple parallel operation functions and develop towards modularization and high-efficiency multi-functional use. 2. Propose a fast transfer solution of DC/AC backup power supply to improve the short power-off time problem caused by the backup power system at the moment of power-off transition in the hot standby state.
Power Quality Management Technology	According to the demand of the load end, a harmonic current that is inverse to the load harmonic current is injected into the power system. This harmonic current and the load harmonic current cancel each other, so that the power system end obtains a current waveform close to sinusoidal and achieves the filtering of harmonics. effect. To improve some damage problems caused by harmonic currents, such as transformer overheating, rotating machinery disturbance, voltage distortion, damage to power components and machine failures, etc., to make the power system more stable.
High-power grid-connected PV Inverter	Develop new islanding effect detection technology to break through the existing barriers and patent barriers and use the three-phase parallel power conversion interface technology as the green energy of solar energy as its electrical energy, to achieve energy saving and carbon reduction the goal.
Power Management Software Technology	Mainly use embedded system development and its main purpose is to provide a system development platform required for general industrial control applications based on PC-based architecture, with the functions required in general industrial applications and more; through comprehensive design in advance Consider, provide different equipment for different application requirements.
Smart Grid Applications	The introduction of smart grid product development can record the power generation/power

Project	Description
Related Products	consumption relationship diagrams at different points in time, which can be used as a household power monitoring system and achieve energy-saving effects. And with the company's current PV Inverter products, as a basis for energy saving, improve the integrity of PV Solution and increase market competitiveness.
Wireless Battery Monitoring System (Wireless BMS)	Developed a database/curve viewing system with wireless transmission function, which can remotely monitor and diagnose battery operation status, save on-site installation costs and use it with UPS to make the product more diversified.

The investment for last three years and the research and development costs expected in 2024 as follows:

Unit: NT\$ in Thousands

Item / Year	2021	2022	2023	Expected in 2024
R&D invested	157,541	165,063	170,979	187,026

7.6.4 The impact of domestic and international policies and law change on the company's finance and business and the responsive measures:

The company follows national policies, decrees and international norms, implements various operating activities and holds the changes in important policies, laws and regulations and timely adjusts the company's internal systems and operating activities in order to comply with the specifications and ensure smooth operation of the company. In recent years, due to the international trend of net-zero carbon reduction and the active introduction of renewable energy and energy storage in domestic energy policies, these are favorable conditions for the sales and promotion of solar power converters and energy storage equipment produced and supplied by the Company.

7.6.5 The impact of technology change (including information security risks) and industrial change on the company's finance and business and the responsive measures:

Amidst the rising tide of Artificial Intelligence (AI) applications and High-Performance Computing (HPC), the demand for data center construction continues to escalate. AI and HPC equipment, known for their high energy consumption density, perform critical tasks of data storage and exchange, rendering office-level energy management systems insufficient. Consequently, the deployment of extensive, high-power, and rapid-response energy management systems has become a crucial requirement for the new generation of energy systems. In this trend, Uninterruptible Power Supply (UPS) systems have evolved from emergency energy rescue for enterprises to energy management equipment. In this context, the ability to manufacture UPS systems with high density, low energy consumption, high stability, and long durability is the key to mastering power management in data centers.

In response to industry development and product application trends, our company not only enhances the technology of UPS uninterrupted power devices but also commits to

developing high-value-added power quality improvement systems, green energy systems, and energy storage systems, among other related power electronics products. Each year, our company invests substantial R&D manpower and funds in theoretical technical application research and the design and development of new products, to respond to future trends in electronic products and maintain a competitive edge.

The company make a review of the cyber security risk through risk identification and risk assessment, confirms the adverse impact of the cyber security risk on the company's operation, takes corresponding solutions and reviews the information structure, network activities, network equipment, server and terminals. Check and assess whether there are bugs or old equipment problems at any time and respond to the challenges faced by cyber security, such as APT advanced persistent attacks, DDoS attacks, ransomware, social engineering attacks, steals and other funding issues, the planned cyber security management plan is as follows:

- (1) Network firewall settings: Block external malicious attacks and prevent hacker intrusions.
- (2) Antivirus software settings: Protect internal computers from unknown emails or phishing websites from implanting viruses or Trojans.
- (3) System program data access control: Strict control and application procedures are implemented to protect data from leakage.
- (4) Email management control: Establish email control and protection mechanisms to reduce external email attacks.
- (5) Information system disaster recovery plan: Annual disaster recovery plan exercise.

7.6.6 The impact of industrial image change on business risk management and the responsive measures: Since its establishment, the company has been adhering to the business target of reliability, ethical management and has continued to actively strengthen the company's internal management and improve its quality management capabilities. At the same time, we actively implement ESG in line with the trend and actively publish ESG reports to establish a good corporate image of the company. In the corporate governance evaluation, it has successively achieved good results and ranked among the top. The company's corporate image has not changed significantly in the most recent year and the reporting year and there are no reports about any adverse corporate image in the market. In the future, the company will pursue the greatest shareholders' rights and employees' rights and will also contribute to the largest society of the company. responsibility.

7.6.7 The expected effect, potential risk and responsive measures of merger:

The companies did not have any merger conducted in 2023 and up to the date of the annual report printed.

7.6.8 The expected effect, potential risk and responsive measures of plant expansion:

The companies did not have any plant expansion in 2023 and up to the date of the annual report printed.

7.6.9 The risk due to concentration of procurements and sales and the responsive measures:

- a. The risk due to concentration of procurements and the responsive measures:

The main raw materials of products include batteries, steel sheets, transformers,

semiconductor electronic components, etc. Due to the large number of suppliers, the purchase amount and proportion of each manufacturer will not be too high or excessively dependent, so there is no excessive concentration of purchases Risk. In order to maintain flexibility in the bargaining of raw material prices, the company has not forced to sign long-term supply contracts with suppliers, but in terms of major raw materials, it maintains the supply of several suppliers and the company and each supplier All maintain a long-term good cooperative relationship to ensure the stability of the supply source.

b. The risk due to concentration of sales and the responsive measures:

The company's main sales target is branded customers and agency distributors all over the world. However, under the trend of global corporate mergers and acquisitions, there is indeed a trend of centralized sales; this trend will make the company face production and revenue vulnerable to a small number of customers. And face greater price pressure. The Company has adopted product diversification and actively expanded its response to emerging markets. It will tend to diversify the products, customers and regional combinations that are shipped to prevent the risk of excessive sales concentration.

7.6.10 The impact of massive stock transfer or change by directors, supervisors and shareholders with over 10% shareholding, the risk and the responsive measures:

There was not any massive stock transfer or change by directors and shareholders with over 10% shareholding in 2022 and up to the date of the annual report printed.

7.6.11 The impact of right to operation changes on the company, the risk and the responsive measures:

No right changed on the company up to the date of the annual report printed so N/A for the issue.

7.6.12 Legal and non-legal events:

- (1) The result of the judgments settled or ongoing lawsuits, non-lawsuits or administrative lawsuits in the last 2 years up to the date of the report printed, which could cause significant impact on shareholders' equity or security price of the company, should reveal the arguing facts, amount engaged, litigation starting date, the main parties of the suit and present situation: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by Directors, Supervisors, President, Person in charge and shareholders with over 10% holdings of the company and subsidiaries in the last 2 years up to the date of the report printed. The result could cause significant impact on shareholders' equity or security price of the company: None.
- (3) Anything listed in Article 157 of Securities and Exchange Act had been implemented by

Directors, Supervisors, managers and shareholders with over 10% holdings of the company and the response of the company in the last 2 years up to the date of the report reprinted:
None

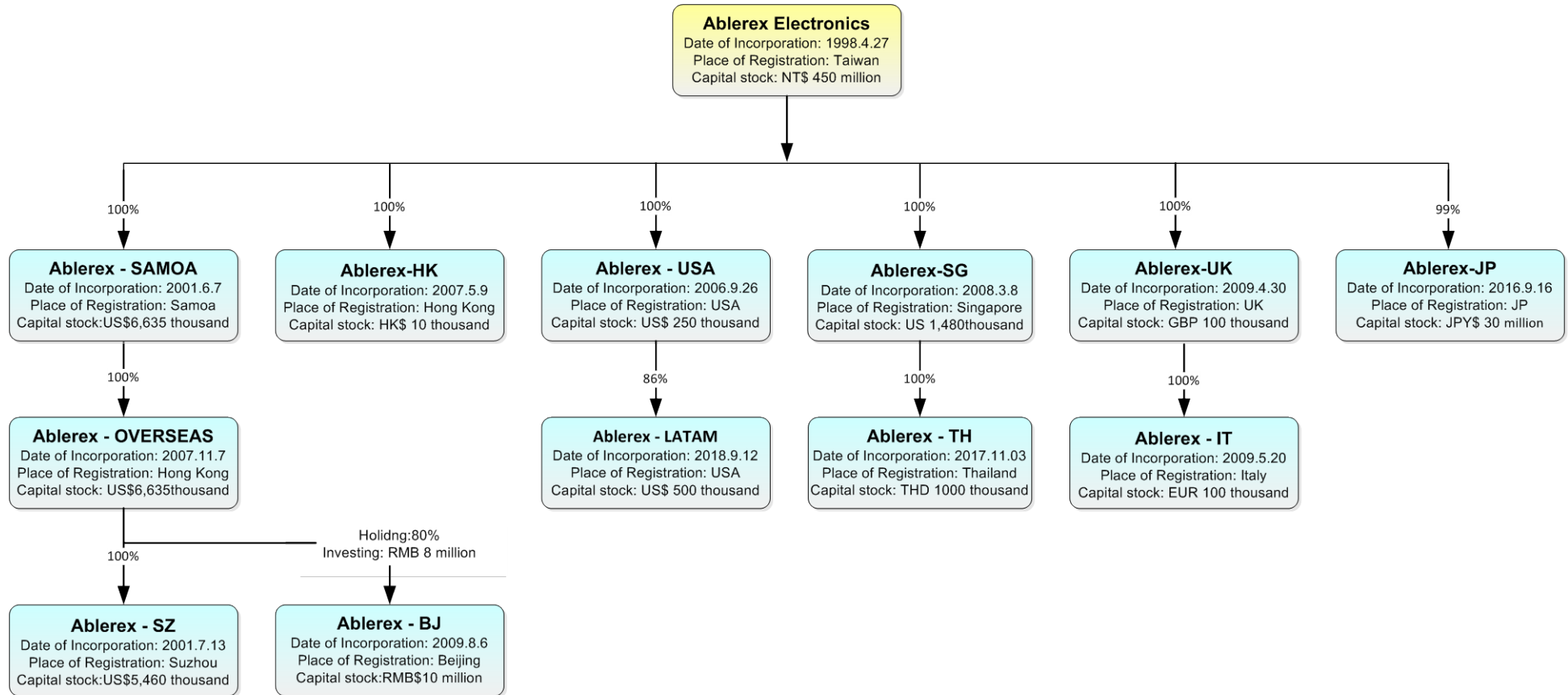
7.6.13 Other significant risks and responsive measures: None

7.7 Other important matters: None

VIII. Special Disclosure

8.1 Consolidated financial statements of the related party

8.1.1 Organization structure of related party:



8.1.2 Company profile of related party:

2023.12.31, Unit : NT\$ Thousand

Company Name	Date of Setup	Address	Paid-Up Capital	Business
Ablerex Electronics (Samoa) Co. Ltd. (Ablerex-Samoa)	2001.06.07	Offshore Chambers, P.O. Box 217, Apia, Samoa.	213,979	Holding
Ablerex Overseas Corporation Limited (Ablerex-Overseas)	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong.	213,979	Holding
Ablerex Electronics (Suzhou) Co. Ltd. (Ablerex-SZ)	2001.07.13	NO.36 WANGWU ROAD SUZHOU, 215128	200,817	Manufacturing and Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics (Beijing) Co. Ltd. (Ablerex-BJ)	2009.08.06	21 St. Thomas Street BRISTOL BS1 6JS	46,406	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Corporation (Ablerex-USA)	2006.09.26	1175 South Grove Ave. unit 103 Ontario CA 91761, USA	8,063	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex International Corporation Limited (Ablerex-HK)	2007.05.09	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong.	41	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics (S) PTE. LTD. (Ablerex-SG)	2002.04.17	23 New Industrial Road #05-03 Solstice Business Center Singapore 536209	53,623	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics UK Limited (Ablerex-UK)	2009.04.30	21 St. Thomas Street BRISTOL BS1 6JS	3,961	Holding
Ablerex Electronics Italy S.R.L (Ablerex-IT)	2009.5.20	Via Ponte San Michele, 6, 36100 Vicenza, Italy	3,390	Sales of UPS system, PV equipment and relative Power Electronics products.
WADA DENKI CO., LTD. (Ablerex-JP)	2016.09.16	No. 10 Nihonbashi Ningyocho 1-19-6, Chuo-ku, Tokyo	8,268	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics (Thailand) Co. Ltd.	2017.6.15	No.99/237, Sukhaphiban 5 Road, O-ngoen Sub-district, Sai Mai District, Bangkok	2,000	Sales of UPS system, PV equipment and relative Power Electronics products.
Ablerex Latam Corporation	2018.9.12	1500 NVV 89th Court, Suite 122, Doral, FL33172, USA	15,250	Sales of UPS system, PV equipment and relative Power Electronics products.

8.1.3 Presumed to have the same shareholder information as controls and subordinates: None

8.1.4 Overall relationship the business and division of labor covered by the business of the enterprise:

The businesses covered by the overall affiliated corporation mainly include investment holding, manufacturing, sales, trading and management services of electronic products, etc.

1. The Company produced electronic products via the following relationship branches:
 - (1) Ablerex Electronics (Suzhou) Co. Ltd.
2. The Company sold electronic products via the following relationship branches:
 - (1) Ablerex Corporation
 - (2) Ablerex Electronics (S) PTE. LTD.
 - (3) Ablerex Electronics Italy S.R.L
 - (4) Ablerex Electronics (Suzhou) Co. Ltd.
 - (5) Ablerex Electronics (Beijing) Co. Ltd.
 - (6) WADA DENKI CO., LTD
 - (7) Ablerex Electronics (Thailand) Co. Ltd.

(8) AblereX Latam Corporation

8.1.5 The information of directors, supervisors and general manager for relationship between enterprises

Company Name	Title	Name	Share	Share Rate
AblereX Electronics (Samoa) Co. Ltd. (AblereX-Samoa)	Director	Y.A. Chen	6,635,000	100%
AblereX Corporation (AblereX-USA)	Director	Wen Hsu	250,000	100%
	Director	YI FANG Chang		
AblereX International Corporation Limited (AblereX-HK)	Director	Wen Hsu	10,000	100%
AblereX Electronics (S) PTE. LTD.(AblereX-SG)	Director	Wen Hsu	2,140,763	100%
AblereX Electronics UK Limited (AblereX-UK)	Director	Wen Hsu	100,000	100%
AblereX Overseas Corporation Limited (AblereX-Overseas)	Director	Y.A. Chen	6,635,000	100%
AblereX Electronics Italy S.R.L (AblereX-IT)	Director	Roberto	NA*	100%
AblereX Electronics (Suzhou) Co. Ltd. (AblereX-SZ)	Chairman	Y.A. Chen	NA*	100%
	Director	Wen Hsu		
	Director	L.Wang		
	Supervisor	Z.F. Lin		
AblereX Electronics (Beijing) Co. Ltd. (AblereX-BJ)	Chairman	Wen Hsu	NA*	80%
	Director	Y.A. Chen		
	Director	Y.P. Chu		
	Supervisor	Z.C. Xiao		
Wada Denki Co., Ltd. (*)	Chairman	Wen Hsu	3,000	100%
	Chairman	Wada		
	Director	Joseph Hwang		
	Supervisor	Z.F. Lin		
AblereX Electronics (Thailand) Co. Ltd. (AblereX (Thailand))	Director	Tan Kok Peng	18,800	94%
AblereX Latam Corporation (AblereX-LATAM)	Director	Wen Hsu	3,650	86%

* Wada Denki Co., LTD.: It has been passed with a special resolution of the board of directors on 2020.5.8 to transfer 1% of its share to the manager of the subsidiary due to tax planning.

* The company type for the limited company, so no shares.

8.1.6 Overview of the relationship branch

2023.12.31

Unit : NT thousands (EPS in NT\$)

Company Name	Capital	Asset	Liabilities	Net	Revenue	Profit and loss	Profit and loss (after tax)	EPS (NT\$) after Tax
AblereX Corporation	7,678	112,168	21,195	90,973	145,437	10,589	16,243	64.97
AblereX LATAM Corporation	15,355	136,815	124,475	12,340	145,307	12,320	10,098	2,766.46
AblereX International Corporation Limited	39	137,105	103,716	33,389	604,551	(56)	395	39.50
AblereX Electronics (S) Pte. Ltd.	51,062	170,569	66,531	104,038	204,769	8,399	1,905	0.89
AblereX Electronics (Thailand) Co Ltd.	1,803	25,705	25,399	306	20,165	(9,098)	(7,200)	(3.60)
AblereX Electronics U.K Limited..	3,915	19,810	0	19,810	0	0	1,239	12.39
AblereX Electronics Italy S.R.L.	3,398	123,506	103,696	19,810	212,847	2,136	1,239	NA(Note2)
Wada Denki Co., LTD.	6,516	27,778	11,208	16,570	65,668	17,990	11,741	3,913.60
AblereX Electronics (Samoa) Co., Ltd.	203,761	479,150	92	479,058	0	(44)	16,233	2.45
AblereX Overseas Corporation Limited	203,761	479,136	0	479,136	0	(51)	16,276	2.45
AblereX Electronics (Suzhou) Co., Ltd.	187,277	716,121	290,704	425,417	1,062,781	4,611	10,400	NA(Note2)
AblereX Electronics (Beijing) Co., Ltd.	43,277	80,058	17,025	63,033	84,840	6,642	7,391	NA(Note2)

Note 1 : In the case of a foreign company, the relevant figures are converted to NT at the exchange rate.

Currency	sight	Average
US\$	30.71	31.1548
EUR	33.98	33.6972
RMB	4.3277	4.3954
GBP	39.15	38.75
JPY	0.2172	0.2221
Thai Baht	0.9017	0.9005

Note 2 : The company type is the limited company, so no shares.

8.1.7 Related Business Consolidated Financial Statements: Please refer to the consolidated financial statements on pages 259 to 333 of this booklet.

8.1.8 Relationship Report: N/A

8.2 Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None.

8.3 The stock shares of the company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None.

8.4 Supplementary disclosures: Commitment matters and handling situation for OTC as:

Commitment for OTC	Situation
<p>2. Committed to add "the Company shall not give up the Capital Increasing of ABLEREX ELECTRONICS (SAMOA) CO., LTD. (ABLEREX-SAMOA), JOINT REWARDS CORP., ABLEREX INTERNATIONAL, ABLEREX CORPORATION, ABLEREX ELECTRONICS (S) PTE LTD. and ABLEREX ELECTRONICS U.K. LIMITED " in "acquisition or disposal of assets processing procedures". ABLEREX-SAMOA will not give up the Capital Increasing of ABLEREX-OVERSEAS. ABLEREX-UK will not give up the Capital Increasing of ABLEREX-ITALY S.R.L., ABLEREX-OVERSEAS will not give up the Capital Increasing of ABLEREX-Suzhou and ABLEREX-BEIJING. ; In the future, if the Company is due to agree by the strategic alliance or other consortium of the Securities and Exchange Commission of the Republic of China, the Company shall waive the capital increase or divestment of the Company. The resolution was adopted. And if the amendment is to be amended, it should be disclosed by the public information observatory and disclosed to Tpex.</p>	<p>This clause has been updated and has not been amended to date</p>
<p>4. Committed to carried out annual internal audit by the person in Ablerex-SZ after the company registered in OTC.</p>	<p>Has executed the application as per the company committed. Ablerex Electronics (Suzhou) Co., Ltd. has established an audit room in September 2009 and assign a full-time auditor to carry out the internal audit operations.</p>

IX. Occurrence of events defined in Securities and Exchange Act Article 36.3.2 that has great impact on shareholder's equity or security price in the most recent years and up to the date of the report printed: N/A

Ablerex Electronics Company Limited
Statement of Internal Control System

Date: March 13, 2024

Based on the findings of a self-assessment, Ablerex Electronics Company Limited (Ablerex) states the following with regard to its internal control system during the year 2023:

1. Ablerex's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Ablerex takes immediate remedial actions in response to any identified deficiencies.
3. Ablerex evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
4. Ablerex has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Ablerex believes that on December 31, 2023, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of Ablerex's Annual Report for the year 2023 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 13, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Ablerex Electronics Co., Ltd.

Steven Hsu
Chairman

M.Z.Hwang
General Manager

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of profits. Lin, Se-Kai/CPA and Lai, Zhong-Xi/CPA, The CPA firm of PricewaterhouseCooper was retained to audit Ablerex's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

2024 Annual General Shareholders' Meeting

Ablerex Electronics Co., Ltd.

Chairman of the Audit Committee: Sir Y.J. Ding

March 13, 2024

(As per Page 9 of Chinese version of "Handbook for the 2024 Annual Shareholders' Meeting")

ABLEREX ELECTRONICS CO., 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ABLEREX ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of Ablere Electronics Co.,Ltd. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company 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 Financial Statement Audit and Attestation Engagements of 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 parent company only 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 judgement, were of most significance in our audit of the Company's 2023 parent company only 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 parent company only financial statements of the current period are stated as follows:

Appropriateness of cut-off of project construction revenue

Description

Please refer to Note 4(25) for accounting policy on revenue recognition and Note 6(18) for composition of operating revenue. For the year ended December 31, 2023, the Company's project construction revenue amounted to NT\$1,124,639 thousand, accounting for 47% of net sales.

The Company's operating revenue is comprised of sales revenue and project construction revenue. The main composition of the project construction revenue is the sale of large equipment and installation related projects. The project needs to be completed through the Company's installation of large-scale equipment, and after the relevant documents are executed by both parties and the client can obtain and consume the benefits provided by the asset, the Company will have deemed to have completed the contractual performance obligations and can recognize the project construction revenue. Due to the fact that the income of the Company's project construction involves manual operation, it may result to inappropriate timing recognition of revenue. Considering that the amount of income recognized by the Company's project construction in a timely manner has a significant impact on the parent company only financial statements, we have deemed the appropriateness of the project construction income as one of the significant audit matters for the year.

How our audit addressed the matter

We performed the following audit procedures in order to assess cut-off of project construction revenue:

1. Assessed and obtained an understanding of the Company's internal control procedures of the project construction revenue recognition, and confirmed the related internal controls were performed effectively.

2. Performed cut-off test on project construction revenue transactions, and selected samples to check that the project construction revenue had been recorded in the proper period accordingly.
3. Tested the accuracy and completeness of project construction list and traced to a related document that can prove revenue in order to confirm that the recognition amount and timing were appropriate.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of allowance for inventory valuation losses. Also, please refer to Note 4(12) for accounting policies on investments accounted for using equity method, Note 6(6) for details of investments accounted for using equity method, and Note 13(3) for disclosure of investments accounted for using equity method.

As of December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to \$894,955 thousand and \$89,920 thousand, respectively, and the Company's investments accounted for using equity method amounted to \$747,235 thousand, of which the Company's wholly-owned subsidiary, Ablerex Electronics (Suzhou) Co., Ltd, of \$425,417 thousand was the major operating entity. The Company and its directly wholly-owned subsidiary, Ablerex Electronics (Suzhou) Co., Ltd, are engaged in the design, manufacture and sales of uninterruptible power supply systems, equipment to power quality devices and others. Due to the rapid technological innovations and the competitive nature of the market, there is a higher risk of inventory losses due to the market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realizable value. Obsolete or slow-moving inventories were assessed individually. The Company's and its subsidiary's estimation and determination of the net realizable value of inventories are subjected to management's judgement, involves a high level of uncertainty. Considering that the inventories and inventory valuation loss of the Company and its directly wholly-owned subsidiary, Ablerex Electronics (Suzhou) Co., Ltd, which is accounted for using equity method, were significant to the parent company

only financial statements, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Company's and its subsidiary's operation and industry.
2. Verified the accuracy of the inventory aging report and net realisable value report in order to confirm that the information in the reports were consistent with the Company's and its subsidiary's inventory policies.
3. Checked the appropriateness of the estimation basis adopted by the Company and its subsidiary for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.
4. Reviewed the appropriateness of the estimation basis for the evaluation of net realisable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the consolidated 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 professional skepticism throughout the audit. We also:

1. 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 control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. 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 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Se-Kai

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

The accompanying parent company only 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 parent company only 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABLEREX ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 121,933	4	\$ 122,736	4
1136	Current financial assets at amortised cost	6(3) and 8	3,562	-	194	-
1150	Notes receivable, net	6(4)	2,959	-	4,969	-
1170	Accounts receivable, net	6(4)	341,260	11	490,125	14
1180	Accounts receivable due from related parties, net	6(4) and 7	195,686	6	260,720	8
1200	Other receivables		3	-	-	-
1210	Other receivables - related parties	7	69,432	2	55,443	2
1220	Current tax assets		129	-	-	-
130X	Inventories, net	6(5)	805,035	26	851,965	25
1410	Prepayments		6,065	-	13,315	-
11XX	Total current assets		<u>1,546,064</u>	<u>49</u>	<u>1,799,467</u>	<u>53</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	201,639	6	243,536	7
1550	Investments accounted for under equity method	6(6)	747,235	24	710,984	21
1600	Property, plant and equipment	6(7)	562,247	18	497,216	14
1755	Right-of-use assets	6(8)	2,583	-	8,212	-
1780	Intangible assets		29,782	1	29,626	1
1840	Deferred income tax assets	6(25)	47,598	1	42,642	1
1900	Other non-current assets	6(9)	19,648	1	93,178	3
15XX	Total non-current assets		<u>1,610,732</u>	<u>51</u>	<u>1,625,394</u>	<u>47</u>
1XXX	Total assets		<u>\$ 3,156,796</u>	<u>100</u>	<u>\$ 3,424,861</u>	<u>100</u>

(Continued)

ABLEREX ELECTRONICS CO., 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		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 550,000	18	\$ 465,000	14
2110	Short-term notes and bills payable	6(11)	-	-	69,845	2
2130	Current contract liabilities	6(18)	210,732	7	276,289	8
2150	Notes payable		256	-	3,689	-
2170	Accounts payable		290,938	9	337,574	10
2180	Accounts payable - related parties	7	106,896	3	219,211	6
2200	Other payables	6(12)	118,698	4	119,037	4
2230	Current income tax liabilities		-	-	8,901	-
2250	Provisions for liabilities - current	6(13)	73,082	2	65,963	2
2280	Current lease liabilities	7	2,493	-	5,895	-
2300	Other current liabilities, others		4,211	-	9,983	-
21XX	Total current liabilities		<u>1,357,306</u>	<u>43</u>	<u>1,581,387</u>	<u>46</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	102,495	3	92,975	3
2580	Non-current lease liabilities	7	153	-	2,465	-
2640	Net defined benefit liability, non-current	6(14)	11,628	1	11,831	-
25XX	Total non-current liabilities		<u>114,276</u>	<u>4</u>	<u>107,271</u>	<u>3</u>
2XXX	Total Liabilities		<u>1,471,582</u>	<u>47</u>	<u>1,688,658</u>	<u>49</u>
Equity						
Share capital						
3110	Common stock	6(15)	450,000	14	450,000	13
Capital surplus						
3200	Capital surplus	6(16)	713,679	23	713,416	21
Retained earnings						
3310	Legal reserve	6(17)	236,999	7	225,053	6
3320	Special reserve		-	-	61,427	2
3350	Unappropriated retained earnings		211,192	7	163,863	5
Other equity interest						
3400	Other equity interest		73,344	2	122,444	4
3XXX	Total equity		<u>1,685,214</u>	<u>53</u>	<u>1,736,203</u>	<u>51</u>
Significant commitments and contingent liabilities						
7 and 9						
Significant events after the balance sheet date						
11						
3X2X	Total liabilities and equity		<u>\$ 3,156,796</u>	<u>100</u>	<u>\$ 3,424,861</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

ABLEREX ELECTRONICS CO., 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	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	\$ 2,383,803	100	\$ 2,714,662	100	
5000	Operating costs	6(5)(23)(24) and 7	(1,980,339)	(83)	(2,279,823)	(84)	
5950	Gross profit from operations		<u>403,464</u>	<u>17</u>	<u>434,839</u>	<u>16</u>	
	Operating expenses	6(23)(24) and 7					
6100	Selling expenses		(105,997)	(4)	(106,826)	(4)	
6200	General and administrative expenses		(68,367)	(3)	(73,030)	(3)	
6300	Research and development expenses		(170,979)	(7)	(165,063)	(6)	
6000	Total operating expenses		<u>(345,343)</u>	<u>(14)</u>	<u>(344,919)</u>	<u>(13)</u>	
6900	Net operating income		<u>58,121</u>	<u>3</u>	<u>89,920</u>	<u>3</u>	
	Non-operating income and expenses						
7100	Interest income	6(19) and 7	2,150	-	1,383	-	
7010	Other income	6(20) and 7	7,694	-	8,401	-	
7020	Other gains and losses	6(21)	1,794	-	19,048	1	
7050	Finance costs	6(22) and 7	(9,686)	-	(6,574)	-	
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	<u>45,013</u>	<u>2</u>	<u>21,632</u>	<u>1</u>	
7000	Total non-operating income and expenses		<u>46,965</u>	<u>2</u>	<u>43,890</u>	<u>2</u>	
7900	Profit before income tax		<u>105,086</u>	<u>5</u>	<u>133,810</u>	<u>5</u>	
7950	Income tax expense	6(25)	(17,400)	(1)	(19,106)	(1)	
8200	Profit for the year		<u>\$ 87,686</u>	<u>4</u>	<u>\$ 114,704</u>	<u>4</u>	
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 202	-	\$ 5,941	-	
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(41,897)	(2)	162,536	6	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(40)	-	(1,188)	-	
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>(41,735)</u>	<u>(2)</u>	<u>167,289</u>	<u>6</u>	
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(9,003)	-	26,669	1	
8399	Income tax relating to components of other comprehensive (losses) income that will be reclassified to profit or loss	6(25)	<u>1,800</u>	<u>-</u>	<u>(5,334)</u>	<u>-</u>	
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(7,203)</u>	<u>-</u>	<u>21,335</u>	<u>1</u>	
8300	Other comprehensive (loss) income, net		<u>(\$ 48,938)</u>	<u>(2)</u>	<u>\$ 188,624</u>	<u>7</u>	
8500	Total comprehensive income		<u>\$ 38,748</u>	<u>2</u>	<u>\$ 303,328</u>	<u>11</u>	
9750	Total basic earnings per share	6(26)	\$ 1.95		\$ 2.55		
9850	Total diluted earnings per share	6(26)	\$ 1.94		\$ 2.54		

The accompanying notes are an integral part of these parent company only financial statements.

ABLEREX ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Surplus			Retained Earnings			Other Equity Interest		Total equity	
		Common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Unrealised gains from financial assets measured at fair value through other comprehensive income
<u>2022</u>											
Balance at January 1, 2022		\$ 450,000	\$ 720,878	\$ -	\$ -	\$ 217,453	\$ 52,110	\$ 108,573	(\$ 61,427)	\$ -	\$ 1,487,587
Profit for the year		-	-	-	-	-	-	114,704	-	-	114,704
Other comprehensive income for the year	6(2)(14)(25)	-	-	-	-	-	-	4,753	21,335	162,536	188,624
Total comprehensive income		-	-	-	-	-	-	119,457	21,335	162,536	303,328
Appropriation and distribution of 2021 earnings:	6(17)										
Legal reserve appropriated		-	-	-	-	7,600	-	(7,600)	-	-	-
Special reserve appropriated		-	-	-	-	-	9,317	(9,317)	-	-	-
Cash dividends to shareholders		-	-	-	-	-	-	(47,250)	-	-	(47,250)
Cash dividends paid by additional paid-in capital	6(16)	-	(9,000)	-	-	-	-	-	-	-	(9,000)
Adjustment of ownership interests in subsidiaries		-	-	1,538	-	-	-	-	-	-	1,538
Balance at December 31, 2022		\$ 450,000	\$ 711,878	\$ 1,538	\$ -	\$ 225,053	\$ 61,427	\$ 163,863	(\$ 40,092)	\$ 162,536	\$ 1,736,203
<u>2023</u>											
Balance at January 1, 2023		\$ 450,000	\$ 711,878	\$ 1,538	\$ -	\$ 225,053	\$ 61,427	\$ 163,863	(\$ 40,092)	\$ 162,536	\$ 1,736,203
Profit for the year		-	-	-	-	-	-	87,686	-	-	87,686
Other comprehensive income (loss) for the year	6(2)(14)(25)	-	-	-	-	-	-	162	(7,203)	(41,897)	(48,938)
Total comprehensive income (loss)		-	-	-	-	-	-	87,848	(7,203)	(41,897)	38,748
Appropriation and distribution of 2022 earnings:	6(17)										
Legal reserve appropriated		-	-	-	-	11,946	-	(11,946)	-	-	-
Special reserve appropriated		-	-	-	-	-	(61,427)	61,427	-	-	-
Cash dividends to shareholders		-	-	-	-	-	-	(90,000)	-	-	(90,000)
Adjustment of ownership interests in subsidiaries		-	-	241	-	-	-	-	-	-	241
Application of disgorgement		-	-	-	22	-	-	-	-	-	22
Balance at December 31, 2023		\$ 450,000	\$ 711,878	\$ 1,779	\$ 22	\$ 236,999	\$ -	\$ 211,192	(\$ 47,295)	\$ 120,639	\$ 1,685,214

The accompanying notes are an integral part of these parent company only financial statements.

ABLEREX ELECTRONICS CO., LTD.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 105,086	\$ 133,810
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets)	6(7)(8)(23)	38,738	38,194
Amortisation expense	6(23)	8,948	8,918
Financial costs	6(22)	9,686	6,574
Interest income	6(19)	(2,150)	(1,383)
Dividend income	6(20)	(5,400)	(4,860)
Share of loss of subsidiaries for using equity method		(45,013)	(21,632)
Gain on disposal of property, plant and equipment	6(7)(21)	-	(216)
Profit from lease modification	6(21)	(1)	-
Unrealised foreign exchange loss (gain)		(34)	90
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		2,010	19,313
Accounts receivable, net		148,865	151,233
Accounts receivable due from related parties, net		65,034	(89,860)
Other receivables - related parties		(13,989)	(8,244)
Inventories, net		46,930	(248,759)
Prepayments		7,250	(7,618)
Changes in operating liabilities			
Current contract liabilities		(65,557)	97,514
Notes payable		(3,433)	(184)
Accounts payable		(46,636)	114,671
Accounts payable - related parties		(112,315)	60,243
Other payables		(397)	256
Provisions for liabilities - current		7,119	9,054
Other current liabilities, others		(5,772)	1,500
Defined benefit liability		(1)	3
Cash inflow generated from operations		138,968	258,617
Dividends received		5,400	4,860
Interest received		2,147	1,383
Interest paid		(9,628)	(6,450)
Income tax paid		(20,106)	(14,597)
Income tax refunded		-	2,293
Net cash flows from operating activities		<u>116,781</u>	<u>246,106</u>

(Continued)

ABLEREX ELECTRONICS CO., LTD.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 3,396)	(\$ 194)
Proceeds from disposal of financial assets at amortised cost		28	194
Acquisition of property, plant and equipment	6(7)	(28,513)	(11,213)
Proceeds from disposal of property, plant and equipment	6(7)	-	560
Acquisition of intangible assets		(2,150)	(2,529)
Increase in prepayment of equipment		(295)	(69,767)
Decrease (increase) in refundable deposits		5,338	(2,594)
Increase in other non-current assets		(7,921)	(4,125)
Net cash flows used in investing activities		(36,909)	(89,668)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	3,710,305	3,226,334
Decrease in short-term borrowings	6(27)	(3,625,305)	(3,377,115)
Increase in short-term notes and bills payable	6(27)	751,116	350,328
Decrease in short-term notes and bills payable	6(27)	(820,961)	(280,483)
Repayment of principal portion of lease liabilities	6(27)	(5,886)	(5,507)
Cash dividends paid	6(16)(17)	(90,000)	(56,250)
Application of disgorgement		22	-
Net cash flows used in financing activities		(80,709)	(142,693)
Effect of exchange rate changes on cash and cash equivalents		34	(90)
Net (decrease) increase in cash and cash equivalents		(803)	13,655
Cash and cash equivalents at beginning of year		122,736	109,081
Cash and cash equivalents at end of year		\$ 121,933	\$ 122,736

The accompanying notes are an integral part of these parent company only financial statements.

ABLEREX ELECTRONICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

1. History and Organization

(1) Ablere Electronics Co., Ltd (the “Company”), formerly UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablere Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.

(2) The Company is primarily engaged in the following business activities:

- A. Manufacturing and sales of uninterruptible power supply systems.
- B. Manufacturing and sales of equipment to power quality devices.
- C. Manufacturing and sales of solar energy equipment.
- D. Maintenance and technical services.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 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 endorsed by FSC and became effective from 2023 are as follows:

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

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 IFRS Accounting Standards 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:

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

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) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by 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 the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with 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”) 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 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 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 are presented in the statement of comprehensive income within ‘other gains and losses’ based on transaction nature.

B. Translation of foreign operations

- (a) 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:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(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) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are

classified as cash equivalents.

(6) 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 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.

(7) 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 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.
- 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.

(8) 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.

(9) 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.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on normal capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using the equity method - subsidiaries

- 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. Unrealized 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 consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- 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 balance sheet date. 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	10~35 years
Machinery and equipment	5~10 years
Transportation equipment	5 years
Office equipment	5 years
Leasehold improvements	10 years

(14) 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 mainly fixed payments, less any lease incentives receivable.

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 and the cost is mainly the amount of the initial measurement of lease liability.

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.

(15) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

(16) 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. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment 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.

(17) Borrowings

Borrowings comprise 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.

(18) 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.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Provisions

Provisions (primarily 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.

(21) 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

(a) 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.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit

obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from 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 termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Company to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees', 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 distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) 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 charge 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 10% 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 income 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 financial statements. However, the deferred income 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 income 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 income 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 income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income 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 income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) 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.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales revenue

- (a) The Company manufactures and sells uninterrupted power supply equipment and system, improved power quality system and equipment and solar energy equipment and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler, and either the wholesaler 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) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
 - (c) 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.
- B. Sale of goods—Project construction
- (a) The Company provides sales services related to uninterruptible power system and equipment, improved power quality system and equipment and solar energy system and equipment. The project construction revenue includes equipment sales and installation services, and the contract involves and provides integrated services. Therefore, the equipment and installation are indistinguishable and are regarded as a single performance obligation. The Company installs equipment, the customer performs the acceptance procedure, and the Company opens the warranty book. The customer obtains the control of the equipment and the benefits arising therefrom. When all the acceptance criteria are met, the Company completes the contractual performance obligated of contract to recognize revenue.
 - (b) The Company's obligation to provide a repair for project construction under the standard warranty terms is recognised as a provision.
 - (c) A receivable is recognized when the project construction is completed and the warranty book is delivered to the customer. 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.
- C. Service revenue
- The Company provides related services of maintaining uninterruptible power supply equipment, improved power quality system and equipment and solar energy system and equipment. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognised as a percentage of the number of months of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognized as a contract assets when the services provided by the Company exceed the customers' payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Company.
- D. Costs of obtaining a customer contract
- Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

A. Evaluation of inventories

Evaluation of inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable 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 realizable 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.

As of December 31, 2023, the Company's carrying amount of inventories was \$805,035.

B. Estimation of provisions for liabilities

The sale of goods requires consideration of the cost incurred or to be incurred in connection with the transaction. Therefore, the Company formulates the proposed policy for the determination of the warranty for the sale of the product, which is used to measure the actual operating profit and loss of the company. The Company's liability determination is based on the Company's policy based on the historical warranty data of the product as the basis for the assessment, and the related product warranty liabilities are estimated to estimate the future maintenance costs.

As of December 31, 2023, the Company estimated the liability provision to be \$73,082.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 356	\$ 387
Checking accounts and demand deposits	<u>121,577</u>	<u>122,349</u>
	<u>\$ 121,933</u>	<u>\$ 122,736</u>

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. The Company has no cash and equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 81,000	\$ 81,000
Fair value adjustments	<u>120,639</u>	<u>162,536</u>
	<u>\$ 201,639</u>	<u>\$ 243,536</u>

- A. The Company has elected to classify equity instruments 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 \$201,639 and \$243,536, for the years ended December 31, 2023 and 2022, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are \$5,400 and \$4,860, for the years ended December 31, 2023 and 2022, respectively.
- 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
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>41,897</u>)	<u>\$ 162,536</u>

- 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 were \$201,639 and \$243,536, respectively.
- E. Information relating to price risk of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged time deposits	<u>\$ 3,562</u>	<u>\$ 194</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost were \$19 and \$2 for the years ended December 31, 2023 and 2022, respectively.
- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were \$3,562 and \$194.
- C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk and fair value of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 2,959	\$ 4,969
Accounts receivable	\$ 344,876	\$ 493,927
Less: Allowance for bad debts — accounts receivable	(3,616)	(3,802)
	<u>\$ 341,260</u>	<u>\$ 490,125</u>
Accounts receivable - related party	<u>\$ 195,656</u>	<u>\$ 260,720</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Accounts receivable</u>	<u>Related parties</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Related parties</u>	<u>Notes receivable</u>
Not overdue	\$ 335,597	\$ 195,686	\$ 2,959	\$ 490,371	\$ 260,720	\$ 4,969
Within 30 days	4,928	-	-	2,590	-	-
31 to 60 days	3,229	-	-	230	-	-
61 to 90 days	771	-	-	186	-	-
Over 91 days	351	-	-	550	-	-
	<u>\$ 344,876</u>	<u>\$ 195,686</u>	<u>\$ 2,959</u>	<u>\$ 493,927</u>	<u>\$ 260,720</u>	<u>\$ 4,969</u>

The above ageing analysis was based on past due date.

B. As at 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 (including related parties) from contracts with customers amounted to \$840,769.

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 and accounts receivable (including related parties) was \$2,959 and \$4,969; \$536,946 and \$750,845, respectively.

D. The Company does not hold any collateral as security.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 117,041	(\$ 37,900)	\$ 79,141
Work in process	18,360	(1,548)	16,812
Semi-finished goods	103,624	(30,159)	73,465
Finished goods	144,839	(12,384)	132,455
Goods	90,853	(7,929)	82,924
Goods in transit	9,825	-	9,825
Unfinished constructions	410,413	-	410,413
	<u>\$ 894,955</u>	<u>(\$ 89,920)</u>	<u>\$ 805,035</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 129,319	(\$ 30,634)	\$ 98,685
Work in process	31,319	(2,323)	28,996
Semi-finished goods	108,581	(25,731)	82,850
Finished goods	63,217	(8,177)	55,040
Goods	50,617	(10,136)	40,481
Goods in transit	60,242	-	60,242
Unfinished constructions	485,671	-	485,671
	<u>\$ 928,966</u>	<u>(\$ 77,001)</u>	<u>\$ 851,965</u>

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of goods sold	\$ 1,887,228	\$ 2,210,573
Maintenance cost	66,187	55,757
(Gain on reversal of) decline in market value of inventory	12,919 (2,462)
Others	14,005	15,955
	<u>\$ 1,980,339</u>	<u>\$ 2,279,823</u>

For the year ended December 31, 2022, the Company reversed a previous inventory write-down because the inventories were subsequently disposed or sold.

(6) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Ablerex Electronics (Samoa) Co., Ltd.	\$ 475,913	\$ 467,999
Ablerex Electronics (S) Pte. Ltd.	116,674	115,298
Ablerex Corporation	90,973	74,961
Ablerex International Co., Ltd.	33,389	32,999
Wada Denki Co., Ltd.	16,194	5,198
Ablerex Electronics U.K.Ltd.	14,092	14,529
	<u>\$ 747,235</u>	<u>\$ 710,984</u>

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.

(7) Property, plant and equipment

	<u>2023</u>						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 166,077	\$ 456,128	\$ 33,255	\$ 1,170	\$ 34,422	\$ 5,835	\$ 696,887
Accumulated depreciation	-	(162,547)	(13,012)	(808)	(18,056)	(5,248)	(199,671)
	<u>\$ 166,077</u>	<u>\$ 293,581</u>	<u>\$ 20,243</u>	<u>\$ 362</u>	<u>\$ 16,366</u>	<u>\$ 587</u>	<u>\$ 497,216</u>
Opening net book amount as at January 1	\$ 166,077	\$ 293,581	\$ 20,243	\$ 362	\$ 16,366	\$ 587	\$ 497,216
Additions	-	245	22,676	-	5,592	-	28,513
Transfers	-	-	69,454	-	-	-	69,454
Depreciation charge	-	(16,762)	(8,854)	(195)	(6,861)	(264)	(32,936)
Closing net book amount as at December 31	<u>\$ 166,077</u>	<u>\$ 277,064</u>	<u>\$ 103,519</u>	<u>\$ 167</u>	<u>\$ 15,097</u>	<u>\$ 323</u>	<u>\$ 562,247</u>
<u>At December 31</u>							
Cost	\$ 166,077	\$ 389,695	\$ 121,819	\$ 622	\$ 37,372	\$ 1,886	\$ 717,471
Accumulated depreciation	-	(112,631)	(18,300)	(455)	(22,275)	(1,563)	(155,224)
	<u>\$ 166,077</u>	<u>\$ 277,064</u>	<u>\$ 103,519</u>	<u>\$ 167</u>	<u>\$ 15,097</u>	<u>\$ 323</u>	<u>\$ 562,247</u>
	<u>2022</u>						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 166,077	\$ 455,775	\$ 30,129	\$ 1,170	\$ 35,466	\$ 5,835	\$ 694,452
Accumulated depreciation	-	(141,821)	(12,387)	(579)	(16,176)	(4,676)	(175,639)
	<u>\$ 166,077</u>	<u>\$ 313,954</u>	<u>\$ 17,742</u>	<u>\$ 591</u>	<u>\$ 19,290</u>	<u>\$ 1,159</u>	<u>\$ 518,813</u>
Opening net book amount as at January 1	\$ 166,077	\$ 313,954	\$ 17,742	\$ 591	\$ 19,290	\$ 1,159	\$ 518,813
Additions	-	1,634	5,722	-	3,857	-	11,213
Disposals	-	-	(344)	-	-	-	(344)
Transfers	-	-	130	-	-	-	130
Depreciation charge	-	(22,007)	(3,007)	(229)	(6,781)	(572)	(32,596)
Closing net book amount as at December 31	<u>\$ 166,077</u>	<u>\$ 293,581</u>	<u>\$ 20,243</u>	<u>\$ 362</u>	<u>\$ 16,366</u>	<u>\$ 587</u>	<u>\$ 497,216</u>
<u>At December 31</u>							
Cost	\$ 166,077	\$ 456,128	\$ 33,255	\$ 1,170	\$ 34,422	\$ 5,835	\$ 696,887
Accumulated depreciation	-	(162,547)	(13,012)	(808)	(18,056)	(5,248)	(199,671)
	<u>\$ 166,077</u>	<u>\$ 293,581</u>	<u>\$ 20,243</u>	<u>\$ 362</u>	<u>\$ 16,366</u>	<u>\$ 587</u>	<u>\$ 497,216</u>

- A. The abovementioned equipment are all assets for its own use.
- B. The significant components of buildings include buildings, air conditioners, elevators and utility construction. Buildings are depreciated over 26 to 35 years, and others are depreciated over 10 years.
- C. There were no borrowing costs capitalised as part of property, plant and equipment.
- D. As of December 31, 2023 and 2022, the amount paid but not yet delivered for equipment, under the equipment purchase contracts for production and operation, were \$608 and \$70,362, respectively.

(8) Leasing arrangements – lessee

- A. The Company leases various assets including buildings (including land), transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 3 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.
- B. Short-term leases with a lease term of 12 months or less comprise parking spaces. Low-value assets comprise office equipment. On December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$1,130 and \$1,158, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings (including land)	\$ 2,391	\$ 8,131
Office equipment	192	81
	<u>\$ 2,583</u>	<u>\$ 8,212</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (including land)	\$ 5,740	\$ 5,529
Office equipment	62	69
	<u>\$ 5,802</u>	<u>\$ 5,598</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$202 and \$10,391, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 90	\$ 112
Expense on short-term lease contracts	1,130	1,158
Expense on leases of low-value assets	274	127

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$7,380 and \$6,904, respectively.

(9) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Overdue receivable	\$ 14,808	\$ 30,959
Allowance for bad debts – overdue receivable	(14,808)	(30,959)
Guarantee deposits	8,575	13,913
Prepayments for equipment	608	70,362
Deferred expenses	10,465	8,903
	<u>\$ 19,648</u>	<u>\$ 93,178</u>

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 550,000</u>	1.70% ~ 1.81%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 465,000</u>	1.64% ~ 2.025%	None

For collaterals on bank borrowings and book value information, please refer to Note 7、(2).

(11) Short-term notes and bills payable

<u>Acceptance agency</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
CBF BILLS	<u>\$ 69,845</u>	1.50%	None

As at December 31, 2023, the Company had no short-term notes and bills payable.

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for year-end bonus	\$ 43,629	\$ 43,289
Payable for wages and salaries	17,656	16,877
Compensation due to employee, directors and supervisors	14,047	14,650
Payable for other short-term employee benefits	6,050	6,075
Others	37,316	38,146
	<u>\$ 118,698</u>	<u>\$ 119,037</u>

(13) Provisions for liabilities -current

	<u>2023</u>	<u>2022</u>
Warranty:		
At January 1	\$ 65,963	\$ 56,909
Additional provisions	14,005	15,955
Used during the year	(6,886)	(6,901)
At December 31	<u>\$ 73,082</u>	<u>\$ 65,963</u>

The Company's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty

data of uninterruptible power supplies and solar energy related products.

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligations	(\$ 47,915)	(\$ 47,969)
Fair value of plan assets	<u>36,287</u>	<u>36,138</u>
Net defined benefit liability	<u>(\$ 11,628)</u>	<u>(\$ 11,831)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 47,969)	\$ 36,138	(\$ 11,831)
Current service cost	(196)	-	(196)
Interest (expense) income	(615)	468	(147)
	<u>(48,780)</u>	<u>36,606</u>	<u>(12,174)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	304	304
Financial assumptions change	(404)	-	(404)
Experience adjustments	<u>302</u>	<u>-</u>	<u>302</u>
	<u>(102)</u>	<u>304</u>	<u>202</u>
Pension fund contribution	-	344	344
Paid pensions	967	(967)	-
At December 31	<u>(\$ 47,915)</u>	<u>\$ 36,287</u>	<u>(\$ 11,628)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 52,102)	\$ 34,333	(\$ 17,769)
Current service cost	(225)	-	(225)
Interest (expense) income	(360)	239	(121)
	<u>(52,687)</u>	<u>34,572</u>	<u>(18,115)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,679	2,679
Financial assumptions change	2,756	-	2,756
Experience adjustments	506	-	506
	<u>3,262</u>	<u>2,679</u>	<u>5,941</u>
Pension fund contribution	-	343	343
Paid pensions	1,456	(1,456)	-
At December 31	<u>(\$ 47,969)</u>	<u>\$ 36,138</u>	<u>(\$ 11,831)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table (2012 TSO).

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit	(\$ 1,000)	\$ 1,034	\$ 1,023	(\$ 994)
December 31, 2022				
Effect on present value of defined benefit	(\$ 1,082)	\$ 1,120	\$ 1,110	(\$ 1,077)

The sensitivity analysis above is based on one assumption which changed while the other conditions that remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$856.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,230
1-2 year(s)		1,582
3-5 years		11,857
Over 5 years		38,472
	\$	<u>53,141</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labour 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 Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$12,288 and \$11,929, respectively.

(15) Share capital

As of December 31, 2023, the Company’s authorised capital was \$800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was \$450,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The Company’s ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(16) 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 Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. The shareholders resolved to appropriate capital surplus in cash at their meeting on June 23, 2022:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Cash per share (in dollars)</u>
Capital surplus appropriated in cash	<u>\$ 9,000</u>	<u>\$ 0.20</u>

The cash appropriation of capital surplus is in agreement with the proposal submitted by the Board of Directors.

(17) Retained earnings / Events after the balance sheet date

- 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 years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.
- B. The Company's dividend policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.
- C. 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.
- D. 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 the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.

- E. The appropriation of 2022 and 2021 earnings as resolved by the Board of Directors on June 27, 2023 and June 23, 2022, respectively, are as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 11,946		\$ 7,600	
Special reserve	(61,427)		9,317	
Cash dividends	90,000	\$ 2.00	47,250	\$ 1.05

For the information relating to the distribution of earnings as approved by the Board of Directors or shareholders, please refer to the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- F. The Company's earnings distribution in 2023 was proposed at the board meeting on March 13, 2024, please refer to Note 11.

(18) Sales revenue

	<u>2023</u>	<u>2022</u>
Project construction revenue	\$ 1,124,639	\$ 1,232,936
Sales revenue	1,114,321	1,364,665
Service revenue	144,843	117,061
	<u>\$ 2,383,803</u>	<u>\$ 2,714,662</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following:

<u>Year ended December 31, 2023</u>	<u>First Busines Division</u>	<u>Second Business Division</u>	<u>Technical Services Division</u>	<u>Energy Division</u>	<u>Total</u>
Total segment revenue	<u>\$ 838,817</u>	<u>\$ 1,010,843</u>	<u>\$ 303,880</u>	<u>\$ 230,263</u>	<u>\$ 2,383,803</u>
Timing of revenue recognition					
At a point in time	\$ 832,898	\$ 1,010,843	\$ 213,436	\$ 188,939	\$ 2,246,116
Over time	5,919	-	90,444	41,324	137,687
	<u>\$ 838,817</u>	<u>\$ 1,010,843</u>	<u>\$ 303,880</u>	<u>\$ 230,263</u>	<u>\$ 2,383,803</u>
<u>Year ended December 31, 2022</u>	<u>First Busines Division</u>	<u>Second Business Division</u>	<u>Technical Services Division</u>	<u>Energy Division</u>	<u>Total</u>
Total segment revenue	<u>\$ 1,018,411</u>	<u>\$ 1,174,351</u>	<u>\$ 261,869</u>	<u>\$ 260,031</u>	<u>\$ 2,714,662</u>
Timing of revenue recognition					
At a point in time	\$ 1,018,411	\$ 1,174,351	\$ 183,634	\$ 228,456	\$ 2,604,852
Over time	-	-	78,235	31,575	109,810
	<u>\$ 1,018,411</u>	<u>\$ 1,174,351</u>	<u>\$ 261,869</u>	<u>\$ 260,031</u>	<u>\$ 2,714,662</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities			
– advance receipts for construction	\$ 190,440	\$ 246,698	\$ 156,666
Contract liabilities			
– advance sales receipts	<u>20,292</u>	<u>29,591</u>	<u>22,109</u>
	<u>\$ 210,732</u>	<u>\$ 276,289</u>	<u>\$ 178,775</u>

(a) Significant changes in contract liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	<u>\$ 223,984</u>	<u>\$ 106,509</u>

(19) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 675	\$ 319
Interest income from financial assets measured at amortised cost	19	2
Other interest income	<u>1,456</u>	<u>1,062</u>
	<u>\$ 2,150</u>	<u>\$ 1,383</u>

(20) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 5,400	\$ 4,860
Other income, others	<u>2,294</u>	<u>3,541</u>
	<u>\$ 7,694</u>	<u>\$ 8,401</u>

(21) Other gains and losses

	2023	2022
Foreign exchange gain	\$ 1,795	\$ 18,832
Profit from lease modification	1	-
Gain on disposal of property, plan and equipment	-	216
Others	(2)	-
	<u>\$ 1,794</u>	<u>\$ 19,048</u>

(22) Finance costs

	2023	2022
Interest expense	<u>\$ 9,686</u>	<u>\$ 6,574</u>

(23) Expenses by nature

By function \ By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 85,375	\$ 243,317	\$ 328,692	\$ 82,830	\$ 239,937	\$ 322,767
Depreciation charges	20,235	18,503	38,738	14,565	23,629	38,194
Amortization charges	916	8,032	8,948	973	7,945	8,918

(24) Employee benefit expense

	2023	2022
Wages and salaries	\$ 278,205	\$ 272,676
Labor and health insurance fees	25,989	24,956
Pension costs	12,631	12,275
Directors' remuneration	2,228	2,884
Other personnel expenses	9,639	9,976
	<u>\$ 328,692</u>	<u>\$ 322,767</u>

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 6% to 10% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$6,865 and \$8,748, respectively; while directors' and supervisors' remuneration was accrued at \$2,228 and \$2,884, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2% of distributable profit of current year for the year ended December 31, 2023.

There is no difference between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and the amount recognised in the 2022

financial statements of \$8,748, and \$2,884, respectively, had been adjusted in profit or loss for 2022. The appropriation was in the form of cash.

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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profit for the period	\$ 8,773	\$ 16,092
Tax on undistributed surplus earnings	2,521	49
Prior year income tax (overestimation) underestimation	(218)	184
Total current tax	<u>11,076</u>	<u>16,325</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>6,324</u>	<u>2,781</u>
Income tax expense	<u>\$ 17,400</u>	<u>\$ 19,106</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Currency translation differences	(\$ 1,800)	\$ 5,334
Remeasurement of defined benefit obligations	<u>40</u>	<u>1,188</u>
	<u>(\$ 1,760)</u>	<u>\$ 6,522</u>

B. Reconciliation between income tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 21,017	\$ 26,762
Income exempted according to tax law	(1,080)	(972)
Effect from tax credit of investment	(4,840)	(6,917)
Prior year income tax (overestimation) underestimation	(218)	184
Tax on undistributed surplus earnings	<u>2,521</u>	<u>49</u>
Income tax expense	<u>\$ 17,400</u>	<u>\$ 19,106</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	At January 1, 2023	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2023
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	\$ 13,193	\$ 1,424	\$ -	\$ 14,617
Allowance for market value decline and loss for inventories	15,400	2,584	-	17,984
Accrued pension liabilities	2,366	-	(40)	2,326
Allowance for bad debts	5,371	(2,803)	-	2,568
Translation differences of foreign operations	2,604	-	1,800	4,404
Others	3,708	1,991	-	5,699
	<u>42,642</u>	<u>3,196</u>	<u>1,760</u>	<u>47,598</u>
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(92,975)	(9,520)	-	(102,495)
	<u>(92,975)</u>	<u>(9,520)</u>	<u>-</u>	<u>(102,495)</u>
	<u>(\$ 50,333)</u>	<u>(\$ 6,324)</u>	<u>\$ 1,760</u>	<u>(\$ 54,897)</u>
	At January 1, 2022	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2022
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	\$ 11,382	\$ 1,811	\$ -	\$ 13,193
Allowance for market value decline and loss for inventories	15,892	(492)	-	15,400
Accrued pension liabilities	3,554	-	(1,188)	2,366
Allowance for bad debts	5,877	(506)	-	5,371
Translation differences of foreign operations	7,938	-	(5,334)	2,604
Others	3,120	588	-	3,708
	<u>47,763</u>	<u>1,401</u>	<u>(6,522)</u>	<u>42,642</u>
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(88,400)	(4,575)	-	(92,975)
Others	(393)	393	-	-
	<u>(88,793)</u>	<u>(4,182)</u>	<u>-</u>	<u>(92,975)</u>
	<u>(\$ 41,030)</u>	<u>(\$ 2,781)</u>	<u>(\$ 6,522)</u>	<u>(\$ 50,333)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 87,686	45,000	\$ 1.95
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 87,686	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	201	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 87,686	45,201	\$ 1.94
	<u>2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 114,704	45,000	\$ 2.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 114,704	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	224	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 114,704	45,224	\$ 2.54

(27) Changes in liabilities from financing activities

	2023			Liabilities from financing activities-gross
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	
At January 1	\$ 465,000	\$ 69,845	\$ 8,360	\$ 543,205
Changes in cash flow from financing activities	85,000	(69,845)	(5,886)	9,269
Changes in other non-cash items	-	-	172	172
At December 31	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 2,646</u>	<u>\$ 552,646</u>
	2022			Liabilities from financing activities-gross
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	
At January 1	\$ 615,781	\$ -	\$ 3,476	\$ 619,257
Changes in cash flow from financing activities	(150,781)	69,845	(5,507)	(86,443)
Changes in other non-cash items	-	-	10,391	10,391
At December 31	<u>\$ 465,000</u>	<u>\$ 69,845</u>	<u>\$ 8,360</u>	<u>\$ 543,205</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
United Integrated Services Co., Ltd.	The entity with significant influence to the Company
Ablerex Electronics (Samoa) Co., Ltd. (Ablerex-Samoa)	The Company's subsidiary
Ablerex Corporation (Ablerex-USA)	The Company's subsidiary
Ablerex International Co., Ltd. (Ablerex-HK)	The Company's subsidiary
Ablerex Electronics (S) Pte. Ltd. (Ablerex-SG)	The Company's subsidiary
Ablerex Electronics U.K. Ltd. (Ablerex-UK)	The Company's subsidiary
Wada Denki Co., Ltd. (Ablerex-JP)	The Company's subsidiary
Ablerex Overseas Co., Ltd. (Ablerex-Overseas)	The Company's second-tier company
Ablerex Electronics Italy S.R.L. (Ablerex-IT)	The Company's second-tier company
Ablerex Electronics (Thailand) Co., Ltd.	The Company's second-tier company
Ablerex Latam Corporation (Ablerex-Latam)	The Company's second-tier company
Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)	The Company's third-tier company
Ablerex Electronics (Beijing) Co.,Ltd. (Ablerex-BJ)	The Company's third-tier company
Eco Energy Corporation	Other related party
Wada	Other related party
Directors, general manager and vice general manager	The Company's key management

(2) Significant related party transactions and balances

A. Sales revenue

	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 448,579	\$ 505,113
Entities with significant influence to the Company	14,903	18,857
Other related parties	<u>2,653</u>	<u>1,628</u>
	<u>\$ 466,135</u>	<u>\$ 525,598</u>

(a) Except for goods sold to a subsidiary, AblereX-SZ, that were through AblereX-HK at no price difference, transaction prices to remaining subsidiaries were based on mutual agreement. The credit term to subsidiaries is 120 days after monthly billings, excluding 90 days after monthly billings to AblereX-SZ, and the credit terms to customers are 60 to 120 days after monthly billings.

(b) The transaction prices and terms of the Company to United Integrated Services Co., Ltd. and other related parties are in accordance with the agreed contracts.

B. Purchases

	<u>2023</u>	<u>2022</u>
AblereX-HK	\$ 604,551	\$ 844,046
AblereX-SZ	<u>270,781</u>	<u>366,471</u>
	<u>\$ 875,332</u>	<u>\$ 1,210,517</u>

(a) The Company acquired midget uninterruptible power equipment from AblereX-SZ through AblereX-HK. AblereX-HK acquired the equipment from AblereX-SZ based on the agreed price and then resold to the Company at the same price. The payment term is 60 days after monthly billings. The payment terms to non-related parties are 90 to 150 days after monthly billings.

(b) In addition, the Company directly acquired midget uninterruptible power equipment from AblereX-SZ based on the agreed price, and the payment term is 60 days after monthly billings.

C. Leasing arrangements - lessee

(a) The Company leased office and plant from United Integrated Services Co., Ltd. Rental contracts are typically made for periods from 2022 to 2024. Rents are paid at the end of each month.

(b) Lease liabilities

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
United Integrated Services Co., Ltd.	\$ 2,204	\$ 7,436

ii. Interest expense

	<u>2023</u>	<u>2022</u>
United Integrated Services Co., Ltd.	\$ 79	\$ 91

D. Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
AblereX-Latam	\$ 70,617	\$ 60,542
AblereX-IT	38,405	83,709
Others	84,336	108,760
Entities with significant influence to the Company	2,328	6,367
Other related parties	-	1,342
	<u>\$ 195,686</u>	<u>\$ 260,720</u>

E. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Purchase on behalf of others		
AblereX-SZ	\$ 3,893	\$ 7,767
Capital requirements		
AblereX-Latam	49,527	46,676
AblereX-IT	15,449	-
Supervision fee		
Subsidiary	553	921
Others		
Subsidiary	10	79
	<u>\$ 69,432</u>	<u>\$ 55,443</u>

Information on purchases on behalf of AblereX-HK and AblereX-SZ and capital requirements of AblereX-Latam is provided in Note 7(2) G, respectively.

F. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AblereX-HK	\$ 74,022	\$ 162,766
AblereX-SZ	32,874	56,445
	<u>\$ 106,896</u>	<u>\$ 219,211</u>

G Material and equipment purchased on behalf of others

- (a) The Company directly purchased the critical raw materials on behalf of AblereX-SZ, and the transaction price was calculated based on purchasing costs plus agreed-upon processing fee. No sales revenue and cost arising from this transaction were recognised.
- (b) Details of processing revenue (shown as miscellaneous income) derived from purchasing materials and equipment on behalf of AblereX-SZ as abovementioned are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Materials purchased on behalf of		
AblereX-SZ	<u>\$ 16,186</u>	<u>\$ 28,434</u>
Miscellaneous income		
AblereX-SZ	<u>\$ 589</u>	<u>\$ 1,968</u>

H. Supervision fee revenue (recognised as deduction in operating expenses-administrative expenses)

The Company provided management services to AblereX-USA. For the years ended December 31, 2023 and 2022, management fee revenue was recognised amounting to \$2,238 and \$2,131, respectively, and was recorded as deduction in operating expenses-administrative expenses. The credit term is 90 days after monthly billings. As of December 31, 2023 and 2022, other receivables amounted to \$553 and \$921, respectively.

I. Sales service fee (shown as operating expenses- selling expenses)

AblereX-IT provided business connection and order taking service of certain foreign customers to the Company, and the Company paid an agreed percentage of sales revenue to AblereX-IT as a service fee. For the years ended December 31, 2023 and 2022, the Company recognised sales service fee in the amounts of \$11,486 and \$12,250, respectively, and the credit term is 120 days after monthly billings.

J. Loans to /from related parties:

Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AblereX-Latam	<u>\$ 46,065</u>	<u>\$ 46,065</u>

(ii) Interest income

	<u>2023</u>	<u>2022</u>
AblereX-Latam	<u>\$ 1,453</u>	<u>\$ 1,062</u>

The loans to AblereX-Latam are repayable monthly over 1 year and carry interest at 2.5% and 3.5% per annum for the years ended December 31, 2023 and 2022, respectively.

K. Endorsements and guarantees

(a) As of December 31, 2023 and 2022, there were unsecured bank borrowings amounted to \$550,000 and \$465,000, respectively. The Company's key management was a joint guarantor.

(b) As of December 31, 2023 and 2022, the Company provided guarantee for AblereX-HK's bank borrowing credit line amounting to USD\$7,500 thousand for both years. As of December 31, 2023 and 2022, the borrowings of AblereX-HK amounted to USD\$0 thousand and USD\$1,030 thousand. For the year ended December 31, 2023, information on the endorsement and guarantee transaction is provided in Note 13(1) B.

L. Commitments

As of December 31, 2023 and 2022, details of notes issued for providing performance guarantee for sales warranty and leasing contracts are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entities with significant influence to the Company	\$ 2,292	\$ 11,008
<u>(3) Key management compensation</u>		
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 24,849	\$ 24,614
Termination benefits	721	717
	<u>\$ 25,570</u>	<u>\$ 25,331</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Financial assets at amortised cost			Performance guarantee for
— time deposits	\$ 3,562	\$ 194	contracts

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, other than the details of contingencies and commitments between the Company and related parties as provided in Note 7(2) L, contingencies and commitments between the Company and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 5,571	\$ 8,696
Intangible assets	119	1,143
	<u>\$ 5,690</u>	<u>\$ 9,839</u>

Warranty and performance guarantee

As of December 31, 2023 and 2022, promissory notes issued for the warranty and performance guarantee of sales amounted to \$125,701 and \$121,977, respectively.

B. Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriations of 2023 earnings had been proposed by the Board of Directors on March 13, 2024. Details are summarized below:

	2023	
	Amount	Dividends per share
Special reserve	\$ 8,785	
Cash dividends	90,000	\$ 2.00

As of March 13, 2024, the appropriations of 2023 earnings has not been resolved at the stockholders' meeting.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

In 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio of about 40%. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 1,471,582	\$ 1,688,658
Total equity	1,685,214	1,736,203
Total assets	\$ 3,156,796	\$ 3,424,861
Gearing ratio	47%	49%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 201,639	\$ 243,536
Financial assets at amortised cost		
Cash and cash equivalents	\$ 121,933	\$ 122,736
Financial assets at amortised cost	3,562	194
Notes receivable	2,959	4,969
Accounts receivable (including related parties)	536,946	750,845
Other receivables (including related parties)	69,435	55,443
Guarantee deposits paid	8,575	13,913
	\$ 743,410	\$ 948,100

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost through profit or loss		
Short-term borrowings	\$ 550,000	\$ 465,000
Short-term notes and bills payable	-	69,845
Notes payable	256	3,689
Accounts payable (including related parties)	397,834	556,785
Other accounts payable	118,698	119,037
Guarantee deposits received	303	303
	<u>\$ 1,067,091</u>	<u>\$ 1,214,659</u>
Lease liability (including related parties)	<u>\$ 2,646</u>	<u>\$ 8,360</u>

B. Financial risk management policies

- (a) 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. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 various currency exposures, primarily with respect to the USD and RMB. Foreign exchange rate 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 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 use forward foreign exchange contracts to hedge exchange rate risk. However, these forward foreign exchange contracts are not accounted for under hedge accounting.
- iv The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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			2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity Analysis Effect on profit or loss before tax		Effect on other comprehensive income
(Foreign currency: <u>Functional currency</u>)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 13,022	30.710	\$ 399,906	1%	\$ 3,999	\$ -	-
RMB:NTD	2,438	4.327	10,549	1%	105	-	-
JPY:NTD	100,883	0.2172	21,912	1%	219	-	-
Long-term equity investment accounted for using equity method							
USD:NTD	\$ 23,037	30.710	\$ 707,466	1%	-	7,075	
EUR:NTD	583	33.980	19,810	1%	-	198	
JPY:NTD	75,528	0.2172	16,405	1%	-	164	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 6,184	30.710	\$ 189,911	1%	\$ 1,899	\$ -	-

(Foreign currency: <u>Functional currency</u>)	December 31, 2022			2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity Analysis Effect on profit or loss before tax		Effect on other comprehensive income
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 17,602	30.710	\$ 540,557	1%	\$ 5,406	\$	-
RMB:NTD	3,111	4.408	13,714	1%	137		-
JPY:NTD	24,310	0.2324	5,650	1%	56		-
Long-term equity investment accounted for using equity method							
USD:NTD	\$ 22,193	30.710	\$ 681,547	1%	-		6,815
EUR:NTD	546	32.740	17,876	1%	-		179
JPY:NTD	23,193	0.2324	5,390	1%	-		54
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 9,519	30.710	\$ 292,328	1%	\$ 2,923	\$	-

- v. The total exchange gain 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 \$1,795 and \$18,832, 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 unlisted 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, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$2,016 and \$2,435, 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

The Company's borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Company does not expect to be exposed to significant interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above 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 management. The utilisation of credit limits is regularly monitored. The main credit risk arises from customers, including outstanding receivables.
- iii. The Company adopts the assumptions under IFRS 9, there has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with sales area. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures amounted to \$16,337 and \$3,369, respectively.

viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not overdue	Overdue within 30 days	Overdue within 60 days	Overdue within 90 days	Overdue for more than 90 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.22%	0.69%	40.60%	95.20%	100.00%	
Total book value	\$ 531,283	\$ 4,928	\$ 3,229	\$ 771	\$ 351	\$ 540,562
Loss allowance	1,186	34	1,311	734	351	3,616
<u>At December 31, 2022</u>						
Expected loss rate	0.20%	54.05%	88.70%	95.16%	100.00%	
Total book value	\$ 751,091	\$ 2,590	\$ 230	\$ 186	\$ 550	\$ 754,647
Loss allowance	1,471	1,400	204	177	550	3,802

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	
	<u>Accounts receivable</u>	<u>Overdue receivable</u>
At January 1	\$ 3,802	\$ 30,959
Write-offs	(186)	(16,151)
At December 31	<u>\$ 3,616</u>	<u>\$ 14,808</u>
	2022	
	<u>Accounts receivable</u>	<u>Overdue receivable</u>
At January 1	\$ 4,269	\$ 33,861
Write-offs	(467)	(2,902)
At December 31	<u>\$ 3,802</u>	<u>\$ 30,959</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company's treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. When surplus cash held by the Company over and above balance required for working capital management, Company treasury invests surplus cash in interest bearing current accounts or other cash equivalent, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed rate:		
Expiring within one year	\$ 872,840	\$ 907,840

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Book value</u>
Short-term borrowings	\$ 551,224	\$ -	\$ -	\$ 551,224
Notes payable	256	-	-	256
Accounts payable	256,180	34,758	-	290,938
Accounts payable - related parties	106,896	-	-	106,896
Other payables	66,836	39,569	12,293	118,698
Lease liability	1,488	1,017	158	2,663
<u>December 31, 2022</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Book value</u>
Short-term borrowings	\$ 165,315	\$ 302,689	\$ -	\$ 468,004
Short-term notes and bills payable	70,000	-	-	70,000
Notes payable	3,689	-	-	3,689
Accounts payable	307,834	29,740	-	337,574
Accounts payable - related parties	219,211	-	-	219,211
Other payables	95,685	15,753	7,599	119,037
Lease liability	1,496	4,488	2,475	8,459

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value.

The Company's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.

C. 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 is as follows:

The related information of natures of the assets is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 201,639	\$ 201,639

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 243,536	\$ 243,536

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) 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:

	<u>2023</u>	<u>2022</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
At January 1	\$ 243,536	\$ 81,000
Gain recognized in other comprehensive income	(41,897)	162,536
At December 31	<u>\$ 201,639</u>	<u>\$ 243,536</u>

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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:

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
<u>Non-derivative equity instrument:</u>					
Unlisted shares	\$ 201,639	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
<u>Non-derivative equity instrument:</u>					
Unlisted shares	\$ 243,536	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower 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	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input Change				
Financial assets					
Equity instrument	25% ± 1%	\$ -	\$ -	\$ 2,689	(\$ 2,689)
		December 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input Change				
Financial assets					
Equity instrument	25% ± 1%	\$ -	\$ -	\$ 3,247	(\$ 3,247)

13. Supplementary Disclosures

(1) Significant transaction 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 period: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees (not including investees in Mainland China)

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:
 - (a) Purchasing amount and percentage and related receivables' percentage and balance at

December 31, 2023: Please refer to tables 6 and 9.

- (b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2023: Please refer to tables 6 and 9.
- (c) Property transaction amounts and gains and loss arising from them: None.
- (d) Ending balance and purpose of provision of endorsements/guarantees or collaterals: None.
- (e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2023: Please refer to table 1.
- (f) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Segment Information

Not applicable.

ABLEREX ELECTRONICS CO., 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.	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 doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	Ablerex-IT	Other receivables	Y	\$35,520 (USD 1,131 thousand)	\$15,449 (USD 503 thousand)	\$15,449 (USD 503 thousand)	-	Transactions with the borrower	\$ 68,167	-	\$ -	None	\$ -	\$ 168,521	\$ 674,086	Note 1 Note 9
0	The Company	Ablerex-LATAM	Other receivables	Y	\$18,044 (USD 589 thousand)	\$3,026 (USD 99 thousand)	\$3,026 (USD 99 thousand)	-	Transactions with the borrower	71,891	-	-	None	-	168,521	674,086	Note 1 Note 9
0	The Company	Ablerex-LATAM	Other receivables	Y	\$96,810 (USD 3,000 thousand)	\$46,065 (USD 1,500 thousand)	\$46,065 (USD 1,500 thousand)	2.50%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 5
1	Ablerex-HK	Ablerex-SZ	Other receivables	Y	\$96,810 (USD 3,000 thousand)	\$92,130 (USD 3,000 thousand)	\$61,420 (USD 2,000 thousand)	3.50%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 2 Note 6
2	Ablerex-USA	Ablerex-SZ	Other receivables	Y	\$16,135 (USD 500 thousand)	\$15,355 (USD 500 thousand)	\$15,355 (USD 500 thousand)	1.25%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 3 Note 7
3	Ablerex-SG	Ablerex-TH	Short term loan	Y	\$19,362 (USD 600 thousand)	\$18,426 (USD 600 thousand)	\$15,539 (USD 506 thousand)	1.00%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 4 Note 8

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 10% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day; but for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, the term of each loan is up to three years.

Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 10% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.

Note 3: In accordance with the Ablerex-USA's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 4: In accordance with the Ablerex-SG's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 5: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 1,500 thousand. The actual amount drawn was USD 1,500 thousand.

Note 6: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 3,000 thousand. The actual amount drawn was USD 2,000 thousand.

Note 7: The maximum credit to be drawn as approved by the Board of Directors was USD 500 thousand. The period-end available credit balance was USD 500 thousand. The actual amount drawn was USD 500 thousand.

Note 8: The maximum credit to be drawn as approved by the Board of Directors was USD 600 thousand. The period-end available credit balance was USD 600 thousand. The actual amount drawn was USD 506 thousand.

Note 9: Accounts receivable beyond the normal credit period are regarded as capital loans.

ABLEREX ELECTRONICS CO., 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)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 3)	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	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	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Ablerex-HK	Subsidiary	\$ 337,043	\$ 242,025	\$ 230,325 (USD 7,500 thousand)	\$ -	\$ -	14%	\$ 842,607	Y	N	N	Note 1 Note 2

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets, and limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly 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.

Note 3: Transactions made with Ablere-HK is higher than 50% of the Company's net assets, which is over the limit on the Company endorsements/guarantees to others. Thus, the limit on the Company endorsements/guarantees to Ablere-HK is 50% of the Company's net assets.

ABLEREX ELECTRONICS CO., 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	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Eco Energy Corporation	Other related party	Financial assets at fair value through other comprehensive income-non-current	5,400,000	\$201,639 thousand	10.38%	\$201,639 thousand	None

ABLEREX ELECTRONICS CO., 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)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
The Company	Ablerex-USA	Subsidiary	(Sales)	(\$ 107,452)	(5%)	Note 3	Note 3	Note 3	\$ 20,492	4%	-	
Ablerex-USA	The Company	Parent Company	Purchases	USD 3,464 thousand	96%	Note 3	Note 3	Note 3	(USD 685 thousand)	(100%)	-	
The Company	Ablerex-SG	Subsidiary	(Sales)	(\$ 98,016)	(4%)	Note 3	Note 3	Note 3	\$ 49,605	9%	-	
Ablerex-SG	The Company	Parent Company	Purchases	USD 3,162 thousand	71%	Note 3	Note 3	Note 3	(USD 1,638 thousand)	(90%)	-	
The Company	Ablerex-LATAM	An indirectly-owned Subsidiary	(Sales)	(\$ 90,406)	(4%)	Note 3	Note 3	Note 3	\$ 70,617	13%	-	
Ablerex-LATAM	The Company	Parent Company	Purchases	USD 2,897 thousand	91%	Note 3	Note 3	Note 3	(USD 2,299 thousand)	(97%)	-	
The Company	Ablerex-HK	Subsidiary	Purchases	\$ 604,551	42%	Note 1	Note 1	Note 1	(\$ 74,022)	(19%)	-	
Ablerex-HK	The Company	Parent Company	(Sales)	(USD 19,405 thousand)	(100%)	Note 1	Note 1	Note 1	USD 2,410 thousand	100%	-	
The Company	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	\$ 270,781	19%	Note 1	Note 1	Note 1	(\$ 32,874)	(8%)	-	
Ablerex-SZ	The Company	Parent Company	(Sales)	(RMB 61,605 thousand)	(25%)	Note 1	Note 1	Note 1	RMB 7,582 thousand	17%	-	
Ablerex-HK	Ablerex-SZ	Affiliate	Purchases	USD 19,405 thousand	100%	Note 2	Note 2	Note 2	(USD 3,377 thousand)	(100%)	-	
Ablerex-SZ	Ablerex-HK	Affiliate	(Sales)	(RMB 137,166 thousand)	(57%)	Note 2	Note 2	Note 2	RMB 23,920 thousand	54%	-	

Note 1: The transaction price is commensurate with the purchase price from Ablere-SZ; the receivable (payable) policy is Net 60 days E.O.M.

Note 2: The transaction price is the Ablere-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.

Note 3: Transaction price are determined according to the agreements between the parties; the receivable (payable) policy is Net 120 days E.O.M.

Note 4: Ablere-HK conducts purchases from Ablere, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablere-SZ with a zero contribution margin; the credit term is coherent with general customers.

ABLEREX ELECTRONICS CO., 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 collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ablerex-SZ	Ablerex-HK	Affiliate	RMB 23,920 thousand	4.51	-	-	RMB 11,127 thousand	-

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6
Individual transactions not exceeding \$10,000 and their corresponding transactions are not disclosed.

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)		
				General ledger account	Amount	Transaction terms			
0	The Company	Ablerex-HK	1	Purchases	\$ 604,551	Note 4	21%		
		Ablerex-HK	1	Accounts Payable	74,022		2%		
		Ablerex-SZ	1	Sales	40,900	Note 5	1%		
		Ablerex-SZ	1	Purchases	270,781	Note 5	9%		
		Ablerex-SZ	1	Accounts Payable	32,874		1%		
		Ablerex-SZ	1	Accounts Receivable	10,470		0%		
		Ablerex-USA	1	Sales	107,452	Note 5	4%		
		Ablerex-USA	1	Accounts Receivable	20,492		1%		
		Ablerex-SG	1	Sales	98,016	Note 5	3%		
		Ablerex-SG	1	Accounts Receivable	49,605		1%		
		Ablerex-IT	1	Sales	66,250	Note 5	2%		
		Ablerex-IT	1	Accounts Receivable	38,405		1%		
		Ablerex-IT	1	Other Receivables	15,449	Note 10	0%		
		Ablerex-IT	1	Selling Expense	11,486		0%		
		1	Ablerex-HK	Ablerex-LATAM	1	Sales	90,406	Note 5	3%
Ablerex-LATAM	1			Accounts Receivable	70,617		2%		
Ablerex-LATAM	1			Other Receivables	49,527	Notes 7 and 10	1%		
Ablerex-JP	1			Sales	45,547	Note 5	2%		
Ablerex-SZ	3			Purchases	602,903	Note 4	21%		
Ablerex-SZ	3			Accounts Payable	103,520		3%		
Ablerex-SZ	3			Other Receivables	62,866	Note 6	2%		
2	Ablerex-SZ			Ablerex-BJ	3	Sales	52,982	Note 5	2%
				Ablerex-BJ	3	Accounts Receivable	14,841		0%
3	Ablerex-SG			Ablerex-TH	3	Short term loan	15,640	Note 8	0%
4	Ablerex-USA	Ablerex-SZ	3	Other Receivables	14,787	Note 9	0%		

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:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ's production costs plus an agreed gross margin. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.

Note 5: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.

Note 6: Ablerex-HK loan to Ablerex-SZ, interest against agreed interest rate 3.5% per annum.

Note 7: Ablerex loan to Ablerex-Latam, interest against agreed interest rate 2.5% per annum.

Note 8: Ablerex-SG loan to Ablerex-TH, interest against agreed interest rate 1.00% per annum.

Note 9: Ablerex-USA loan to Ablerex-SZ, interest against agreed interest rate 1.25% per annum.

Note 10: Accounts receivable beyond the normal credit period are regarded as capital loans.

ABLEREX ELECTRONICS CO., 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	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Ablerex-Samoa	Samoa	Holding company	\$ 217,445	\$ 217,445	6,635,000	100	\$ 475,913	\$ 16,233	\$ 16,691	Subsidiary
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	90,973	16,243	16,243	Subsidiary
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	33,389	395	395	Subsidiary
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	116,674	1,905	1,214	Subsidiary
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	14,092	1,239	(1,136)	Subsidiary
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,159	9,159	2,970	99	16,194	11,741	11,606	Subsidiary
Ablerex-Samoa	Ablerex-Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	479,136	16,276	-	Second-tier subsidiary
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	14,092	1,239	-	Second-tier subsidiary
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power supply, solar energy products, and related systems	1,795	1,687	20,000	100	306	(7,200)	-	Second-tier subsidiary
Ablerex-USA	Ablerex-LATAM	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	15,358	15,358	3,650	86	10,612	10,098	-	Second-tier subsidiary

Note: The Company recognised investment income comprising of downstream and upstream transactions.

ABLEREX ELECTRONICS CO., 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	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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							
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	\$ 167,677	Note 1	\$ 167,677	\$ -	\$ -	\$ 167,677	\$ 10,400	100	\$ 10,400	\$ 425,417	\$ -	Note 2
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	43,277	Note 1	36,084	-	-	36,084	7,391	80	5,913	50,426	-	Note 2

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ABLEREX ELECTRONICS CO., LTD.	\$ 203,761	\$ 203,761	\$ 1,019,829

Note 1: Invested in cash through the third region's subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-SZ and Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

(1) Purchasing amount and percentage and related payables' percentage and balance at December 31, 2023:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Purchases	\$ 875,332	61%	Purchase from AblereX-SZ through AblereX-HK of which \$270,781 purchase directly.
Ablerex-SZ	Accounts Payable	\$ 106,896	27%	Pay to AblereX-SZ through AblereX-HK of which \$32,874 pay directly.

(2) Selling amount and percentage and related receivables' percentage and balance at December 31, 2023:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	\$ 40,900	2%	Sold directly
Ablerex-SZ	Accounts Receivable	\$ 10,470	2%	

(3) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Miscellaneous income	\$ 589	26%	The Company purchased the critical raw materials of \$16,186 on behalf of AblereX-SZ.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
United Integrated Services Co., Ltd.	13,605,502	30.23%
Wen Hsu	9,638,177	21.41%
Y.A. Chen	2,485,763	5.52%

**ABLEREX ELECTRONICS CO., 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ABLEREX ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Ablerex Electronics Co., Ltd. and its 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 material 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 Financial Statement Audit and Attestation Engagements of 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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 consolidated financial statements of the current period are stated as follows:

Appropriateness of cut-off of project construction revenue

Description

Please refer to Note 4(25) for accounting policy on revenue recognition, Note 6(18) for composition of operating revenue and Note 14(5) for information on products and services. For the year ended December 31, 2023, the Group's project construction revenue amounted to NT\$1,124,639 thousand, accounting for 38% of consolidated net sales.

The Group's operating revenue is comprised of sales revenue and project construction revenue. The main composition of the project construction revenue is the sale of large equipment and installation related projects. The project needs to be completed through the Group's installation of large-scale equipment, and after the relevant documents are executed by both parties and the client can obtain and consume the benefits provided by the asset, the Group will have deemed to have completed the contractual performance obligations and can recognize the project construction revenue. Due to the fact that the income of the Group's project construction involves manual operation, it may result to inappropriate timing recognition of revenue. Considering that the amount of income recognized by the Group's project construction in a timely manner has a significant impact on the consolidated financial statements, we have deemed the appropriateness of the project construction income as one of the significant audit matters for the year.

How our audit addressed the matter

We performed the following audit procedures in order to assess cut-off of project construction revenue:

1. Assessed and obtained an understanding of the Group's internal control procedures of the project construction revenue recognition, and confirmed the related internal controls were performed effectively.
2. Performed cut-off test on project construction revenue transactions, and selected samples to check that the project construction revenue had been recorded in the proper period accordingly.
3. Tested the accuracy and completeness of project construction list and traced to a related document that can prove revenue in order to confirm that the recognition amount and timing were appropriate.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of allowance for inventory valuation losses. As of December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT \$1,425,610 thousand and NT \$172,728 thousand, respectively.

The Group is engaged in the design, manufacture and sales of uninterruptible power supply systems, equipment to power quality devices and others. Due to the rapid technological innovations and the competitive nature of the market, there is a higher risk of inventory losses due to the market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realizable value. Obsolete or slow-moving inventories were assessed individually. The Group's estimation and determination of the net realizable value of inventories are subjected to management's judgement, involves a high level of uncertainty and has a material effect on the financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realizable value and provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry.
2. Verified the accuracy of the inventory aging report and net realizable value report in order to confirm that the information in the reports were consistent with the Group's inventory policies.
3. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.
4. Reviewed the appropriateness of the estimation basis for the evaluation of net realizable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ablere Electronics Co., 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.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. 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.
6. 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Se-Kai

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

ASSETS	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 301,276	9	\$ 259,173	7
1136	Current financial assets at amortised cost	6(3) and 8	47,255	1	13,418	1
1150	Notes receivable, net	6(4)	14,778	-	6,307	-
1170	Accounts receivable, net	6(4)	573,098	17	707,384	19
1180	Accounts receivable due from related parties, net	6(4) and 7	2,328	-	7,709	-
1200	Other receivables		15,852	1	11,049	-
1220	Current tax assets		3,052	-	2,119	-
130X	Inventories, net	6(5)	1,252,882	38	1,490,274	40
1410	Prepayments		25,120	1	42,788	1
11XX	Total current assets		<u>2,235,641</u>	<u>67</u>	<u>2,540,221</u>	<u>68</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	201,639	6	243,536	7
1600	Property, plant and equipment	6(6) and 8	778,635	23	726,935	20
1755	Right-of-use assets	6(7) and 8	7,048	-	13,780	-
1780	Intangible assets		46,100	1	45,970	1
1840	Deferred income tax assets		47,598	2	42,642	1
1900	Other non-current assets	6(8)	27,981	1	101,432	3
15XX	Total non-current assets		<u>1,109,001</u>	<u>33</u>	<u>1,174,295</u>	<u>32</u>
1XXX	Total assets		<u>\$ 3,344,642</u>	<u>100</u>	<u>\$ 3,714,516</u>	<u>100</u>

(Continued)

ABLEREX ELECTRONICS CO., 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		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 550,000	16	\$ 616,473	17
2110	Short-term notes and bills payable	6(10)	-	-	69,845	2
2130	Current contract liabilities	6(18)	216,523	7	284,449	8
2150	Notes payable		256	-	3,689	-
2170	Accounts payable		487,525	15	591,145	16
2200	Other payables	6(12)	151,999	5	151,021	4
2230	Current income tax liabilities		8,988	-	17,008	-
2250	Provisions for liabilities - current	6(13)	73,082	2	65,963	2
2280	Current lease liabilities	7	5,821	-	9,237	-
2320	Long-term liabilities, current portion	6(11)	10,916	-	10,075	-
2399	Other current liabilities, others		14,803	-	18,916	1
21XX	Total current liabilities		<u>1,519,913</u>	<u>45</u>	<u>1,837,821</u>	<u>50</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)	10,268	-	19,460	1
2570	Deferred income tax liabilities		102,495	3	92,975	2
2580	Non-current lease liabilities	7	624	-	4,032	-
2640	Net defined benefit liability, non-current	6(14)	11,628	1	11,831	-
25XX	Total non-current liabilities		<u>125,015</u>	<u>4</u>	<u>128,298</u>	<u>3</u>
2XXX	Total liabilities		<u>1,644,928</u>	<u>49</u>	<u>1,966,119</u>	<u>53</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(15)	450,000	13	450,000	12
Capital surplus						
3200	Capital surplus	6(16)	713,679	21	713,416	19
Retained earnings						
3310	Legal reserve	6(17)	236,999	7	225,053	6
3320	Special reserve		-	-	61,427	2
3350	Unappropriated retained earnings		211,192	6	163,863	5
Other equity interest						
3400	Other equity interest		73,344	3	122,444	3
31XX	Total equity attributable to owners of parent		<u>1,685,214</u>	<u>50</u>	<u>1,736,203</u>	<u>47</u>
36XX	Non-controlling interests		<u>14,500</u>	<u>1</u>	<u>12,194</u>	<u>-</u>
3XXX	Total equity		<u>1,699,714</u>	<u>51</u>	<u>1,748,397</u>	<u>47</u>
Significant commitments and contingent liabilities						
7 and 9						
Singificant events after the balance sheet date						
11						
3X2X	Total liabilities and equity		<u>\$ 3,344,642</u>	<u>100</u>	<u>\$ 3,714,516</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., 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	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18) and 7	\$ 2,925,183	100	\$ 3,057,767	100
5000	Operating costs	6(5)(23)(24)	(2,177,745)	(74)	(2,333,891)	(76)
5950	Gross profit from operations		<u>747,438</u>	<u>26</u>	<u>723,876</u>	<u>24</u>
	Operating expenses	6(23)(24)				
6100	Selling expenses		(340,820)	(12)	(316,704)	(10)
6200	General and administrative expenses		(120,392)	(4)	(118,834)	(4)
6300	Research and development expenses		(170,979)	(6)	(165,063)	(6)
6450	Expected credit loss		(4,531)	-	(2,120)	-
6000	Total operating expenses		(636,722)	(22)	(602,721)	(20)
6900	Net operating income		<u>110,716</u>	<u>4</u>	<u>121,155</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(19)	3,453	-	905	-
7010	Other income	6(20)	10,842	-	14,436	-
7020	Other gains and losses	6(21)	5,271	-	17,024	1
7050	Finance costs	6(22) and 7	(13,656)	-	(12,162)	-
7000	Total non-operating income and expenses		<u>5,910</u>	<u>-</u>	<u>20,203</u>	<u>1</u>
7900	Profit before income tax		<u>116,626</u>	<u>4</u>	<u>141,358</u>	<u>5</u>
7950	Income tax expense	6(25)	(26,035)	(1)	(27,534)	(1)
8200	Profit for the year		<u>\$ 90,591</u>	<u>3</u>	<u>\$ 113,824</u>	<u>4</u>

(Continued)

ABLEREX ELECTRONICS CO., 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	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 202	-	\$ 5,941	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(41,897)	(2)	162,536	5
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(40)	-	(1,188)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(41,735)	(2)	167,289	5
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(9,252)	-	25,866	1
8399	Income tax relating to components of other comprehensive (losses) income that will be reclassified to profit or loss	6(25)	1,800	-	(5,334)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(7,452)	-	20,532	1
8300	Other comprehensive (loss) income, net		(\$ 49,187)	(2)	\$ 187,821	6
8500	Total comprehensive income		\$ 41,404	1	\$ 301,645	10
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 87,686	3	\$ 114,704	4
8620	Non-controlling interest		2,905	-	(880)	-
			\$ 90,591	3	\$ 113,824	4
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 38,748	1	\$ 303,328	10
8720	Non-controlling interest		2,656	-	(1,683)	-
			\$ 41,404	1	\$ 301,645	10
Earnings per share (in dollars)						
9750	Basic earnings per share	6(26)	\$ 1.95		\$ 2.55	
9850	Diluted earnings per share	6(26)	\$ 1.94		\$ 2.54	

The accompanying notes are an integral part of these consolidated financial statements.

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

	Notes	Equity attributable to owners of the parent										Non-controlling interests	Total equity
		Capital Surplus			Retained Earnings				Other Equity Interest				
		Common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Total exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>2022</u>													
Balance at January 1, 2022		\$ 450,000	\$ 720,878	\$ -	\$ -	\$ 217,453	\$ 52,110	\$ 108,573	(\$ 61,427)	\$ -	\$ 1,487,587	\$ 13,877	\$ 1,501,464
Profit (loss) for the year		-	-	-	-	-	-	114,704	-	-	114,704	(880)	113,824
Other comprehensive income (loss) for the year	6(2)(14)(25)	-	-	-	-	-	-	4,753	21,335	162,536	188,624	(803)	187,821
Total comprehensive income (loss)		-	-	-	-	-	-	119,457	21,335	162,536	303,328	(1,683)	301,645
Appropriation and distribution of 2021 earnings:													
Legal reserve appropriated	6(17)	-	-	-	-	7,600	(7,600)	-	-	-	-	-	-
Special reserve appropriated		-	-	-	-	-	9,317	(9,317)	-	-	-	-	-
Cash dividends to shareholders		-	-	-	-	-	-	(47,250)	-	-	(47,250)	-	(47,250)
Cash dividends paid by additional paid-in capital	6(16)	-	(9,000)	-	-	-	-	-	-	-	(9,000)	-	(9,000)
Adjustment of ownership interests in subsidiaries		-	-	1,538	-	-	-	-	-	-	1,538	-	1,538
Balance at December 31, 2022		\$ 450,000	\$ 711,878	\$ 1,538	\$ -	\$ 225,053	\$ 61,427	\$ 163,863	(\$ 40,092)	\$ 162,536	\$ 1,736,203	\$ 12,194	\$ 1,748,397
<u>2023</u>													
Balance at January 1, 2023		\$ 450,000	\$ 711,878	\$ 1,538	\$ -	\$ 225,053	\$ 61,427	\$ 163,863	(\$ 40,092)	\$ 162,536	\$ 1,736,203	\$ 12,194	\$ 1,748,397
Profit for the year		-	-	-	-	-	-	87,686	-	-	87,686	2,905	90,591
Other comprehensive income (loss) for the year	6(2)(14)(25)	-	-	-	-	-	-	162	(7,203)	(41,897)	(48,938)	(249)	(49,187)
Total comprehensive income (loss)		-	-	-	-	-	-	87,848	(7,203)	(41,897)	38,748	2,656	41,404
Appropriation and distribution of 2022 earnings:													
Legal reserve appropriated	6(17)	-	-	-	-	11,946	(11,946)	-	-	-	-	-	-
Special reserve reserved		-	-	-	-	-	(61,427)	61,427	-	-	-	-	-
Cash dividends to shareholders		-	-	-	-	-	-	(90,000)	-	-	(90,000)	-	(90,000)
Changes in non-controlling interests	6(27)	-	-	241	-	-	-	-	-	-	241	(350)	(109)
Application of disgorgement		-	-	-	22	-	-	-	-	-	22	-	22
Balance at December 31, 2023		\$ 450,000	\$ 711,878	\$ 1,779	\$ 22	\$ 236,999	\$ -	\$ 211,192	(\$ 47,295)	\$ 120,639	\$ 1,685,214	\$ 14,500	\$ 1,699,714

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., 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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 116,626	\$ 141,358
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets)	6(6)(7)(23)	62,472	62,261
Amortisation expense	6(23)	9,991	9,813
Expected credit loss		4,531	2,120
Financial costs	6(22)	13,656	12,162
Interest income	6(19)	(3,453)	(905)
Dividend income	6(20)	(5,400)	(4,860)
Loss on disposal of property, plant and equipment	6(6)(21)	1,984	85
Profit from lease modification	6(21)	(1)	-
Unrealised foreign exchange loss (gain)		(34)	90
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(8,471)	18,530
Accounts receivable		129,731	119,099
Accounts receivable due from related parties, net		5,381	12,749
Other receivables		(3,980)	(3,040)
Inventories, net		237,392	(291,367)
Prepayments		17,668	(2,386)
Changes in operating liabilities			
Current contract liabilities		(67,926)	96,742
Notes payable		(3,433)	(184)
Accounts payable		(103,620)	40,589
Other payables		1,864	(641)
Provisions for liabilities - current		7,119	9,054
Other current liabilities, others		(4,113)	3,079
Defined benefit liability		(1)	3
Cash inflow generated from operations		407,983	224,351
Interest received		2,630	903
Dividends received		5,400	4,860
Interest paid		(14,541)	(11,674)
Income tax paid		(28,417)	(27,490)
Income tax refunded		5	4,164
Net cash flows from operating activities		<u>373,060</u>	<u>195,114</u>

(Continued)

ABLEREX ELECTRONICS CO., 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 56,302)	(\$ 13,418)
Proceeds from disposal of financial assets at amortised cost		22,224	13,226
Acquisition of property, plant and equipment	6(6)	(39,738)	(20,725)
Proceeds from disposal of property, plant and equipment	6(6)	354	560
Acquisition of intangible assets		(2,150)	(2,529)
Increase in prepayment of equipment		(295)	(69,767)
Decrease (increase) in refundable deposits		4,858	(2,518)
Increase in other non-current assets		(8,509)	(5,461)
Net cash flows used in investing activities		(79,558)	(100,632)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	4,004,799	3,960,707
Decrease in short-term borrowings	6(28)	(4,071,389)	(4,102,879)
Increase in short-term notes and bills payable	6(28)	751,116	350,328
Decrease in short-term notes and bills payable	6(28)	(820,961)	(280,483)
Proceeds from long-term debt	6(28)	-	18,816
Repayments of long-term debt	6(28)	(9,409)	(12,148)
Repayment of principal portion of lease liabilities	6(28)	(10,496)	(10,097)
Cash dividends paid	6(16)(17)	(90,000)	(56,250)
Decrease in non-controlling interests	6(27)	(109)	-
Application of disgorgement		22	-
Net cash flows used in financing activities		(246,427)	(132,006)
Effect of exchange rate changes on cash and cash equivalents		(4,972)	27,749
Net increase (decrease) in cash and cash equivalents		42,103	(9,775)
Cash and cash equivalents at beginning of year		259,173	268,948
Cash and cash equivalents at end of year		<u>\$ 301,276</u>	<u>\$ 259,173</u>

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

1. History and Organization

- (1) Ablerex Electronics Co., Ltd (the “Company”), formerly UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablerex Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the following business activities:
- (a) Manufacturing and sales of uninterruptible power supply systems.
 - (b) Manufacturing and sales of equipment to power quality devices.
 - (c) Manufacturing and sales of solar energy equipment.
 - (d) Maintenance and technical services.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 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 endorsed by the 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 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 as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC 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 Significant 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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- 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.

(e) When the Group loses control of a subsidiary, the Group 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 Group 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
The Company	Ablerex Electronics (Samoa) Co., Ltd. (Ablerex Samoa)	Investment holdings	100	100	Note 1
The Company	Ablerex Corporation (Ablerex-USA)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex International Co., Ltd. (Ablerex-HK)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics (S) Pte. Ltd. (Ablerex-SG)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics U.K. Ltd. (Ablerex-UK)	Investment holdings	100	100	Note 1
The Company	Wada Denki Co., Ltd. (Ablerex-JP)	Sales of uninterruptible power supply systems and solar energy equipment and others	99	99	Note 1
Ablerex Electronics U.K. Ltd.	Ablerex Electronics Italy S.R.L. (Ablerex-IT)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
Ablerex Electronics (Samoa) Co., Ltd.	Ablerex Overseas Co., Ltd. (Ablerex-Overseas)	Investment holdings	100	100	Note 1
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)	Manufacturing and sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Beijing) Co., Ltd. (Ablerex-BJ)	Sales of uninterruptible power supply systems and solar energy equipment and others	80	80	Note 1
Ablerex Electronics (S) Pte. Ltd.	Ablerex Electronics (Thailand) Co., Ltd. (Ablerex-TH)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	94	Note 1, 2, 3
Ablerex Corporation	Ablerex Latam Corporation (Ablerex-Latam)	Sales of uninterruptible power supply systems and solar energy equipment and others	86	86	Note 1

Note 1: The information included in these consolidated financial statements as at December 31, 2023 and 2022 is based on the audited financial statement of the investee.

Note 2: In December 2022, Ablerex Electronics (S)Pte. Ltd. participated in the cash capital increase of ordinary stock of the investee, Ablerex Electronics (Thailand) Co., Ltd. for a total of THB 1,600 thousand, which resulted to an increase of ownership to 94%. Additionally, in March 2023, Ablerex Electronics (S)Pte. Ltd., acquired the entire equity interests of non-controlling interests, which resulted to an increase of ownership to 100%.

Note 3: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company is 100%.

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

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

E. Significant restrictions

Cash and short-term deposits of \$107,243 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests 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 are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) 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:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(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 amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) 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 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 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.

(9) 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.

(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 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.

(11) Derecognition of financial assets

The Group 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 realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on normal capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- 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 balance sheet date. 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	10~50 years
Machinery and equipment	5~10 years
Transportation equipment	5 years
Office equipment	5~10 years
Leasehold improvements	10 years

(14) 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 mainly fixed payments, less any lease incentives receivable.
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 and the cost is mainly the amount of the initial measurement of lease liability.

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.

(15) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

A. 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. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment 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.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) 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.

(18) 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.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Provisions

Provisions (primarily 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.

(21) 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

(a) 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.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from the Group'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 Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees', 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 distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) 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 charge 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 10% 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 income 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 financial statements. However, the deferred income 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 income 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 Group and it is probable that

the temporary difference will not reverse in the foreseeable future. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income 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 income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) 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.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales revenue

- (a) The Group manufactures and sells uninterrupted power supply equipment and system, improved power quality system and equipment and solar energy equipment and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler, and either the wholesaler 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) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (c) 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.

B. Sale of goods—Project construction

- (a) The Group provides sales services related to uninterruptible power system and equipment, improved power quality system and equipment and solar energy system and equipment. The project construction revenue includes equipment sales and installation services, and the contract involves and provides integrated services. Therefore, the equipment and installation are indistinguishable and are regarded as a single performance obligation. The Group installs equipment, the customer performs the acceptance procedure, and the Group opens the warranty book. The customer obtains the control of the equipment and the benefits arising therefrom. When all the acceptance criteria are met, the Group completes the contractual performance obligated of contract to recognise revenue.
- (b) The Group's obligation to provide a repair for project construction under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the project construction is completed and the warranty book is delivered to the customer. 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.

C. Service revenue

The Group provides related services of maintaining uninterruptible power supply equipment, improved power quality system and equipment and solar energy system and equipment. Service revenue is recognised as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognised as a percentage of the number of months of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognised as a contract assets when the services provided by the Group exceed the customers' payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Group.

D. Costs of obtaining a customer contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) 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

A. Evaluation of inventories

Evaluation of inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable 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 realizable 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.

As of December 31, 2023, the Group's carrying amount of inventories was \$1,252,882.

B. Estimation of provisions for liabilities

The sale of goods requires consideration of the cost incurred or to be incurred in connection with the transaction. Therefore, the Group formulates the proposed policy for the determination of the warranty for the sale of the product, which is used to measure the actual operating profit and loss of the company. The Group's liability determination is based on the Group's policy based on the historical warranty data of the product as the basis for the assessment, and the related product warranty liabilities are estimated to estimate the future maintenance costs.

As of December 31, 2023, the Group estimated the liability provision to be \$73,082.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 770	\$ 640
Checking accounts and demand deposits	273,124	247,936
Time deposits	27,382	10,597
	<u>\$ 301,276</u>	<u>\$ 259,173</u>

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. The Group has no cash and equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 81,000	\$ 81,000
Fair value adjustments	<u>120,639</u>	<u>162,536</u>
	<u>\$ 201,639</u>	<u>\$ 243,536</u>

- A. The Group has elected to classify equity instruments 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 \$201,639 and \$243,536, for the years ended December 31, 2023 and 2022.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are \$5,400 and \$4,860, for the years ended December 31, 2023 and 2022, respectively.
- 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:

	For the years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>41,897</u>)	<u>\$ 162,536</u>

- 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 Group were \$201,639 and \$243,536, respectively.
- E. Information relating to price risk of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).
- (3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits expiring beyond three months	\$ 43,693	\$ 13,224
Pledged time deposits	<u>3,562</u>	<u>194</u>
Total	<u>\$ 47,255</u>	<u>\$ 13,418</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost were \$693 and \$304 for the years ended December 31, 2023 and 2022, respectively.
- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$47,255 and \$13,418, respectively.

- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk and fair value of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 14,778	\$ 6,307
Accounts receivable	\$ 587,217	\$ 717,134
Less: Allowance for bad debts — accounts receivable	(14,119)	(9,750)
	<u>\$ 573,098</u>	<u>\$ 707,384</u>
Accounts receivable due from related parties	<u>\$ 2,328</u>	<u>\$ 7,709</u>

- A. The ageing analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Accounts receivable</u>	<u>Related parties</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Related parties</u>	<u>Notes receivable</u>
Not overdue	\$ 559,978	\$ 2,328	\$ 14,778	\$ 689,859	\$ 7,709	\$ 6,307
Within 30 days	7,873	-	-	18,110	-	-
31 to 60 days	6,871	-	-	1,677	-	-
61 to 90 days	4,185	-	-	664	-	-
Over 90 days	8,310	-	-	6,824	-	-
	<u>\$ 587,217</u>	<u>\$ 2,328</u>	<u>\$ 14,778</u>	<u>\$ 717,134</u>	<u>\$ 7,709</u>	<u>\$ 6,307</u>

The above ageing analysis was based on past due date.

- B. As at 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 including related parties from contracts with customers amounted to \$881,995.
- 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 and accounts receivable including related parties were \$14,778 and \$6,307; \$575,426 and \$715,093, respectively.
- D. The Group does not hold any collateral as security.
- E. Information relating to credit risk of accounts receivable including related parties and notes receivable is provided in Note 12(2).

(5) Inventories

December 31, 2023		
Cost	Allowance for valuation loss	Book value
Raw materials	\$ 316,470 (\$ 93,436)	\$ 223,034
Work in process	63,604 (3,851)	59,753
Semi-finished goods	166,029 (37,966)	128,063
Finished goods	168,689 (13,233)	155,456
Goods	247,630 (24,242)	223,388
Inventory in transit	52,775 -	52,775
Unfinished constructions	410,413 -	410,413
	<u>\$ 1,425,610</u> (<u>\$ 172,728</u>)	<u>\$ 1,252,882</u>
December 31, 2022		
Cost	Allowance for valuation loss	Book value
Raw materials	\$ 387,442 (\$ 75,656)	\$ 311,786
Work in process	106,459 (5,776)	100,683
Semi-finished goods	191,943 (34,546)	157,397
Finished goods	131,245 (10,586)	120,659
Goods	217,206 (22,527)	194,679
Inventory in transit	119,399 -	119,399
Unfinished constructions	485,671 -	485,671
	<u>\$ 1,639,365</u> (<u>\$ 149,091</u>)	<u>\$ 1,490,274</u>

The cost of inventories recognised as expense for the period:

	2023	2022
Cost of goods sold	\$ 2,059,782	\$ 2,239,286
Maintenance cost	66,187	55,757
Decline in market value of inventory	24,799	3,191
Loss on inventory scrap	3,607	17,236
Others	23,370	18,421
	<u>\$ 2,177,745</u>	<u>\$ 2,333,891</u>

(6) Property, plant and equipment

	2023							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
<u>At January 1</u>								
Cost	\$ 169,793	\$ 721,408	\$ 271,130	\$ 12,706	\$ 59,983	\$ 18,591	\$ 140	\$ 1,253,751
Accumulated depreciation	-	(264,050)	(200,452)	(9,837)	(37,212)	(15,168)	(97)	(526,816)
	<u>\$ 169,793</u>	<u>\$ 457,358</u>	<u>\$ 70,678</u>	<u>\$ 2,869</u>	<u>\$ 22,771</u>	<u>\$ 3,423</u>	<u>\$ 43</u>	<u>\$ 726,935</u>
Opening net book amount as at January 1	\$ 169,793	\$ 457,358	\$ 70,678	\$ 2,869	\$ 22,771	\$ 3,423	\$ 43	\$ 726,935
Additions	-	282	31,366	-	7,477	613	-	39,738
Transfers	-	-	69,433	-	21	-	-	69,454
Disposals	-	-	(2,280)	(1)	(57)	-	-	(2,338)
Depreciation charge	-	(23,901)	(18,002)	(751)	(8,618)	(811)	-	(52,083)
Net exchange differences	-	(2,195)	(806)	(10)	(22)	(38)	-	(3,071)
Closing net book amount as at December 31	<u>\$ 169,793</u>	<u>\$ 431,544</u>	<u>\$ 150,389</u>	<u>\$ 2,107</u>	<u>\$ 21,572</u>	<u>\$ 3,187</u>	<u>\$ 43</u>	<u>\$ 778,635</u>
<u>At December 31</u>								
Cost	\$ 169,793	\$ 650,974	\$ 343,361	\$ 12,054	\$ 64,035	\$ 15,115	\$ 140	\$ 1,255,472
Accumulated depreciation	-	(219,430)	(192,972)	(9,947)	(42,463)	(11,928)	(97)	(476,837)
	<u>\$ 169,793</u>	<u>\$ 431,544</u>	<u>\$ 150,389</u>	<u>\$ 2,107</u>	<u>\$ 21,572</u>	<u>\$ 3,187</u>	<u>\$ 43</u>	<u>\$ 778,635</u>
	2022							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
<u>At January 1</u>								
Cost	\$ 169,426	\$ 713,377	\$ 259,889	\$ 11,711	\$ 58,552	\$ 17,870	\$ 126	\$ 1,230,951
Accumulated depreciation	-	(234,334)	(190,100)	(8,420)	(33,245)	(13,556)	(87)	(479,742)
	<u>\$ 169,426</u>	<u>\$ 479,043</u>	<u>\$ 69,789</u>	<u>\$ 3,291</u>	<u>\$ 25,307</u>	<u>\$ 4,314</u>	<u>\$ 39</u>	<u>\$ 751,209</u>
Opening net book amount as at January 1	\$ 169,426	\$ 479,043	\$ 69,789	\$ 3,291	\$ 25,307	\$ 4,314	\$ 39	\$ 751,209
Additions	-	1,634	12,996	274	5,695	126	-	20,725
Transfers	-	-	130	-	-	-	-	130
Disposals	-	-	(606)	-	(39)	-	-	(645)
Depreciation charge	-	(29,158)	(12,433)	(892)	(8,441)	(1,092)	-	(52,016)
Net exchange differences	367	5,839	802	196	249	75	4	7,532
Closing net book amount as at December 31	<u>\$ 169,793</u>	<u>\$ 457,358</u>	<u>\$ 70,678</u>	<u>\$ 2,869</u>	<u>\$ 22,771</u>	<u>\$ 3,423</u>	<u>\$ 43</u>	<u>\$ 726,935</u>
<u>At December 31</u>								
Cost	\$ 169,793	\$ 721,408	\$ 271,130	\$ 12,706	\$ 59,983	\$ 18,591	\$ 140	\$ 1,253,751
Accumulated depreciation	-	(264,050)	(200,452)	(9,837)	(37,212)	(15,168)	(97)	(526,816)
	<u>\$ 169,793</u>	<u>\$ 457,358</u>	<u>\$ 70,678</u>	<u>\$ 2,869</u>	<u>\$ 22,771</u>	<u>\$ 3,423</u>	<u>\$ 43</u>	<u>\$ 726,935</u>

A. The abovementioned equipment are all assets for its own use.

B. The significant components of buildings include buildings, air conditioners, elevators and utility construction. Buildings are depreciated over 26 to 50 years, and others are depreciated over 10 to

20 years.

- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. There were no borrowing costs capitalised as part of property, plant and equipment.
- E. As of December 31, 2023 and 2022, the amount paid but not yet delivered for equipment, under the equipment purchase contracts for production and operation, were \$608 and \$70,362, respectively.

(7) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings (including land), transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 3 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.
- B. Short-term leases with a lease term of 12 months or less comprise buildings. Low-value assets comprise office equipment. As of December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$1,130 and \$1,158, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 799	\$ 841
Buildings (including land)	6,057	12,858
Office equipment	192	81
	<u>\$ 7,048</u>	<u>\$ 13,780</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 27	\$ 27
Buildings (including land)	10,300	10,149
Office equipment	62	69
	<u>\$ 10,389</u>	<u>\$ 10,245</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$3,701 and \$13,515, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 383	\$ 515
Expense on short-term lease contracts	1,130	1,158
Expense on leases of low-value assets	274	127

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$12,283 and \$11,897, respectively.

G. Information about the right-of-use assets - land use right that were pledged to others as collateral is provided in Note 8.

(8) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Overdue receivable	\$ 22,883	\$ 39,034
Allowance for bad debts – overdue receivable	(22,883)	(39,034)
Guarantee deposits paid	10,910	15,768
Prepayments for equipment	608	70,362
Others	16,463	15,302
	<u>\$ 27,981</u>	<u>\$ 101,432</u>

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>550,000</u>	1.70% ~ 1.81%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 496,631	1.64% ~ 5.26%	None
Secured borrowings	<u>119,842</u>	3.60% ~ 4.65%	Please refer to Note 8
	<u>\$ 616,473</u>		

(10) Short-term notes and bills payable

<u>Acceptance agency</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
CBF BILLS	\$ <u>69,845</u>	1.50%	None

As at December 31, 2023, the Company had no short-term notes and bills payable.

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from July 3, 2020 to July 3, 2024; interest is repayable monthly; principal is repayable in 36 installments from August 3, 2021.(Note 2)	1.00%	None	\$ 2,340
Unsecured EUR borrowings	Borrowing period is from October 27, 2020 to December 31, 2026; interest is repayable half monthly from June 30, 2021; principal is repayable in 8 installments from June 30, 2023.(Note 3)	0.74%	None	2,908
Unsecured EUR borrowings	Borrowing period is from March 30, 2022 to March 30, 2026; interest is repayable monthly; principal is repayable in 36 installments from April 30, 2023.	1.50%	None	
				<u>15,936</u>
				21,184
Less: Current portion (shown as "other current liabilities")				(<u>10,916</u>)
				<u>\$ 10,268</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from September 27, 2019 to January 27, 2023; interest is repayable monthly; principal is repayable in 24 installments from October 27, 2019.(Note 1)	0.40%	None	\$ 616
Unsecured EUR borrowings	Borrowing period is from July 3, 2020 to July 3, 2024; interest is repayable monthly; principal is repayable in 36 installments from August 3, 2021.(Note 2)	1.00%	None	6,087
Unsecured EUR borrowings	Borrowing period is from October 27, 2020 to December 31, 2026; interest is repayable half monthly from June 30, 2021; principal is repayable in 8 installments from June 30, 2023.(Note 3)	0.74%	None	3,200
Unsecured EUR borrowings	Borrowing period is from March 30, 2022 to March 30, 2026; interest is repayable monthly; principal is repayable in 36 installments from April 30, 2023.	1.50%	None	19,632
				<u>29,535</u>
Less: Current portion (shown as "other current liabilities")				<u>(10,075)</u>
				<u>\$ 19,460</u>

Note 1: AblereX-IT, a subsidiary of the Group, received a bank notice in March 2020. Due to the COVID-19 pandemic, the bank suspended the installments until March 2020 for a total of 16 instalments and the repayment was resumed in July 2021.

Note 2: AblereX-IT, a subsidiary of the Group, was approved to apply for relief loan from the Italian government due to the impact of the COVID-19 pandemic.

Note 3: AblereX-IT, a subsidiary of the Group, was approved to apply for a loan from the Italian government. This loan is provided by the Italian government to encourage the internationalization of Italian companies, the total amount of funding is EUR\$163,000, of which EUR\$65,200 are government grants.

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for year-end bonus	\$ 53,589	\$ 53,033
Payable for wages and salaries	28,885	27,385
Payable for other short-term employee benefits	14,615	15,474
Compensation due to employees, directors and supervisors	14,253	14,655
Others	40,657	40,474
	<u>\$ 151,999</u>	<u>\$ 151,021</u>

(13) Provisions for liabilities -current

	<u>2023</u>	<u>2022</u>
Warranty:		
At January 1	\$ 65,963	\$ 56,909
Additional provisions	14,005	15,955
Used during the period	(6,886)	(6,901)
At December 31	<u>\$ 73,082</u>	<u>\$ 65,963</u>

The Group's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty data of uninterruptible power supplies and solar energy related products.

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligations	(\$ 47,915)	(\$ 47,969)
Fair value of plan assets	<u>36,287</u>	<u>36,138</u>
Net defined benefit liability	<u>(\$ 11,628)</u>	<u>(\$ 11,831)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 47,969)	\$ 36,138	(\$ 11,831)
Current service cost	(196)	-	(196)
Interest (expense) income	(615)	468	(147)
	<u>(48,780)</u>	<u>36,606</u>	<u>(12,174)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	304	304
Financial assumptions change	(404)	-	(404)
Experience adjustments	<u>302</u>	<u>-</u>	<u>302</u>
	<u>(102)</u>	<u>304</u>	<u>202</u>
Pension fund contribution	-	344	344
Paid pension	<u>967</u>	<u>(967)</u>	<u>-</u>
At December 31	<u>(\$ 47,915)</u>	<u>\$ 36,287</u>	<u>(\$ 11,628)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 52,102)	\$ 34,333	(\$ 17,769)
Current service cost	(225)	-	(225)
Interest (expense) income	(360)	239	(121)
	<u>(52,687)</u>	<u>34,572</u>	<u>(18,115)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,679	2,679
Financial assumptions change	2,756	-	2,756
Experience adjustments	506	-	506
	<u>3,262</u>	<u>2,679</u>	<u>5,941</u>
Pension fund contribution	-	343	343
Paid pension	1,456	(1,456)	-
At December 31	<u>(\$ 47,969)</u>	<u>\$ 36,138</u>	<u>(\$ 11,831)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table (2012 TSO).

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit	(\$ 1,000)	\$ 1,034	\$ 1,023	(\$ 994)
December 31, 2022				
Effect on present value of defined benefit	(\$ 1,082)	\$ 1,120	\$ 1,110	(\$ 1,077)

The sensitivity analysis above is based on one assumption which changed while the other conditions that remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$856.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 1,230
1-2 year(s)	1,582
3-5 years	11,857
Over 5 years	38,472
	\$ 53,141

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labour 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 Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China indirect subsidiaries, AblereX Electronics (Suzhou) Co., Ltd. and AblereX Electronics (Beijing) Corporation Limited, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 was both 20%. Other than the monthly contributions, the Group has no further obligations. AblereX Corporation, AblereX Latam Corporation, AblereX Electronics (S) Pte. Ltd., AblereX Electronics (Thailand) Co Ltd., AblereX Electronics Italy S.R.L and Wada Denki Co., Ltd. have a defined contribution plan under the local regulations

and have no further obligations. Other consolidated subsidiaries do not have any employees.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$32,531 and \$30,904, respectively.

(15) Share capital

As of December 31, 2023, the Company's authorised capital was \$800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was \$450,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The Group's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(16) 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 Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The shareholders resolved to appropriate capital surplus in cash at their meeting on June 23, 2022:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Cash per share (in dollars)</u>
Capital surplus appropriated in cash	<u>\$ 9,000</u>	<u>\$ 0.2</u>

The cash appropriation of capital surplus is in agreement with the proposal submitted by the Board of Directors.

(17) Retained earnings / Events after the Balance Sheet Date

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 years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.

B. The Company's dividend policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.

- C. 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.
- D. 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 the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- E. The appropriations of 2022 and 2021 earnings as resolved by the Board of Directors on June 27, 2023 and June 23, 2022, respectively, are as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 11,946		\$ 7,600	
Special reserve	(61,427)		9,317	
Cash dividends	90,000	\$ 2.00	47,250	\$ 1.05

For the information relating to the distribution of earnings as approved by the Board of Directors or shareholders, please refer to the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- F. The appropriations of 2023 earnings was proposed during the board meeting on March 13, 2024. Details are provided in Note 11.

(18) Sales revenue

	<u>2023</u>	<u>2022</u>
Sales revenue	\$ 1,655,701	\$ 1,707,770
Project construction revenue	1,124,639	1,232,936
Service revenue	144,843	117,061
	<u>\$ 2,925,183</u>	<u>\$ 3,057,767</u>

- A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following:

	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Year ended December 31, 2023						
Revenue from external customer contracts	\$ 951,259	\$ 1,439,781	\$ 303,880	\$ 230,263	\$ -	\$ 2,925,183
Inter-segment revenue	56,218	1,948,762	-	-	(2,004,980)	-
Total segment revenue	<u>\$ 1,007,477</u>	<u>\$ 3,388,543</u>	<u>\$ 303,880</u>	<u>\$ 230,263</u>	<u>(\$ 2,004,980)</u>	<u>\$ 2,925,183</u>
Segment income	<u>\$ 88,906</u>	<u>\$ 122,511</u>	<u>\$ 134,565</u>	<u>\$ 20,341</u>	<u>(\$ 255,607)</u>	<u>\$ 110,716</u>
Timing of revenue recognition						
At a point in time	\$ 945,340	\$ 1,439,781	\$ 213,436	\$ 188,939	\$ -	\$ 2,787,496
Over time	5,919	-	90,444	41,324	-	137,687
	<u>\$ 951,259</u>	<u>\$ 1,439,781</u>	<u>\$ 303,880</u>	<u>\$ 230,263</u>	<u>\$ -</u>	<u>\$ 2,925,183</u>
	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Year ended December 31, 2022						
Revenue from external customer contracts	\$ 1,165,710	\$ 1,370,157	\$ 261,869	\$ 260,031	\$ -	\$ 3,057,767
Inter-segment revenue	51,179	2,605,504	-	-	(2,656,683)	-
Total segment revenue	<u>\$ 1,216,889</u>	<u>\$ 3,975,661</u>	<u>\$ 261,869</u>	<u>\$ 260,031</u>	<u>(\$ 2,656,683)</u>	<u>\$ 3,057,767</u>
Segment income	<u>\$ 132,137</u>	<u>\$ 105,987</u>	<u>\$ 115,381</u>	<u>\$ 23,407</u>	<u>(\$ 255,757)</u>	<u>\$ 121,155</u>
Timing of revenue recognition						
At a point in time	\$ 1,165,710	\$ 1,370,157	\$ 183,634	\$ 228,456	\$ -	\$ 2,947,957
Over time	-	-	78,235	31,575	-	109,810
	<u>\$ 1,165,710</u>	<u>\$ 1,370,157</u>	<u>\$ 261,869</u>	<u>\$ 260,031</u>	<u>\$ -</u>	<u>\$ 3,057,767</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities			
– advance receipts for construction	\$ 190,440	\$ 246,698	\$ 156,666
Contract liabilities			
– advance sales receipts	26,083	37,751	31,041
	<u>\$ 216,523</u>	<u>\$ 284,449</u>	<u>\$ 187,707</u>

(a) Significant changes in contract liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	<u>\$ 230,718</u>	<u>\$ 114,465</u>

(19) Interest income

	2023	2022
Interest income from bank deposits	\$ 2,757	\$ 464
Interest income from financial assets measured at amortised cost	693	304
Other interest income	3	137
	<u>\$ 3,453</u>	<u>\$ 905</u>

(20) Other income

	2023	2022
Dividend income	\$ 5,400	\$ 4,860
Government subsidy income	1,576	4,090
Other income, others	3,866	5,486
	<u>\$ 10,842</u>	<u>\$ 14,436</u>

(21) Other gains and losses

	2023	2022
Foreign exchange gain	\$ 7,997	\$ 17,615
Profit from lease modification	1	-
Loss on disposal of property, plant and equipment	(1,984)	(85)
Others	(743)	(506)
	<u>\$ 5,271</u>	<u>\$ 17,024</u>

(22) Finance costs

	2023	2022
Interest expense	\$ 13,656	\$ 12,162

(23) Expenses by nature

By nature \ By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 212,125	\$ 413,049	\$ 625,174	\$ 228,645	\$ 388,511	\$ 617,156
Depreciation expense	34,797	27,675	62,472	29,546	32,715	62,261
Amortization expense	915	9,076	9,991	973	8,840	9,813

(24) Employee benefit expense

	2023	2022
Wages and salaries	\$ 523,368	\$ 519,517
Labor and health insurance fees	50,963	47,252
Pension costs	32,874	31,250
Directors' remuneration	2,228	2,884
Other personnel expenses	15,741	16,253
	<u>\$ 625,174</u>	<u>\$ 617,156</u>

- 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 6% to 10% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$6,865 and \$8,748, respectively; while directors' and supervisors' remuneration was accrued at \$2,228 and \$2,884, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2% of distributable profit of current year for the ended December 31, 2023.

There is no difference between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and reported at the shareholders' meeting and the amount recognised in the 2022 financial statements of \$8,748, \$2,884 had been adjusted in profit or loss for 2022. The appropriation was in the form of cash.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2023	2022
Current tax:		
Current tax on profit for the period	\$ 23,360	\$ 26,601
Tax on undistributed surplus earnings	2,521	49
Prior year income tax overestimation	(6,170)	(1,897)
Total current tax	19,711	24,753
Deferred tax:		
Origination and reversal of temporary differences	6,324	2,781
Income tax expense	\$ 26,035	\$ 27,534

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	2023	2022
Currency translation differences	(\$ 1,800)	\$ 5,334
Remeasurement of defined benefit obligations	40	1,188
	(\$ 1,760)	\$ 6,522

B. Reconciliation between income tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 35,604	\$ 37,271
Income exempted according to tax law	(1,080)	(972)
Effect from tax credit of investment	(4,840)	(6,917)
Prior year income tax overestimation	(6,170)	(1,897)
Tax on undistributed surplus earnings	<u>2,521</u>	<u>49</u>
Income tax expense	<u>\$ 26,035</u>	<u>\$ 27,534</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	<u>At January 1, 2023</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>At December 31, 2023</u>
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	\$ 13,193	\$ 1,424	\$ -	\$ 14,617
Allowance for market value decline and loss for inventories	15,400	2,584	-	17,984
Accrued pension liabilities	2,366	-	(40)	2,326
Allowance for bad debts	5,371	(2,803)	-	2,568
Translation differences of foreign operations	2,604	-	1,800	4,404
Others	<u>3,708</u>	<u>1,991</u>	<u>-</u>	<u>5,699</u>
	<u>42,642</u>	<u>3,196</u>	<u>1,760</u>	<u>47,598</u>
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(92,975)	(9,520)	-	(102,495)
	<u>(92,975)</u>	<u>(9,520)</u>	<u>-</u>	<u>(102,495)</u>
	<u>(\$ 50,333)</u>	<u>(\$ 6,324)</u>	<u>\$ 1,760</u>	<u>(\$ 54,897)</u>

	At January 1, 2022	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2022
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	\$ 11,382	\$ 1,811	\$ -	\$ 13,193
Allowance for market value decline and loss for inventories	15,892	(492)	-	15,400
Accrued pension liabilities	3,554	-	(1,188)	2,366
Allowance for bad debts	5,877	(506)	-	5,371
Translation differences of foreign operations	7,938	-	(5,334)	2,604
Others	3,120	588	-	3,708
	<u>47,763</u>	<u>1,401</u>	<u>(6,522)</u>	<u>42,642</u>
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(88,400)	(4,575)	-	(92,975)
Others	(393)	393	-	-
	<u>(88,793)</u>	<u>(4,182)</u>	<u>-</u>	<u>(92,975)</u>
	<u>(\$ 41,030)</u>	<u>(\$ 2,781)</u>	<u>(\$ 6,522)</u>	<u>(\$ 50,333)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 87,686	45,000	\$ 1.95
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 87,686	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	201	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 87,686	45,201	\$ 1.94

	2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 114,704	45,000	\$ 2.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 114,704	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	224	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 114,704	45,224	\$ 2.54

(27) Transactions with non-controlling interest

Acquisition of additional equity interest in a second-tier subsidiary

The Group's subsidiary, Ablere Electronics (S)Pte. Ltd., acquired 6% of additional issuance of shares of the second-tier subsidiary, Ablere Electronics (Thailand)Co., Ltd., by cash amounting to \$109 in March 15, 2023. The carrying amount of non-controlling interest in Ablere Electronics (Thailand)Co., Ltd. was \$350 at the acquisition date. This transaction decreased non-controlling interest by \$350 and increased equity attributable to owners of the parent by \$241.

(28) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 616,473	\$ 69,845	\$ 29,535	\$ 13,269	\$ 729,122
Changes in cash flow from financing activities	(66,590)	(69,845)	(9,409)	(10,496)	(156,340)
Impact of changes in foreign exchange rate	117	-	1,058	-	1,175
Changes in other non-cash items	-	-	-	3,672	3,672
At December 31	\$ 550,000	\$ -	\$ 21,184	\$ 6,445	\$ 577,629

	2022				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 752,544	\$ -	\$ 21,510	\$ 9,851	\$ 783,905
Changes in cash flow from financing activities	(142,172)	69,845	6,668	(10,097)	(75,756)
Impact of changes in foreign exchange rate	6,100	-	1,357	-	7,457
Changes in other non-cash items	-	-	-	13,515	13,515
At December 31	<u>\$ 616,472</u>	<u>\$ 69,845</u>	<u>\$ 29,535</u>	<u>\$ 13,269</u>	<u>\$ 729,121</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
United Integrated Services Co., Ltd.	The entity with significant influence to the Group
Eco Energy Corporation	Other related party
Wada	Other related party
Directors, general manager and vice general manager	The Group's key management

(2) Significant related party transactions and balances

A. Sales revenue

	2023	2022
Sales revenue		
Entities with significant influence to the Group	\$ 14,903	\$ 18,857
Other related parties	2,653	1,628
	<u>\$ 17,556</u>	<u>\$ 20,485</u>

The transaction prices and terms of the Group and entities with significant influence over the Group are determined in accordance with the agreed contracts. The credit term is commensurate with non-related parties, which is 60~120 days after monthly billings.

B. Leasing arrangements - lessee

(a) The Group leased office and plant from United Integrated Services Co., Ltd. Rental contracts are typically made for periods from 2022 to 2024. Rents are paid at the end of each month.

(b) Lease liabilities

i. Outstanding balance

	December 31, 2023	December 31, 2022
United Integrated Services Co., Ltd.	<u>\$ 2,204</u>	<u>\$ 7,436</u>

ii. Interest expense

	2023	2022
United Integrated Services Co., Ltd.	<u>\$ 79</u>	<u>\$ 91</u>

C. Accounts receivable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable		
Entities with significant influence to the Group	\$ 2,328	\$ 6,367
Other related parties	-	1,342
	<u>\$ 2,328</u>	<u>\$ 7,709</u>

The accounts receivable of the Group and entities with significant influence over the group are construction accounts. The transaction prices and terms are determined in accordance with the agreed contracts.

D. Endorsements and guarantees

As of December 31, 2023 and 2022, there were unsecured bank borrowings amounting to \$550,000 and \$496,631, respectively. The Company's key management was a joint guarantor.

E. Commitments

Promissory notes issued for the warranty of sales and performance guarantees of lease contracts.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entities with significant influence to the Group	\$ 2,292	\$ 11,008

(3) Key management compensation

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 45,631	\$ 43,240
Termination benefits	1,010	982
	<u>\$ 46,641</u>	<u>\$ 44,222</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Financial assets at amortised cost			Performance guarantee for
— time deposits	\$ 3,562	\$ 194	contracts
Property, plant and equipment			Short-term borrowings or
— land and buildings	115,786	124,489	guarantee for line of credit
Right-of-use assets			Short-term borrowings or
— land use rights	799	841	guarantee for line of credit
	<u>\$ 120,147</u>	<u>\$ 125,524</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, other than the details of contingencies and commitments between the Group and related parties as provided in Note 7(2) E, contingencies and commitments between the Group and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 5,571	\$ 8,696
Intangible assets	119	1,143
	<u>\$ 5,690</u>	<u>\$ 9,839</u>

Warranty and performance guarantee

As of December 31, 2023 and 2022, promissory notes issued for the warranty and performance guarantee of sales amounted to \$125,701 and \$121,977, respectively.

B. Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriations of 2023 earnings had been proposed by the Board of Directors on March 13, 2024. Details are summarized below:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividends per share</u>
Legal reserve	\$ 8,785	
Cash dividends	90,000	\$ 2.00

As of March 13, 2024, the appropriations of 2023 earnings has not been resolved at the stockholders' meeting.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

In 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio of about 40%. The gearing ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 1,644,928	\$ 1,966,119
Total equity	1,699,714	1,748,397
Total assets	<u>\$ 3,344,642</u>	<u>\$ 3,714,516</u>
Gearing ratio	<u>49%</u>	<u>53%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 201,639</u>	<u>\$ 243,536</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 301,276	\$ 259,173
Financial assets at amortised cost	47,255	13,418
Notes receivable	14,778	6,307
Accounts receivable		
(including related parties)	575,426	715,093
Other receivables	15,852	11,049
Guarantee deposits paid	<u>10,910</u>	<u>15,768</u>
	<u>\$ 965,497</u>	<u>\$ 1,020,808</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 550,000	\$ 616,473
Short-term notes and bills payable	-	69,845
Notes payable	256	3,689
Accounts payable	487,525	591,145
Other accounts payable	151,999	151,021
Long-term borrowings		
(including current portion)	21,184	29,535
Guarantee deposits received	<u>374</u>	<u>374</u>
	<u>\$ 1,211,338</u>	<u>\$ 1,462,082</u>
Lease liability		
(including related parties)	<u>\$ 6,445</u>	<u>\$ 13,269</u>

B. Financial risk management policies

- (a) 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 and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash

flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 various currency exposures, 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. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; 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			2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit before tax	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 4,958	30.7100	\$ 152,260	1%	\$ 1,523	\$ -
JPY:NTD	79,324	0.2172	17,229	1%	172	-
USD:RMB	1,218	7.0973	37,405	1%	374	-
SGD:USD	912	0.7584	21,241	1%	212	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,703	30.7100	\$ 83,009	1%	\$ 830	\$ -
USD:RMB	338	7.0973	10,380	1%	104	-
SGD:USD	282	0.7584	6,568	1%	66	-

	December 31, 2022			2022		
				Sensitivity Analysis		
(Foreign currency: Functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit before tax	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 8,021	30.7100	\$ 246,325	1%	\$ 2,463	\$ -
RMB:USD	411	0.1435	1,811	1%	18	-
RMB:NTD	137	4.4080	604	1%	6	-
JPY:NTD	19,579	0.2324	4,550	1%	46	-
USD:RMB	619	6.9669	19,010	1%	190	-
SGD:USD	1,170	0.7450	26,768	1%	268	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,270	30.7100	\$ 69,712	1%	\$ 697	\$ -
USD:RMB	1,647	6.9669	50,580	1%	506	-
SGD:USD	440	0.7450	10,067	1%	101	-

iv. The total exchange (loss) gain 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 \$7,997 and \$17,615, 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 unlisted 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, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$2,016 and \$2,435, 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

The Group's borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above 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 management. The utilisation of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.
- iii. The Group adopts the assumptions under IFRS 9, there has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures amounted to \$16,337 and \$3,369, respectively.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the provision matrix is as follows:

	Not overdue	Overdue within 30 days	Overdue within 60 days	Overdue within 90 days	Overdue for more than 90 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.03%	0.66%~33.58%	25.50%~100%	69.95%~100%	11%~100%	
Total book value	\$ 562,306	\$ 7,873	\$ 6,871	\$ 4,185	\$ 8,310	\$ 589,545
Loss allowance	168	430	5,795	4,040	3,686	14,119
<u>At December 31, 2022</u>						
Expected loss rate	0.03%~0.30%	0.79%~12.43%	5.37%~71.42%	37.32%~99.58%	11%~100%	
Total book value	\$ 697,568	\$ 18,110	\$ 1,677	\$ 664	\$ 6,824	\$ 724,843
Loss allowance	1,507	1,385	405	448	6,005	9,750

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	
	Accounts receivable	Overdue receivable
At January 1	\$ 9,750	\$ 39,034
Provision for impairment loss	5,514	-
Reversal of impairment loss	(983)	-
Write-offs	(186)	(16,151)
Effect of foreign exchange	24	-
At December 31	<u>\$ 14,119</u>	<u>\$ 22,883</u>
	2022	
	Accounts receivable	Overdue receivable
At January 1	\$ 7,770	\$ 41,139
Provision for impairment loss	2,232	-
Reversal of impairment loss	(112)	-
Write-offs	(467)	(2,902)
Effect of foreign exchange	327	797
At December 31	<u>\$ 9,750</u>	<u>\$ 39,034</u>

(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 and other cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed rate:		
Expiring within one year	<u>\$ 1,315,224</u>	<u>\$ 1,202,392</u>

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Book value</u>
Short-term borrowings	\$ 551,224	\$ -	\$ -	\$ 551,224
Short-term notes and bills payable	-	-	-	-
Notes payable	256	-	-	256
Accounts payable	450,425	37,100	-	487,525
Other payables	90,219	48,023	13,757	151,999
Lease liability	2,713	3,201	632	6,546
Long-term borrowings (including current portion)	3,751	7,405	10,370	21,526
<u>December 31, 2022</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Book value</u>
Short-term borrowings	\$ 292,049	\$ 329,472	\$ -	\$ 621,521
Short-term notes and bills payable	70,000	-	-	70,000
Notes payable	3,689	-	-	3,689
Accounts payable	558,208	32,937	-	591,145
Other payables	125,773	16,581	8,667	151,021
Lease liability	2,577	6,975	4,075	13,627
Long-term borrowings (including current portion)	1,659	8,752	19,759	30,170

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value.

The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.

C. 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 is as follows:

The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 201,639	\$ 201,639
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 243,536	\$ 243,536

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) 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	2022
	<u>Equity instrument</u>	<u>Equity instrument</u>
At January 1	\$ 243,536	\$ 81,000
Gain or loss recognized in other comprehensive income	(41,897)	162,536
At December 31	<u>\$ 201,639</u>	<u>\$ 243,536</u>

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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
<u>Non-derivative equity instrument:</u>					
Unlisted shares	\$ 201,639	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<u>Non-derivative equity instrument:</u>					
Unlisted shares	\$ 243,536	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

J. The Group 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	25%	±1%	\$ -	\$ -	\$ 2,689	(\$ 2,689)
Equity instrument						
		December 31, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	25%	±1%	\$ -	\$ -	\$ 3,247	(\$ 3,247)
Equity instrument						

13. Supplementary Disclosures

(1) Significant transaction information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- 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 period: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 6.

(2) Information on investees (not including investees in Mainland China)

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:

- (a) Purchasing amount and percentage and related receivables' percentage and ending balance: Please refer to tables 6 and 9.
- (b) Selling amount and percentage and related receivables' percentage and ending balance: Please refer to tables 6 and 9.
- (c) Property transaction amounts and gains and loss arising from them: None.
- (d) Ending balance and purpose of provision of endorsements/guarantees or collaterals: None.
- (e) Maximum balance, ending balance, interest rate range and interest for financing during the nine-month period ended December 31, 2023: Please refer to table 1.
- (f) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group has four reportable operating segments: First Business Division, Second Business Division, Technical Services Division and Energy Division. The primary sources of revenue from products and services are as follows:

- First Business Division : Promotes domestic sales of consigned and self-manufactured products
- Second Business Division : Responsible for international sales and market promotion of self-manufactured products
- Technical Services Division : Responsible for the installation, testing, and warranty of products, as well as development of the repair and maintenance business line, and purchases and sales of spare parts and miscellaneous
- Energy Division : Domestic sales and market promotion of self-manufactured energy-related products

(2) Measurement of segment information

The accounting policies for the Group's operating segments are in agreement with the summary of significant accounting policies mentioned in Note 2 of the consolidated financial statements. The Group's Chief Operating Decision-Maker uses income before tax as the basis to evaluate each segment's performance.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
<u>2023</u>						
Revenue from external customer contracts	\$ 951,259	\$ 1,439,781	\$ 303,880	\$ 230,263	\$ -	\$ 2,925,183
Inter-segment revenue	56,218	1,948,762	-	-	(2,004,980)	-
Total segment revenue	<u>\$ 1,007,477</u>	<u>\$ 3,388,543</u>	<u>\$ 303,880</u>	<u>\$ 230,263</u>	<u>(\$ 2,004,980)</u>	<u>\$ 2,925,183</u>
Segment income	<u>\$ 88,906</u>	<u>\$ 122,511</u>	<u>\$ 134,565</u>	<u>\$ 20,341</u>	<u>(\$ 255,607)</u>	<u>\$ 110,716</u>
	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
<u>2022</u>						
Revenue from external customer contracts	\$ 1,165,710	\$ 1,370,157	\$ 261,869	\$ 260,031	\$ -	\$ 3,057,767
Inter-segment revenue	51,179	2,605,504	-	-	(2,656,683)	-
Total segment revenue	<u>\$ 1,216,889</u>	<u>\$ 3,975,661</u>	<u>\$ 261,869</u>	<u>\$ 260,031</u>	<u>(\$ 2,656,683)</u>	<u>\$ 3,057,767</u>
Segment income	<u>\$ 132,137</u>	<u>\$ 105,987</u>	<u>\$ 115,381</u>	<u>\$ 23,407</u>	<u>(\$ 255,757)</u>	<u>\$ 121,155</u>

(4) Reconciliation for segment income (loss)

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.

Reconciliations of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Reportable segments income before tax	\$ 110,716	\$ 121,155
Interest income	3,453	905
Other income	10,842	14,436
Other gains and losses	5,271	17,024
Finance costs	(13,656)	(12,162)
Income before tax from continuing operations	<u>\$ 116,626</u>	<u>\$ 141,358</u>

The Group did not provide the total assets and total liabilities amounts to the Chief Operating Decision-Maker.

(5) Information on products and services

Detailed breakdown of the Group's net sales for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Project construction	\$ 1,124,639	\$ 1,232,936
Uninterruptible power supplies	1,046,193	1,078,482
Active power filters	109,100	83,196
Photovoltaic devices	83,010	182,043
Service revenue	144,843	117,061
Others	417,398	364,049
	<u>\$ 2,925,183</u>	<u>\$ 3,057,767</u>

(6) Geographical information

The Group's geographical information for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,365,411	\$ 605,819	\$ 1,537,222	\$ 614,501
Hong Kong	294,425	-	382,710	-
China	217,717	169,451	169,673	182,198
USA	277,495	11,853	214,338	12,985
Italy	131,346	2,833	142,657	4,178
Germany	95,553	-	109,881	-
Singapore	98,718	57,901	95,740	57,397
Japan	65,668	995	1,808	1,090
Others	378,850	-	403,738	-
	<u>\$ 2,925,183</u>	<u>\$ 848,852</u>	<u>\$ 3,057,767</u>	<u>\$ 872,349</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
F	\$ 412,263	First Business Division	\$ 492,855	First Business Division
A	288,904	Second Business Division	378,497	Second Business Division

ABLEREX ELECTRONICS CO., 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.	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 doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	Ablerex-IT	Other receivables	Y	\$35,520 (USD 1,131 thousand)	\$15,449 (USD 503 thousand)	\$15,449 (USD 503 thousand)	-	Transactions with the borrower	\$ 68,167	-	\$ -	None	\$ -	\$ 168,521	\$ 674,086	Note 1 Note 9
0	The Company	Ablerex-LATAM	Other receivables	Y	\$18,044 (USD 589 thousand)	\$3,026 (USD 99 thousand)	\$3,026 (USD 99 thousand)	-	Transactions with the borrower	71,891	-	-	None	-	168,521	674,086	Note 1 Note 9
0	The Company	Ablerex-LATAM	Other receivables	Y	\$96,810 (USD 3,000 thousand)	\$46,065 (USD 1,500 thousand)	\$46,065 (USD 1,500 thousand)	2.50%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 5
1	Ablerex-HK	Ablerex-SZ	Other receivables	Y	\$96,810 (USD 3,000 thousand)	\$92,130 (USD 3,000 thousand)	\$61,420 (USD 2,000 thousand)	3.50%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 2 Note 6
2	Ablerex-USA	Ablerex-SZ	Other receivables	Y	\$16,135 (USD 500 thousand)	\$15,355 (USD 500 thousand)	\$15,355 (USD 500 thousand)	1.25%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 3 Note 7
3	Ablerex-SG	Ablerex-TH	Short term loan	Y	\$19,362 (USD 600 thousand)	\$18,426 (USD 600 thousand)	\$15,539 (USD 506 thousand)	1.00%	Short-term financing	-	Turnover of operation	-	None	-	168,521	674,086	Note 1 Note 4 Note 8

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 10% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day; but for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, the term of each loan is up to three years.

Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 10% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.

Note 3: In accordance with the Ablerex-USA's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 4: In accordance with the Ablerex-SG's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 5: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 1,500 thousand. The actual amount drawn was USD 1,500 thousand.

Note 6: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 3,000 thousand. The actual amount drawn was USD 2,000 thousand.

Note 7: The maximum credit to be drawn as approved by the Board of Directors was USD 500 thousand. The period-end available credit balance was USD 500 thousand. The actual amount drawn was USD 500 thousand.

Note 8: The maximum credit to be drawn as approved by the Board of Directors was USD 600 thousand. The period-end available credit balance was USD 600 thousand. The actual amount drawn was USD 506 thousand.

Note 9: Accounts receivable beyond the normal credit period are regarded as capital loans.

ABLEREX ELECTRONICS CO., 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)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 3)	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	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	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Ablerex-HK	Subsidiary	\$ 337,043	\$ 242,025	\$ 230,325 (USD 7,500 thousand)	\$ -	\$ -	14%	\$ 842,607	Y	N	N	Note 1 Note 2

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets, and limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly 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.

Note 3: Transactions made with Ablerex-HK is higher than 50% of the Company's net assets, which is over the limit on the Company endorsements/guarantees to others. Thus, the limit on the Company endorsements/guarantees to Ablerex-HK is 50% of the Company's net assets.

ABLEREX ELECTRONICS CO., 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	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Eco Energy Corporation	Other related party	Financial assets at fair value through other comprehensive income-non-current	5,400,000	\$201,639 thousand	10.38%	\$201,639 thousand	None

ABLEREX ELECTRONICS CO., 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)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
The Company	Ablerex-USA	Subsidiary	(Sales)	(\$ 107,452)	(5%)	Note 3	Note 3	Note 3	\$ 20,492	4%	-	
Ablerex-USA	The Company	Parent Company	Purchases	USD 3,464 thousand	96%	Note 3	Note 3	Note 3	(USD 685 thousand)	(100%)	-	
The Company	Ablerex-SG	Subsidiary	(Sales)	(\$ 98,016)	(4%)	Note 3	Note 3	Note 3	\$ 49,605	9%	-	
Ablerex-SG	The Company	Parent Company	Purchases	USD 3,162 thousand	71%	Note 3	Note 3	Note 3	(USD 1,638 thousand)	(90%)	-	
The Company	Ablerex-LATAM	An indirectly-owned Subsidiary	(Sales)	(\$ 90,406)	(4%)	Note 3	Note 3	Note 3	\$ 70,617	13%	-	
Ablerex-LATAM	The Company	Parent Company	Purchases	USD 2,897 thousand	91%	Note 3	Note 3	Note 3	(USD 2,299 thousand)	(97%)	-	
The Company	Ablerex-HK	Subsidiary	Purchases	\$ 604,551	42%	Note 1	Note 1	Note 1	(\$ 74,022)	(19%)	-	
Ablerex-HK	The Company	Parent Company	(Sales)	(USD 19,405 thousand)	(100%)	Note 1	Note 1	Note 1	USD 2,410 thousand	100%	-	
The Company	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	\$ 270,781	19%	Note 1	Note 1	Note 1	(\$ 32,874)	(8%)	-	
Ablerex-SZ	The Company	Parent Company	(Sales)	(RMB 61,605 thousand)	(25%)	Note 1	Note 1	Note 1	RMB 7,582 thousand	17%	-	
Ablerex-HK	Ablerex-SZ	Affiliate	Purchases	USD 19,405 thousand	100%	Note 2	Note 2	Note 2	(USD 3,377 thousand)	(100%)	-	
Ablerex-SZ	Ablerex-HK	Affiliate	(Sales)	(RMB 137,166 thousand)	(57%)	Note 2	Note 2	Note 2	RMB 23,920 thousand	54%	-	

Note 1: The transaction price is commensurate with the purchase price from Ablere-SZ; the receivable (payable) policy is Net 60 days E.O.M.

Note 2: The transaction price is the Ablere-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.

Note 3: Transaction price are determined according to the agreements between the parties; the receivable (payable) policy is Net 120 days E.O.M.

Note 4: Ablere-HK conducts purchases from Ablere, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablere-SZ with a zero contribution margin; the credit term is coherent with general customers.

ABLEREX ELECTRONICS CO., 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 collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ablerex-SZ	Ablerex-HK	Affiliate	RMB 23,920 thousand	4.51	-	-	RMB 11,127 thousand	-

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

Individual transactions not exceeding \$10,000 and their corresponding transactions are not disclosed.

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)		
				General ledger account	Amount	Transaction terms			
0	The Company	Ablerex-HK	1	Purchases	\$ 604,551	Note 4	21%		
		Ablerex-HK	1	Accounts Payable	74,022		2%		
		Ablerex-SZ	1	Sales	40,900	Note 5	1%		
		Ablerex-SZ	1	Purchases	270,781	Note 5	9%		
		Ablerex-SZ	1	Accounts Payable	32,874		1%		
		Ablerex-SZ	1	Accounts Receivable	10,470		0%		
		Ablerex-USA	1	Sales	107,452	Note 5	4%		
		Ablerex-USA	1	Accounts Receivable	20,492		1%		
		Ablerex-SG	1	Sales	98,016	Note 5	3%		
		Ablerex-SG	1	Accounts Receivable	49,605		1%		
		Ablerex-IT	1	Sales	66,250	Note 5	2%		
		Ablerex-IT	1	Accounts Receivable	38,405		1%		
		Ablerex-IT	1	Other Receivables	15,449	Note 10	0%		
		Ablerex-IT	1	Selling Expense	11,486		0%		
1	Ablerex-HK	Ablerex-LATAM	1	Sales	90,406	Note 5	3%		
		Ablerex-LATAM	1	Accounts Receivable	70,617		2%		
		Ablerex-LATAM	1	Other Receivables	49,527	Notes 7 and 10	1%		
		Ablerex-JP	1	Sales	45,547	Note 5	2%		
		Ablerex-SZ	3	Purchases	602,903	Note 4	21%		
		Ablerex-SZ	3	Accounts Payable	103,520		3%		
		Ablerex-SZ	3	Other Receivables	62,866	Note 6	2%		
		2	Ablerex-SZ	Ablerex-BJ	3	Sales	52,982	Note 5	2%
				Ablerex-BJ	3	Accounts Receivable	14,841		0%
		3	Ablerex-SG	Ablerex-TH	3	Short term loan	15,640	Note 8	0%
4	Ablerex-USA	Ablerex-SZ	3	Other Receivables	14,787	Note 9	0%		

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:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ's production costs plus an agreed gross margin. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.

Note 5: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.

Note 6: Ablerex-HK loan to Ablerex-SZ, interest against agreed interest rate 3.5% per annum.

Note 7: Ablerex loan to Ablerex-Latam, interest against agreed interest rate 2.5% per annum.

Note 8: Ablerex-SG loan to Ablerex-TH, interest against agreed interest rate 1.00% per annum.

Note 9: Ablerex-USA loan to Ablerex-SZ, interest against agreed interest rate 1.25% per annum.

Note 10: Accounts receivable beyond the normal credit period are regarded as capital loans.

ABLEREX ELECTRONICS CO., 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	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Ablerex-Samoa	Samoa	Holding company	\$ 217,445	\$ 217,445	6,635,000	100	\$ 475,913	\$ 16,233	\$ 16,691	Subsidiary
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	90,973	16,243	16,243	Subsidiary
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	33,389	395	395	Subsidiary
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	116,674	1,905	1,214	Subsidiary
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	14,092	1,239	(1,136)	Subsidiary
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,159	9,159	2,970	99	16,194	11,741	11,606	Subsidiary
Ablerex-Samoa	Ablerex-Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	479,136	16,276	-	Second-tier subsidiary
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	14,092	1,239	-	Second-tier subsidiary
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power supply, solar energy products, and related systems	1,795	1,687	20,000	100	306	(7,200)	-	Second-tier subsidiary
Ablerex-USA	Ablerex-LATAM	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	15,358	15,358	3,650	86	10,612	10,098	-	Second-tier subsidiary

Note: The Company recognised investment income comprising of downstream and upstream transactions.

ABLEREX ELECTRONICS CO., 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	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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							
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	\$ 167,677	Note 1	\$ 167,677	\$ -	\$ -	\$ 167,677	\$ 10,400	100	\$ 10,400	\$ 425,417	\$ -	Note 2
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	43,277	Note 1	36,084	-	-	36,084	7,391	80	5,913	50,426	-	Note 2

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ABLEREX ELECTRONICS CO., LTD.	\$ 203,761	\$ 203,761	\$ 1,019,829

Note 1: Invested in cash through the third region's subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-SZ and Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

(1) Purchasing amount and percentage and related payables' percentage and balance at December 31, 2023:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Purchases	\$ 875,332	61%	Purchase from AblereX-SZ through AblereX-HK of which \$270,781 purchase directly.
Ablerex-SZ	Accounts Payable	\$ 106,896	27%	Pay to AblereX-SZ through AblereX-HK of which \$32,874 pay directly.

(2) Selling amount and percentage and related receivables' percentage and balance at December 31, 2023:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	\$ 40,900	2%	Sold directly
Ablerex-SZ	Accounts Receivable	\$ 10,470	2%	

(3) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Miscellaneous income	\$ 589	26%	The Company purchased the critical raw materials of \$16,186 on behalf of AblereX-SZ.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
United Integrated Services Co., Ltd.	13,605,502	30.23%
Wen Hsu	9,638,177	21.41%
Y.A. Chen	2,485,763	5.52%

